

PEF Long Short Equities Derivative Fund

Information Memorandum

23 April 2018



IMPORTANT INFORMATION

Issuer

This Information Memorandum relates to the offer ("**Offer**") of units in the PEF Long Short Equities Derivative Fund ("**Fund**") and is dated 23 April 2018. This Information Memorandum (IM) has been prepared and issued by Global Merces Funds Management Ltd (ABN 26 168 869 163) AFSL 460883 ("**Trustee**", "**Global Merces**") as trustee of the Fund.

Nature of this document

This Information Memorandum is not a prospectus, product disclosure statement or other disclosure document required under the Corporations Act. This Information Memorandum is not required to, and may not, contain the same level of detail which would be required in a product disclosure statement or a prospectus. The Offer under this Information Memorandum is only available in Australia to a person who qualifies as a non-retail investor, including sophisticated and professional investors within the definitions of the *Corporations Act 2001*.

Restrictions under foreign laws

This Offer is only available to persons receiving this Information Memorandum within Australia to whom it is lawful to make such an offer. The distribution of this Information Memorandum in jurisdictions outside of Australia may be restricted by the law of those jurisdictions and this Information Memorandum shall not constitute an offer in any jurisdiction in which, or to any person to whom, it would be unlawful to offer the units in the Fund under this Information Memorandum. If you receive this Information Memorandum in such circumstances you should seek advice on, and observe, those restrictions. Unless otherwise stated, dollar amounts are expressed in Australian dollars.

Investment risk warnings

Investments in the Fund are not deposits with or liabilities of the Fund, PEF Capital Pty Ltd (PEF Capital) ABN 77 622 677 972 (the Investment Manager) or Global Merces, and are subject to investment and other risks, including possible loss of income and capital invested. None of the Fund, PEF Capital nor Global Merces, their respective directors, employees, agents, officers or advisers ("**Specified Persons**") makes any promise or representation, or gives any guarantee, as to the performance or success of the Fund, the repayment of capital or any particular rate of income or capital return for the Fund. Past performance is no indication of future performance.

This Information Memorandum is for your general information only. It is not intended to be a recommendation by PEF Capital, Global Merces or any other Specified Person to make an investment in the Fund nor does it constitute a basis for any investment decision to do so. This Information Memorandum does not take into account your individual objectives, financial situation or needs or those of any particular investor. You should read this Information Memorandum carefully and consider the appropriateness of the information and the risk factors (including the risks set out in Section 11 of this Information Memorandum) that could affect the performance of the investment having regard to your objectives, financial situation and needs. Investment in the Fund is subject to general investment risk, including possible delays in repayment and loss of income or capital invested and is only suitable for experienced investors with an awareness of the associated risks. You should not base your decision to invest in the Fund solely on the information in this Information Memorandum. You should carefully read the Information Memorandum in its entirety. The Information Memorandum is not to be considered as investment, legal or tax advice. Before making an investment decision in relation to the Fund, you should consider your own personal circumstances and consult your financial, legal, tax or other professional adviser about an investment in the Fund.

No advice

We have not authorised any person to give any information or to make any representation in connection with the Offer which is not contained in this Information Memorandum. No information or representation which is not contained in this Information Memorandum may be relied upon as having been authorised by us in connection with the Offer. This Information Memorandum supersedes all previous representations and communications (including investor presentations or flyers) in respect of the Offer and the Fund.

Forward looking statements

This Information Memorandum may contain forward looking statements and prospective financial information relating to future matters. Such forward looking statements and prospective financial information is predictive in character and may be affected by known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the Fund to be materially different from those expressed or implied by such statements.

Disclaimers

The information in this Information Memorandum is up to date at the time of preparation. Global Merces, in its capacity as Trustee and Issuer of the Fund, may amend or withdraw this Information Memorandum at any time and may issue a new or amended Information Memorandum from time to time.

Units in the Fund are offered and issued by Global Merces subject to the Trust Deed of the Fund and on the terms and conditions described in this Information Memorandum. This Information Memorandum should be read together with the Trust Deed which are available on request.

The Specified Persons make no representations as to the accuracy and completeness of this Information Memorandum. To the extent permitted by law, the Specified Persons accept no liability for any loss or damage suffered or incurred by any investor in the Fund or any other person or entity however caused relating in any way to this Information Memorandum (including without limitation, the accuracy or completeness of the information, any errors or omissions or any other written or oral communications made by any Specified Person in relation to this Information Memorandum). An investment in the Fund is only suitable for experienced investors with an awareness of the associated risks.

This IM contains a non-exhaustive summary of certain proposed features of the Fund. Fees and costs stated in this IM are exclusive of any applicable GST.

Confidentiality

This Information Memorandum is provided to prospective investors in confidence solely for a prospective investor to evaluate whether to apply for Units in the Fund. The information in this Information Memorandum must only be used for this purpose and must not be reproduced, disclosed or made available to any other person except for the purpose of obtaining professional advice to evaluate whether to apply for Units in the Fund.

Defined terms

The defined terms used throughout this Information Memorandum are set out in the Glossary in Section 14.

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1. Offer Summary

Introduction

The Fund has been established to invest in exchange traded options (“ETO”) over equities listed on the Australian Stock Exchange (“ASX”) and the S&P/ASX 200 Accumulation Index with the aim of achieving a consistent positive gross return which is uncorrelated to underlying return of the market.

The Fund will invest in Australian ETO assets. Our particular interest will be in relation to assets where the underlying instrument has the potential for, or has experienced, significant short-term price dislocation, and assets which are, in the Investment Manager’s view, significantly underpriced or overpriced.

The Fund intends to invest throughout the market cycle, with the view to allocate capital across each Global Industry Classification Standard (GICS) sector, in both underpriced and overpriced assets with the aim of making profit from rising and falling prices respectively whilst reducing market risk compared to a ‘long-only’ portfolio.

The Fund will focus its investments in the following segments:

- stocks and exchange traded options in the S&P/ASX 200 Accumulation Index

Investment details

Investors are encouraged to read this Information Memorandum in full and seek independent professional advice before making an investment in the Fund.

OFFER OPEN	Date of this Information Memorandum.
OFFER CLOSE	N/A – the Fund is an open-ended scheme
ELIGIBLE INVESTORS	Wholesale or Sophisticated Investors.
TARGET IRR	The Fund aims to achieve a return of greater than 26.8% p.a. net of fees and commission, but before taxes.
MINIMUM INVESTMENT AMOUNT	\$100,000
TARGET INVESTMENT TERM	The investment horizon is 3 to 5 years
TARGET RAISE	\$3,000,000
Global Merces may decide to proceed with the Offer in its absolute discretion even if a lower amount is raised.	

2. Key Features of the Offer

The key features set out in this section are a summary only. Investors should read the whole Information Memorandum before completing the Application Form as it contains important information about this investment opportunity. You should also consider seeking independent financial, taxation and legal advice before investing under the Offer.

