CROMWELL PHOENIX GLOBAL OPPORTUNITIES FUND

CROMWELL FUNDS MANAGEMENT

Phoenix Portfolios

ARSN 654 056 961 | APIR Code CRM0245AU

Additional Information

26 October 2021

Issued by Cromwell Funds Management Limited ACN 114 782 777 AFSL 333 214 (CFM, we, us)

The following information is incorporated by reference and forms part of the Product Disclosure Statement (PDS) for the Cromwell Phoenix Global Opportunities Fund ARSN 654 056 961 dated 26 October 2021.

How to withdraw

The minimum withdrawal amount is $10,000 or a lesser amount at CFM's discretion. If a withdrawal would result in an investor having less than $20,000 then CFM may regard the withdrawal request as relating to the investor's entire holding.

Direct investors

To make a withdrawal, direct investors should complete the Withdrawal Request Form available at www.cromwell.com.au/forms.

In normal circumstances, withdrawals will be processed on a monthly basis and paid within 30 days from the date the withdrawal request is processed, where the request is received before 4.00 pm AEST (or AEDT when observed) on the last Sydney business day prior to the 26th day of any month.

Withdrawal forms received after the cut-off time are taken to be received on the next Sydney business day and will therefore be processed the following month.

Units are redeemed at the withdrawal unit price based on the valuation of net assets at the close of business on the last day of the month, adjusted for any income distributed.

Indirect investors

Investor Directed Porfolio Service (IDPS) investors can only withdraw through the IDPS operator in accordance with their terms and conditions. Provisions which relate to withdrawals from the Fund will apply to the operator of the IDPS and not the indirect investor. Indirect investors should consult the IDPS about withdrawals from the Fund.

Suspension of withdrawals

CFM may suspend withdrawals for up to 180 days in certain circumstances as specified in the Fund's constitution.

These circumstances may include when CFM considers it impracticable to calculate unit prices, for example because of closure of or trading restrictions on securities exchanges, an emergency or other state of affairs, when CFM estimates a significant amount of the Fund's assets must be sold to meet withdrawals, or when CFM considers it is not in the best interests of investors to realise the required assets.

Any withdrawal request received during a period of suspension will be taken to have been received by CFM immediately after the end of the suspension period.

The withdrawal conditions described above assume that the Fund remains "liquid" as defined in the *Corporations Act 2001* (Cth) (Corporations Act). At the date of the PDS, CFM is of the view that the Fund is "liquid". Under the Corporations Act, where a fund is "illiquid", the responsible entity can only offer investors the opportunity to withdraw from the Fund by way of a written offer made in accordance with provisions in the Corporations Act and the Fund's constitution, but is not obliged to do so. Where no such offer is made, investors have no right to withdraw from the Fund.

Transferring units

An investor can transfer units in the Fund to another person by providing CFM with a completed CFM transfer form, signed by both the transferor and the transferee and any other required documents.

The CFM transfer form details what documents CFM requires to consider the transfer. CFM reserves the right to decline transfer requests if a transferee does not meet CFM's criteria for an investor, the transfer is not stamped (where required) or any amount payable to CFM in respect of any of the units to be transferred remains unpaid.

Tax implications could be associated with the transfer of units. Investors should discuss their circumstances with their professional adviser before requesting a transfer.

Benefits of investing in the Cromwell Phoenix Global Opportunities Fund

Summary

The Fund holds a portfolio of international listed, predominantly small capitalisation securities, which at the time of their acquisition were considered to be trading at discounts to their observable net asset values (NAVs). Investments are likely to be selected outside of the constituents of global large capitalisation indices and will mostly have a free float market capitalisation of less than US$5 billion at the time of initial investment. Securities with smaller free float market capitalisation are generally considered by Phoenix to be the most inefficiently priced sector of global securities markets and offer the greatest potential to add value through a rigorous, institutional approach. The Fund focusses on securities with readily ascertainable, observable NAVs, such as holding companies, closed-ended funds and asset-backed companies as well as capital structure opportunities, where, for example, a stock may have multiple classes of securities that may be mispriced relative to one another.

Investment philosophy

CFM and Phoenix believe that over the medium to long term, superior investment performance may be achieved by investing in securities that are trading at a discount to their underlying intrinsic value.

