

## Continuous Disclosure Notice – 1 February 2014

The Australian Securities and Investments Commission (ASIC) has issued a set of benchmarks and disclosure principles, contained in *ASIC Regulatory Guide 240 – Hedge funds: Improving disclosure* (RG240), to help investors understand and assess hedge funds.

Although the Responsible Entity believes the Australian Unity Wingate Global Equity Fund - Hedged (the Fund) does not resemble a hedge fund, the Fund meets ASIC's definition of a 'fund of hedge funds' because it invests in another fund (Australian Unity Wingate Global Equity Fund ARSN 132 393 705 (the Wholesale Fund)) which exhibits two of ASIC's five 'Characteristics of hedge funds' in RG240.

RG240 contains two benchmarks and nine disclosure principles. Information contained in the benchmarks, including how the Fund, and as applicable the Wholesale Fund, measures against them, is set out in the *Disclosure Benchmarks* section. Information relevant to the disclosure principles is set out in the *Disclosure Principles* section.

Australian Unity Funds Management Limited (AUFM) ABN 60 071 497 115 AFS Licence No. 234454 is the Responsible Entity and Investment Manager of the Fund.

This document should be read in conjunction with the attached Wholesale Fund Continuous Disclosure Notice, the latest Product Disclosure Statement and the Annual Report for the Fund, available at [australianunityinvestments.com.au](http://australianunityinvestments.com.au). Alternatively you can call us on 13 29 39.

The information is current as at 1 February 2014 and has been provided to keep you informed and to assist you in better understanding the nature of this investment.

### Disclosure Benchmarks

Benchmark / Requirement	Whether Benchmark met	Explanation
<i>Benchmark 1: Valuation of assets</i>		
<i>RG240.51 The responsible entity has and implements a policy that requires valuations of the hedge fund's assets that are not exchange traded to be provided by an independent administrator or independent valuation service provider.</i>	The Benchmark is met.	The Fund invests primarily in the Wholesale Fund. The Fund meets the Benchmark as the Wholesale Fund's investment assets are exchange traded and therefore a daily market value is available.  Further details of the valuation policy of the Wholesale Fund can be found in the attached Wholesale Fund CDN.
<i>Benchmark 2: Periodic reporting</i>		
<i>RG 240.56 The responsible entity has and implements a policy to provide periodic reports on certain key information, as set out in RG240.</i>	The Benchmark is met.	The Responsible Entity will provide monthly and annual reports to investors. The reports will be made available at the Fund's website.

### Disclosure Principles

#### Disclosure Principle 1: Investment strategy

*RG240.61 The responsible entity should disclose the following information:*

(a) *a description of the fund's investment strategy:*

The Fund primarily invests in the Wholesale Fund, and therefore has the same underlying investment strategy. However, the Fund's exposure to fluctuations in international currency exchange rates is reduced by fully hedging currency back into Australian dollars.

The Fund has selected the Wholesale Fund as a cost effective means of gaining exposure to the Wingate investment strategy.

The Fund also holds a portion of cash to meet its expenses.

Further details of the investment strategy of the Wholesale Fund can be found in the attached Wholesale Fund CDN.

The Fund does not invest in hedge funds other than the Wholesale Fund.

(i) *the typical asset classes to be invested in;*

The Fund invests in:

- International equities (via the Wholesale Fund)
- Derivatives, both in the Fund through its currency hedging, and via the Wholesale Fund
- Cash

(ii) *the typical location and currency denomination of the assets; and*

The Fund invests primarily in the Wholesale Fund, which is an Australian Managed Investment Scheme.

The Fund's currency assets reflect the underlying composition of the Wholesale Fund.

Refer to the Wholesale Fund CDN for details in relation to the typical location and currency denomination of the Wholesale Fund's assets.

*(iii) the role of leverage, derivatives and short selling;*

The Fund seeks to use derivative reduce exposure to international currency volatility exposure (gained from the Fund's investment in the Wholesale Fund) back into Australian dollars. The derivatives the Fund uses are therefore foreign exchange forward contracts.

Further details in relation to any role of leverage, derivatives and short selling in the Wholesale Fund can be found in the attached Wholesale Fund CDN.

*(b) an explanation of how the strategy will produce investment returns;*

By investing in the Wholesale Fund, the Fund aims to replicate the strategy of the Wholesale Fund, while reducing exposure to international currency exchange rates by fully hedging currency back into Australian dollars.

An explanation of how the Wholesale Fund's strategy will produce investment returns can be found in the attached Wholesale Fund CDN.

*(c) any key dependencies or assumptions underpinning the strategy's ability to produce investment returns (e.g. market conditions or interest rates);*

The Fund invests primarily in the Wholesale Fund, and fully hedges exposure to international currency back into Australian dollars.

The Fund's ability to generate returns is dependent both on the Wholesale Fund's investment strategy and the currency hedging.

Refer to the attached Wholesale Fund CDN for further details on the Wholesale Fund's investment strategy.