The Offer	Details
Investment type	The Fund is structured as an unlisted wholesale managed investment scheme. Investors will be issued Units in the Fund.
Purpose of the Offer	The purpose of the Offer is to provide Investors with an opportunity to invest in exchange traded options over equities listed on the Australian Stock Exchange (“ASX”) and the S&P/ASX 200 Accumulation Index with the aim of achieving a consistent positive gross return which is uncorrelated to underlying return of the market. Please refer to Section 5 for further details about the investment strategy.
Trustee of the Fund	Global Merces Funds Management Ltd
Investment Manager	PEF Capital Pty Ltd
Unit Price	The Issue Price will be determined by the Trustee in its absolute discretion. The Issue Price of a single Unit is the price calculated as: $\frac{\text{Net Asset Value of the Fund} + \text{buy spread}}{\text{Units in Issue in the Fund}}$
Offer Period	The Offer is open from the date of this Information Memorandum and is an open-ended Fund.
Eligible Investors	Wholesale and Sophisticated Investors.
Target raise	PEF Capital is targeting a capital raise of \$3,000,000. An investment will still proceed even though an amount which is lower or higher than the target capital raise is raised over the Offer Period.
Minimum Investment Amount	\$100,000, and increments of \$10,000 thereafter. 100% of the investment amount must be paid on application.

<p>Target IRR</p>	<p>PEF Capital is seeking to provide Investors with a return greater than 26.8% p.a. net of fees and commission, but before taxes.</p> <p>There are risks involved with investing in the Fund – PEF Capital and Global Mercedes make no guarantee as to the returns that may be achieved. Please refer to Section 11 for further details of the risks associated with an investment in the Fund.</p>
<p>Term of investment</p>	<p>PEF Capital is targeting a Fund term of 3-5 years from the end of the Offer Period.</p> <p>The Trustee has the discretion to reduce or extend the term if it is deemed to be in the best interests of Investors, such change of term would be subject to a Unitholder vote.</p>
<p>Withdrawal rights</p>	<p>The Fund is illiquid. There is no secondary market for Units. Withdrawals/Redemptions can only be made in a response to a withdrawal offer made by us. We can only make withdrawal offers if there are sufficient assets available for us to make such offers.</p> <p><i>Minimum withdrawal amount is \$5,000.</i></p> <p>Refer to Section 8 for more information.</p>
<p>No cooling-off period</p>	<p>There will be no cooling-off period for an investment in the Fund.</p>
<p>Fees and other costs relating to the Offer</p>	<p>The following fees are applicable:</p> <ul style="list-style-type: none"> • <u>Investment Manager Fee</u>: An annual management fee will be paid to the Investment Manager, being the greater of: <ul style="list-style-type: none"> ○ 2.00% per annum, accrued and paid monthly in arrears; ○ \$5,750 monthly. • <u>Performance Fee</u>: A performance fee will be paid to the Investment Manager of 20% on net profit above the High-Water Mark accrued each calendar quarter and payable on the last calendar day of the quarter. • <u>Deal execution costs</u>: The Investment Manager is entitled to be reimbursed for expenses associated with due diligence, compliance and professional advisor fees in relation to deal execution. These expense recoveries are paid as they are incurred by the Fund or the Investment Manager out of the Fund’s assets.

	<ul style="list-style-type: none"> • <u>Trustee Management fee</u>: The Trustee is to be paid a fee the greater of \$81,050 p.a. and a fee equal to a percentage of the gross assets of the Fund calculated in accordance to the following: <table border="1" data-bbox="639 338 1305 638"> <thead> <tr> <th data-bbox="639 338 831 398">Fee percentage</th> <th data-bbox="831 338 1305 398">Gross assets of the Fund</th> </tr> </thead> <tbody> <tr> <td data-bbox="639 398 831 459">0.042%</td> <td data-bbox="831 398 1305 459">0 - \$125 million</td> </tr> <tr> <td data-bbox="639 459 831 519">0.035%</td> <td data-bbox="831 459 1305 519">\$125 million - \$220 million</td> </tr> <tr> <td data-bbox="639 519 831 580">0.031%</td> <td data-bbox="831 519 1305 580">\$220 million - \$315 million</td> </tr> <tr> <td data-bbox="639 580 831 638">0.029%</td> <td data-bbox="831 580 1305 638">\$315 million or greater</td> </tr> </tbody> </table> <p data-bbox="536 680 983 712">The fee is payable monthly in arrears.</p> <p data-bbox="536 752 1412 817">Please refer to Section 9 for further details of the fees associated with an investment in the Fund.</p> 	Fee percentage	Gross assets of the Fund	0.042%	0 - \$125 million	0.035%	\$125 million - \$220 million	0.031%	\$220 million - \$315 million	0.029%	\$315 million or greater
Fee percentage	Gross assets of the Fund										
0.042%	0 - \$125 million										
0.035%	\$125 million - \$220 million										
0.031%	\$220 million - \$315 million										
0.029%	\$315 million or greater										
Borrowings/gearing	<p data-bbox="536 880 1139 911">The Fund may enter into borrowing arrangements.</p> <p data-bbox="536 947 1257 978">There is no specific gearing ratio being targeted by the Fund.</p>										
OTHER MATTERS											
Risks	<p data-bbox="536 1126 1249 1158">There are various risks in relation to the Offer and the Fund.</p> <p data-bbox="536 1193 1412 1258">Please refer to Section 11 for further details of the risks associated with an investment in the Fund.</p>										
Tax	<p data-bbox="536 1357 1412 1422">Please refer to Section 10 for a high level overview of the taxation aspects of the Fund.</p> <p data-bbox="536 1458 1412 1523">Investors should obtain their own independent tax advice before making an investment in the Fund.</p>										
How to apply	<p data-bbox="536 1588 1412 1653">You can apply for Units in the Fund by completing the Application Form on the Global Merces website at www.globalmerces.com.au</p> <p data-bbox="536 1688 1262 1720">Please refer to Section 12 for further details on how to apply.</p>										

3. About PEF Capital

PEF Capital Pty Ltd ABN 77 622 677 972 is led by a dedicated pair whose life experience and varied interests give PEF Capital a down-to-earth, genuine approach to managing the Fund.

Stephen Arulogun, LL.B (Hons)(QUT), GradDipAppFin, GDLP Chief Investment Officer

Stephen co-founded PEF Capital in 2017 as Director and Chief Investment Officer. Stephen brings over 15 years of experience in financial markets in various research, analyst and management roles. Stephen is responsible for the development and execution of the Fund's strategies and oversees its strategic direction and evolution.

Stephen maintains a disciplined work/life balance as a father, is actively involved with his local community. Stephen is passionate about playing and coaching soccer, and sits on a number of community-based committees. Stephen enjoys ultra-marathon running and mountaineering.

Donald Spearritt, BA/LL.B (UQ), GDLP Assistant General Counsel

Donald co-founded PEF Capital in 2017 as Assistant General Counsel. Donald is admitted as a solicitor of the Supreme Court of Queensland and the High Court of Australia. Donald has practised in transactional and litigious areas of law including company and corporate; planning and environmental; administrative; family; and migration law.

Strong legal experience forms the foundation of Donald's contribution to PEF Capital in the areas of regulatory compliance and corporate governance. Together with Stephen Arulogun (CIO), Donald has helped PEF Capital build lasting relationships with clients from all walks of life so that they can achieve their financial goals.

Fitting PEF Capital's value of time as a resource, Donald actively volunteers his time and expertise to work with marginalised and disadvantaged clients from culturally and linguistically diverse backgrounds across a number of community legal centres in Queensland and New South Wales.

