



ACORN CAPITAL

NEXTGEN RESOURCES FUND

Evolution Trustees Limited ABN 29 611 839 519

Australian Financial Services Licence (AFSL) No. 486217

ARSN 673 344 691, APIR Code ACQ3509AU

Dated 15 December 2023



TOPIC	PAGE
1. About Evolution Trustees Limited	2
2. How the Acorn Capital NextGen Resources Fund works	3
3. Benefits of investing in the Acorn Capital NextGen Resources Fund	3
4. Risks of managed investment schemes	4
5. How we invest your money	4
6. Fees and costs	5
7. How managed investment schemes are taxed	7
8. How to apply	7
9. More information	8

PLEASE NOTE:

- ◆ This PDS is a summary of significant information and contains a number of references (marked with the symbol “§”) to important additional information contained in the Reference Guide which forms part of this PDS.
- ◆ You should consider all of the information contained in this PDS and in the Reference Guide before making a decision to invest in this product.
- ◆ The information provided in this PDS is general information only and does not consider your personal financial situation or needs.
- ◆ You should obtain financial advice tailored to your personal circumstances.

Responsible Entity — Evolution Trustees Limited

Mail	Level 15, 68 Pitt Street Sydney NSW 2000
Telephone	+61 2 8866 5150
Email	info@evolutiontrustees.com.au
Website	www.evolutiontrustees.com.au

Investment Manager—Acorn Capital Limited

Mail	Level 4, 2 Russell Street Melbourne VIC 3000
Telephone	+61 3 9639 0522
Email	info@acorncapital.com.au
Website	www.acorncapital.com.au

Acorn Capital Limited (ABN 51 082 694 531, AFSL 227605) (Acorn Capital or the Investment Manager) is the investment manager of the Acorn Capital NextGen Resources Fund (Fund). Evolution Trustees Limited (Evolution, Responsible Entity, we or us) is the responsible entity of the Fund and issuer of this PDS. This PDS has not been lodged with the Australian Securities and Investments Commission (ASIC) and is not required to be lodged. ASIC takes no responsibility for the contents of this PDS.

If you received this PDS electronically you can obtain, free of charge, a paper copy of this PDS (together with the application form) and any information it incorporates by reference upon request. Please contact Acorn Capital on info@acorncapital.com.au to obtain this information. If you make this PDS available to another person, you must give them the entire PDS, including the reference guide and application form.

This PDS is also available to investors who invest through an Investor Directed Portfolio Service (IDPS) or IDPS-like scheme (such as a master trust or wrap account). Different conditions may apply to such investors so please refer to Section 9 “More information” and “Investing via an IDPS”. This PDS is not an offer or invitation in relation to the Fund in any place in which, or to any person to whom, it would not be lawful to make that offer or invitation. All references to \$ amounts are to Australian dollars.

This PDS is current as at 15 December 2023. Information in this PDS is subject to change from time to time. To the extent that the change is not material to investors, it may be updated by posting a notice of the change on the Acorn website at www.acorncapital.com.au or you can email info@acorncapital.com.au to obtain a paper copy of the PDS (including any materials incorporated by reference) or any updated information free of charge. If the change is material to investors, Evolution will notify affected investors and replace this PDS.

Neither Evolution nor the Investment Manager guarantee any capital invested or that you will earn any return on your investment or that your investment will gain or retain its value. No company other than Evolution and the Investment Manager makes any statement or representation in this PDS.

1. ABOUT EVOLUTION TRUSTEES LIMITED

Responsible Entity – Evolution

Evolution Trustees Limited (“Evolution”) is the Fund’s responsible entity and issuer of this PDS. Evolution was founded by Rupert Smoker and is a trustee business servicing Australian and offshore asset managers and institutions with a range of fiduciary services including corporate trustee, MIT trustee and acting as a responsible entity for registered schemes. Evolution is focused on advancing the best interests of the investors whose money it takes care of. Evolution’s responsibilities and obligations as the responsible entity are governed by the Fund’s constitution, the Corporations Act 2001 (Cth) (Corporations Act) and general law. Evolution is responsible for the day-to-day operations of the Fund but has appointed the Investment Manager to manage the assets of the Fund.