*(d) what the diversification guidelines or limits are;*

The Fund invests primarily in the Wholesale Fund. Refer to the attached Wholesale Fund CDN for details on that Wholesale Fund's investment guidelines.

*(e) any specific risks associated with the relevant investment strategy;*

The Fund invests primarily in the Wholesale Fund. This means that it shares the same risks as the Wholesale Fund.

The Fund uses hedging, through forward exchange contracts, to reduce the exchange rate risk arising from investing internationally. However, the Fund could be affected by currency fluctuations if a currency moves differently than expected.

Refer to the attached Wholesale Fund CDN, and to the Fund's PDS for information on the risks of the Fund.

*(f) disclosure of the key aspects of the fund's risk management strategy; and*

For the Fund, if the currency hedging moves outside range specified in the FX Mandate Agreement, the Currency Manager will contact the Responsible Entity for instruction for rebalancing the Fund's currency hedging portfolio.

The Fund invests primarily in the Wholesale Fund. This means that it shares the same risks as the Wholesale Fund. Refer to the attached Wholesale Fund CDN, and to the Fund's PDS, for information on the risks of the Fund.

*(g) if and how the investment strategy can change and what notification would be provided to investors.*

The Responsible Entity may, at its discretion, change the Fund's investment objectives and strategy. If this occurs, then investors will be notified in writing.

**Disclosure Principle 2: Investment Manager**

RG240.65 The responsible entity should disclose a description of the following:

*(a) the identity of, and information on any relevant significant adverse regulatory findings against, any investment manager appointed by the responsible entity of the hedge fund;*

AUFM, as the Responsible Entity, currently performs the role of Investment Manager of the Fund. There have been no adverse regulatory findings against AUFM.

Refer to the attached Wholesale Fund CDN for information on the identity of the Wholesale Fund's investment manager.

*(b) the identities, relevant qualifications and commercial experience (including information on any relevant significant adverse regulatory findings against) of any individuals playing a key role in investment decisions and the proportion of their time each will devote to executing the fund's investment strategy;*

The Fund primarily invests in the Wholesale Fund, and therefore has the same underlying investment strategy. However, for the Fund, exposure to fluctuations in international currency exchange rates is reduced by fully hedging currency back into Australian dollars.

The Responsible Entity considers that only the investment management decisions of the Wholesale Fund's investment manager are key in implementing the Fund's investment strategy.

Refer to the attached CDN for the Wholesale Fund for information about the Wholesale Fund's investment manager.

*(c) if any of the assets are not managed by the responsible entity, any unusual and materially onerous (from an investor's perspective) terms in the agreement or other arrangement under which any investment manager is appointed and the scope of this appointment; and*

The Responsible Entity has appointed National Australian Bank Limited (NAB) as the currency manager to provide foreign currency hedging services for the Fund.

NAB acts in accordance with a Foreign Exchange (FX) Currency Overlay Mandate with the Responsible Entity. This agreement is on usual industry terms and contains standard conditions for asset management and termination.

*(d) the circumstances in which the responsible entity is entitled to terminate the investment manager's appointment and on what terms (including any payments).*

At its discretion, the Responsible Entity may terminate NAB's appointment as currency manager by providing 90 days written notice.

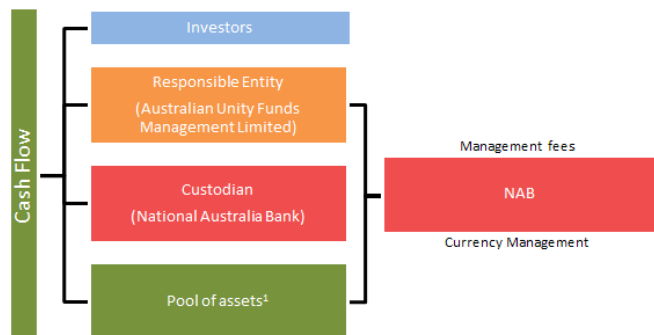
In addition, the Responsible Entity may terminate the appointment due to a default by NAB under the agreement. For example, insolvency or loss of its Australian Financial Services Licence.

NAB will be entitled to any fees or expenses up to the date of termination.

**Disclosure Principle 3: Fund structure**

RG 240.69 The responsible entity should disclose the following information:

- (a) the fund's investment structure—that is, the key entities involved (e.g. companies, schemes and limited partnerships), their relationship to each other and their roles, together with a diagram showing the flow of investment money through the structure;



<sup>1</sup> Refer to the attached Wholesale Fund CDN for information about the Wholesale Fund's investment structure.

The Fund is a registered managed investment scheme, structured as a unit trust.

- (b) the identities of the key service providers (e.g. investment managers, prime brokers, custodian, administrator, valuation service provider and auditor) and scope of their services, where applicable;

Service provider	Services
AUFM	Investment Manager
National Australia Bank	Custodian Asset Valuation Unit Pricing Currency Manager
EY	Fund Auditor
PwC	Fund Compliance Plan Auditor

<sup>1</sup> Refer to the attached Wholesale Fund CDN for information about the Wholesale Fund's key service providers.