4. About Global Merces

The Global Merces team is led by industry experienced veterans, from the Board level to the day-to-day operations team.

Our team have worked for global financial institutions such as Commonwealth Bank, Westpac, Rabobank, Tower Australia, Zurich, IOOF, St George, RAMS, ING, Bankwest, IAG, BT Financial Group, Colonial First State and JP Morgan while also working with the ABA, FSC, PCA and ASX Corporate Governance Council.

The Global Merces team also has young minds working hard to blend the team's wealth of experience with new innovative investment products that the market both have not seen before and needs to defend against non-performing traditional products.

At Global Merces, our purpose is you. The investor. You who make up society and the world we live in. It is your hard-earned money or your client's money that will pay for our nation's infrastructure, grow our economy and educate the next generation.

Our purpose is to impact society, industry and culture through the intentional movement of capital.

Our culture across the company has been nurtured from day one. Everything that we do, we first look to our values. These are the guiding runway lights we use before take-off and for landing safely.

As a Trustee, it is absolutely critical these principles are in place and well understood, not only by our team but by our investors, our investees, and our partners.

5. Investment strategy

A focused strategy

Profiting from risk is PEF Capital's main objective. PEF Capital sees properly managed and priced risk is its greatest 'asset'. The Fund's focus on risk allows it to gain returns from multiple market - independent variables including volatility, time and the probability of various high- and low-side events occurring. This gives PEF Capital an advantage over traditional "price versus value" or "buy low, sell high" strategies which are, by analogy, two dimensional in respect of their potential for gain.

The investment strategy of PEF Capital is similar to the well-known business of general and personal insurance where insurers calculate the cost of risk and profit from taking on that risk by selling policies. PEF Capital identifies opportunities in the market where taking on financial risk (usually associated with anticipated stock price movement) offers significant potential profit. PEF Capital's strategy focusses on calculating and quantifying the potential risks that affect each stock, individually and in various baskets, and takes on these risks where the potential return outweighs the realized risk over the long term.

Through a combination of fundamental research and technical analysis, PEF Capital develops a well-informed view of the outlook of the Australian market, each sector and each stock. Execution triggers are identified and may consist of planned events like annual reporting, profit guidance reporting and dividend payments, or unplanned events like operational accidents and profit guidance revisions.

Why PEF....?

A unique opportunity is available through PEF Capital that is significantly different to regular managed funds and funds whose targets are tied to the Australian stock market indices. Traditionally, the investment philosophy and return target of PEF Capital has only been available to those investing in a private equity fund — P.E.F.

This opportunity is more highly sought after with the current boom in Exchange Traded Funds ("ETFs") designed to track indices. The main benefit of ETFs is the reduced management fees that come with 'passive' investment management. The adage, "if you can't beat them, join them", rings true for investors who have been burnt from previous 'active' investment managers failing to deliver on promises of high returns while charging high management fees. However, as investors flock to passive, low cost investments, many have left themselves open to significant market risk which cannot be insured or transferred.

The Fund's strategy allows it to achieve what most investors only hope for, the ability to profit in all market conditions: rising, falling and neutral. Because the Fund's strategy is beta-uncorrelated (its movement is not tied to the market indices, thereby reducing market risk), it allows investors to reduce their market risk.

PEF Capital invests in ETO because of the unique characteristics that comprise an ETO's value, including time decay and volatility. Compared to equities and some other derivative products whose price moves linearly with the price of the underlying stock, properly executed ETO investment strategies allow the Fund to make a profit even when the stock price does not move in line with market expectations (or even when it moves contrary to analysts' forecasts).

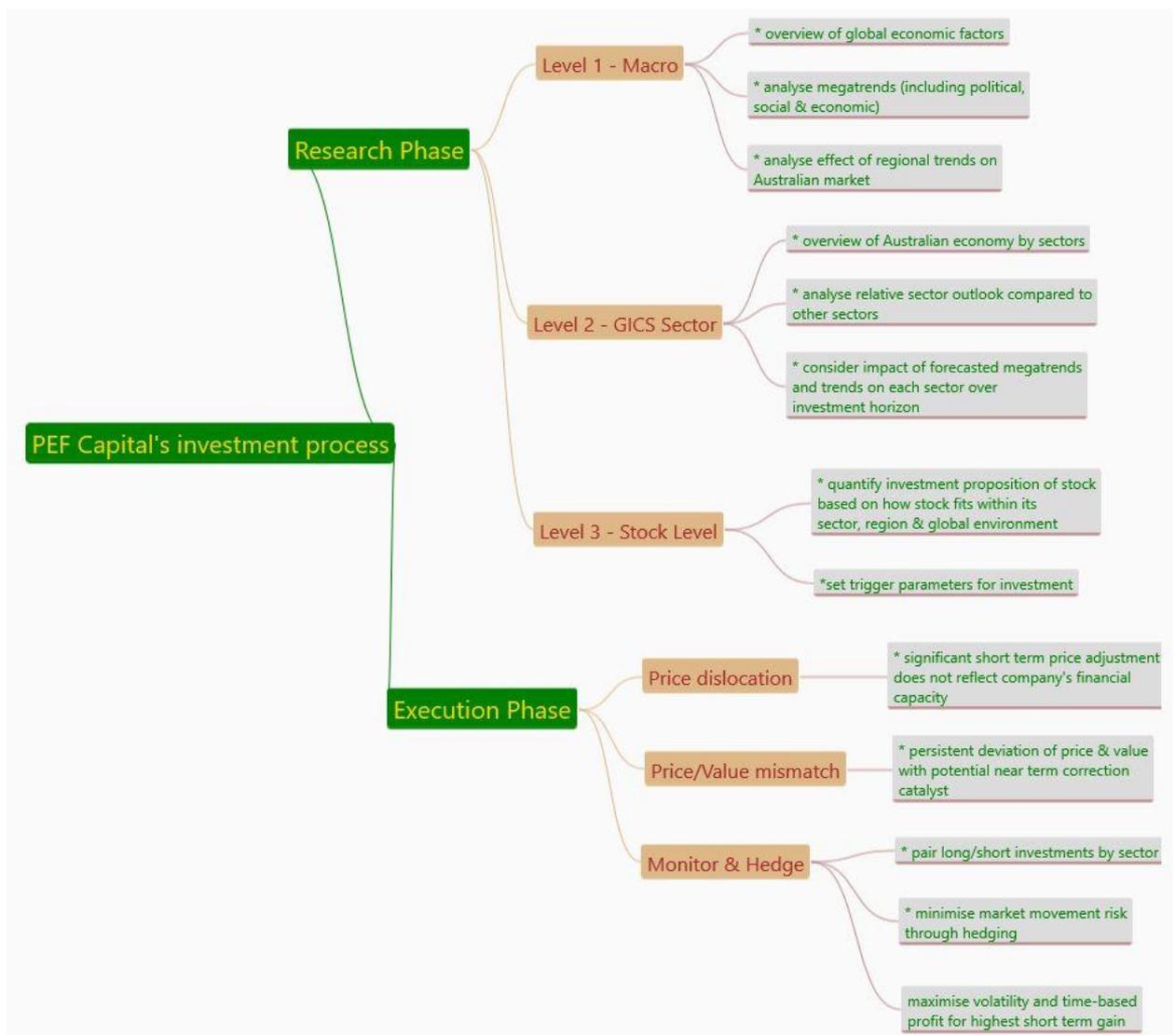
Investment horizon

The Fund will not have a geographical limitation and will consider investments listed on the Australian Stock Exchange, whether or not they are located or operate within Australia.

