



Jamieson Coote Bonds Active Fund



JAMIESON COOTE BONDS

A Specialist Bond Fund

INFORMATION MEMORANDUM

Important Information

This Information Memorandum contains details of the offer of units in the JCB Active Fund (**Fund or JCB Active Fund**) and is dated 1 November 2017 (the **Information Memorandum**). JamiesonCooteBonds Pty Ltd ACN 165 890 282, AFSL 459 018 (**JCB**) is the trustee and issuer of this Information Memorandum and the investment manager of the Fund. This Information Memorandum supersedes and replaces the information memorandum dated 1 July 2017. The Fund is established by the deed poll executed by JCB on 22 September 2014 and as amended from time to time in accordance with its terms (**Constitution**), which governs the relationship between JCB and the investors.

The information contained in this Information Memorandum has been compiled to assist the recipient in making its own independent evaluation of an investment in the Fund and does not relate to, and is not relevant for, any other purpose. Upon request, the recipient will promptly return this Information Memorandum and any further information provided in the future in connection with the Fund without retaining any copies thereof. Each recipient should read this Information Memorandum before making a decision about whether to invest in the Fund.

An investment in the Fund involves a degree of risk. Each recipient shall be considered to have read and understood the section titled 'Risks' and to have satisfied itself fully as to the acceptability or otherwise of the risks outlined in that section and any other risks relevant to an investment in the Fund.

This Information Memorandum is not intended to be and does not constitute a recommendation to acquire any units in the Fund. The information contained in this Information Memorandum is general information only and does not take into account the recipient's individual objectives, financial situation, needs or circumstances.

The receipt of this Information Memorandum by any person and any information contained herein or subsequently communicated to any person in connection with the Fund is not to be taken as constituting the giving of financial product, legal, or tax advice by JCB, its related bodies corporate, their directors or employees to any such person. Each recipient should consult their own counsel, accountant, and other advisers as to legal, tax, business, financial and other considerations prior to making an application for units in the Fund.

The fundraising (product disclosure statement) requirements of the *Corporations Act 2001* (Cth) (the **Corporations Act**) do not apply to the offer of units in the Fund under this Information Memorandum. An offer of units in the Fund under this Information Memorandum is open to Australian residents who qualify as 'wholesale investors' under section 761G(7) of the Corporations Act. Due to legal restrictions, this Information Memorandum is restricted to residents of Australia and to access from within Australia.

This Information Memorandum is not an offer or invitation in relation to the investment in units of the Fund in any place in which, or to any person to whom, it would be unlawful to make such an offer or invitation. The distribution of this Information Memorandum outside Australia may be restricted by law and anyone who comes into possession of it should seek professional advice and observe any restrictions that apply. Any failure to comply with those restrictions may constitute a violation of applicable securities laws. This Information Memorandum, the information in it, and any information, representation supplied or made in connection with the Fund will not form the basis of any contract. Investments in the Fund can only be made by completing the Application Form accompanying this Information Memorandum.

No person has been authorised by JCB to give any information or make any representations in connection with the Fund which is not in this Information Memorandum and, if given or made, such information or representation must not be relied upon as having been authorised by JCB.

This Information Memorandum may contain various opinions, estimates, financial objectives and forecasts with respect to the anticipated future performance of the Fund. The recipients should be aware that such information is subject to inherent risks and uncertainties. These opinions, estimates and forecasts are based upon assumptions. These assumptions may not prove to be correct or appropriate. Actual events or results may differ materially from the events and results expressed or implied in any forward looking statement and such deviations are both normal and expected.

JCB and its related bodies corporate, directors and employees cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward looking statements contained in this Information Memorandum will actually occur and recipients are cautioned not to place undue reliance on such information.

JCB and its respective related bodies corporate, directors and employees do not guarantee any particular rate of return or the performance of the Fund nor do they guarantee the repayment of capital from the Fund.

Certain information in this Information Memorandum is subject to change. If there is any material change to or omission from the information contained in this Information Memorandum, that information will be updated and made available to you online at www.jamiesoncootebonds.com.au.

References to currency are to Australian Dollars unless otherwise specified and references to times are to Sydney time unless otherwise specified. Terms used in this Information Memorandum and not defined have the same meaning given to those terms under the Constitution.

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FOUR STEPS TO INVEST IN THE JCB ACTIVE FUND

Step 1: Read this document

You should read this Information Memorandum in full before deciding whether to invest in the Fund and if you are in any doubt, you should consider consulting your financial adviser, stockbroker or other professional advisers.

Step 2: Consider the Offer

Pay particular attention to the risks section in section 4 and other information about the units, the Fund and its assets. These risks need to be considered in light of your investment objectives, financial situation and particular needs.

Step 3: Consult your adviser

Consider consulting your financial adviser, stockbroker or other professional advisers before deciding whether to invest.

Step 4: Complete, sign and mail the accompanying Application Form

DIRECT INVESTORS

Please send your completed Application Form and cheque (if paying by cheque) to the investor registry:

JCB Active Fund Unit Registry
C/- Mainstream Fund Services
GPO Box 4968
Sydney NSW 2001

For any queries regarding the Application Form, please contact the investor registry on:

Telephone: 1300 133 451
Email: registry@mainstreamgroup.com

For further information on the Fund, please contact your financial adviser or contact us on:

Website: www.jamiesoncootebonds.com.au
Telephone: +61 3 8580 0088
Email: info@jcbf.com.au

INDIRECT INVESTORS

You will need to obtain and complete the relevant Application Forms from your platform operator.

Your platform operator will set the minimum transaction requirements and facilitate an investment in the Fund and will hold units on your behalf.