Investment Manager – Acorn Capital

Acorn Capital was established in 1998 as a specialist investment manager in emerging Australian companies. Acorn Capital distinguishes itself through its large research and investment team, with expertise across the majority of industries and the provision of expansion capital to developing companies.



2. HOW THE ACORN CAPITAL NEXTGEN RESOURCES FUND WORKS

Mechanics

When you invest in the Fund your money (together with all other investors' monies) is pooled together to invest in assets. The Responsible Entity has appointed Acorn Capital as the investment manager to manage the Fund. Acorn Capital uses its resources, experience and expertise to make the investment decisions.

The Responsible Entity has appointed Artega Investment Administration Pty Limited (ABN 31 661 042 093) (Artega, Custodian and Administrator) as the custodian and administrator of the Fund. Its role as custodian is limited to holding the assets of the Fund on bare trust for the Responsible Entity. The Responsible Entity has appointed Boardroom Pty Limited (ABN 14 003 209 836) (Boardroom, Unit Registry) to provide accounting and unit registry services.

§ Units

The Fund is a unit trust. This means your interests in the Fund are represented by units. Certain rights (such as a right to any income and a right to vote) attach to your units. You may also have obligations in respect of your units.

Each unit has a value which we calculate. When you invest, we issue you a number of units depending on the amount you invest, based on the application price. Similarly, when you withdraw from the Fund, we calculate your withdrawal proceeds by reference to the number and value of units you hold at the time of withdrawal, based on the redemption price. Generally, the price of units will vary as the market value of assets in the Fund rises or falls.

§ Investing and withdrawing

To invest in the Fund, use the application form accompanying this PDS. The following minimum transactions, balance requirements and processing rules generally apply (although we may vary or waive them at our discretion and without notice):

Minimum initial investment	\$20,000
Minimum additional investment	\$5,000
Minimum withdrawal	\$5,000
Minimum balance	\$20,000
Unit pricing frequency	Daily
Applications and withdrawals processing	If we receive your correctly completed application and funds or a correctly completed withdrawal request, then we generally process these on the business day of receipt provided your request is received before 2pm Melbourne time. Application and withdrawals will be processed in accordance with the Fund's Constitution. If your request is received after this time, it will be processed the following business day using the unit price effective on that day.

You can increase your units by reinvesting distributions in full (this will be done automatically unless you tell us otherwise) or by making an additional investment (use the application form to do this). You can decrease your units by completing the withdrawal request form and sending the completed form by post or email to the unit Registry. Documentation to add to your investment or withdraw from your investment is available on the Acorn Capital website at www.acorncapital.com.au.

§ Delays

Once your withdrawal request is accepted (usually this happens on the day of receipt of your withdrawal request), we process the request within 21 business days (although the constitution for the Fund allows us to delay withdrawals in certain circumstances, which could be significantly longer than 21 business days), and then pay funds to your nominated Australian bank account.

In certain circumstances, such as a freeze on withdrawals or where the Fund is illiquid (as defined in the Corporations Act), you may have to wait a longer period of time before you can withdraw your investment.

If the Fund is not sufficiently liquid, then you will only be permitted to withdraw if we make a withdrawal offer to all investors in accordance with the Fund constitution and the Corporations Act.

§ Compulsory redemptions

In some circumstances we may also compulsorily redeem your units, for example, where we suspect that a law prohibits you from being an investor in the Fund.

Distributions

Income distributions are generally paid annually (as at 30 June each year) and can be reinvested back into the Fund or paid out to the Australian bank account nominated on your application form. You can indicate your choice on the application form. If you do not make a choice, then distributions will be reinvested. Any distributions reinvested are reinvested at the ex-distribution net asset value (NAV) per unit price.

Distribution payments are typically made within 6 weeks after the end of the distribution period. Distributions will not be paid by cheque and the application form for the Fund has a section for you to provide us with your bank details.

We generally calculate income distributions based on the Fund's net income at the end of the distribution period divided by the number of units on issue.

We distribute all taxable income to investors each year, including any taxable capital gains. Distributions may also carry imputation or other tax credits.

The distribution amount will vary between distribution periods due to market conditions and investment performance, which are not guaranteed.

You should read the following important information before making a decision to invest in the Fund: § Investing and withdrawing. Go to Part A of the Reference Guide available at www.acorncapital.com.au. Note the information may change between the time when you read this PDS and when you acquire the product.

