



Information booklet

Medallion Australian Equities Growth Fund

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Snapshot

The Medallion Australian Equities Growth Fund (the **Fund**) is an Australian listed equities fund managed by Medallion Funds Management Pty Ltd ABN 62 654 522 175 (**Medallion**, the **Portfolio Manager**).

The Fund's **product disclosure statement (PDS)** summarises significant information about the Fund and is designed to help you make an informed decision whether to invest or not. This document, the Fund's **Information Booklet**, forms part of this PDS. 'PDS', includes a reference to the Information Booklet. A **Target Market Determination (TMD)** explains who is the intended type of investor for this fund.

Each is available free from the Fund Manager's and/or the Portfolio Manager's website. You should read the PDS – including this Information Booklet - carefully before making a decision about the Fund.

Terms used in this booklet which are defined have the meanings given in the PDS.

1. About Melbourne Securities Corporation

There is no additional information regarding this topic.

2. How the Medallion Australian Equities Growth Fund Works

There is no additional information regarding this topic.

3. Benefits of investing in the Fund

There is no additional information regarding this topic.

4. Risks of managed investment schemes

Interest and inflation rate risk

This is the risk that changes in interest rates and the rate of inflation can have a negative impact on certain investment values or returns.

Reasons for interest rate changes are many and include variations in inflation, economic activity and central bank policies. Higher rates can result in declines in the value of investments, including equities like those held by the Fund.

Borrowing or leverage risk

The Fund does not borrow.

Companies and funds in which the Fund invests may borrow. Borrowing levels and any limits are assessed as part of the due diligence conducted in relation to potential investments. Borrowing has the ability to magnify returns and also losses. It is not practicable to give investors the maximum anticipated level of underlying borrowing because levels vary: some underlying investments will use leverage whilst others do not.

Liquidity risk

This is the risk that your withdrawal requests cannot be met when you expect. However, having a diversified portfolio of listed stocks provides strong assurance of high Fund liquidity.

Fund structure risk

This is the risk associated with having someone invest for you.

Risks associated with investing in the Fund include that the Fund could be closed and your money returned to you at the prevailing valuations at that time, the Responsible Entity, the Fund Manager or the Portfolio Manager could be replaced. Key people can also change (for example key individuals involved in managing the Fund).

There is also the risk that someone involved with your investment (even remotely) does not meet their obligations or perform as expected, assets may be lost, not recorded properly or misappropriated, laws may adversely change, insurers may not pay when expected, systems may fail or insurance may be inadequate.

Investment decisions by the Portfolio Manager, although taken carefully, are not always successful. Investing through an Administration Platform also brings some risks that the operator of the Administration Platform may not perform its obligations properly.

Investing in the Fund may give different results compared to investing directly where, for example, you avoid the impact of others coming and going and may be able to manage your tax situation better. The value of the Fund's underlying investments, as obtained from independent valuation sources, may not accurately reflect the realisable value of those investments.

Information and cyber risk

The value of the Fund's underlying investments, as obtained from independent valuation sources, may not accurately reflect the realisable value of those investments.

Additionally, procedures are in place designed to ensure that your information is kept secure and protected from misuse and loss and from unauthorised access, modification and disclosure. The Internet is used in operating the Fund and records may be stored in a cloud system. If stored overseas, different privacy and other standards may apply there.

The internet does not however always result in a secure information environment and although steps are taken which are considered reasonable to protect your information, no one absolutely guarantees its security.

Like all businesses, MSC, the Fund Manager and the Portfolio Manager (and their service providers) are not immune to the impact of cyber-attacks, which can cause substantial disruption and damage to operations.

Managing risk

As risk cannot be entirely avoided when investing, the Fund aims to identify and manage risk as far as is practicable. Whenever investments are made, the potential for returns in light of the likely risks involved are assessed.

Risk is considered throughout the investment process. As far as is practicable, risk is managed at the Fund level in selection of the investments.