Across global markets, some of these securities have readily ascertainable and observable NAVs. A number of these securities trade at significant discounts to their observable NAVs. This is particularly true in areas where a limited number of analysts are scrutinising company valuations. Phoenix's research efforts are predominantly concentrated on securities with free float market capitalisation of less than US$5 billion, where pricing discrepancies are often the largest.

Given that security pricing is most prone to error in situations where there is minimal professional analyst coverage, Phoenix expects the majority of securities that pass through its quantitative screening process will have a free float market capitalisation below US$2 billion.

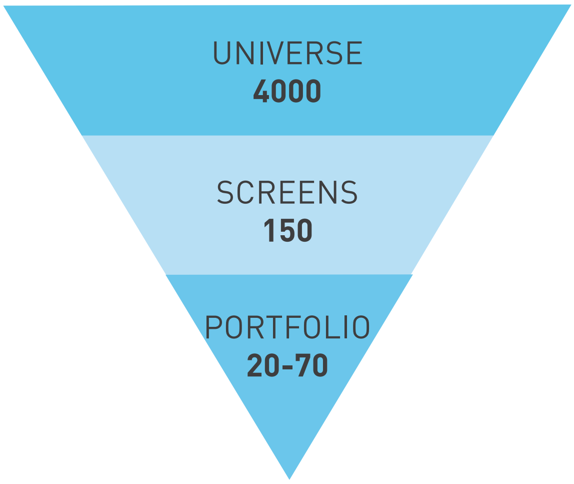
CFM has initially capped the Fund size at a $100 million of Net Trust Value[1]. This cap is designed to allow the Fund to maintain its strategic advantage over many of its competitors, as it facilitates investment in a wider universe of securities.

Phoenix's value oriented, fundamental analysis focuses on "bottom up" research to fully understand the components that make up a security's NAV and assess the level of certainty inherent in any valuation. Securities will be preferred whose:

- current market price implies a valuation buffer / high margin of safety,
- value is made up of investments within Phoenix's circle of competence; and
- management have displayed strong governance and have an alignment of interests to minority shareholders.

1. CFM reserves the right to vary amounts.

Screening



Quantitative screens are used to eliminate a substantial portion of securities, many of which trade at or above their NAVs. Screens are supplemented with quantitative and qualitative techniques to reduce the universe to a shortlist of approximately 150 securities, which is then assessed in a deeper manner.

Attractive securities may screen with the following attributes:

- low price to tangible assets;
- discounts to reported NAVs;
- high levels of historical book value growth;
- high levels of management/director ownership; and
- low ratio of enterprise value to Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) (particularly for GAAP Accounting).

Unattractive securities may screen with the following features:

- high share issuance such as frequent capital raisings;
- excessive financial leverage; and
- history of loss making.

Phoenix does not intend to hedge any foreign currency exposure arising from investments in foreign securities. This means that the value of your investment in Australian dollars and the distributions calculated and paid to you in Australian dollars will be subject to foreign exchange rate fluctuations.

In-Depth Research

Securities that survive the screening process are researched in substantially more detail to enable the investment team to fully understand the components that comprise a security's NAV, as well as the key drivers and sensitivities to its valuation. Potential investments are put through a research framework, detailing the appropriateness of underlying asset valuations and the certainty of those valuations. This is supplemented by an assessment of capital allocation history and board/management alignment.

A fundamental valuation model is built for each security. The primary valuation technique is a "sum of the parts" model that determines a market-based valuation for a security's underlying assets should they be traded in current market conditions by a willing buyer and a willing seller. This is augmented by quantitative and qualitative factors, such as adjustments for holding costs and board/management alignment.

Portfolio Construction

Portfolio construction seeks to blend together a portfolio of securities that Phoenix considers offers the highest risk adjusted expected return. The Fund will invest across geographic markets, typically holding between 20 and 70 securities.

Security positions and geographic allocations will not be constrained by benchmark considerations.

Risk Management

Risk is managed with the aim of minimising the chances of a permanent loss of capital. By investing in securities that (at the time of their purchase) are trading at material discounts to Phoenix's fundamental valuations, Phoenix expects to have a margin of safety that can help shield the portfolio from downside risk. Phoenix continually monitors the securities within the portfolio focusing on the spread between the market price and Phoenix's view of underlying intrinsic, observable value and adjust position sizes accordingly.