Please contact your adviser or platform operator for specific details of the Fund including information on the progress of the Fund, unit pricing, distribution payments, confirmation of investment, additional investments, queries with respect to annual tax statements, complaints and any applicable cut-off times for applications.

Please note that your platform operator will be the Unit Holder in the Fund. Indirect investors are not Unit Holders and do not have any rights as Unit Holders in the Fund.

1. ABOUT JAMIESON COOTE BONDS

Jamieson Coote Bonds (JCB), the Trustee, is a specialist bond fund manager based in Melbourne. It was formed in 2013 and is operated by its founders Charles Jamieson and Angus Coote. The JCB team have several decades of experience in the global bond market. All have considerable experience in the Australian, and importantly, the International bond markets.

JCB was formed to take advantage of a unique network of domestic and global contacts with access to the best available research. JCB uses both fundamental and technical analysis of the bond market to implement trades and most importantly reduce the risk of permanent capital loss whilst producing solid returns.

About the Team

Charles Jamieson

Chief Investment Officer
Executive Director

Charles spent 14 years in the financial services industry working for Merrill Lynch and Bank of America Merrill Lynch (BAML) as a fixed income bond trader. Charles has worked for BAML in Tokyo, New York, London and Sydney, trading bonds in US dollars, Euros, Pounds Sterling, Kiwi and Australian Dollars, as well as running asset portfolios as large as \$15 billion USD in a host of foreign currencies and derivatives. As a US Treasury Trader in London on September 11th 2001 and a European Government Debt Trader in London at height of Eurozone crisis, Charles has successfully managed difficult portfolios through a host of market scenarios over a long period of time.

Charles' most recent appointment prior to founding JCB was as Co-Head of fixed income trading at BAML Sydney where he was a member of the bank's executive management team. In this post he was also a member of the Australian Financial Markets Association (AFMA) Bond Committee. Charles holds a Bachelor of Commerce degree from Monash University majoring in Accounting and Finance.



Angus Coote

Chief Operating Officer
Executive Director

Angus started his career with JPMorgan in 2000. On successfully completing the JPMorgan graduate program Angus began as a Government Bond salesman specialising in US Treasuries and European Government Bonds in London. Angus' clients included Global Central Banks, Large Asset Managers, Sovereign Wealth Funds and Hedge Funds.

Angus relocated to Asia with ANZ where he spent five years specialising in Australian Government Bonds and other debt products, servicing the region's largest Central Banks and Sovereign Wealth Funds. During this time he was located between Hong Kong and Singapore. Angus transacted the first ever Australian Bond trades for several large Asian Central Banks who now dominate the market as the largest holders of Australian Government debt.

Angus returned to Australia with ANZ for a short time before being hired by Westpac Sydney to Head Global Central Bank distribution. Angus has a Bachelor of Business from RMIT majoring in Economics and Finance.



Christopher Manuell CMT

Portfolio Manager
Director



Chris has over 20 years of global financial markets experience gleaned from Merrill Lynch (ML), Société Générale (SG) and The Royal Bank of Canada (RBC) across Sydney, London and Toronto. Over his career, he has forged a deep bond investment specialisation.

Chris established his Bond management base in Sydney with ML. He was subsequently promoted to a European posting, relocating with the firm to London to specialise in European and UK Bonds. Prior to returning to Australia with Jamieson Coote Bonds in 2016, Chris served in Toronto for RBC and SG, focusing in US and Canadian fixed income products. Chris's career has exposed him to the full spectrum of financial instruments and strategies across different markets. In addition, his work with a variety of institutional clients (e.g. financial institutions, pension plans, asset managers, hedge funds and sovereign wealth funds) translates to a valuable global network and a strong sense of market flow dynamics which are features of the JCB investment process.

To augment his portfolio management experience and base, Chris earned the right to use the Chartered Market Technician (CMT) nominal – one of the few in Australia to hold this designation. With over 10 years of experience as a CMT, Chris has developed a proprietary process of technical analysis to help mitigate investment risk and add value to duration management.

Chris has a Bachelor of Economics from La Trobe University and a Graduate Diploma in Applied Finance and Investment from SIA. He is a Chartered Market Technician from the Market Technicians Association.

Paul Chin SF Fin

Investment, Research & Strategy
Director



Paul has over 20 years in funds management and investment research across the US and Australasia. He has served with Colonial First State (graduate program), Advance FM (associate Executive in strategy), seven years with Barclays Global Investors including as a portfolio manager in San Francisco and over six years at Vanguard as senior investment strategist.

During his career, Paul has managed money across a range of strategies including asset allocation, global macro and FX hedging. He has developed investment research insights for institutional, adviser and individual investors, and led multi-asset class and factor based research initiatives. Paul is a regular speaker at domestic/international industry forums on portfolio construction and investment markets.

Paul holds a Bachelor of Commerce from Monash University and a Masters in Applied Finance & Investments from Finsia. He is a Senior Fellow of Finsia, a Councillor on the Finsia Industry Council for Funds & Asset Management, and the Finsia Regional Council - Vic/Tas. He also serves on a number of investment committees delivering asset allocation and manager selection expertise.

The JCB Advisory Board

The Advisory Board meets quarterly to discuss investment market trends and themes as well as providing an invaluable sounding board to the directors. The directors consider this to be of considerable benefit to investors. **Please note:** The Advisory Board members are not directors of the Trustee and do not have corresponding statutory or fiduciary duties to JCB or investors.