Deployment of funds

The Fund proposes to deploy investor’s capital as soon it identifies new investment opportunities which align with its investment and risk matrix. The Fund intends to hold cash reserves to enable it to capitalise on short term stock price dislocations.

Investment process



6. Details of the Offer

The Offer

PEF Capital is seeking to raise funds from Wholesale and Sophisticated Investors to invest in exchange traded options over equities listed on the Australian Stock Exchange (“ASX”) and the S&P/ASX 200 Accumulation Index with the aim of achieving a consistent positive gross return which is uncorrelated to underlying return of the market. The Fund will focus on ETO offered over stocks comprising the S&P/ASX 200 Accumulation Index.

An investment in the Fund will be in the form of units in a unit trust established as an unregistered managed investment scheme.

Issue price

The Issue Price will be determined by the Trustee in its absolute discretion. The Issue Price of a single Unit is the price calculated as:

$$\frac{\text{Net Asset Value of the Fund} + \text{buy spread}}{\text{Units in Issue in the Fund}}$$

Offer Period

The Offer is open from the date of this Information Memorandum and will be open ended unless closed by Global Mercus at any time in its sole discretion.

No Cooling Off Period

There is no cooling off period. Once an Application Form has been received and accepted by Global Mercus, it cannot be withdrawn.

Minimum Investment Amount

The minimum initial investment amount is \$100,000 or such lesser amount as determined by Global Mercus and increments of \$10,000 thereafter.

100% of the investment amount must be paid on application.

Target capital raise

PEF Capital is targeting a capital raise of \$3,000,000 over the Offer Period.

An investment will still proceed even though an amount which is lower or higher than the target capital raise is raised over the Offer Period.

Target returns

PEF Capital is seeking to provide Investors with a return greater than 26.8% p.a. net of fees and commission, but before taxes.

The Fund’s performance will be measured against the Eurekahedge Hedge Fund Index¹.

¹ Eurekahedge Hedge Fund Index is issued by Eurekahedge Pte Ltd, a wholly owned subsidiary of Mizuho Bank and registered as a company in Singapore.

There are risks involved with investing in the Fund and Investee Companies and Global Merces makes no guarantee as to the returns that may be achieved. Please refer to Section 11 for further details of the risks associated with an investment in the Fund.

Eligible Investors

An investment in the Fund is only available to wholesale Investors, as defined by the *Corporations Act 2001*. To be eligible to invest, you must satisfy at least **one** of the following criteria:

- apply for Units in the Fund for the value of at least AUD\$500,000; or
- have net assets of at least AUD\$2,500,000 (so long as the Units in the Fund will not be used in connection with a business); or
- have gross income for each of the last two financial years of at least AUD\$250,000 per year (so long as the Units in the Fund will not be used in connection with a business); or
- be a “professional investor” as defined in section 9 of the Corporations Act; or
- be a “sophisticated investor” as defined in section 761GA of the Corporations Act.

By investing in the Fund, each Applicant acknowledges and warrants they are a Wholesale or Sophisticated Investor. Global Merces will verify whether each Investor is a Wholesale Investor or Sophisticated before their Application Form can be accepted.

Term of the Fund

Global Merces intends that the Fund term will be approximately 3 - 5 years from the end of the Offer Period. However, Global Merces has the discretion to reduce or extend the term if it is deemed to be in the best interests of Investors.

8. Key details of the Fund

The Fund will be a unit trust established as an unregistered managed investment scheme. An investment in the Fund is only available to wholesale and sophisticated Investors, as defined by the *Corporations Act 2001*.

Trustee

Global Merces Funds Management Ltd is the trustee of the Fund. Global Merces holds an Australian Financial Services License (AFSL) No. 460883. Please refer to Section 4 of this Information Memorandum for further details about Global Merces.

Investment Manager

PEF Capital has been appointed by Global Merces as the Investment Manager of the Fund, under an Investment Management Agreement dated 31 January 2018. Please refer to Section 3 of this Information Memorandum for further details about PEF Capital.

Brokers

We have appointed TradeOn and CMC Markets to provide brokerage services to the Fund.

 TradeOn (ABN 68 615 992 133) is one of Australia's leading options trading solution, built by traders, for traders. TradeOn's proprietary platform assists in the execution of complex options strategies and manages margins calculations and data collection for performance reporting.

TradeOn's proprietary technology is designed specifically for the Australian Exchange Traded Options and Equities Markets. Its features include:

- improved execution prices – assisting traders with trading range and price estimations
- real-time position management – in a fast-moving market, TradeOn's platform provides an added level of situational awareness to better inform position management
- market risk management – comprehensive portfolio stress testing calculators for more comprehensive investment compliance so you can plan ahead for market movements

TradeOn's capabilities are built on its relationships with international financial firms.



CMC Markets Stockbroking Limited (ABN 69 081 002 851), is a subsidiary of CMC Markets plc. (CMCX), which was established in 1989 and through regulated offices and branches in 14 countries is now one of the world's leading independent financial services providers. With a head office based in London UK, the business has offices across many of the world's leading financial centres, including Frankfurt, Paris, Sydney, Singapore and Toronto. Through their award-winning, online and mobile trading platforms, they enable clients to trade over 10,000 financial instruments including contracts for difference (CFDs), foreign currencies (FX), shares, indices, Digital 100s, electronically traded funds (ETFs) mFunds (unlisted managed funds), options, listed managed investments, warrants and interest rate securities.

In 2007 CMC Markets launched its broking service, CMC Markets Stockbroking, which is now the largest non-bank aligned, online stockbroker in Australia. Dedicated to quality, innovation and customer service, in 2017 CMC Markets was recognized for overall satisfaction in the 2017

Investment Trends Report (CFD) and as an ABA100 Winner for Service Excellence in The Australian Business Awards in 2015. CMC Markets Stockbroking has continued to provide Australia's Best Value, winning Canstar's Online Share Trading Broker of the Year for seven consecutive years, and additionally our Pro stockbroking platform has been recognised as an ABA100 Winner in The Australian Business Awards 2016 for Business Innovation.

Term of the Fund

Global Merces intends that the Fund term will be approximately 3 - 5 years from the end of the Offer Period. However, Global Merces has the discretion to reduce or extend the term if it is deemed to be in the best interests of Investors.

Acceptance of Applications

Application form and money received by 12:00pm (AEST) on the fourth Business Day prior to the end of a calendar month (processing cut-off time), will be issued Units in the Fund on the first Business Day of the next month. The Unit price applicable will be that which reflects the market value of the Fund at the close of business on the last Business Day of the month.

Applications that are received after the processing cut-off time each month, will not be processed until the end of the following month.

Global Merces reserves the right to accept or reject Applications in its sole discretion. Global Merces is under no obligation to issue any Units to Investors, or at all.

Global Merces reserves the right to reject any Application or to allocate to any Applicant fewer Units than the number for which they have applied. In the event that an Application is rejected or not accepted in full, Global Merces will inform the Applicant.