3. BENEFITS OF INVESTING IN THE ACORN CAPITAL NEXTGEN RESOURCES FUND

Significant features

The Fund is an equity market product which invests in shares of companies listed or expected to be listed on the Australian Securities Exchange (ASX) or other global securities exchanges (limit 10%). The Fund may also invest in unlisted companies, which will be limited to 15% of the net assets of the Fund. The underlying investment of the Fund will be outside the ASX 100 at the time of first investment. The Fund may hold up to 20% in cash held within an Australian Authorised Deposit Taking Institution.

Significant benefits

The key benefits of investing in the Fund, including:

- ◆ Access to the investment expertise of Acorn Capital;
- ◆ Access to investment opportunities that individual investors usually cannot achieve;
- ◆ A diverse portfolio of small and emerging companies that focuses on commodities being positively impacted by global disruptions, such as the clean-energy transition;



- ◆ Managed funds can often invest for a lower cost than ordinary share investors;
- ◆ Services to make investing easier;
- ◆ You will receive a confirmation of investment or withdrawal plus regular statements to keep you up to date with your investment, including an annual taxation statement (if you invest through an IDPS, your IDPS operator will provide you with this information); and
- ◆ Having clear legal rights through a robust corporate governance structure.

You should read the following important information before making a decision to invest in the Fund: § Benefits and features. Go to Part B of the Reference Guide available at www.acorncapital.com.au. Note the information may change between the time when you read this PDS and when you acquire the product.

4. RISKS OF MANAGED INVESTMENT SCHEMES

All investments carry risk. Different strategies may carry different levels of risk, depending on the assets that make up the strategy. Assets with the highest long-term returns may also carry the highest level of short-term risk.

Significant risks

The significant risks of the Fund include:

Individual investment risk: Investments to which the Fund is exposed, like shares on a stock exchange, can fluctuate in value for many reasons, such as changes in a company's internal operations or management, or in its business environment.

Market risk: Economic, technological, political or legal conditions, interest rates and even market sentiment, can (and do) change, and changes in the value of investment markets can affect the value of the investments in the Fund. This risk may have different impacts to different assets of the fund.

Investment Manager and its Key Person risk: There is a risk that the Investment Manager will not perform to expectation or factors such as changes to the investment team may affect the Fund's performance. Only a small number of investment professionals are responsible for managing the Fund and their personal circumstances can change.

Fund risk: The Fund could terminate, fees and expenses could change (although we would always give you at least 30 days' notice if fees were to increase), we could be replaced as responsible entity and our management and staff could change. Investing in the Fund may give different results than investing individually because of accrued income or capital gains and the consequences of others investing and withdrawing.

Valuation risk: This is the risk that the Investment Manager has valued certain securities at a higher or lower price than the price at which they can be traded.

Liquidity risk: Access to your money may be delayed (see Section 2 "How the Acorn Capital NextGen Resources Fund works" and "Delays" of this PDS). Overall market liquidity may make it difficult to trade profitably and to realise assets in a timely fashion to meet withdrawal requests. Units in the Fund are not quoted on any stock exchange so you cannot sell them through a stockbroker.

Interest rate risk: The capital value or income of cash or securities held by the Fund may be adversely affected by interest rate movements.

Counterparty risk: Losses can be incurred if a counterparty (such as a broker or other agent of Evolution) defaults on their contractual obligations or experiences financial difficulty.

Concentration risk: The Fund may invest a relatively high percentage of its assets into a relatively small number of securities, or into securities with a relatively high level of exposure to the same end markets. This may cause the value of the Fund's investments to be more affected by any single adverse economic, political or regulatory event than the investments of a more diversified investment portfolio.

Cyber risk: There is a risk of fraud, data loss, business disruption or damage to the information of the Fund or to investors' personal

information as a result of a threat or failure to protect the information or personal data stored within the IT systems and networks of Evolution or other service providers.

Political and regulatory risk: The value or tax treatment of the Fund or its investments, or the effectiveness of the Fund's trading or investment strategy, may be adversely affected by uncertainties such as international and national political developments, changes in government (including taxation) policies, regulations and laws affecting registered managed investment schemes, or changes in generally accepted accounting policies or valuation methods.