Mark Burgess

Chairman

B Comm (Hons) – Based in Melbourne

Mark brings a wealth of experience as Chair of JCB Advisory Board as the recently retired CEO of the Australian Government Future Fund, Australia's \$110+ billion dollar sovereign wealth fund. Prior to the Future Fund, Mark was CEO of Treasury Group, a listed fund of funds manager with over \$17 billion in aggregate funds under management, as well as Vice Chairman and CEO of Credit Suisse Asset Management (EMEA) in London, and Global CIO with over \$250bn under management.

Mark has also held a number of high profile Global CIO roles for Credit Suisse, American Express Asset Management, Colonial First State Investments, Colonial Group and Bankers Trust.

Mark holds a Bachelor of Commerce (Honours) from University of Melbourne.



Saul Eslake

B Ec (Hons) – Based in Hobart

Saul Eslake has had more than 25 years' experience as an economist in the Australian financial markets, including four years as Chief Economist (International) at National Mutual Funds Management, 14 years as Chief Economist of the ANZ Banking Group, and three years as Chief Economist (Australia & New Zealand) for Bank of America Merrill Lynch. Over the course of his career he has also been a member of numerous advisory councils, task forces and steering committees for federal and state governments of different political persuasions, and a frequent speaker and media commentator on economic issues.

Saul brings a wealth of economic experience to the Jamieson Coote Bonds Advisory Board which is vital in forming our investment strategy.



Lynda O'Grady

B Comm (Hons) – Based in Northern NSW

Lynda is an experienced company adviser and consultant and company director. She is Chairman of the Aged Care Financing Authority, a statutory committee established to provide independent advice to government on funding and financing issues in aged care. In addition to her consulting roles, Lynda is also a non-executive director of Domino's Pizza Enterprises Limited and independent director of the Australian Digital Health Agency.

Lynda's career included senior roles at Telstra as Executive Director, including as Chief of Product; Commercial Director of ACP, Publishing division of (PBL) and General Manager of Alcatel Australia. She has previously served on the Council of Bond University, Boards of Screen Queensland and TAB Queensland and on the IT&T Board of Advisors to the New South Wales Treasurer.

She holds a Bachelor of Commerce (Honours) from University of Queensland and is a Fellow of the Australian Institute of Company Directors.



Neil Tritton

BA (Hons) – Based in London

Neil is the founding Director of Arbor Research and Trading in London. Arbor is a global independent financial research firm, headquartered in Chicago, with further offices in New York, Fort Lauderdale, and Geneva, providing innovative macro-economic analysis across a broad range of global fixed-income, equity, currency and commodity markets.

Arbor Research provides clients with a set of proprietary quantitative tools to measure market momentum and evaluate the persistence of trends for macro markets.

Prior to joining Arbor in 1999, Neil was a fixed income bond trader for a number of global investment banks and has experience in a host of sovereign debt markets across the investment grade, credit and high yield complex.

Neil brings a wealth of experience and acute knowledge with global oversight to Jamieson Coote Bonds and we welcome his invaluable commentary surrounding European and US based markets to complement our own macro-economic views.



John Kean

OAM, FCA, FAI CD – Based in Sydney

John was the founding partner of WHK (now Crowe Howarth), Australia's 5th largest accounting practice. After retiring in 2000, John now acts as an Independent Business Advisor and holds a number of company directorships with businesses involved in trade, primary production, property, healthcare and finance.

John's recent appointments include Chairman of Pinpoint Pty Ltd, Asia/Pacific's leading Marketing Services provider for 14 years until sold to MasterCard in June 2014 as well as Directorships of RHG Limited, Haddon Rig Pty Ltd and the Australian Taiwan Business Council as well as Chairman of the Baldwin Care Group of companies.

John is one of three Honorary Life Members of the Victor Chang Cardiac Research Institute and has held a board membership since 2003. He served as Chair of the Institute's Finance Committee until retiring from this position in 2012.



2. ABOUT THE FUND

2.1 Background

The Fund is a long-only Australian dollar denominated Bond investment fund. The Fund's benchmark is the Bloomberg Ausbond Treasury 0+ year, with investments closely matching this index being the Fund's default position. The Fund invests in bonds backed by AAA and AA rated Governments and Semi (State) Governments and agencies. As all markets trade in cycles, this 'counter cyclical' investment approach – when viewed against property and equities – attempts to insulate portfolios at a time they are potentially vulnerable to capital loss in an equity sell off or risk asset correction, whilst also attempting to produce solid fixed income streams in excess of cash returns.