- (c) how the responsible entity ensures that its key service providers will comply with their service agreement obligations;

The Responsible Entity has policies and guidelines in place to manage and monitor key services providers to the Fund to ensure service level standards and applicable laws are met.

NAB is monitored through ongoing quarterly and annual compliance attestations as well as regular performance reviews.

- (d) any related party relationships within the structure, including any related party relationships between the responsible entity and the investment managers, or between the responsible entity or investment managers and any underlying funds, counterparties or any key service providers (including executing brokers) to the fund;

The Fund invests primarily in the Wholesale Fund. There are currently no other related party engagements for the Fund (although as noted earlier, the Fund invests in the Wholesale Fund, and AUFM is the Responsible Entity of both the Fund and the Wholesale Fund). The Responsible Entity has policies and guidelines in place to manage the

risk of any actual or perceived conflict of interest as a result of a related party transaction.

- (e) the existence and nature of material arrangements in connection with the hedge fund that are not on arm's length terms (see Regulatory Guide 76 Related party transactions (RG 76));

The Responsible Entity does not engage in arrangements that are not on arm's length terms.

- (f) for funds of hedge funds, the due diligence process performed on underlying funds and their key service providers;

The Fund invests primarily in the Wholesale Fund, and was established with that intention. Both the Fund and the Wholesale Fund are Australian Unity Investments funds.

This means that the Fund shares the same key service providers as the Wholesale Fund. Agreements are in place to manage and monitor key services providers to the Fund to ensure service level standards and applicable laws are met.

- (g) a reasonable estimate of the aggregate amount of any fees and costs that would be disclosed by all underlying funds (that are not listed entities or corporations that are not investment companies) as if each of those entities were a registered scheme disclosing in accordance with Sch 10 of the Corporations Regulations 2001, but so as to exclude double counting to the extent that those management costs include management costs of the hedge fund;

The Fund receives a full rebate of fees and costs for its investment in the Wholesale Fund.

- (h) the jurisdictions of the entities involved in the fund's structure; and

The Responsible, NAB and external auditors are Australian public companies based in Australia.

- (i) the risks of the structure, including any risks associated with holding assets overseas or, for funds of hedge funds, with investing in underlying funds overseas.

The Fund invests primarily in the Wholesale Fund. This means that it shares the same risks as the Wholesale Fund.

In addition, the Fund uses hedging, through forward exchange contracts, to reduce the exchange rate risk arising from investing internationally. However, the Fund could be affected by currency fluctuations if a currency moves differently than expected.

Refer to the attached Wholesale Fund CDN, and to the Fund's PDS, for information on the risks of the Fund.

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

RG240.73 The responsible entity should disclose the following information:

- (a) the key aspects of the valuation policy;

The Responsible Entity outsources the valuation of the Fund's currency mandate. As the custodian and currency manager are both NAB, the custodian includes the value of the currency hedge and the Fund's investment in the Wholesale Fund in the Fund's daily unit price.

The Fund invests primarily in the Wholesale Fund. Refer to the attached Wholesale Fund CDN for details on its valuation policy.

- (b) *the types of assets that the fund does or may invest in and the allocation range for each asset type, using the following asset types (including the assets of underlying funds):*

The Fund invests primarily in the Wholesale Fund. Refer to the attached Wholesale Fund CDN for details on asset types and investment ranges used.

- (c) *any policy about the geographic location of the asset;*

The Fund invests primarily in the Wholesale Fund. Refer to the attached Wholesale Fund CDN for details relating to geographic exposure limits.

- (d) *the geographic location of any material asset; and*

The Fund invests primarily in the Wholesale Fund. Refer to the Wholesale Fund Update for current geographic asset allocation.

- (e) *the custodial arrangements, including details of the roles provided by custodians where assets are not held by a third party custodian, the responsible entity should disclose the types and proportion of those assets relative to the fund's net asset value.*

The Fund's assets are held by the custodian.

#### **Disclosure Principle 5: Liquidity**

*RG240.78 If the responsible entity of a hedge fund cannot reasonably expect to realise at least 80% of its assets, at the value ascribed to those assets in calculating the fund's net asset value, within 10 days, the responsible entity should disclose:*

The Responsible Entity reasonably expects to be able to realise at least 80% of the Fund's assets at the value ascribed to those assets in calculating the Fund's net asset value, within 10 days.

- (a) *a description of any asset class that has a value greater than 10% of the fund's net asset value and cannot be reasonably expected to be realised at the value ascribed to that asset in calculating the fund's most recent net asset value within 10 days; and*

The Fund invests primarily in the Wholesale Fund.

The Wholesale Fund does not hold more than 10% of a particular asset class that cannot be realised within 10 days.

- (b) *the key aspects of the liquidity management policy.*

This disclosure principle does not apply.