Small companies risk: Small companies generally have less diversified income streams, less stable funding sources and weaker bargaining positions with their counterparties when compared to larger companies. The securities of small companies may also be less liquid than those of larger companies.

Additional risks have been included in Part C of the Reference Guide

Risks applicable to managed funds generally

Other significant risks relevant to many managed funds include the value of investments will vary, the level of returns will vary, future returns may differ from past returns and returns are not guaranteed. You may lose some or all of your money. Laws affecting registered schemes may change in the future.

The level of risk for each person will vary depending on a range of factors including age, investment time frames, where other parts of your wealth are invested and your risk tolerance. These risks can be managed but cannot be completely eliminated.

You should read the following important information before making a decision to invest in the Fund: § Risks in general. Go to Part C of the Reference Guide available at www.acorncapital.com.au. Note the information may change between the time when you read this PDS and when you acquire the product.

5. HOW WE INVEST YOUR MONEY

You should consider the likely investment return, risk and your investment timeframe when choosing a fund to invest in.

Investment return objective	Outperform the S&P/ASX Small Resources Accumulation Index net of fees
Fund's investments and asset allocations	<p>A diverse portfolio of small and emerging companies that focuses on commodities being positively impacted by global disruptions, such as the clean-energy transition.</p> <p>At any given time, the Fund will target a holding of between about 25 and 40 stocks and can have up to 20% of the Fund's assets in cash.</p> <p>The Fund may also invest in unlisted companies, which will be limited to 15% of the net assets of the Fund. The underlying investment of the Fund will be outside the ASX 100 at the time of first investment. Derivatives, short selling and gearing will not be used. This strategy applies Acorn Capital's long-term focused investment philosophy.</p>
Recommended minimum investment period	At least 5 years
Borrowing	It is not presently intended that there will be any borrowings by the Fund, although there may be borrowings in the future.
Risk	High
Suitability	The Fund is generally suited for persons seeking long term capital growth and those who can tolerate a high level of risk. You should speak with your financial adviser before investing in the Fund.



Labour and environmental or ethical considerations	Acorn Capital considers the impact of labour standards and social, environmental and ethical issues (ESG considerations) as part of its selection and retention of investments by the Fund. Acorn Capital believes that a range of ESG considerations can impact its investments and as part of the investment process, Acorn Capital works to understand the relevant issues for each company and sector. Acorn Capital assesses ESG risks and opportunities on a case by case approach, and only takes into account ESG considerations to the extent that it forms the view that these issues may impact investment performance and risk. ESG considerations are only one factor that Acorn Capital takes into account when assessing investment performance and risk. Acorn Capital has no predetermined view about how much weight to ascribe to particular ESG Considerations.
--	---

Any of the above details could change at any time and without notice. Where we consider the changes are significant, we will notify you of the changes (and where required, give you 30 days prior notice where practicable).

You should read the following important information before making a decision to invest in the Fund: § The investment process. Go to Part D of the Reference Guide available at www.acorncapital.com.au. Note the information may change between the time when you read this PDS and when you acquire the product.

6. FEES AND OTHER COSTS

Did you know?

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

For example, total annual fees and costs of 2% of your 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 fees. Ask the Fund or your financial adviser.

To find out more

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

This section shows fees and other costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from the assets of the managed investment scheme as a whole. Taxes are set out in another part of this document. You should read all the information about fees and costs because it is important to understand their impact on your investment. The information provided in the fees and costs summary can be used to compare costs between different managed investment schemes.