2.2 Operation of the Fund and Fund Investment Strategy

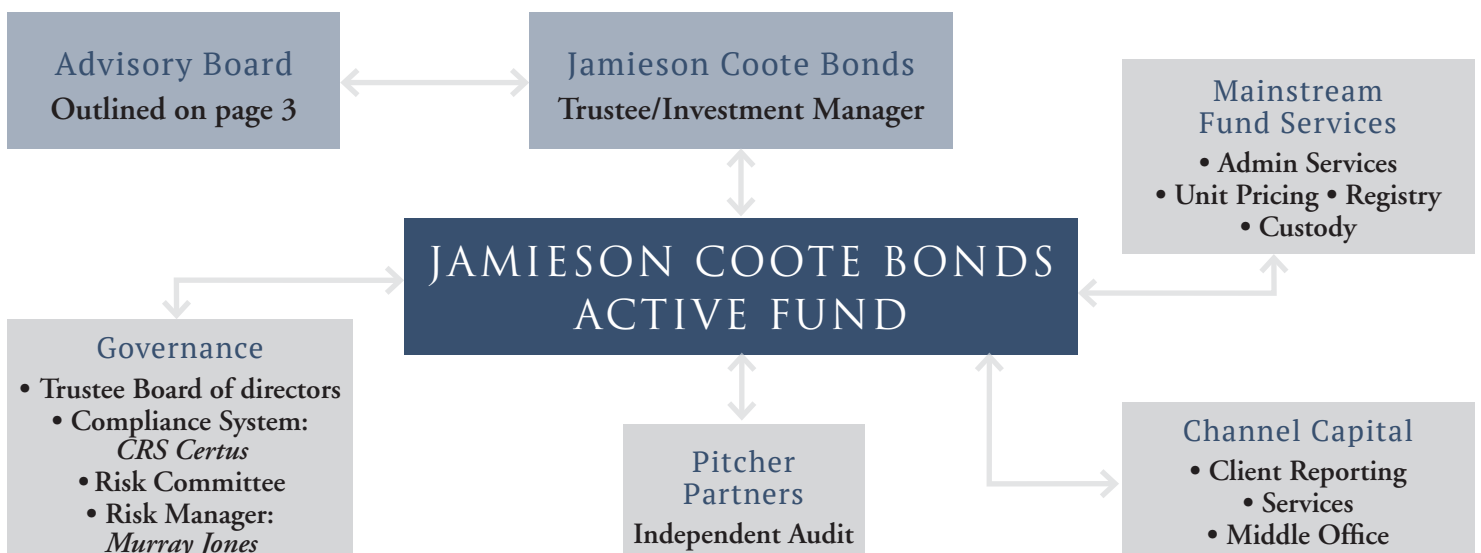
JCB is the trustee and Investment Manager of the Fund. The JCB team has numerous decades of fixed income investing experience in the world's biggest markets (detailed on pages 2 and 3). The Fund aims to provide consistent high single digit returns with capital preservation being its core objective.

2.3 Investment Strategy

JCB are active real money managers using a model-based, risk-adjusted system which allocates bond investment using a strict and disciplined approach honed across years of global market trading, to seek value and opportunities whilst paying strict attention to capital preservation. At all times, the majority of the Fund's portfolio will be invested with long positions in Government Bonds. Active management uses fundamental analysis combined with technical analysis to make individual bond security selections and adjust duration exposures to provide a defined opportunity set for the portfolio. Trades are set with hard limits on entry/exit with both floors and ceilings being pre-determined before trades are entered.

Once opportunities are harnessed, the Fund will return to a benchmark allocation. This provides an investment which aims to deliver all the benefits of bond ownership, with the upside of an active management team with a combined three decades of global experience.

JCB PARTNERS - OVERSIGHT OF YOUR INVESTMENT



2. ABOUT THE FUND *continued*

The Fund holds a basket of bond securities of differing maturities. Generally, individual security selection will not exceed 20% of the Fund's net asset value. Eligible fund securities must have a AAA or AA minimum rating from either Moody's or Standard and Poors, be issued in Australian Dollars and be explicitly backed by a Government or Public Finance Agency.

Derivatives may be used for hedging purposes or to replicate underlying security positions in the form of futures contracts listed on the Sydney Futures Exchange. All futures will be exchange traded. The use of futures may generate some gearing to the Fund which the management team will control using a risk adjusted framework.

The management team has a preference for holding short dated bond securities over cash positions (due to explicit guarantee on bonds from Governments vs only \$250,000 explicit guarantee on bank deposits). However, some allocation to cash must be expected as we trade and settle inflows or outflows.

An investment horizon in the Fund should be in excess of three years.

2.4 Minimum Investment

As at the date of this Information Memorandum, the standard minimum subscription amount is \$50,000 for any initial investment in the Fund and \$10,000 for any additional investment. A minimum balance amount of \$50,000 must be held by investors in the Fund.

JCB can vary these minimum amounts from time to time for individual investors, or the Fund as a whole, at its discretion. The unit price will be available online at www.jamiesoncootebonds.com.au.

2.5 Distributions

The Fund intends to pay distributions semi-annually. You should be aware that each distribution may vary. Unit prices normally fall after the end of each distribution period. Consequently, if you invest just before the end of a distribution period and elect not to reinvest, some of your capital may be returned to you as income.

2.6 Payment of Distributions

You can choose to have distributions:

- paid directly into your nominated bank account, or
- reinvested in the Fund,

by making your selection on the Application Form. If no selection is made, distributions will be reinvested with the potential to compound over time. Investors may choose automatic reinvestment or income distribution at any time.

2.7 Keeping you Informed

Information in this Information Memorandum may change from time to time. Information that has changed in relation to the Fund that is not materially adverse but which JCB wishes to provide to investors, will be made available on the Fund's website at www.jamiesoncootebonds.com.au. A printed copy of any updated information will be available free of charge upon request by calling us on (03) 8580 0008. We will issue a supplementary or replacement Information Memorandum if a change is considered materially adverse to investors.

We will also send you confirmation of each transaction with the Fund and provide you with the following information, free of charge:

- a paper copy of any updated information;
- notice of any replacement information memorandum; and
- notice of any relevant supplementary information memorandum.

3. WHY BONDS?

Bonds bring balance to investment portfolios with fixed periodic cash flows (interest) and the return of principal at maturity. This makes bonds particularly valuable in times of economic stress or uncertainty. During such market periods, bonds can often generate significant capital gains (in addition to their fixed interest payments) as investors seek high quality investments with guaranteed returns backed by the full faith in, and credit of, Governments. In fact bonds are a stable and high quality investment in all market cycles. Many investors choose Government bonds over other investments because of their low risk, stable capital volatility and fixed cash flows.

Capital Stability

Your investment (and income) is backed by the Australian Commonwealth, State Governments and Supranational issuers. Government bonds are widely regarded as the safest asset class in Australia when held to maturity.