#### **Disclosure Principle 6: Leverage**

*RG 240.81 (a) to (e).*

The Fund and the Wholesale Fund do not use derivatives, or debt, ('leverage'), for the purpose of amplifying the exposure of the Fund's capital to investments.

#### **Disclosure Principle 7: Derivatives**

*RG 240.88 The responsible entity should disclose the following information:*

- (a) *the purpose and rationale for the use of derivatives (e.g. investment, hedging, leverage and liquidity), including how they form part of the hedge fund's investment strategy;*

The Fund's Currency Manager uses derivatives to reduce the Fund's exposure to fluctuations in international currency exchange rates by fully hedging currency back into Australian dollars. The Wholesale Fund also uses derivatives.

Refer to the attached Wholesale Fund CDN for detail on how derivatives form part of its investment strategy.

- (b) *the types of derivative used or planned to be used;*

The Fund's currency manager uses foreign exchange forward contracts. The Wholesale Fund also uses derivatives. Refer to the attached Wholesale Fund CDN for detail on the types of derivatives used.

- (c) *the criteria for engaging derivative counterparties (including principal protection providers);*

Given the current size of the Fund's currency hedging mandate, the Fund's currency manager is the counterparty.

Refer to the attached Wholesale Fund CDN for detail on counterparty engagement.

- (d) *the key risks to the hedge fund associated with the collateral requirements of the derivative counterparties; and*

Refer to the PDS for further information on risk.

- (e) *whether the derivatives are OTC or exchange traded,*

The Fund's derivatives are OTC.

Refer to the attached Wholesale Fund CDN for further detail on the types of derivatives used.

#### **Disclosure Principle 8: Short selling**

*RG 240.92 (a) to (c)*

The disclosure principles do not apply.

The Fund and the Wholesale Fund do not engage in short selling.

#### **Disclosure Principle 9: Withdrawals**

*RG 240.95 The responsible entity should disclose the following information:*

- (a) *any significant risk factors or limitations that may affect the ability of investors to withdraw from the hedge fund, including any gating restrictions that may be imposed or the requirement for requests for withdrawal only to be acted on under a statutory withdrawal offer if the hedge fund is not a liquid scheme as defined in the Corporations Act;*

In normal market conditions, there are no significant risk factors or limitations that may affect the ability of investors to withdraw.

The Responsible Entity will endeavour to meet a withdrawal request within five business days; however the Fund's Constitution permits a maximum of 21 days unless a longer period is required to liquidate the Fund's assets.

In exceptional circumstances, where it is considered to be in the best interest of investors, the processing of all applications, and/or withdrawals may be suspended. For example this might occur in the event of exceptional market disruption which may cause a delay affecting the liquidity of the Fund. If this occurs, an application or withdrawal request will be processed using the next available unit price.

- (b) *how investors can exercise their withdrawal rights, including any conditions on exercise;*

Investors may withdraw by completing a Withdrawal Form or letter requesting a withdrawal. This letter must be signed by all the account holders or the authorised signatories and contain their bank account details.

A written withdrawal request must be received by 3:00pm at our Melbourne office on a Melbourne business day to receive the

withdrawal price effective for that day. Otherwise, the next Melbourne business day's price will be applied.

- (c) *if withdrawal is to be funded from an external liquid facility, the material terms of this facility, including any rights the external liquid facility provider has to suspend or cancel the facility; and*

The disclosure principle does not apply. Withdrawals are funded from the Fund's assets.

- (d) *how investors will be notified of any material changes to their withdrawal rights (e.g. if withdrawal rights are to be suspended).*

Any material change to withdrawal rights of the Fund will be communicated to investors in writing.

### For further enquiries

Please contact us either by telephone, email or mail as shown below:

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Address	114 Albert Road South Melbourne, VIC 3205
Investor Services	13 29 39
Adviser Services	1800 649 033
Website	<a href="http://australianunityinvestments.com.au">australianunityinvestments.com.au</a>
Email	<a href="mailto:investments@australianunity.com.au">investments@australianunity.com.au</a>

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### Important information

Units in the Australian Unity Wingate Global Equity Fund – Hedged are issued by Australian Unity Funds Management Limited ABN 60 071 497 115, AFSL No. 234454. The information in this document is general information and is not based on the financial objectives, situation or needs of any particular investor. In deciding whether to acquire, hold or dispose of the product you should obtain a copy of the Product Disclosure Statement (PDS) dated 12 July 2013 for the Fund and consider whether the product is appropriate for you. A copy of the PDS for Hedged Units is available by calling our Investor Services team on 13 29 39. Investment decisions should not be made upon the basis of the Fund's past performance or distribution rate. The information provided in the document is current at the time of publication.

## Continuous Disclosure Notice – 1 February 2014

The Australian Securities and Investments Commission (ASIC) has issued a set of benchmarks and disclosure principles, contained in *ASIC Regulatory Guide 240 – Hedge funds: Improving disclosure* (RG240), to help investors understand and assess hedge funds.