Securities of small companies typically exhibit greater price volatility than large company securities particularly during periods of general market distress as investors place a greater premium on liquidity. Through operating the Fund as one that promotes a long-term investment horizon, Phoenix seeks to take advantage of periodic short-term market uncertainty when negative macro news can drive down the price of securities below longer term intrinsic value, on the basis that Phoenix is prepared to wait patiently for the market to re-rate the investment.

Phoenix attempts to mitigate liquidity risk through holding a portion of the portfolio in highly liquid securities, such as listed closed-ended funds and asset-backed companies and capital structure opportunities, where, for example, a stock may have multiple classes of securities that may be mispriced relative to one another. The cost of such positions is included in the Fund's indirect costs as a cost of investing through interposed vehicles.

The Fund focusses on securities with readily ascertainable, observable NAVs. Asset allocation and investment limits are also used to manage risk.

Risks of managed investment schemes

The following additional information is provided about the risks mentioned in the PDS, and the following additional risks may also relate to an investment in the Fund.

Specific risks

These risks relate specifically to an investment in the Fund.

Market risk

Returns from listed securities can fluctuate significantly. These fluctuations can be caused by market volatility, interest rates, economic cycles, political events and levels of economic growth. These fluctuations are usually proportionately greater in certain jurisdictions.

Currency risk

The Fund's performance could be significantly impacted by movements in foreign exchange rates. That is, the value of your investment in Australian dollars and the distributions calculated and paid to you in Australian dollars, could go up or down due to foreign exchange rate volatility.

Manager risk

An investment in the Fund means that an investor is delegating their control over relevant investment decisions to CFM and Phoenix. How the Fund performs depends partly on the performance of CFM as responsible entity and Phoenix as investment manager. There is a risk that the Fund will not, in any period, perform as well as similar funds or the securities market generally. The investment manager is also a related party of CFM.

Diversification risk

Whilst the Fund is likely to invest across many industry sectors and geographies, the concentrated nature of the Fund's portfolio means that there is a risk that the portfolio may not be diversified enough and therefore the gains and losses of a single investment may have a greater impact on the Net Trust Value.

Derivative risk

There is a risk that the Fund may suffer loss as a result of derivatives it holds, for example, if there is an adverse movement in the price or value of the asset underlying the derivative. Further, there is also a risk that the value of the derivative does not move in line with the value of the underlying asset, that the market for the derivative is illiquid, that the Fund is not able to meet its payment obligations when they arise and that the counterparty to the derivative contract cannot meet its obligations under the contract.

Performance risk

The Fund may fail to perform as expected and the Fund's investment returns objective may not be achieved.

Liquidity risk

Overall market conditions can make it difficult to trade, which may cause delay in accessing your money to meet withdrawal requests. The Fund is likely to hold a portion of its portfolio in securities that are not actively traded or are traded in relatively small volumes. If that is the case then those securities may not be readily bought or sold without some adverse impact on the price paid or obtained.

Small cap risk

The Fund may invest in stocks of small to medium cap companies, which often have shorter operating histories and fewer financial and management resources than larger, well-established companies. When compared to investing in securities of large or mid-cap companies, small cap securities may be less widely traded, less liquid and may be sold at a discount from current market prices. Small cap securities may also be subject to wider price fluctuations which may lead to a greater chance of loss than investing in securities of large or mid-cap companies.

Withdrawal risk

Your ability to withdraw your investment out of the Fund may be suspended in certain circumstances (see Section

2.4.3 of the PDS for further details). Further, under the Fund's constitution, CFM has up to 90 days from receipt of a withdrawal request to determine whether to accept that request; and up to 30 days from acceptance of a withdrawal request to pay the redemption proceeds. However, usually CFM expects to pay accepted withdrawal requests within 15 business days from the end of the applicable month.

Related party risk

The investment manager, Phoenix, is a related party to CFM. With any related party engagement, there is always a risk that performance might not be overseen in the same way as between unrelated parties; and therefore there can be conflicts of interest in the event of, for example, a default by one of the parties.