Fees and costs summary

ACORN CAPITAL NEXTGEN RESOURCES FUND

TYPE OF FEE OR COST	AMOUNT	HOW AND WHEN PAID
Ongoing annual fees and costs		
<u>Management fees and costs</u> ^{1,2} The fees and costs for managing your investment	1.35% p.a. of the Net Asset Value of the Fund	The management fee is calculated on the net asset value of the Fund. It is reflected in the daily unit price and payable monthly in arrears from the Fund. The amount of this fee may be negotiated with the Fund.
<u>Performance fees</u> ^{1,3} Amounts deducted from your investment in relation to the performance of the product.	Estimated to be 0.67% of the Net Asset Value of the Fund	A performance fee of 20% is payable quarterly on any excess performance (after deducting management fee) above the benchmark within a performance fee period, subject to a high-water mark. The performance fee is calculated and accrued each Business Day and is reflected in the daily unit price. The performance fee is payable quarterly on 31 March, 30 June, 30 September and 31 December.
<u>Transaction Costs</u> ⁴ The costs incurred by the scheme when buying or selling assets.	Transaction costs are estimated to amount to 0.22% of the Net Asset Value of the Fund.	Transaction costs associated with dealing with the Fund's assets may be recovered from the Fund. As some transaction costs will be paid for by investors who are charged the buy/sell spread when they enter or exit the Fund, the transaction costs are shown net of the buy/sell spread.
Member activity related fees and costs (fees for services or when your money moves in or out of the scheme)		
<u>Establishment fee</u> The fee to open your investment	Nil	Not applicable
<u>Contribution fee</u> The fee on each amount contributed to your investment.	Nil	Not applicable



TYPE OF FEE OR COST	AMOUNT	HOW AND WHEN PAID
Member activity related fees and costs (fees for services or when your money moves in or out of the scheme)		
<u>Buy/sell spread</u> An amount deducted from your investment representing cost incurred in transactions by the scheme.	+0.20% of the investment amount. -0.20% of the withdrawal amount.	Charged and paid into the Fund when you invest in, or withdraw from, the Fund. The spread is reflected in the application and withdrawal prices.
<u>Withdrawal fee</u> The fee on each amount you take out of your investment.	Nil	Not applicable
<u>Exit fee</u>	Nil	Not applicable
<u>Switching Fee</u>	Nil	Not applicable

See the additional explanation of fees and costs for further information.

1 Fees are inclusive of GST and net of any applicable Reduced Input Tax Credits (RITC). 2 The Fund's indirect costs form part of management fees and costs and are estimated to be 0.00% which is based on the costs incurred for the 12 months to 30 June each year, as a percentage of the average net asset value of the Fund during that period. 3 Performance fees represent the average of the performance fees charged by the Fund over the past five financial years and which reasonably represent what a typical performance fee may be in any given financial year. However, the actual performance fee payable (if any) will depend on the performance of the Fund and the performance fees estimate provided may not be a reliable indicator of future performance fees. 4 Transaction costs estimate is based on the transactional and operational costs incurred for the 12 months to 30 June each year (including brokerage) net of the buy/sell spread. Using this approach, transaction costs are estimated to be 0.27% of the NAV of the Fund of which approximately 0.05% was recouped via the buy/sell spread on applications and redemptions to give a net result of 0.22%.

Example of annual fees and costs

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

Example—Acorn Capital NextGen Resources Fund	Amount	Balance of \$50,000 with a contribution of \$5,000 during the year
Contribution fees	Nil	For every additional \$5,000 you put in, you will be charged \$0
<u>PLUS</u> Management fees and costs	1.35%	And, for every \$50,000 you have in the Fund you will be charged or have deducted from your investment \$675 each year
<u>PLUS</u> Performance fees	0.67%	And, you will be charged or have deducted from your investment \$335 in performance fees each year
<u>PLUS</u> Transaction costs	0.22%	And, you will be charged or have deducted from your investment \$111 in transactions costs
<u>EQUALS</u> Cost of the Fund	2.24%	If you had an investment of \$50,000 at the beginning of the year and put in additional \$5,000 during that year, you would be charged fees of: \$1,120 [^] What it costs you will depend on the investment option you choose and the fees you negotiate.

When calculating management costs in this table we have assumed that the value of your investment remains at \$50,000 and the Fund's unit price does not fluctuate. Ongoing annual fees and costs actually incurred will depend on the market value of your investment and the timing of your contributions (including any reinvestment of distributions). The example assumes no buy-sell spread applied, no abnormal expenses are incurred, no additional service fees are incurred by you and that fees are not individually negotiated with us. Please refer to "Transaction costs" in the "Additional

explanation of fees and costs" section below for more details on the buy-sell spread. Totals may appear incorrect due to rounding.

[^] This does not include the Management Costs charged on the additional \$5,000 investment. The additional Management Costs would have been \$112 if you had invested the \$5,000 for a full 12 months.

If you would like to calculate the effect of fees and costs on your investment you can visit the ASIC Moneysmart website (www.moneysmart.gov.au) and use their managed investment fee calculator.