Although the Responsible Entity believes the Australian Unity Wingate Global Equity Fund (the Fund) does not resemble a hedge fund, the Fund meets ASIC's definition of a 'hedge fund' because it exhibits two of ASIC's five 'Characteristics of hedge funds' in RG240.

RG240 contains two benchmarks and nine disclosure principles. Information contained in the benchmarks, including how the Fund measures against them, is set out in the Disclosure Benchmarks section. Information relevant to the disclosure principles is set out in the Disclosure Principles section.

Australian Unity Funds Management Limited ('AUFM') ABN 60 071 497 115 AFS Licence No. 234454 is the Responsible Entity of the Fund. AUFM has appointed Wingate Asset Management Pty Limited ('Wingate') ABN 67 130 534 342, AFS Licence No. 333732 as the Investment Manager of the Fund.

The information is current as at 1 February 2014 and has been provided to keep you informed and to assist you in better understanding the nature of this investment.

### Disclosure Benchmarks

Benchmark / Requirement	Whether Benchmark met	Explanation
<i>Benchmark 1: Valuation of assets</i>		
<i>RG240.51 The responsible entity has and implements a policy that requires valuations of the hedge fund's assets that are not exchange traded to be provided by an independent administrator or independent valuation service provider.</i>	The Benchmark is met.	The Fund's investment assets are exchange traded and therefore a daily market value is available.
<i>Benchmark 2: Periodic reporting</i>		
<i>RG 240.56 The responsible entity has and implements a policy to provide periodic reports on certain key information, as set out in RG240.</i>	The Benchmark is met.	The Responsible Entity will provide monthly and annual reports to investors. The reports will be made available on the Fund's website.

### Disclosure Principles

#### Disclosure Principle 1: Investment strategy

*RG240.61 The responsible entity should disclose the following information:*

(a) *a description of the fund's investment strategy:*

The Fund gains exposure to international equities primarily through derivatives, and then holds these assets directly. The Fund aims to generate returns comprising capital growth, option premium and dividends.

The Fund typically has between 15 and 45 holdings (comprising stocks and options) and can invest up to 100% of its assets in international equities, including direct holdings in equities and option positions over equities, which are fully backed by cash. The Fund restricts exposure to any individual company to a maximum of 10% of the net assets of the Fund. Cash that is not used to back option positions is restricted to a maximum of 20% of the net assets of the Fund at month end.

(i) *the typical asset classes to be invested in;*

The Fund invests in:

- International equities
- Options (derivatives)
- Cash

(ii) *the typical location and currency denomination of the assets; and*

The Fund invests in shares traded on regulated developed market stock exchanges. There are no individual country exposure limits. The Fund may also hold Australian and foreign cash investments.

For further information on country location, refer to the Fund Update.

(iii) *the role of leverage, derivatives and short selling;*

The Fund does not use leverage or short selling, meaning that the Fund does not use borrowings and does not use derivatives for the purpose of amplifying the exposure of the Fund's capital to investments.

The Fund's derivatives strategy involves the selling of cash-backed put options to purchase stocks when Wingate considers that a stock is trading at an attractive valuation. Where this occurs, a put option is sold with a strike price below the prevailing market price, which results in the Fund receiving option premium. Conversely, stock covered call options are typically used to sell stocks that are held in the Fund's portfolio.

(b) *an explanation of how the strategy will produce investment returns;*

The investment strategy aims to produce investment returns through a combination of capital appreciation and income generation.

Wingate invests in equities it believes are trading at least 20% under their intrinsic value. As such, a percentage of returns are produced from the market realising Wingate's value view and the Fund's shareholdings appreciating.

Wingate's implementation process sells options as a mechanism to buy and sell shares.

This process generates option premiums which add to the Fund's return. The receipt of option premiums allows the Fund to achieve a return even when markets are flat.

(c) *any key dependencies or assumptions underpinning the strategy's ability to produce investment returns (e.g. market conditions or interest rates);*

As the Fund invests in international equities and derivatives, investment returns are impacted by the performance and volatility of global equity markets. The Fund is more likely to deliver higher absolute returns when global equity markets are strong.

Being unhedged against currency movements, the Fund may benefit from weakness in the Australian dollar versus major currencies. The Fund's returns may be negatively impacted by the strength of the Australian dollar versus major currencies.

(d) *what the diversification guidelines or limits are;*

Investment limits		
Asset class	% of Fund size	
	Minimum	Maximum
Unencumbered cash and cash equivalents	0	20
International equities (includes put options <sup>1</sup> )	80	100
Other investment limits		
	% of Fund size	
	Minimum	Maximum
Aggregate exposure to companies with market capitalisation <\$1 billion AUD	0	10
Typical number/range of securities or holdings		
15 – 45 positions (stock and option positions for a single entity count as one position).		
Security/holding weights		
	% of Fund size	
	Minimum	Maximum
Single-stock exposure (including call option positions <sup>2</sup> ).	0	10
Face Value of Put Options – on a single equity.	0	10

<sup>1</sup>Put options are included in "International equities".