If for any reason the Offer does not proceed, or your Application is not accepted, no interest will be paid on Application monies. If an Application is rejected in whole or in part, Global Merces will repay the surplus Capital Amount as soon as possible.

Withdrawals / Redemptions

Redemptions are paid subject to the fund being liquid.

Redemptions can be made by completing a Redemption Form, which is available on our website at www.globalmerces.com.au.

The Fund's processing cut-off time for redemptions is 12:00pm (AEST) on the fourth Business Day prior to the end of each quarter, ie. June, September, December, March.

Redemptions received after the processing cut-off time will be at a Unit price calculated on the last Business Day of the next quarter.

The minimum redemption amount is \$ 5,000.

Distributions

A distribution is a payment of the Fund's taxable income and may include distributions from the Fund, realised net capital gains and other income. The components of the distribution will vary from period to period. There may also be times when no distribution is paid. Distributions from the Fund are not pro-rated for the duration of the investment during the tax year.

Distributions will be automatically reinvested in additional Units in the Fund on the next Business Day, after the end of the financial year, unless an Investor elects by notice in writing to Global Merces to receive a cash distribution.

30 June financial year end

The Fund financial year end is 30 June each year.

Summary of the key terms of the Trust Deed

Set out below is a high-level summary of some of the key terms of the Trust Deed. The summary below is not an exhaustive list. By applying for Units, Investors agree to be bound by the Trust Deed. The terms of the Trust Deed prevail over this Information Memorandum to the extent of any inconsistency.

A copy of the Trust Deed is available upon request.

The Trustee's role

Global Merces' role, as trustee of the Fund, is to be responsible for the efficient management of the Fund. It must comply with the Trust Deed and the various requirements of the Corporations Act. Global Merces is required to act in the best interests of the Investors. Global Merces has a range of duties, responsibilities and powers, which are set out in the Trust Deed. Some examples of the Trustee's powers include:

- Oversee the operation of the Investment Manager of the Fund;
- manage and dispose of the Fund's assets in accordance with the Trust Deed;
- manage distributions;
- general operational and business affairs of the Fund;
- manage accounting and tax affairs of the Fund;
- provide reporting to Investors including annual tax statements; and
- manage Investor relations.

Retirement or removal of the Trustee

Global Merces may retire as trustee of the Fund and appoint a replacement trustee at any time.

Investors may remove the Global Merces as trustee of the Fund by calling an investors' meeting and by passing an Extraordinary Resolution to remove Global Merces as trustee and appoint a replacement trustee.

An Extraordinary Resolution is passed if at least 50% of the votes that may be cast by Investors entitled to vote on the resolution, voted in favour of the resolution.

Calling of Investors' meetings

Global Merces or Investors (holding at least 15% of the total votes that may be cast at a meeting) may at any time call a meeting of Investors.

At least 21 business days' notice of an Investors' meeting must be given to Investors, unless they all agree to shorter notice. A quorum for an Investors' meeting is two Investors present in person or by proxy. Investors may vote in person or by proxy at an Investors' meeting.

Indemnity of the Trustee

Global Merces is to be indemnified from the Fund assets for all liabilities, fees, expenses, losses, damages and taxes in connection with the Fund in the proper performance of its duties as trustee of the Fund. This indemnity does not apply to the extent that Global Merces has acted negligently, fraudulently or in breach of the Trust Deed.

Other provisions

In addition to the above, the Trust Deed also includes provisions relating to (which is not an exhaustive list):

- Global Merces' powers and duties;
- the issue of Units;
- the transfer and transmission of Units;
- the valuation of assets of the Fund;
- meetings of Investors;
- fees payable to Global Merces (please refer to Section 9 of this Information Memorandum for further details);
- amending the Trust Deed;
- the winding up of the Fund; and
- complaints handling procedures.

A copy of the Trust Deed can be sent electronically to Investors on request.

Investment Manager's Role

Global Merces has appointed PEF Capital Pty Ltd as an Investment Manager to invest and manage the Fund's portfolios, on behalf of the Trustee, on the terms contained in the Investment Management Agreement.

Some responsibilities of the Investment Manager include:

- comply with investment instructions provided by the Trustee, in exercising any investment discretion;
- keep the Portfolio under review and confer at regular intervals with the Trustee regarding the investment and management of the Portfolio;
- enter transactions to settle or otherwise extinguish or offset obligations incurred by the Investment Manager in relation to the Portfolio;
- keep proper books of accounts in relation to the Portfolio recording transactions by the Investment Manager and to provide information in relation to the Portfolio to assist the Trustee or the Custodian in the preparation of reports required under the Relevant Law as

instructed by the Trustee, unless with the consent of the Trustee such books of account are to be maintained by the Custodian; and

- exercise all due diligence and vigilance in carrying out its functions, powers and duties.

Retirement or removal of the Investment Manager

The Trustee may terminate the Investment Manager Agreement at any time by written notice to the Investment Manager if:

- (a) an Insolvency Event occurs in respect of the Investment Manager;
- (b) the Investment Manager:
 - (i) ceases to carry on business in relation to its activities as an Investment Manager for the Fund;
 - (ii) Breaches any provision of the Investment Manager Agreement, or fails to observe or perform any representation, warranty or undertaking given by the Investment Manager under the Agreement and the Investment Manager fails to correct such breach or failure within 1 Business Day of receiving notice in writing from the Trustee specifying such breach or failure;
- (c) there is a change in control in respect of the Investment Manager; or
- (d) the Investment Manager is unable to carry out its duties under the Investment Manager Agreement because it has ceased to hold the necessary legal authorisations to provide the investment management services referred to in the Agreement.

The termination or removal of the Investment Manager does not affect any:

- (a) transaction properly entered into prior to termination;
- (b) claim by the Investment Manager in respect of accrued management fees and expenses incurred in respect of the period to termination; or
- (c) other claim which either party may have against the other.

The Investment Manager may deal with the Portfolio for up to 30 Business Days from the effective day of the termination in order to vest control of it in the Trustee.

9. Fees and other costs

This section summarises fees and other costs that may be charged to the Fund. These fees and costs are paid from the Fund's assets.

FEE	AMOUNT	HOW AND WHEN PAID										
Fees when your money moves in or out of the Fund¹												
Establishment fee The fee to open your investment	Nil	Not applicable										
Contribution fee The fee on each amount contributed to your investment	Nil	Not applicable										
Withdrawal fee The fee on each amount you take out of your investment	1.5%	At time withdrawal application is processed.										
Trustee Management fee	The greater of \$81,050 p.a. and <table border="1" data-bbox="651 1167 922 1787"> <thead> <tr> <th>Fee percentage</th> <th>Gross assets of the Fund</th> </tr> </thead> <tbody> <tr> <td>0.042%</td> <td>0 - \$125 million</td> </tr> <tr> <td>0.035%</td> <td>\$125 million - \$220 million</td> </tr> <tr> <td>0.031%</td> <td>\$220 million - \$315 million</td> </tr> <tr> <td>0.029%</td> <td>\$315 million or greater</td> </tr> </tbody> </table>	Fee percentage	Gross assets of the Fund	0.042%	0 - \$125 million	0.035%	\$125 million - \$220 million	0.031%	\$220 million - \$315 million	0.029%	\$315 million or greater	Trustee Management fee is payable to Global Merces, which includes Fund administration and Custody services and is calculated and payable monthly in arrears, within 14 days of the first calendar day of each month.
Fee percentage	Gross assets of the Fund											
0.042%	0 - \$125 million											
0.035%	\$125 million - \$220 million											
0.031%	\$220 million - \$315 million											
0.029%	\$315 million or greater											
Expense recoveries	0.80% p.a.	Expense recoveries are: <ul style="list-style-type: none"> ■ estimated based on the net asset value of the Unit class; ■ all properly incurred expenses to be recovered directly from the 										