Fund risk

The Fund could terminate before the end of the recommended investment period. Investing in the Fund could give different results than investing directly in the relevant securities because of income or capital gains accrued in the Fund and the consequences of investment and withdrawal by other investors.

Individual investment risk

Individual securities the Fund holds can and do fall in value for many reasons such as changes in a company's capacity to meet or refinance its borrowings, changes in the market for or valuations of the company's investments and the ability of the company's management.

General risks

These risks relate to a broad range of investments.

Economic factors

The returns on investments are affected by a range of economic factors including changes in interest rates, exchange rates, inflation, government policy (including monetary policy and other laws) and the general state of the domestic and international economies.

Legal and regulatory risk

Changes in any law, regulation or government policy could have an impact on your investment in the Fund.

Tax risk

In the unlikely event that the Fund ceases to qualify as a Managed Investment Trust (MIT) or an Attribution Managed Investment Trust (AMIT), the pre-AMIT provisions will apply to allocate net (tax) income to investors. In these circumstances, investors will be presently entitled to the distributable income of the Fund and will be allocated a share of the net (tax) income based on their proportionate entitlement to the distributable income.

The tax information provided in the PDS and this AID reflects the Australian income tax legislation in force and the interpretation of the Australian Taxation Office (ATO) and the courts as at the date of issue of the PDS and this AID. Tax laws are subject to continual change and this may impact the taxation of trusts and investors.

Additional explanation of fees and costs

Management fees and costs

Management fee

CFM does not charge a base management fee.

Ongoing administration costs

The Fund will incur administration costs such as accounting, tax and legal advice, bank charges, printing and stationery costs, postage and a registry fee. The Fund's constitution allows properly incurred expenses to be recovered from the Fund.

When expenses are paid by the Fund, they are deducted from the Fund's assets and reflected in the unit price. CFM has agreed to cap these costs at 0.20% per annum of the Fund's Net Trust Value (calculated by dividing the sum of the opening monthly Net Trust Value and closing monthly Net Trust Value by two) and will bear any normal administration cost in excess of this amount.

CFM paid expenses for the 12 months ending 30 June 2021 totalling $38,074 on behalf of the Fund. This reflects 3.52% per annum of the Fund's Net Trust Value had the Fund been required to pay these costs. However, CFM has agreed to cap these costs at 0.20% per annum of the Fund's Net Trust Value to ensure the Fund remains competitive whilst in start-up phase.

As such, a maximum of $20 out of every $10,000 of the Fund's Net Trust Value will be used to cover administration costs during this time. If the Fund's actual administrative costs are less than 0.20% per annum of the Fund's Net Trust Value, then only the cost of the actual expenses will be borne by the Fund.

If CFM removes the cap on normal administrative expenses in the future, we will give you 30 days' written notice.

Abnormal expenses

CFM is entitled to be reimbursed from the Fund for abnormal expenses, such as the cost of investor meetings, legal costs of any proceedings involving the Fund and terminating the Fund. Whilst it is not possible to estimate such expenses with certainty, CFM anticipates that the events that give rise to such expenses will rarely occur.

Indirect costs

Indirect costs are essentially any amounts that reduce (or may reasonably be expected to reduce) the Fund's returns. The management costs disclosed in the PDS (see Section 6: Fees and costs) include all indirect costs of the Fund, including the costs of investing through interposed vehicles. The indirect costs incurred by the Fund will depend on the Fund's portfolio composition and are generally calculated based on the amounts paid in the previous financial year.

Actual indirect costs for a financial year may therefore differ from the amount disclosed in tables of the PDS. Indirect costs are paid from the Fund's assets (or from the assets of interposed vehicles) when the cost is incurred and are reflected in the unit price. Indirect costs are not directly payable by you.

Performance fee

CFM will charge a performance fee of 20% of the Fund's cumulative gross return in excess of the high water mark. This ensures that any previous underperformance has been recovered before CFM is entitled to a performance fee. The performance fee is calculated and payable monthly in arrears.

The cumulative gross return is calculated:

- on a time weighted basis from 1 January 2020; and
- prior to accruing any performance fee or declaring any distribution for the relevant month.