<sup>2</sup>Call options are included in Single-stock and may not be less than 0%.

(e) *any specific risks associated with the relevant investment strategy;*

Refer below (f), and to the Fund's PDS for further information on the risks of the Fund.

(f) *disclosure of the key aspects of the fund's risk management strategy; and*

Investment limits	Risk mitigation strategies
Market risk	<ul style="list-style-type: none"> <li>Due to the option implementation strategy, the Fund's typical delta-adjusted<sup>1</sup> exposure ranges between 50% to 90% of the market.</li> <li>Receipt of option premium helps cushion against negative market performance.</li> </ul>
Individual stock risk	<ul style="list-style-type: none"> <li>Maximum exposure of 10% to an individual stock holding.</li> <li>Initial and ongoing research focuses on reducing downside risk</li> </ul>
Portfolio stock weighting	<ul style="list-style-type: none"> <li>Progressive implementation of investment decisions.</li> <li>Highest weightings in stocks with best combination of business model and valuation.</li> </ul>
Industry exposure	Maximum 30% exposure constraint on portfolio which is monitored in real time.
Country exposure	Investment process is biased toward developed countries.
Volatility	Investment process benefits from increased market volatility due to the option implementation process.
Currency	For all outstanding put option positions, cash is held in underlying stock currency.
Derivatives	<ul style="list-style-type: none"> <li>All derivatives are 100% cash backed (for put options) and 100% underlying stock backed (for call options).</li> <li>All options are exchange traded,</li> </ul>
Liquidity	Investment process is biased toward large cap companies which are highly liquid.

<sup>1</sup>The delta of an option is a measure of sensitivity of an option to the movement of the underlying instrument to which the option relates. The delta-adjusted exposure of a portfolio is equal to the sum of all option positions plus all equity investment and indicates the extent to which the portfolio will participate in market movements.

(g) *if and how the investment strategy can change and what notification would be provided to investors.*

The Responsible Entity may, at its discretion, change the Fund's investment objectives and strategy. If this occurs, then investors will be notified in writing.

## Disclosure Principle 2: Investment Manager

RG240.65 *The responsible entity should disclose a description of the following:*

(a) *the identity of, and information on any relevant significant adverse regulatory findings against, any investment manager appointed by the responsible entity of the hedge fund;*

The Responsible Entity has appointed Wingate as Investment Manager for the Fund. There have been no adverse regulatory findings against Wingate.

(b) *the identities, relevant qualifications and commercial experience (including information on any relevant significant adverse regulatory findings against) of any individuals playing a key role in investment decisions and the proportion of their time each will devote to executing the fund’s investment strategy;*

Individual	Qualifications	Investment experience	% of time executing investment strategy
Wingate investment team:			
Chad Padowitz Chief Investment Officer	Chartered Financial Analyst	15 years	90%
Joel Beebe Senior Investment Analyst	Chartered Financial Analyst	14 years	95%
Alastair MacLeod Senior Investment Analyst	Chartered Financial Analyst	15 years	95%
Stuart Morgan Investment Analyst	Ph.D., Chartered Financial Analyst	5 years	100%
There have been no significant adverse regulatory findings against these investment professionals.			

(c) *if any of the assets are not managed by the responsible entity, any unusual and materially onerous (from an investor’s perspective) terms in the agreement or other arrangement under which any investment manager is appointed and the scope of this appointment; and*

Wingate acts in accordance with an investment management agreement with the Responsible Entity. This agreement is on usual industry terms and contains standard conditions for asset management and termination.

Wingate may receive a fee for managing the Fund’s portfolio, and a Performance Fee if the Fund meets certain performance criteria. Refer to the Fund’s PDS for the Performance Fee criteria.

(d) *the circumstances in which the responsible entity is entitled to terminate the investment manager’s appointment and on what terms (including any payments).*

At its discretion, the Responsible Entity may terminate Wingate’s appointment by providing five days written notice.

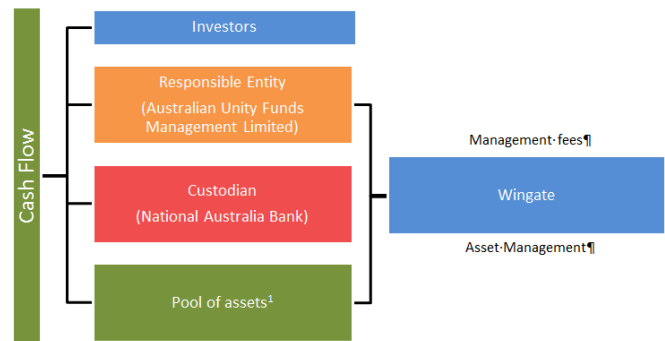
In addition, the Responsible Entity may terminate the appointment due to a default by Wingate under the agreement. For example, insolvency or loss of its Australian Financial Services Licence.

Wingate will be entitled to any fees or expenses up to the date of termination.