However, many risks are difficult or impracticable to manage effectively and some risks are beyond our, the Fund Manager's and the Portfolio Manager's control altogether.

Remember, investing involves risk, and you can lose as well as make money. Neither returns nor the money you invest in the Fund is guaranteed.

Risk generally

The significant risks of investing in managed investment schemes generally include the risks that:

- the value of investments will vary,
- the level of returns will vary, and future returns will differ from past returns,
- returns are not guaranteed and investors may lose some or all of their money, and
- laws change.

The level of risk for you particularly will vary depending on a range of other factors, including age, investment time frame, how other parts of your wealth are invested, and your risk tolerance. You should also consider how the investment relates to your financial goals and how it fits with other investments you may hold. If you are unsure whether this investment is suitable for you, consult with your professional adviser.

Further information about the risks of investing in managed investment schemes can be found on the ASIC's MoneySmart website at www.moneysmart.gov.au.

Risk measure

The Portfolio Manager considers that the "standard risk measure" for this Fund is a medium to high risk rating, which means that the estimated number of negative annual returns over any 20 year period is 3 to less than 4. On a scale of 1 to 7 where 7 is riskiest in this respect, the Fund is in category 5.

The standard risk measure is based on industry guidance to allow investors to compare investment options that are expected to deliver a similar number of negative annual returns over any 20 year period. It is not a complete assessment of all forms of investment risk. For instance, it does not detail what the size of a negative return could be or the potential for a positive return to be less than an investor may require to meet their objectives. Further, it does not take into account the impact of fees and taxes on the likelihood of a negative return.

Investors should still ensure they are comfortable with the risks and potential losses associated with the Fund.

5. How we invest your money

There is no additional information regarding this topic.

6. Fees and costs

Additional explanation of fees and costs

Management Fees and Costs

Investment Management Fee

An Investment Management Fee, being 1.50% p.a. including net GST of the net asset value of the Fund, is paid by investors for management of the Fund's assets. This is calculated and accrued daily, and is paid monthly in arrears out of the Fund. From this, all Usual Expenses (as defined below) are paid, and for this PDS this includes the Trustee's and Administrator's ongoing fees. The balance is shared between the Fund Manager and the Portfolio Manager and this component is negotiable for certain types of investors.

Expenses

Usual Expenses are paid from the Investment Management Fee. If they are higher than 1.50% p.a., the Portfolio Manager and/or the Fund Manager must pay these.

Usual Expenses are Fund associated costs which are considered in the ordinary course of fund operations including the Trustee's fees, the Administrator's ongoing fees, ASIC, ATO, APIR, printing, legal and the accounting/tax/compliance auditor's fees.

Unusual expenses can be paid additionally from the Fund. Examples include costs associated with establishing the Fund, professional assistance with establishing, the Fund and seeking and dealing with investor approvals and directions. Fees and costs associated with platforms, exchanges and ratings are also considered as unusual expenses, as well as any tax liability the Fund may have. Costs associated with any change of responsible entity, fund manager, portfolio manager or any service provider also fall into this category. Occasionally, costs which might otherwise be considered usual are of such a nature that they may be deemed unusual.

The Management fees and costs include an estimate of nil for Unusual Expenses – the Portfolio Manager considers that at this time there is no reasonable basis for these to be estimated. If unusual expenses are incurred, then Management fees and costs will be higher than the estimate.

Expenses are generally paid as incurred.

MSC, the Fund Manager and the Portfolio Manager pay our respective personal costs. When expenses relate to related parties, these are always on at least arm's length terms. Many expenses have taxes and duties associated with them, such as GST and stamp duty, which are paid as part of the expense.

Indirect costs

Indirect costs are generally speaking the additional cost you are pay for not investing directly yourself, for example because the fund targets investing in underlying managed funds which have their own costs. Indirect costs reduce overall returns. There is no cap on indirect costs.