The performance fee is calculated as 20% of absolute returns above the high water mark. As at 31 August 2021, the Fund was at its high water mark being the highest cumulative gross since inception and no further performance fee will become payable until the high water mark is exceeded.

Performance fee example

This example is provided for information purposes only, to illustrate the calculation of the performance fee. Actual results are likely to vary significantly from those set out in this example.

The example calculation includes the following assumptions for a hypothetical performance fee calculation:

PERFORMANCE FEE EXAMPLE	
Cumulative Gross Return in excess of high water mark (Excess Performance) (A)	2.5%
Adjusted Opening Net Trust Value (B)	$30,000,000
Performance fee rate (C)	20%
The performance fee is $150,000, calculated as:	

Formula: A x B x C **Example:** 2.5% x $30,000,000 x 20% = $150,000

Adjusted Opening Net Trust Value means the Opening Net Trust Value plus the amount of applications and less the amount of redemptions processed during the current performance period plus the amount of any distributions declared during the previous performance period that were reinvested.

Excess Performance = $\frac{\text{Cumulative Gross Performance} - \text{High Water Mark}}{(1 + \text{High Water Mark})}$

High Water Mark means zero for the first performance period and, thereafter, is the highest Cumulative Gross Performance for any performance period in which CFM was entitled to a performance fee.

The historical average since the Fund's inception for the performance fee is 3.01% per annum. In any year, this historical average will differ depending on the performance of the Fund and its underlying investments.

Please read the PDS and this AID in conjunction with the most current annual fees and costs disclosure, which is available online at www.cromwell.com.au/gof, or can be obtained free of charge, on request.

The historical average since the Fund's inception has been calculated on performance fees paid from the Fund as follows:

	2021	2020	AVERAGE
Performance Fees (%)	6.02%	0	3.01%
Performance Fees ($)	$65,125	0	$32,563

Note that past performance is not a reliable indicator of future performance. It is not possible to forecast the performance of the Fund and in some years there may be a negative performance. In addition, all management costs are deducted from the Fund's assets, and are not directly paid by you.

Transaction costs

Transaction costs are costs incurred by the Fund for dealing with the Fund's assets. These costs include brokerage and the transaction costs of interposed vehicles. Brokerage costs are generally covered by the buy/sell spread (see below). Brokerage costs associated with the active management of the portfolio are difficult to estimate as they depend on turnover levels in the Fund, which have been historically volatile.

The Fund's total gross transaction costs for the 12 months ending 30 June 2021 were 0.09% per annum of the gross assets of the Fund (e.g. $45 for every $50,000 of gross assets) made up as follows:

TRANSACTION COST	AMOUNT (% OF GROSS ASSETS)	HOW AND WHEN PAID
Brokerage	0.09%	Paid upon completion of trades
Total	0.09%	As above

These costs will be partially recovered by the current buy/sell spread of +/- 0.60% (see Buy/sell spread below).

If the buy-sell spread applied is not sufficient to cover the Fund's total gross transaction costs, the balance of the costs will be paid out of the Fund's assets. If the buy-sell spread applied exceeds the Fund's transaction costs, the balance of the buy-sell spread will be retained by the Fund.

Transaction costs are disclosed based on amounts paid in the previous financial year and in any year, will differ depending on the investment activity of the Fund. Please read the PDS and this AID in conjunction with the most current 'Fees and Costs Information', which is available online at www.cromwell.com.au/gof, or can be obtained free of charge, on request.

Buy/sell spread

The buy/sell spread is an additional cost to you and is generally incurred whenever you invest in, or withdraw from, the Fund. The buy/sell spread is retained by the Fund (it is not a fee paid to CFM) and reflects an estimated amount of transaction costs. The buy/sell spread includes CFM's estimate of brokerage and other costs that the Fund would be expected to incur in buying and selling the assets of the Fund as a result of applications and withdrawals made by investors. There is no buy/sell spread on distributions that are reinvested.

The current buy/sell spread is +0.60% /-0.60% of the amount that you invest or withdraw, represented as the difference between the issue price and withdrawal price. For example, if you invested $50,000 in the Fund, then the cost of your buy spread would be $300. Accordingly, $49,700 would be available to purchase units in the Fund at the issue price. If you withdrew $50,000 from the Fund, then the cost of your sell spread would be $300, and $49,700 would be paid to you.