FEE	AMOUNT	HOW AND WHEN PAID
		Fund as permitted under the Constitution; <ul style="list-style-type: none"> ▪ deducted from the assets of the relevant class and reflected in the unit price for that class; and ▪ generally paid when incurred.
Service fees		
Switching fee The fee for changing investment options	Nil	Not applicable

1. You may also incur a buy/sell spread when your money moves in or out of the Fund. See Section 8 for more information.

INVESTMENT MANAGER FEES AND COSTS

FEE	AMOUNT	HOW AND WHEN PAID
Investment Manager Fee	2.00% per annum	An annual management fee the greater of: <ul style="list-style-type: none"> • 2.00% per annum, accrued and paid monthly in arrears. • \$5,750 monthly.
Performance Fee	20% on gross profit	A performance fee will be paid to the Investment Manager of 20% on net profit above the High-Water Mark accrued each calendar quarter and payable on the last calendar day of the quarter.

Additional explanation of fees and costs

- (a) Management costs
 - (i) Management fees

Management costs include ongoing management fees paid for the Fund and management fees charged by any manager of any underlying fund in which the Fund invests (indirect costs). The management costs disclosed excludes estimated performance fees payable to managers of any underlying funds. Management costs are deducted from the assets of the Fund and not charged directly to your account. They do not include contribution fees, transaction costs or additional service fees.

(ii) **Expense recoveries**

In addition to receiving a management fee, we are entitled to be reimbursed for expenses and costs incurred in the proper management of the Fund (expense recoveries). The expense recoveries represent the operating expenses incurred in the establishment and operation of the Fund. The Fund's Constitution allows all properly incurred expenses to be recovered from the Fund and does not place any limit on the amount or types of expenses that can be recovered. These expenses include:

- (A) fees and costs of the audit of the Fund;
- (B) statutory charges including taxes, government fees and levies;
- (C) registry charges, accounting fees, legal fees, printing of annual reports, postage and handling, expert and consultant fees;
- (D) all other costs, disbursements and outgoings incurred in connection with the management and administration of the assets and performance of the duties and functions of the responsible entity under the Constitution; and
- (E) all costs and expenses we incur in relation to the preparation, due diligence, printing, promotion and distribution of this IM and any costs incurred in amending or replacing any the Constitution or any other aspect of the Fund.

(b) **Performance Fee**

The performance fee is calculated monthly based on 20% of the Fund's performance in excess of the high-water mark, which ensures any performance deficit is recouped before a performance fee is payable. There is no performance hurdle.

The fee is calculated each quarter based on the investment performance and value of the Fund on that day. If a performance fee is to be paid, it is reflected in the unit price of your investment and paid each quarter.

(c) **Additional transactional costs**

Additional transactional and operational costs associated with dealing with the Fund's assets may be recovered from the Fund. Other than the buy/sell spread, may include brokerage, investment settlement fees, clearing costs and applicable stamp duty when underlying assets are bought or sold.

(d) **Buy-sell spreads**

A buy-sell spread represents the estimated transaction costs incurred when buying or selling underlying assets in relation to this fund. The spread is applied to ensure that all transaction costs incurred in buying or selling assets are fairly allocated to those members who choose to transact. The buy-sell spread is retained in the fund and is not a fee paid to the investment Manager or Trustee. Existing Investors not undertaking transactions are not affected by the buy-sell spread.

The buy/sell spread is merely the difference between the entry unit price (buy price) and exit unit price (sell price) of the fund. It is expressed as a percentage of the fund's net asset value (fund size).

The buy/sell spread for the Fund, as at the date of this Information Memorandum, is +0.10% for applications and -0.10% for redemptions, but is likely to vary from time to time. In certain circumstances, such as in stressed, volatile or dislocated markets, the buy/sell spread may increase significantly. Notice will not usually be provided for variations to the buy/sell spread.

(e) **Adviser commissions**

Global Merces may pay brokerage or commission to those who are engaged to promote the Fund. These payments are made out of the Fund's assets and are not an additional fee payable by the Investor.

(f) **Waiver or deferral of fees**

The Investment Manager may, in its absolute discretion, accept lower fees and expenses than it is entitled to receive, or it may defer payment of those fees and expenses for any time. If payment is deferred, then the fee will accrue until paid.

10. Taxation

The following information provides a general summary of the Australian tax issues that may arise for Unit Holders who are Australian residents for taxation purposes and hold their Units on capital account. It does not address the particular circumstances of each Unit Holder and does not constitute advice.

Investors are urged to obtain their own independent and professional tax advice on any taxation implications arising from their investment in the Fund.

The information in this IM is based upon Australian income tax law at the date of this IM. Tax law is subject to change at any time and any such changes could affect your investment in the Fund.

The Fund's tax net income may comprise dividend income, interest income, and revenue gains on the sale of investments, derivatives and other financial arrangements. Where the Fund qualifies as a Managed Investment Trust ("MIT"), the Fund may make an election to treat gains and losses on the sale of eligible assets as capital gains and losses.

AMIT regime

A regime for the taxation of managed investment trusts that qualify as an AMIT are available for adoption by the Fund subject to the Fund satisfying the relevant eligibility requirements and making the relevant election to apply them. The Fund's constitution contains provisions which enable, but do not require, the Investment Manager to make an election to apply the AMIT rules.

Under the AMIT rules, the Fund will be deemed to be a 'fixed trust' for taxation law purposes, can rely on specific legislative provisions to make yearly adjustment to reflect under-or-over distributions of income, and the income of the Fund will be 'attributed' to Investors. Australian resident Investors will be subject to tax on the income of the Fund which is attributed to them under the AMIT rules. The tax payable (if any) depends on the Investor's individual tax profiles and applicable tax rate. The amount attributed to Investors will be advised in an AMIT Member Annual Statement ("AMMA Statement"). This is similar to a distribution statement that is currently provided to Investors by the Investment Manager. The AMMA Statement will set out the amount which has been 'attributed' to an Investor (and where relevant, its components) and other relevant tax information. Under the AMIT rules, an Investor may notify the Commissioner of Taxation that they disagree with the attribution of income that has been determined by the Investment Manager and substitute it with their own determination.

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

Taxation of Australian Resident Investors

Investors are generally subject to tax on their share of the net income from the Fund to which they are presently entitled in each financial year. This will also include amounts that are reinvested in the Fund. The way in which investors are taxed will depend on the character of the income they receive (for example, franked dividends to which franking credits may attach, capital gains, foreign income to which foreign income tax offsets may attach, or interest income).

We will provide you with an annual taxation statement after 30 June each year. The annual taxation statement will outline the tax treatment of the distributions you have received in that income year, including any foreign income tax offsets and franking credit entitlements.