§ Additional explanation of fees and costs

About management fees and costs

Management costs include management fees, ordinary and abnormal expenses and any indirect costs. Management fees are calculated and accrued daily based on the NAV of the Fund and are paid monthly in arrears. Management costs paid out of Fund assets reduce the NAV of the Fund and are reflected in the unit price. Management costs exclude transaction costs (i.e. costs associated with investing the underlying assets, some of which may be recovered through buy-sell spreads).

Indirect costs form part of management costs and include fees and expenses arising from any investment which qualifies as an interposed vehicle (e.g. any underlying fund that the Fund may invest in) and certain OTC derivative costs. The Fund's indirect costs are based on the financial year ended 30 June 2023 and are estimated to be 0%. Actual indirect costs may differ from one year to another.

The ordinary expenses for the Fund are estimated to be 0.00% per annum of the net assets of the Fund. These are the ordinary and everyday expenses incurred in operating the Fund and are deducted from the assets of the Fund as and when they are incurred. The constitution of the Fund provides that expenses incurred by us in relation to the proper performance of our duties in respect of the Fund are payable or reimbursable out of the assets of the Fund and are unlimited. We reserve the right to recover abnormal expenses from the Fund. Abnormal expenses are expected to occur infrequently and may include (without limitation) costs of litigation to protect investors' rights, costs to defend claims in relation to the Fund, investor meetings and termination and wind up costs.

Transaction costs

Transaction costs include brokerage, settlement costs, currency transactions, clearing and stamp duty costs. When you invest in the Fund, the Investment Manager may buy (and sell) investments and incur these costs. When you withdraw, the Investment Manager may sell investments



so we can pay your cash to you and incur these costs. These costs are also incurred in connection with day to day trading within the Fund.

Some of these costs are recovered through the buy/sell spread. A buy/sell spread is an adjustment to the unit price reflecting our estimate of the transaction costs that may be incurred as a result of the purchase/sale of assets arising from the acquiring/withdrawing of units. This adjustment ensures that existing investors do not pay costs associated with other investors acquiring/withdrawing units from the Fund. The buy/sell spread is reflected in the entry and exit unit price. Currently, our buy/sell spread is estimated to be +0.20% on the entry price and -0.20% on the exit price). If the net asset value of each unit is \$1.00, on entry we adjust the unit price up approximately 0.20% (up 0.20 cents) and on exit we adjust the unit price down approximately 0.20% (down 0.20 cents). The buy/sell spread is not paid to Evolution or the Investment Manager. Because the buy/sell spread is reflected in the entry and exit unit prices, you will not see transaction costs on any account statement we send you.

Gross Transaction Costs	Recovery through buy/sell spread	Net transaction costs
0.27%	0.05%	0.22%

Our estimate of the total transaction costs for the Fund for the year ended 30 June 2023 was calculated using the Fund's actual transactions during that financial year. Figures may appear incorrect due to rounding. We expect this amount to vary from year to year as it will be impacted by the Fund's volume of trading, brokerage arrangements and other factors. The amount recovered through the buy-sell spread was calculated using actual applications and redemptions during the last financial year. We expect this amount to vary from year to year as it will be impacted by the volume of applications and withdrawals and any changes in the buy-sell spread for the Fund. The net transaction costs is the difference between these two amounts. All of these amounts are expressed as a percentage of the Fund's average net asset value for the year. Based on an average account balance of \$50,000 over a one-year period, the net transaction costs are estimated to be approximately \$112.

Performance fee

A performance fee of 20% is accrued daily on any excess performance (after deducting the management fee) above the performance benchmark within a performance period. Any accrued performance fee will become payable if the Fund's return is positive (above High Water Mark) at the end of the performance period (quarterly). If the Fund's return is negative (below High Water Mark), any performance fee accrual will continue to be carried forward.

Performance benchmark

The performance benchmark is the return of the S&P/ASX Small Resources Accumulation Index.

Performance period

The period from the prior fee being payable to 31 March, 30 June, 30 September or 31 December or otherwise, the date of termination of the Fund.

High Water Mark

The High Water Mark is the NAV per unit the last time a performance fee was paid, adjusting for any subsequent contributions or distributions.