Counter Cyclical

Government bonds should perform best when other asset classes are in decline. This is called “flight to quality” where investors seek the safest yielding assets in the marketplace. When stock markets crash investors who own bonds can make considerable capital gains.

Diversity

Bonds offer portfolio balance. They are a good investment in any market cycle but especially in times of economic stress and uncertainty. As the highest asset in capital structure they offer unparalleled safety and security within the investment landscape when held to maturity.

Cash Flows

Cash flows are consistent, regular (usually semi-annual) and guaranteed by the Federal, State Governments and Supranational issuers.

Liquidity

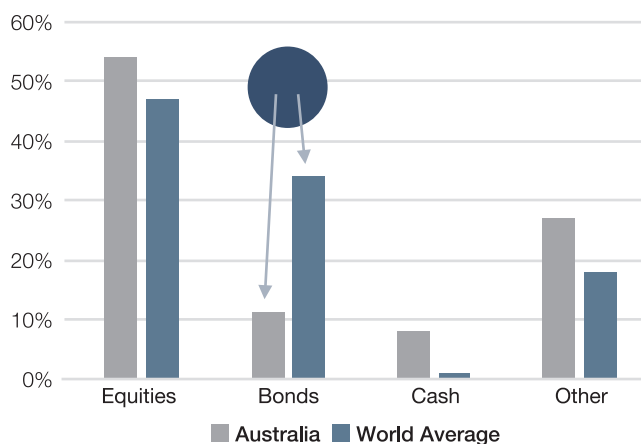
The Australian Government and Semi (State Government) markets are deep and liquid and positions can usually be bought or sold with ease.

The Australian Bond Market

Bonds are an asset class that have been popular for many centuries. However, until recently the Australian Government bond market has been very small due to budget surpluses, paying down Government debt levels throughout the mining boom. Recently there has been a revival of interest in bonds in Australia due to:

- A) increasing amount of bonds on issue;
- B) deep bond market liquidity; and
- C) an ageing population that needs reliable income streams.

However, it appears that Australian investors still remain significantly underweight with respect to bond exposure, with only 11.6% of assets currently allocated to Bonds versus a global average of approximately 35% (Pension Markets in Focus *SOURCE: OECD*).



4. RISKS

Investing in the Fund carries risk, as with every asset class, including shares, cash, fixed income, and property. JCB recommends that you speak to your financial adviser about the risks of investing in the Fund and how they can affect your desired outcome. If they materialise, each of the risks summarised below may adversely impact the value of your investment or your ability to withdraw from the Fund.

Sovereign Default Risk

Sovereign default risk refers to the default of a Government issuer that is unable to repay its interest or principal on its bond issuance and as a result is unable to pay its country's debts.

Credit Risk

Credit risk is the risk that changes in the credit worthiness (ability to pay) of an issuer comes into question. As a result of a change in credit quality gains or losses can occur to the prices of the underlying bond of that issuer. In extreme cases, defaults (inability to pay interest or principal) can occur and the underlying price of the bonds of that issuer are marked down significantly if not entirely. While Government bonds carry the lowest levels of bond risk, a level of credit risk still exists.

Interest Rate Risk

Interest rates can rise or fall. Whilst capital gains can be made in an environment where interest rates fall, capital losses on bond portfolios can occur in an increasing interest rate scenario if the bonds are realised prior to maturity.

Liquidity Risk

Liquidity risk is the risk that some or all bonds are unable to be promptly realised at full value or at all, due to an inability to trade them.

Derivative Risk

JCB will have the ability to use gearing in the form of bond futures. Bond futures can have the ability to magnify both profits and losses. Bond futures will primarily be used as an interest rate hedging tool. The Fund will be limited to trading interest rate futures listed on the Sydney Futures Exchange. There is also a liquidity risk associated with bond futures in that it may be difficult in times of volatility to trade in reasonable size.

Counter Party Risk

The risk that the other party to a contract fails to perform its contractual obligations either in whole or in part.

Fund Risk

The risk that changes to the Fund such as key staff termination, changes to fees, costs, or fund administration services can have an impact on the potential returns.

Market Risk

The return on a particular security may be influenced by macro-economic factors including other security returns in investment markets similar assets classes or regions.

Withdrawal Risk

The risk that the usual timeframe for withdrawal requests is not met, or JCB suspends withdrawals from the Fund due to severe adverse market conditions.

Economy and Market Conditions

There is the risk that changes in the economy and market conditions may affect asset returns and values, which in turn result in reduced distributions and may decrease the unit price. The overall investment performance of the Fund may be affected by changing economic or property market conditions. These may include movements in interest rates, exchange rates, securities markets, inflation, consumer spending, employment and the performance of individual local, state, national and international economies.

Changes to Legislation

There is the risk that changes in any law, regulation or government policy affecting the Fund's operations (which may or may not have a retrospective effect) have an effect on the assets and/or the Fund's performance.

5. FEES AND OTHER COSTS

5.1 Fees Payable

Management Fee

The current management fee charged is 45 bp or 0.45% per annum on the value of the gross assets of the Fund. The management fee is calculated daily and is payable to JCB monthly in arrears. The maximum fee that can be charged under the Constitution is 3%.

As detailed in section 5.4 on page 9, JCB **must** give 30 days' written notice of any change in fees and you will have the opportunity to withdraw from the Fund before the change takes effect.

Other Fees

The other fees that can be charged under the Constitution are:

- Entry fee – up to 1.5% of the application monies. Currently, no entry fee is charged.
- Withdrawal fee – up to 1.5% of the withdrawal amount. Currently, no withdrawal fee is charged.