To the extent that an investor's share of the net income of the Fund is attributable to a capital gain made by the Fund, the investor will include the capital gain in their assessable income. Certain investors may be entitled to apply the relevant Capital Gains Tax ('CGT') discount to work out the net capital gain to include in their assessable income. In normal circumstances, you should expect the Fund to derive income and/or capital gains each year.

Non-resident individual Unitholders

The above taxation summary is only for investors who are residents of Australia for tax purposes. The tax treatment of non-resident investors in the Fund depends on the investor's particular circumstances and the provisions of the relevant Double Tax Agreement between Australia and the country of residence.

It is important that non-resident investors seek independent professional taxation advice before investing in the Fund. The Fund may be required to withhold tax on part or all of the distributions made to non-resident investors.

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

It is not compulsory for Investors to quote their TFN or ABN. If an Investor makes an investment in the Fund, in the course of carrying on a business or enterprise they may quote an ABN instead of a TFN.

If an Investor fails to quote an ABN or TFN or claim an exemption, the Trustee may be obliged to withhold tax at the top marginal rate on gross payments (including distributions of income) to them.

Goods and Services Tax ("GST")

The issue and redemption of units and the receipt of distributions will not be subject to GST. However, GST is payable on fees paid by the Fund, including fees paid to the Investment Manager.

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

Foreign Accounts Tax Compliance Act ("FATCA") and Common Reporting Standards ("CRS")

Global Merces is an Australian Financial Institution for the purposes of certain taxation rules that are in place for the prevention of tax avoidance, the Automatic Exchange of Information regime.

The Australian Government participates through formal Governmental Agreements and Treaties in the Automatic Exchange of Information (AEOI) regimes that have been adopted globally to share financial account information with foreign jurisdictions.

Respectively, these regimes are FATCA, the rules adopted by the United States in 2010; and the CRS, adopted in 2014, for participating OECD nations that have implemented the Standard. Both regimes are in effect and managed by the Australian Tax Office on behalf of the Australian Government.

Global Merces is required to collect information about the residency status of Investors, including whether an Investor is a US citizen or a resident for US tax purposes, or a citizen or resident for other foreign jurisdiction tax purposes, and such other relevant information it may require to determine an Investor's reporting status under the AEOI regime.

If an Investor identifies themselves as a foreign resident for tax purposes, their account information may be required to be reported to the Australian Taxation Office.

11. Risks

All investments are subject to risks.

The major risks associated with an investment in the Fund is provided below. PEF Capital and Global Merces will seek to mitigate risk but cannot eliminate all risk, nor guarantee the way risks are managed will always be successful. If one or more of the risks listed comes to pass, then an Investor may suffer a partial or complete loss of income, capital or both.

It is not possible to foreshadow every risk that may affect the performance of the Fund. Before deciding whether to invest in the Fund, you should consider whether an investment in the Fund is a suitable investment given your individual objectives, financial situation, needs or circumstances.

The following list is not exhaustive and prospective investors should read this Information Memorandum in full and seek appropriate advice from their professional advisers.

a. Investment Strategy risk:

Before deciding whether to invest in the Fund, it is important that you understand the risks that can affect your investment. All investments are subject to risk, and investments may not perform as expected resulting in a loss of capital or income to investors. In particular, you should understand that:

- i. different investment strategies carry different levels of risk depending on the assets that make up the strategy;
- ii. assets with the highest long-term returns may also carry the highest level of short-term risk;
- iii. the value of your investment may go up and down;
- iv. returns are not guaranteed;
- v. you may lose money; and
- vi. previous returns are not necessarily indicative of future performance.

You should give consideration to the risk factors in this section, as well as the other information contained in this IM before making a decision to invest in the Fund.

b. Key person risk:

The risk that a fund's investment performance or ability to remain open to investors is adversely impacted due to the loss of key individuals who are integral to the fund's investment process, idea generation, security selection and portfolio construction. To reduce reliance on any particular individual, we focus on the development and retention of its investment staff and undertakes active succession planning and cross training of team members.

c. Market risk:

The Fund's investment returns will be influenced by the performance of financial markets as a whole. The market price of the Fund's investments will, therefore, fluctuate as a result of factors such as economic conditions, government regulations, market sentiment, local and international political events and environmental and technological issues.

d. Counterparty risk

Institutions, such as brokerage firms and broker-dealers, may enter into transactions with the manager of the fund in relation to the sale and purchase of assets or securities. Bankruptcy, fraud,

regulatory sanction or a refusal to complete a transaction at one of these institutions could significantly impair the operational capabilities or the capital position of a fund. While we use reasonable efforts to mitigate such risks, there can be no guarantee that transactions between such counterparties will always be completed in the manner contemplated by, and favourable to, the relevant fund.

e. Derivative risk

The risk that the Fund makes substantial losses or has volatile returns through the use of derivatives.

Derivatives are instruments whose value is derived from the value of an underlying asset and can be highly volatile. A derivative's value can change in response to a range of factors such as changes in interest rates, foreign exchange rates, credit ratings or volatility of the underlying assets.

Derivatives also involve a higher level of risk and volatility than buying an asset directly. This is because derivatives require very little or no initial investment to gain exposure to markets. As a result, derivatives magnify both potential investment gains and losses. Losses from derivative transactions can be substantial and can exceed the original amount invested.

f. Concentration risk:

The risk that the assets are concentrated in a particular product, sector or market.

g. Legal and Regulatory risk:

The risk that a change in laws and regulations governing a security, sector or financial markets could have an adverse impact on an investment. A change in laws or regulations can increase the costs of operating a business and/or change the competitive landscape. Regulators may also impose bans or other restrictions on short selling which could affect the Fund's ability to implement its short strategy.

h. Liquidity risk:

The risk that an investment may not be easily converted into cash with little or no loss of capital and minimum delay. Liquidity risk may occur when the volume of trading in a security unexpectedly reduces in the market. For example, securities of smaller companies may from time to time become less liquid especially in falling markets.

This means that it may not be possible to sell these securities or to do so in sufficient time to pay withdrawals. If this occurs, withdrawals may be suspended for the protection of all investors even if other assets can be readily sold.

i. Short-selling risk:

Short selling involves a higher level of risk than buying a security. This is because when you buy a security, the maximum loss is generally limited to the amount invested. With short positions, there is no limit on the maximum loss because there is no upper limit on a security's price. The loss will continue to increase as the security's price rises and the short seller can lose more than the amount invested.

12. How to invest

Investors may apply for Units in the Fund by completing the Application Form available in electronic form at www.globalmerces.com.au. The Application Form must not be provided to a third party unless it is attached to, or accompanied by this Information Memorandum. All relevant sections of the Application Form must be completed, if you have any queries with completing the Application Form please contact PEF Capital at the contact details set out in the Directory.