Performance fee example

Scenario 1: assuming an investment of \$50,000, a Fund return of 10% (after deducting fees and expenses) since the last performance fee was paid and a benchmark return of 7%, the performance fee is equal to 20% of the excess performance, calculated as follows:

$$20\% \times (10\% - 7\%) \times \$50,000 = \text{performance fee of } \$307.50$$

In this case, the performance fee will be payable.

Scenario 2: assuming an investment of \$50,000, a Fund return of -1% (after deducting fees and expenses) since the last performance fee

was paid and a benchmark return of -3%, the performance fee is equal to 20% of the excess performance, calculated as follows:

$$20\% \times (-1\% - (-3\%)) \times \$50,000 = \text{performance fee of } \$205.00$$

In this case, the performance fee will not be payable as the Fund's return is not positive. The dollar amount would be carried forward into the calculation of any subsequent performance fee until the Fund return is positive. If the Fund underperforms the market before the fee becomes payable, the accrued fee will be written back to the Fund until the accrued amount is zero.

Differential fee arrangements

From time-to-time Acorn Capital may negotiate the charging, rebating or waiving of the fees described in the Fees and Costs Summary in circumstances permitted by the Corporations Act or applicable relief granted by ASIC. Such negotiations are at the sole discretion of Acorn Capital, undertaken on a case-by-case basis and typically only available in exceptional circumstances.

Adviser fees

We do not pay fees to financial advisers. If you consult a financial adviser, you may incur additional fees from your financial adviser and should refer to your Statement of Advice for any fee details.

Service fees

We do not charge service fees.

Changes to fees and costs

Fees and costs can change without your consent. However, we will give you 30 days' notice of any increase to fees. 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.

Please refer to Acorn Capital's website (www.acorncapital.com.au) for any updates on our estimates of any fees and costs (including indirect costs and transactional and operational costs) which are not considered to be materially adverse from a retail investor's point of view. Past performance is not an indicator of future performance and any fee or cost for a given year may not be repeated in a future year.

You should read the following important information before making a decision to invest in the Fund: § Additional explanation of fees and costs. Go to Part E of the Reference Guide available at www.acorncapital.com.au. Note the information may change between the time when you read this PDS and when you acquire the product.

7. HOW MANAGED INVESTMENT SCHEMES ARE TAXED

§ Investing in a registered managed investment scheme (like the Fund) is likely to have tax consequences and you are strongly advised to seek professional tax advice. Registered managed investment schemes (like the Fund) do not pay tax on behalf of members. Members are assessed for tax on any income and capital gains generated by the Fund.

You should read the following important information before making a decision to invest in the Fund: § Paying tax. Go to Part F of the Reference Guide available at www.acorncapital.com.au. Note the information may change between the time when you read this PDS and when you acquire the product.

8. HOW TO APPLY

How to invest

You need to invest at least \$20,000 initially. Use the application form accompanying this PDS. The application form contains detailed instructions and will ask you to provide the identification documents required under the Anti-Money Laundering and Counter Terrorism Financing Act 2006 (Cth) (AML CTF Act).

We do not earn interest, nor do we pay you interest on application monies held prior to the time we issue units to you.

Additional investments can be made at any time in writing. The minimum



amount for additional investments is \$5,000.

Cooling off

If you decide that you do not want the units we have issued you in the Fund, we must repay your money to you.

We are allowed to (and generally do) make adjustments for market movements up or down, as well as any tax and reasonable transaction and administration costs. For example, if you invest \$20,000 and the value of the units falls by 1% between the time you invest and the time we receive notification that you wish to withdraw your investment, we may charge you on account of the reduced unit value and you would incur a buy spread of +0.20% and a sell spread of -0.20%. This means that \$19,270 would be transferred from the Fund back to you.

If you change your mind, you have 14 days to tell us, starting on the earlier of when we send you confirmation that you are invested or the end of the 5th day after the day on which we issue the units to you. The cooling off right does not apply to wholesale clients (as defined by the Corporations Act).

This right terminates immediately if you exercise a right or power under the terms of the product, such as transferring your units or voting on any units held by you. For any subsequent investments made under a distribution reinvestment plan, cooling off rights do not apply.

Enquiries and complaints

The Responsible Entity has a structured internal complaints procedure and in the first instance you should contact the Responsible Entity during business hours (please see the front cover for contact details). Every effort will be made to address your complaint. The Responsible Entity generally will acknowledge your complaint within 1 business day and seek to resolve it within 30 days with a written response.