We may vary the buy/sell spread from time to time and prior notice may not be given. Updated information on the buy/sell spread will be posted on our website at www.cromwell.com.au/gof.

Goods and Services Tax

All fees in this section and Section 6 of the PDS are inclusive of the net effect of Goods and Services Tax (GST) (i.e. includes GST net of input tax credits and any available reduced input tax credits). The Fund may not be entitled to claim a reduced input tax credit in all circumstances. Under the constitution, CFM is also entitled to recover an additional amount from the Fund on account of any GST liability it has in relation to the fees and costs disclosed.

Waiver or deferral of fees

CFM may at its discretion partially or fully waive any fees to which it is entitled.

Related party transactions

CFM or a related party may also provide other services to the Fund or the investors in the future such as management services. Should that occur, CFM or a related party will charge fees for those services at commercial market rates. CFM has entered into an investment management agreement with Phoenix on behalf of the Fund.

Additional adviser fees

Although this is not paid from the Fund, investors may agree on additional fees to be paid to their financial adviser.

Indirect investors

If you are investing via an IDPS, fees and expenses applicable to the IDPS (and set out in the IDPS offer document or client agreement) are payable in addition to the fees and expenses stated in the PDS. Indirect investors should contact their IDPS operator if they have any questions.

How managed investment schemes are taxed

The taxation information in this AID is of a general nature only, does not take into account the financial objectives, situation or needs of any particular investor and is based on current taxation legislation as at the date of issue of the PDS and this AID.

This information is for resident investors who hold their units as long term investments on capital account. We have also provided general observations in relation to the Australian tax implications for non-resident investors who hold their units as long term investments on capital account.

Tax law may change over time and tax treatment may vary according to individual circumstances and investors are advised to seek their own tax advice in respect of their investment in the Fund. Tax liabilities are the responsibility of each individual investor and CFM is not responsible for taxation or penalties incurred by investors.

The Fund

The Fund is an Australian resident trust for tax purposes. CFM intends to limit the Fund's investment activities to ensure that the Fund is treated as a "flow through" entity for the purposes of Australian tax.

The Fund qualifies as a Managed Investment Trust (MIT) and satisfied the requirements to make a choice to be an

Attribution Managed Investment Trust (AMIT) for taxation purposes. The Fund has made a choice to be an AMIT for taxation purposes. The AMIT regime provides greater certainty on the application of the tax provisions for both the investors and the Fund.

AMIT regime

Under the AMIT regime, the Fund is a flow through entity and investors will be attributed the net (tax) income of the Fund regardless of whether the Fund makes a distribution of income or capital.

The Fund will attribute net (tax) income and tax offsets to investors on a fair and reasonable basis. The attribution will generally be based on the investors' rights to the income and capital in the Fund as provided for in its constitution.

Investors will be attributed tax components that may include interest, dividends, foreign income, foreign income tax offsets, franking credits, capital gains and income from property. CFM will provide investors with an AMIT Member Annual Statement (AMMA Statement) outlining the tax components. The components of interest, dividends, foreign income, foreign income tax offsets, franking credits, income from property and capital gains retain their character in the investor's hands.

If you disagree with our attribution of net (tax) income, you can object to the Commissioner of Taxation. If you decide to take this course, it is important that you obtain professional tax and legal advice. The constitution of the Fund provides for you to give us notice before making an objection. We will work with you to try and resolve any objection.

Attribution of income

Investors will include the tax components attributed to them in their assessable income. The tax implications for investors will depend upon the tax character of the tax components attributed to them.

Foreign income

The Fund will predominantly derive foreign sourced income. An investor will be attributed a tax component comprising of gross foreign income (including foreign taxes paid). An investor may be entitled to a foreign income tax offset for the foreign tax paid by the Fund in respect of the foreign income derived by the Fund subject to meeting relevant eligibility requirements.

Capital gains of the Fund

The Fund has made an election to treat eligible investments on capital account for taxation purposes. Consequently, gains or losses on the disposal of such investments will be a capital gain or capital loss.