Wholesale Investors and Sophisticated Investors

An investment in the Fund is only available to Wholesale Investors and Sophisticated Investors. To be eligible to invest, you must satisfy at least **one** of the following criteria:

- (a) apply for Units in the Fund for the value of at least AUD\$500,000 under this Application Form;
- (b) have net assets of at least AUD\$2,500,000 so long as the Units in the Fund will not be used in connection with a business – in which case please complete the **Accountant’s Certificate** (see the Application Form for details);
- (c) have gross income for each of the last two financial years of at least AUD\$250,000 per year so long as the Units in the Fund will not be used in connection with a business – in which case please complete the **Accountant’s Certificate** (see the Application Form for details); or
- (d) be a “professional investor” as defined in section 9 of the Corporations Act – in which case please also contact Global Merces to obtain the appropriate “professional investor” form; or
- (e) be a “sophisticated investor” as defined in section 761GA of the Corporations Act – in which case please also contact Global Merces to obtain the appropriate “sophisticated investor” form.
- (f) be a person who is likely to be interested in the offer, having regard to previous contact, professional or other connection between PEF Capital or Global Merces, and yourself; or
- (g) be a person who is likely to be interested in the offer, having regard to statements or actions by you that indicate that you are interested in offers of that kind.

Minimum Application amount

The minimum investment amount is \$100,000 with additional multiples of \$10,000 thereafter. Lesser amounts may be accepted at Global Merces’ sole discretion.

Application for Units

Lodging your application

Applications are accepted using the online Application Form.

The Application Form can be found on the Global Merces website: www.globalmerces.com.au

AND

Payment

With the completed Application Form, investors must provide the investment amount via electronic funds transfer in Australian dollars as follows:

Bank: Westpac Banking Corporation
Account name: Global Merces Funds Management Ltd ATF PEF Long Short Equities Derivative Fund
BSB: 034010
Account no.: 417905
Payment reference: Investor surname/company or trust name

No cooling off period

There is no cooling off period. Once an Application Form has been received and accepted by Global Merces, it cannot be withdrawn.

Investors applying without a financial adviser

In order for Global Merces to comply with the *Anti-money Laundering and Counter-terrorism Financing Act 2006* (Cth) and associated rules ("**AML/CTF Act**"), an investor that applies directly (**not** through a financial adviser) must complete the Application Form in full and must provide copies of your applicable identification documents.

The Application Form provides further instructions on how to arrange for documents to be certified, and who can certify documents.

Tax File Numbers

Please provide the Tax File Number ("**TFN**") of each applicant where applicable in the Application Form. Collection of TFNs is authorised by tax law and the *Privacy Act 1988* (Cth). You do not legally have to provide us with your TFN and a failure to do so will not affect the success of your Application. However, a failure to provide a TFN or details of an exemption may result in tax being withheld from your distributions at the highest individual marginal tax rate.

13. Other information

Privacy

The privacy of the personal information of investors is important to Global Merces. The information requested on the Application Form is used by us to establish and administer your investment in Global Merces, and to comply with applicable legislation. We are unable to process your Application Form without this information.

The *Privacy Act 1998* (Cth) ("**Privacy Act**") regulates, among other things, the collection, disclosure of and access to personal information. Other laws also require some personal information to be collected in connection with your Application. By applying to invest in the Fund, the applicant consents to personal information being used and disclosed by Global Merces for the purposes permitted under the Privacy Act.

If you provide us with incomplete or inaccurate information, your application may not be able to be processed efficiently, or at all. You are entitled to access, correct and update all personal information which Global Merces holds about you. This information held may be obtained by contacting Global Merces. You should contact Global Merces using its contact details in the Corporate Directory if you have concerns about the completeness or accuracy of the information we have about you or would like to access or amend your personal information held by Global Merces (or its relevant service provider).

Anti-Money Laundering and Counter Terrorism Financing

To comply with the AML/CTF Act, we must collect certain information about each Investor, supported by relevant identification documentation.

We cannot accept an Application Form to invest in the Fund until we are satisfied that the identity of the Investor has been verified in accordance with the AML/CTF Act. The processing of an Application Form may be delayed until the requested information is received in a satisfactory form and the identity of the Investor is verified.

We may, from time to time, contact an Investor to request additional information for identification or verification purposes.

Under the AML/CTF Act, Global Merces is required to submit regulatory reports to AUSTRAC. This may include the disclosure of your personal information. Global Merces may not be able to inform you when this occurs.

14. Glossary

The meaning of terms used in this Agreement is set out below (unless the contrary intention appears).

Term	Meaning
AFSL	Australian Financial Services Licence issued by ASIC.
AML/CTF Act	<i>Anti-money Laundering and Counter-terrorism Financing Act 2006</i> (Cth) and associated rules.
Applicant	A person or entity who submits an Application Form.
Application Form	The Global Merces Application Form.
Application Money	The money payable by an applicant on submitting the Application Form.
ASIC	The Australian Securities and Investments Commission.
ATO	Australian Taxation Office.
AUSTRAC	Australian Transaction Reports and Analysis Centre.
Buy/sell spread	the difference between the Fund's Application and Withdrawal Prices. It is used to defray the transaction costs incurred in buying and selling the underlying assets of the Fund. The buy/sell spread may be charged to an Investor on application, withdrawal and when switching between Global Merces' Funds. It is not a management fee paid or payable to Global Merces.
Capital Contributions	Capital contributed to the Fund by an Investor.
Corporations Act	<i>Corporations Act 2001</i> (Cth).
Fund	PEF Long Short Equities Derivative Fund
Global Merces	Global Merces Funds Management Ltd (ABN 26 168 869 163) AFSL 460883.
GST	<i>A New Tax System (Goods and Services Tax) Act 1999</i> (Cth)
Information Memorandum	This document.

Investment Manager	PEF Capital Pty Ltd (ABN 77 622 677 972). Corporate Authorised Representative (CAR) Number 001262437.
Investor	Applicants who become a unitholder in the Fund.
IRR	Internal rate of return, meaning the discount rate, expressed as an annual percentage rate, which, when applied to a series of pre-tax cash flows (including the value of any non-cash distributions), results in a net present value of zero, as at the date of calculation. This measures the annual rate of return to Investors taking into account the time at which they pay money to the Fund and receive distributions from the Fund.
Net Contributed Capital	Total Capital Contributions less capital returned and cancelled.
Offer	The offer under this Information Memorandum to apply for a Unit.
Offer Close Date	Such date as determined by Global Merces in its sole discretion.
Offer Period	The investment period commencing on the date of this Information Memorandum and ending on the Offer Close Date.
Sophisticated Investor	A person who satisfies the definition of 'sophisticated investor' in section 761GA of the Corporations Act.
TFN	Tax File Number.
Total Capital Contributions	The total of all Capital Contributions received from all Investors.
Trust Deed	The Trust Deed for the Fund.
Unit	A unit in the Fund.
Unit Price	The price at which Units are issued. This price rises and falls with changes in value of the underlying assets held in the Fund. A Buy/Sell spread may be included in the Issue Price.
Withdrawal Price	The price at which Units are redeemed. This price rises and falls with changes in the value of the underlying assets held in the Fund. A Buy/Sell spread may be included in the Withdrawal Price.

Wholesale Investor	<p>A person to whom a regulated disclosure document is not required to be given because the person satisfies at least one of the following:</p> <ul style="list-style-type: none">• a 'professional investor' (as that term is defined in the Corporations Act);• meets the minimum asset (\$2.5 million of net assets) or income (\$250,000 of gross income for the last two financial years) and provides an accountant's certificate as required by the Corporations Act; and• otherwise satisfies Global Merces they are not a 'retail client' for the purposes of Chapter 7 of the Corporations Act.
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Directory

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