**Disclosure Principle 3: Fund structure**

RG 240.69 *The responsible entity should disclose the following information:*

(a) *the fund’s investment structure—that is, the key entities involved (e.g. companies, schemes and limited partnerships), their relationship to each other and their roles, together with a diagram showing the flow of investment money through the structure;*



The Fund is a registered managed investment scheme, structured as a unit trust.

(b) *the identities of the key service providers (e.g. investment managers, prime brokers, custodian, administrator, valuation service provider and auditor) and scope of their services, where applicable;*

Service provider	Services
Wingate	Investment Manager
National Australia Bank (National Asset Services)	Custodian Asset Valuation Unit Pricing
EY	Fund Auditor
PwC	Fund Compliance Plan Auditor

(c) *how the responsible entity ensures that its key service providers will comply with their service agreement obligations;*

The Responsible Entity has policies and guidelines in place to manage and monitor key services providers to the Fund to ensure service level standards and applicable laws are met.

Wingate and National Australia Bank are monitored through ongoing quarterly and annual compliance attestations as well as regular performance reviews.

(d) *any related party relationships within the structure, including any related party relationships between the responsible entity and the investment managers, or between the responsible entity or investment managers and any underlying funds, counterparties or any key service providers (including executing brokers) to the fund;*

Australian Unity Fund Management has an ownership stake in Wingate.

There are currently no other related party engagements for the Fund. The Responsible Entity has policies and guidelines in place to manage the risk of any actual or perceived conflict of interest as a result of a related party transaction.

(e) *the existence and nature of material arrangements in connection with the hedge fund that are not on arm’s length terms (see Regulatory Guide 76 Related party transactions (RG 76));*

The Responsible Entity does not engage in arrangements that are not on arm’s length terms.



- (f) for funds of hedge funds, the due diligence process performed on underlying funds and their key service providers;

The disclosure principle does not apply. The Fund is not a fund of hedge funds.

- (g) a reasonable estimate of the aggregate amount of any fees and costs that would be disclosed by all underlying funds (that are not listed entities or corporations that are not investment companies) as if each of those entities were a registered scheme disclosing in accordance with Sch 10 of the Corporations Regulations 2001, but so as to exclude double counting to the extent that those management costs include management costs of the hedge fund;

The disclosure principle does not apply. The Fund does not currently invest in other funds.

- (h) the jurisdictions of the entities involved in the fund's structure; and

The Responsible Entity is an Australian public company.

Wingate, the custodian and external auditors are Australian public companies based in Australia.

- (i) the risks of the structure, including any risks associated with holding assets overseas or, for funds of hedge funds, with investing in underlying funds overseas.

Refer to the Fund's PDS for further information on risk.

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

RG240.73 The responsible entity should disclose the following information:

- (a) the key aspects of the valuation policy;

The Fund's assets are listed on publicly traded global exchanges and valuations are obtained at market rates daily by the custodian.

- (b) the types of assets that the fund does or may invest in and the allocation range for each asset type, using the following asset types (including the assets of underlying funds):

Asset class	Range
i. Australian listed equities;	Not applicable
ii. Australian unlisted equities;	Not applicable
iii. international listed equities;	0-100%
iv. international unlisted equities;	Not applicable
v. Australian government bonds	Not applicable
vi. Australian corporate bonds;	Not applicable
vii. international government bonds;	Not applicable
viii. international corporate bonds;	Not applicable
ix. structured products;	Not applicable
x. real property;	Not applicable
xi. infrastructure;	Not applicable
xii. exchange-traded derivatives;	0-100%
xiii. over-the-counter (OTC) derivatives;	Not applicable
xiv. cash equivalent investments <sup>1</sup> ; and	0-100%
xv. other (provide details);	Not applicable

<sup>1</sup> This includes the cash used to back put options.

- (c) any policy about the geographic location of the asset;

The Fund invests in shares traded on regulated developed market stock exchanges. There are no individual country exposure limits. The Fund may also hold Australian and foreign cash investments.

- (d) the geographic location of any material asset; and

Refer to the Fund Update for current geographic asset allocation.

- (e) the custodial arrangements, including details of the roles provided by custodians where assets are not held by a third party custodian, the responsible entity should disclose the types and proportion of those assets relative to the fund's net asset value.

The Fund's assets are held by the custodian.

Cash used to back options may be held at the relevant overseas option clearing house. The amount of cash held fluctuates with the value of options held by the Fund, but is typically less than 20% of the Fund's net asset value.

#### Disclosure Principle 5: Liquidity

RG240.78 If the responsible entity of a hedge fund cannot reasonably expect to realise at least 80% of its assets, at the value ascribed to those assets in calculating the fund's net asset value, within 10 days, the responsible entity should disclose:

The Responsible Entity reasonably expects to be able to realise at least 80% of the Fund's assets at the value ascribed to those assets in calculating the Fund's net asset value, within 10 days.

- (a) a description of any asset class that has a value greater than 10% of the fund's net asset value and cannot be reasonably expected to be realised at the value ascribed to that asset in calculating the fund's most recent net asset value within 10 days; and

The disclosure principle does not apply.