Broadly, where the Fund disposes of an investment it has held for at least 12 months it may be eligible for discount capital gains tax (CGT) concessions. The taxable capital gain will be attributable to investors. Where an investor is an eligible investor, such as an individual, trustee or complying superannuation fund, the investor may be entitled to the discount CGT concessions.

The capital gain will be identified in the AMMA Statement to ensure that investors can calculate their net capital gain position.

Cost base adjustments

The Fund will distribute income annually in arrears based on the proportion of units held at the end of the distribution period. The amount of the cash distribution may be greater than, or less than, the taxable income attributed to an investor. Broadly, the cost base of the units will be increased by any amounts attributed to investors (doubled for any discount capital gains) and the cost base will be reduced by any actual payments received (or are entitled to receive) and tax offset amounts attributed to investors. These amounts are netted off resulting in either a net increase or decrease in cost base.

CFM will reflect any net increase or decrease in the cost base in the AMMA Statement issued to the investor.

To the extent your cost base is reduced to nil, any additional net decreases to the cost base will result in a discountable capital gain equal to that amount.

Disposal of units

Investors may be liable for tax on capital gains realised on transfer, redemption or otherwise disposing of units in the Fund.

Investors may need to adjust the cost base to take into account any adjustments to the cost base under the AMIT rules as noted above.

Certain investors may also be entitled to the discount capital gain concessions where the units have been held for at least 12 months. The Fund does not issue a separate capital gains statement if the investor disposes of units in the Fund.

Under and overs

Where the Fund discovers an over attribution or under attribution of a tax component relating to a previous year, the AMIT rules allow CFM to attribute the tax consequence of the difference to either the previous year, or the year of discovery.

Consequently, an investor may be attributed a tax component related to an under attribution or over attribution of the tax component of a previous year. CFM will consider the facts and circumstances in determining whether to correct an under or over attribution in the discovery year or in the year that the under or over attribution relates.

Quoting a Tax File Number (TFN), TFN exemption or Australian Business Number (ABN)

Collection of an investor's TFN is authorised, and their use and disclosure strictly regulated by the tax laws and the *Privacy Act 1988* (Cth). Investors may quote a TFN or claim a TFN exemption in relation to their investment in the Fund when, for direct investors, completing their application form. Investors may quote an ABN instead of a TFN if they are making this investment in the course of an enterprise carried out by them.

If an Australian resident investor chooses not to quote a TFN, TFN exemption or ABN, CFM will be required to deduct tax at the prescribed highest marginal tax rate from that investor's income distributions.

Social security

Investing in the Fund may affect an investor's entitlement to social security as their investment may be included in the income and assets tests of Centrelink and the Department of Veterans' Affairs. Investors should obtain professional advice concerning the particular social security implications for their circumstances.

Goods and Services Tax (GST)

The issue of units in the Fund is not subject to GST. However, some fees and expenses incurred by the Fund, such as management fees, will attract GST at the rate of 10%. The Fund may only be entitled to claim GST input tax credits at a reduced rate on some expenses.

For the majority of such expenses, a Reduced Input Tax Credit (RITC) of 75% or 55% of the GST paid can be claimed.

Any unclaimable GST charged on fees and expenses is incorporated in the management costs for the Fund.

Non-resident investors

The following comments are general in nature. Non-resident investors may be subject to withholding tax on amounts distributed or attributed to them by the Fund. The withholding tax rate depends on whether the Fund qualifies as a withholding tax MIT, the character of the income distributed or attributed and the residency of investors.

The Fund currently qualifies as a withholding tax MIT. CFM will monitor the requirements to ensure that the Fund continues to qualify as a withholding tax MIT.

Non-resident investors should seek independent tax advice before investing, taking into account their particular circumstances including whether they may be eligible for any concessions under a relevant Double Taxation Agreement between Australia and their country of residence.

Tax on income

CFM is required to withhold final tax on a non-resident investor's behalf in respect of certain Australian sourced net (tax) income distributed or attributed by the Fund.

The final amount of withholding tax will depend on the type of income and country of residence of the investor. Distributions to non-resident investors from sources wholly outside of Australia will generally not be subject to any Australian income tax and withholding tax. Non-resident investors may be subject to tax on the amount distributed or attributed by the Fund in the country in which they reside, but may be entitled to a credit for some or all of any tax deducted in Australia. We recommend that non-resident and temporary resident investors consult their tax advisor.