5.2 Costs and Expenses

Management Costs and Recoverable Expenses

JCB is entitled to be reimbursed from the Fund for any expenses it incurs in relation to the proper performance of its duties. Such costs and expenses are payable from the Fund's assets and are not directly paid from your investment and they may include but are not limited to accounting and tax audit, legal fees, custody, administration and registry services, transaction costs, taxes, systems, fund formation, Trustee fee, costs and other expenses allowable under the Constitution.

Buy / Sell Spread

The buy/sell spread reflects an estimate of the transaction costs of buying or selling securities when investors invest in or withdraw from the Fund. The purpose is to ensure that as far as practicable, any transaction costs incurred due to an investor entering or leaving the Fund are borne by that investor, and not other investors in the Fund. The buy/sell spread is paid to the Fund and not paid to the Trustee.

At the date of this Information Memorandum, the buy spread for the Fund is 0.1% and sell spread is 0.1% although they will be reviewed from time to time where necessary to ensure that they are appropriate.

Current buy/sell spreads may be viewed at www.jamiesoncootebonds.com.au or by contacting us.

5.3 Differential Fees

JCB may negotiate different fees with, or rebate a portion of its fees to, certain clients or advisers. This is generally because they invest large amounts of money into the Fund.

5.4 Changes to Fees and Costs

JCB may change the fees outlined in this Information Memorandum without the consent of investors, at its discretion. For example, fees may be increased where increased charges are incurred, if there are changes to economic conditions, or if third parties increase charges. We will give you 30 days' written notice of any intention to increase the existing fees, expenses or recovery of expenses, or introduce entry or withdrawal fees. Fees may also be reduced in line with costs associated with running the Fund.

6. TAX

6.1 General

Investing in a managed investment trust such as the Fund is likely to have tax consequences for investors. Specifically, the Fund does not pay tax on behalf of investors, and investors are assessed for tax on any income and capital gains generated by the Fund each year (with the possible exception of a return of capital), even if distributions from the Fund's underlying assets are reinvested by JCB. However, you may be entitled to tax credits or concessionally taxed income such as capital gains.

If you receive your distributions in the form of additional units in the Fund, you must still include the taxable portion of the distribution in your assessable income. This will be made clear in the tax statement you receive from us after the end of each financial year.

You are strongly advised to seek professional taxation advice before you invest or deal with your investment, as the taxation treatment of your investment will be specific to your circumstances and to the nature of your investment.

6.2 Your Tax File Number

You are not required to provide a TFN, exemption code or Australian Business Number (ABN) when you invest or reinvest in the Fund. However, under the Pay As You Go system, if you do not provide these, JCB is required to deduct tax from most distributions (including where they are reinvested) at the highest marginal taxation rate (including the Medicare levy).



Value

9,179.53
11,426.60
9,611.01
7,189.65

7. ACCESSING YOUR MONEY

7.1 Withdrawal Requests

Withdrawal requests can be submitted by completing and signing a “Redemption Request Form for the JCB Active Fund” and sending it to either:

Attention: JCB Active Fund Unit Registry
C/- Mainstream Fund Services
GPO Box 4968, Sydney NSW 2001

Or

Scan and email this request to
registry@mainstreamgroup.com

The cut-off time for withdrawal requests is **12.00pm Sydney time** every Wednesday.

7.2 Processing Withdrawals

Withdrawal requests are generally processed weekly on a Wednesday. If we receive your properly completed request before the cut-off time; we will process the request using the withdrawal price applicable at the close of business on the relevant Wednesday. If we receive your properly completed request after the cut-off time, we will use the next available withdrawal price. Generally, this will be the withdrawal price applicable at the close of business on the following Wednesday.

Please note: If any deadline for a request or processing falls on a public holiday, the relevant activity will occur on the next business day. A business day for us is any day other than Saturday, Sunday or a public holiday in New South Wales.

Out of cycle requests: JCB will use its best endeavours to process other withdrawal requests received outside of the timeframes outline above. JCB is not obliged to process out of cycle requests.

You can withdraw your investment by completing the redemption request section of the Application Form (page 19). For joint accounts, please ensure all signatories sign the relevant declaration. All signatories must also sign withdrawal requests.

7.3 Payment Times

Although we aim to make withdrawal payments within 10 days of processing requests, please note that:

- payment and processing of withdrawal requests depends on the Fund’s cash position;
- the Constitution allows up to 30 days or longer in exceptional circumstances such as where the Trustee:
 - is unable to realise sufficient assets due to circumstances beyond its control; or
 - does not consider it in the best interest of Unit Holders to realise sufficient assets to satisfy withdrawal requests.

7.4 Other Conditions

If the request is received after the relevant cut of time, it will be treated as having been received prior to cut-off time in the following week.

JCB reserves the right to amend the cut-off date and to process withdrawal applications outside of the above terms in exceptional circumstances.

7.5 Withdrawal Price Calculation

The withdrawal price is the closing unit price calculated on each Wednesday, adjusted for transaction costs, such as the buy-sell spread. The buy-sell spread (currently 0.10%) of the Fund’s Net Asset Value (NAV) per unit. The closing unit price is based on the NAV of the relevant class of units in the Fund, divided by the number of units of the relevant class on issue.

Please see fees and costs for more information about the buy/sell spread.

7. ACCESSING YOUR MONEY *continued*

7.6 Additional Withdrawal Conditions – while the Fund is Liquid

In some circumstances, where a Unit Holder makes a large withdrawal request (5% or more of the units on issue at the start of the relevant distribution period), their withdrawal proceeds may be taken to include a component of distributable income.