If you are not satisfied with the Responsible Entity's response, you should refer your complaint to the independent Australian Financial Complaints Authority (AFCA). Time limits may apply so you should act promptly or consult the AFCA website of what time limits apply to you.

Mail: Australian Financial Complaints Authority

GPO Box 3 Melbourne VIC 3001

Website: www.afca.org.au Email: info@afca.gov.au

Telephone: 1800 931 678 (free call)

AFCA operations are financed by contributions made by its members, including the Responsible Entity. AFCA is free to consumers. For information on the AFCA Rules governing its jurisdiction and processes, please refer to www.afca.org.au.

9. MORE INFORMATION

Fund performance and size

If you are interested in up to date information about the Fund, go to www.acorncapital.com.au or ask your financial adviser.

Your financial adviser will give you paper copies of the information free of charge. You can always call us; our details are at the beginning of this PDS. Again, up to date information is always free of charge.

Past performance is not an indicator of future performance and any fee or cost for a given year may not be repeated in a future year.

Investing via an IDPS

When you invest via an IDPS, it is the IDPS operator which becomes the investor in the Fund (not you). It follows that the IDPS operator has the rights of an investor and can exercise them (or not) in accordance with their arrangements with you. This means for example, that you generally cannot vote on units held in the Fund and you do not have cooling off rights in respect of any units held in the Fund. Speak with the IDPS operator to determine whether any cooling off rights are available to you through the service.

We are not responsible for the operation of any IDPS through which you invest. Indirect investors complete the application forms for the IDPS and

receive reports from that operator, not from us. The minimum investment, balance and withdrawal amounts may be different. You should also take into account the fees and charges of the IDPS operator as these will be in addition to the fees paid in connection with an investment in the Fund. All investors (regardless of whether you hold units in the Fund directly or hold units indirectly via an IDPS), are able to access our complaints procedures outlined in the PDS. For indirect investors, if your complaint concerns the operation of the IDPS, you should contact the IDPS operator directly.

Indirect investors may rely on the information in this PDS. However, in addition to reading this PDS you should read the document that explains the IDPS.

Keeping you informed

We will:

- ◆ confirm every transaction you make;
- ◆ soon after June each year, send you a report to help you with your tax return;
- ◆ each year (around September), make the accounts of the Fund available to you on www.acorncapital.com.au;
- ◆ send you your annual statement; and
- ◆ notify you of any material changes to this PDS and any other significant event.

If and when the Fund has 100 investors or more, the Fund will be considered a "disclosing entity" for the purposes of the Corporations Act and will be subject to regular reporting and disclosure obligations. Copies of any documents lodged with ASIC in relation to the Fund may be obtained from, or inspected at, an ASIC office. Investors have a right to obtain a copy, free of charge, of the most recent annual financial report for the Fund and any half year financial report lodged with ASIC after that annual financial report but before the date of the PDS.

Any continuous disclosure obligations we have will be met by following ASIC's good practice guidance via website notices rather than lodging copies of those notices with ASIC. Accordingly, should we become aware of material information that would otherwise be required to be lodged with ASIC as part of its continuous disclosure obligations, we will ensure that such material information will be made available as soon as practicable on www.acorncapital.com.au. If you would like hard copies of this information, call Acorn Capital on +613 9639 0522 and it will be sent to you free of charge.

On Acorn Capital's website www.acorncapital.com.au you can also find information about your rights to:

- ◆ choose whether you receive certain information documents about the Fund from us in hard copy or electronic form and
- ◆ opt out of having annual financial report documents for the Fund sent to you. If your preferences change you can contact us at any time.

Consents

Acorn Capital (the Investment Manager), Artega Investment Administration Pty Limited (the Custodian and Administrator) and Boardroom Pty Limited (registry provider) have each given, and as at the date of this PDS have not withdrawn, their consent to inclusion in the PDS of the statements concerning them in the form and context in which they are included.

You should read the following important information before making a decision to invest in the Fund: § Privacy and § Anti-money laundering. Go to Part G of the Reference Guide available at www.acorncapital.com.au. Note the information may change between the time when you read this PDS and when you acquire the product.