A 'final' withholding tax means that tax is deducted from the relevant component attributed or distributed to the investor, and the investor is not required to lodge an Australian tax return in respect of this component. Further, expenses incurred in connection with deriving this income cannot be claimed as a deduction against this income in Australia.

Tax on disposal of units

A non-resident investor should not be subject to Australian capital gains tax on disposal of units in the Fund if the units are not regarded as taxable Australian property as defined in the income tax law.

Tax reforms

The expected tax implications of investing in the Fund may change as a result of changes in the taxation laws and interpretations of them by the Courts and/or the Australian Taxation Office.

It is recommended that investors obtain independent taxation advice that takes into account their specific circumstances regarding investing in the Fund and potential application of any changes in tax law.

Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standard (CRS)

FATCA is US legislation targeting US tax residents who do not correctly disclose their worldwide income to the US Internal Revenue Service (IRS). Under the FATCA rules, the Fund is required to collect and report financial account information about US tax residents or certain entities that have US controlling persons to the ATO. This information may be forwarded by the ATO onto the IRS.

The CRS is an OECD led standard for automatic exchange of financial account information introduced to assist in deterring cross-border tax evasion. The Fund is also required to separately collect and report financial account information for all non-resident investors and certain entities with non-resident controlling persons under the CRS to the ATO. The ATO may exchange this information with the participating foreign tax authorities that have signed up to the CRS.

To assist us in complying with these obligations, we may request certain information from you. If you fail to provide certain information requested and it prevents CFM from meeting its reporting obligations under FATCA and CRS, your application in the Fund will not be approved.

Indirect investors

The taxation information in this section and the PDS does not consider the treatment of indirect investors. Indirect investors should consult their tax adviser in relation to investing through an IDPS.

Other Information

Constitution

The constitution of the Fund, the PDS, the Corporations Act and other laws such as the general law relating to trusts govern the relationship between investors and Cromwell Funds Management Limited ABN 63 114 782 777, AFSL 333 214 (CFM) as responsible entity of the Fund.

A number of the provisions of the Fund's constitution have been dealt with in the PDS. Other important provisions of the constitution are set out below. A copy of the Fund's constitution can be obtained from ASIC or inspected at CFM's head office, or can be requested by contacting Cromwell's Investor Services Team on 1300 268 078.

The constitution establishes the Fund and sets out the basis upon which CFM is appointed responsible entity of the Fund. The responsible entity or the appointed custodian holds the assets of the Fund at all times on trust for the investors subject to the provisions of the constitution and the Corporations Act.

Generally the constitution:

- defines an investor's rights to withdraw from the Fund;
- defines what an investor is entitled to receive when withdrawing from the Fund;
- defines when the Fund may be wound up and what investors are entitled to receive on winding up; and
- states that an investor's liability is generally limited to the amount paid or which remains unpaid on that investor's units, however higher courts are yet to determine the effectiveness of these types of provisions.

In relation to CFM's powers, duties and liabilities as responsible entity of the Fund, the constitution:

- allows CFM to refuse applications for units, in whole or in part, at CFM's discretion and without giving reasons;
- allows CFM to set a minimum investment to be made in the Fund;
- provides that, unless the Corporations Act imposes liability, CFM is not liable in contract, tort or otherwise to investors for any loss suffered in any way relating to the Fund; and
- allows CFM to change the Fund's constitution, but only with investors' approval if the change would adversely affect the rights of investors.

Compliance Plan and Compliance Committee

The compliance plan sets out the key processes, systems and measures that CFM applies in operating the Fund to ensure that it complies with the provisions of its Australian Financial Services Licence, the Corporations Act and the Fund's Constitution.

Each financial year the compliance plan is independently audited as required by the Corporations Act, and a copy of the auditor's report is lodged with ASIC.

CFM has a compliance committee with a majority of external members. The main functions of the compliance committee include:

- assessing the adequacy of the compliance plan and recommending any changes; and
- monitoring CFM's compliance with the compliance plan and reporting findings to the CFM Board of Directors.