If JCB increases the minimum balance amount for the Fund (which at the date of this Information Memorandum is \$50,000), it has the right to fully withdraw a Unit Holder's investment after giving Unit Holders 30 days' notice, where their holding falls below the minimum balance amount. This right applies where there has been no increase in the minimum balance amount.

If compliance with a withdrawal request would result in a Unit Holder having less than the minimum balance amount, JCB is permitted to treat the withdrawal request as relating to the balance of the Unit Holder's investment. JCB will refuse to comply with any withdrawal request if the requesting party does not satisfactorily identify themselves as the Unit Holder. Withdrawals will only be made payable to the nominated bank account which is in the name of the registered Unit Holder and held at a branch of an Australian domiciled bank.

7.7 Adequate Liquidity

Where the Fund is not liquid (as defined in the Corporations Act) a Unit Holder does not have a right to withdraw from the Fund and can only withdraw where JCB makes a withdrawal offer to Unit Holders in accordance with the Corporations Act. JCB is not obliged to make such offers. Generally, the Fund will be liquid if at least 80% of its assets are liquid assets that JCB reasonably expects can be realised for their market value within the period specified in the Constitution for satisfying redemption requests while the Fund is liquid.

8. ADDITIONAL / OTHER INFORMATION

8.1 Summary of the Constitution

The Constitution is the primary document governing the relationship between JCB and Unit Holders, and governs the rights of investors in the Fund. It contains information about:

- the rights of Unit Holders and JCB;
- the powers of JCB as Trustee (which includes a power to borrow);
- the fees payable to JCB under the Fund;
- the JCB's right of indemnity out of the Fund; and
- winding up of the Fund.

The Constitution provides for a calculation of the NAV of the Fund, which is a factor to be taken into account in calculating the issue price and withdrawal price of units. The NAV shows the value of the Fund's assets upon which the value of units is determined.

NAV is calculated by the value of all the Fund's assets less liabilities, including appropriate provisions, calculated in accordance with the Constitution. The calculation of NAV per unit is equivalent to the formula provided by ASIC to calculate NTA per unit, as set out below:

Net Asset Value

Units on issue

8.2 Summary of Unit Holder Rights

Each unit gives you an equal and undivided interest in all the Fund's assets. However, a unit does not give an interest in any particular asset of the Fund and does not entitle you to have any part of the Fund transferred to you. Subject to the Constitution, your rights include:

- the right to obtain a copy of the Constitution;
- the right to receive distributions of income and capital from the Fund;
- the right to attend and vote at meetings of Unit Holders;
- the right to request the withdrawal of your investment in certain circumstances; and
- the right to participate in the winding up of the Fund.

The Constitution contains provisions intended to limit the liability of Unit Holders to their investment in the Fund. There is no absolute assurance that the liability of Unit Holders will be limited as intended by these provisions, as the determination of the ultimate liability of Unit Holders rests with the courts.

The Constitution is available for inspection at the offices of JCB and you have a right to obtain a copy free of charge by calling us on (03) 8580 0088.

8.3 The Custodian

JCB has appointed Mainstream Fund Services to act as the custodian of the Fund's assets. The Custodian must only act on proper instructions from JCB. The custody agreement contains relevant reporting requirements and key performance indicators.

8. ADDITIONAL / OTHER INFORMATION *continued*

8.4. Administrator

JCB has also appointed Mainstream Fund Services as the professional third-party fund administrator (“the Administrator”). The Administrator’s role is to process applications for investment in, and withdrawals from, the Fund, to run the unit registry, to independently revalue the Fund’s assets each day, and to provide investor reporting.

8.5 Client Services

Channel Capital Pty Ltd has been appointed to provide client services and unitholder reporting, together with middle office/ portfolio management services.

8.6 Related Party Transactions

Under the Constitution, JCB, their directors and related parties may:

- deal with itself, an associate, Unit Holder or other person;
- be interested in and receive a benefit under any contract or transaction with itself, an associate, Unit Holder or any other person; or
- act in the same or similar capacity in relation to any other fund.

These payments are made on arms length terms. JCB may also seek professional services for the Trust from qualified service providers, including related parties. The fees for these services will be charged at normal commercial rates to the Fund. Examples of areas in which related parties may provide services to the Fund include:

- portfolio management;
- accounting, taxation and compliance;
- systems;
- debt arrangement; and
- product distribution.

8.7 Your Privacy

The primary purpose in collecting personal information is to set up and administer your account. If you do not provide the required information, we may not be able to process your application. Please contact JCB if you do not want us not to use your information for direct marketing purposes.

JCB’s privacy policy is available on its website, www.jamiesoncootebonds.com.au or by contacting us directly. It sets out our policy on managing personal information. The information that may be disclosed to financial advisers, external service providers that supply administrative services to us, in order for us to operate the Fund and to anyone that you have authorised, or if required by law.

Under the Privacy Act, you may access personal information held about you, although the Privacy Act sets out some exemptions to this, if you believe information held about you is inaccurate, incomplete or out of date, please contact us.

9. HOW TO INVEST

To invest in the Fund you will need to complete and sign the Application Form accompanying this Information Memorandum or any supplementary information memorandum (where applicable).

- Supply of Tax File Numbers (TFN) is discretionary. It is not an offence if you decide not to supply your TFN. If you do not supply your TFN, however, tax will be deducted from your income earned at the highest marginal tax rate (plus Medicare levy) and forwarded to the Australian Taxation Office. These deductions will appear on your statements. A form is included with the Application Form for your convenience.
- Joint applications must be signed by all applicants. Joint investments will be deemed to be held as Joint Tenants.
- Applications under Power of Attorney must be accompanied by a certified copy or the original of the Power of Attorney with specimen signatures.