- (b) the key aspects of the liquidity management policy.

The disclosure principle does not apply.

#### Disclosure Principle 6: Leverage

RG 240.81 (a) to (e).

The Fund does not use derivatives, or debt, ('leverage'), for the purpose of amplifying the exposure of the Fund's capital to investments.

#### Disclosure Principle 7: Derivatives

RG 240.88 The responsible entity should disclose the following information:

- (a) the purpose and rationale for the use of derivatives (e.g. investment, hedging, leverage and liquidity), including how they form part of the hedge fund's investment strategy;

The Fund enters and exits stock positions via the sale of options, which provide option premium and assists to buffer against losses.

On a stand-alone basis, equities and equity options present different strengths and weaknesses. The high long-term return profile of equities is well appreciated; however the weakness embedded in equities relates to the fact that the return profile is generally non-linear. Hence a smoother return profile, with less volatility may be as important as performance itself.

Conversely, the sale of equity options delivers an altogether different profile. The receipt of regular option premium delivers some return, regardless of market movements. The trade-off for this is capped upside, which may mean that losses can take an extended period of time to recover.

The Wingate strategy integrates equities and options, seeking to capture the advantages while diluting the weaknesses of both

equities and options, with the aim of creating a better long-term return profile. While the weighting of the portfolio between equities and options is an outcome of Wingate's process, typically 20-40% of the portfolio comprises cash backed put options which deliver option premium. The portfolio also holds a portion of unencumbered cash.

(b) *the types of derivative used or planned to be used;*

Wingate uses exchange traded put and call options.

(c) *the criteria for engaging derivative counterparties (including principal protection providers);*

Wingate does not directly engage counterparties as all put and call options are exchange traded.

Collateral for options is held by the options clearing house in the relevant jurisdiction.

(d) *the key risks to the hedge fund associated with the collateral requirements of the derivative counterparties; and*

Refer to the PDS for further information on risk.

(e) *whether the derivatives are OTC or exchange traded,*

All options are exchange traded.

#### **Disclosure Principle 8: Short selling**

RG 240.92 (a) to (c)

This disclosure principle does not apply.

The Fund does not engage in short selling.

#### **Disclosure Principle 9: Withdrawals**

RG 240.95 *The responsible entity should disclose the following information:*

(a) *any significant risk factors or limitations that may affect the ability of investors to withdraw from the hedge fund, including any gating restrictions that may be imposed or the requirement for requests for withdrawal only to be acted on under a statutory withdrawal offer if the hedge fund is not a liquid scheme as defined in the Corporations Act;*

In normal market conditions, there are no significant risk factors or limitations that may affect the ability of investors to withdraw.

The Responsible Entity will endeavour to meet a withdrawal request within five business days; however the Fund's Constitution permits a maximum of 21 days unless a longer period is required to liquidate the Fund's assets.

In exceptional circumstances, where it is considered to be in the best interest of investors, the processing of all applications, and/or withdrawals may be suspended. For example, this might occur in the event of exceptional market disruption which may cause a delay, affecting the liquidity of the Fund. If this occurs, an application or withdrawal request will be processed using the next available unit price.

(b) *how investors can exercise their withdrawal rights, including any conditions on exercise;*

Investors may withdraw by completing a Withdrawal Form or letter requesting a withdrawal. This letter must be signed by all the account holders or the authorised signatories and contain their bank account details.

A written withdrawal request must be received by 3:00pm at our Melbourne office on a Melbourne business day to receive the withdrawal price effective for that day. Otherwise, the next Melbourne business day's price will be applied.

(c) *if withdrawal is to be funded from an external liquid facility, the material terms of this facility, including any rights the external liquid facility provider has to suspend or cancel the facility; and*

The disclosure principle does not apply. Withdrawals are funded from the Fund's assets.

(d) *how investors will be notified of any material changes to their withdrawal rights (e.g. if withdrawal rights are to be suspended).*

Any material change to withdrawal rights of the Fund will be communicated to investors in writing.

#### **For further enquiries**

Please contact us either by telephone, email or mail as shown below:

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Investor Services	13 29 39
Adviser Services	1800 649 033
Website	<a href="http://australianunityinvestments.com.au">australianunityinvestments.com.au</a>
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#### **<sup>1</sup> Important information**

Wholesale Units in the Australian Unity Wingate Global Equity Fund are issued by Australian Unity Funds Management Limited ABN 60 071 497 115, AFSL No. 234454. The information in this document is general information and is not based on the financial objectives, situation or needs of any particular investor. In deciding whether to acquire, hold or dispose of the product you should obtain a copy of the current Product Disclosure Statement (PDS) for the Wholesale Units and consider whether the product is appropriate for you. A copy of the PDS for Wholesale Units is available by calling our Investor Services team on 13 29 39. Investment decisions should not be made upon the basis of the Fund's past performance or distribution rate. The information provided in the document is current at the time of publication.