The minimum initial investment in the Fund is \$50,000 and additional investment is \$10,000. All investors will need to qualify as a wholesale client. JCB may vary these minimum investment amounts from time to time. The unit price will be available online at www.jamiesoncootebonds.com.au.

Where a properly completed Application Form together with required identification documents and cleared funds are received by us:

- Before 12.00pm Sydney time on a Wednesday, the unit price used will generally be that applicable at the close of business on that Wednesday.
- On or after 12.00pm Sydney time on a Wednesday, the unit price used will generally be that applicable at the close of business on the following Wednesday.

Application monies should be received by electronic transfer to:

Account Name: **Mainstream Fund Services Pty Ltd as Custodian for JamiesonCooteBonds Pty Ltd - Jamieson Coote Bonds Active Fund Application Account**

Bank: **NAB**

BSB: **082-401**

Account number: **9126-45733**

Please note: If the relevant Wednesday falls on a public holiday in New South Wales, the unit price will be calculated on the next business day.

Please send completed Application Forms (and cheques if applicable) to:

JCB Active Fund Unit Registry
C/- Mainstream Fund Services
GPO Box 4968
Sydney NSW 2001

How do you qualify as a Wholesale Client

If you are applying for \$500,000 or more you'll be automatically deemed wholesale client and no additional documentation is required. If you are investing less than \$500,000 and you are an Australian Investor, additional documentation will be required to certify that you are a wholesale client in the form of:

1. An accountant's certificate certifying that the proposed Unit Holder has:
 - net assets of at least A\$2.5million; or
 - gross income for each of the last two financial years of at least \$250,000.

OR

2. A statutory declaration that the proposed Unit Holder:
 - is a trustee of a superannuation fund within the meaning of the Superannuation Industry (Supervision) Act 1993 with net assets of at least A\$10 million;
 - controls at least A\$10 million (including any amount held by an associate or under a trust that the investing entity manages);
 - is a manufacturer and employs 100 or more people, or the investing entity is not a manufacturer and employs 20 or more people;
 - holds an Australian financial services licence; or
 - is a 'professional investor' as otherwise defined in the Corporations Act.

Please contact JCB if you need us to assist you in providing the appropriate documentation to certify that you are a wholesale client.

Privacy

You acknowledge that any personal information you provide to us will be collected and handled in accordance with Mainstream Fund Services privacy policy, a copy of which can be found at www.mainstreambpo.com/mbpo/Privacy-Policy or posted / emailed to you if you contact Mainstream Fund Services at registry@mainstreamgroup.com. By submitting this form or any other paperwork relating to your investment you consent to your personal information being collected and handled by the unit registry in accordance with that policy.

Regular Information

Following acceptance of your application, you will generally be sent an application advice around 10 business days from calculating the unit price. You should check the details on the advice carefully and contact Mainstream Fund Services if you have any questions.

Examples of correct names and required signatures

Type of Investor	<input checked="" type="checkbox"/> Correct Name	<input checked="" type="checkbox"/> Incorrect Name	Signature Required
<i>Individual/ joint investors</i> <ul style="list-style-type: none"> use full name of each applicant, do not use initials 	Alexander John Smith Laura Sue Barden	Alex Smith Laura S Barden	<ul style="list-style-type: none"> signature of each applicant
<i>Company</i> <ul style="list-style-type: none"> use full company title, do not use abbreviations 	ABC Pty Ltd XYZ Limited	ABC P/L, ABC Co, XYZ Inc.	<ul style="list-style-type: none"> by two directors, or by a director and a secretary, or if there is only one director by that sole director
<i>Trusts/minors</i> <ul style="list-style-type: none"> use trustee(s)/ individual(s) name(s) use trust/minor name as designation 	Paul Ryan Smith ATF <Smith Family Trust> Paul Ryan Smith <Joel Smith>	Paul Smith Family Trust Joel Smith	<ul style="list-style-type: none"> signature of each trustee/ individual if trustee is a company see above
<i>Superannuation fund</i> <ul style="list-style-type: none"> use trustee(s) personal name(s) use fund name as designation 	Amy Rachel Wood ATF <Amy Wood Super Fund> ABC Pty Ltd ATF <Smith Superannuation Fund>	A R Wood Super Fund Smith Super Fund	<ul style="list-style-type: none"> signature of each trustee if trustee is a company, see above
<i>Deceased estates</i> <ul style="list-style-type: none"> use executor(s) personal names, do not use name of the deceased 	John Smith <Est Jane Smith A/c>	Estate of the Late Jane Smith	<ul style="list-style-type: none"> signature of the executor(s)

Additional Investment

Additional investments can be made using the Application Form.

If Unit Holders choose to send Application and Redemption Request Forms by post, facsimile or email, they bear the risk of such requests not being received. Neither the Administrator nor JCB accept any responsibility or liability for any loss caused as a result of non-receipt or ineligibility of any facsimile notice or email or for any loss caused in respect of any action taken as a consequence of such facsimile or email instruction believed in good faith to have originated from properly authorised persons.

If You Have Any Questions...

If you have any questions about any matter relating to the Fund, please telephone JCB on (03) 8580 0088.

The completed (and signed) application (and cheque for payment of the total application amount, if applicable) should be forwarded to:

JCB Active Fund Unit Registry
C/- Mainstream Fund Services
GPO Box 4968
Sydney NSW 2001

Jamieson Coote Bonds Pty Ltd

ACN 165 890 282

AFSL 459018

Level 30, 101 Collins Street

Melbourne VIC 3000

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