The Fund invests in listed equities, and the Portfolio Manager's estimate of indirect costs is nil.

Indirect costs do not include management and performance fees which may be payable to the fund managers of LICs and ETFs. These reduce overall returns.

Transaction costs

Transaction costs are payable from the Fund and vary from year to year. Transaction costs include brokerage and the Fund's custodial transaction costs. They are paid as incurred. For the purposes of disclosure in this document, they include the buy-sell spread.

But as mentioned, they are in a way offset by the buy sell spread and so the Portfolio Manager's estimate of these is nil.

Transaction costs can be significant. If actual transaction costs are higher than the buy-sell spread, then they will not be offset by the buy-sell spread and in effect will be an additional indirect cost to the investors.

[Transaction costs detail](#)

The estimated transaction costs are 0.50%pa of the Fund's net asset value. Transaction costs are disclosed in the summary and in the example above as nil however because they are stated net of the buy-sell spread, discussed below. If actual transaction costs are higher, then they may not be offset in full by the buy-sell spread and will be an additional cost to investors.

[Buy-sell spread](#)

To protect investors from the costs generated by the transaction activity of other investors, a buy-sell spread is included in the application or redemption price of the Fund. The entry and the exit price are made 0.25% higher and lower respectively.

It is an adjustment to take account of certain transactional costs, such as brokerage and custody settlement, which the Fund must pay to both invest new money and to realise investments to pay those leaving.

In this fund, if a person withdraws \$1,000 in the Fund then a sell spread \$2.50 would apply, in effect as an additional cost to them, and if a person invests \$1,000 in the Fund then a buy spread \$2.50 would apply, in effect as an additional cost to them.

This money is retained in the Fund and is not paid to MSC Trustees or to the Fund Manager or the Portfolio Manager.

Other fees and costs

[Financial advice fees](#)

Warning: If you consult a professional adviser then additional fees may be payable. Ask them, and refer to any Statement of Advice they provide you in which details of the fees are set out.

[Government and other charges](#)

Government fees, taxes and duties, as well as charges made by your financial institution (including dishonour fees), may also apply to investments and withdrawals, and these are payable from your investment. Stamp duty may be payable if you transfer your units in the Fund to someone else.

[Deductions](#)

Deductions may be made from any money payable to you, or the value of Assets to be transferred adjusted, for any money due to MSC Trustees (as trustee or in any other capacity) by you or any money MSC Trustees (as trustee or in any other capacity) owes someone else relating to your investment (for example, to the tax office or someone who has lent you money to invest like a margin lender). If the Fund is terminated and wound up, then any amount or value to be distributed to you may be reduced for moneys owed or unpaid.

[Tax](#)

The Fund does not usually pay tax. You will usually pay tax in relation to your investment. See the Tax section for details.

Payments to others

None of the Responsible Entity, the Fund Manager or the Portfolio Manager makes or receives payments to distribute the Fund unless law allows. The law restricts payments by MSC Trustees and the Fund Manager and Portfolio Manager to other AFSL holders which are 'conflicted'. Subject to law, MSC Trustees and the Fund Manager and the Portfolio Manager may make payments to others associated with the Fund.

Negotiating fees and costs

The law regulates with whom fees can be negotiated. Fee negotiation is not generally permitted with investors who are retail clients. Fees may be negotiated on an individual basis with wholesale clients (as defined in

the Corporations Act) but there is no obligation to do so. Enquiries can be made with the Fund Manager or the Portfolio Manager.

The Fund aims to invest on the best terms possible. If the Fund invests on an institutional basis, the goal is to secure fee reductions. Often paid by a rebate, these amounts are paid into the Fund for the benefit of all investors.

Indirect investors

Fees and costs relating to the Fund which are borne by indirect investors – those who invest through their Administration Platform - may be less, or calculated differently. The operator of your Administration Platform may also charge you fees and expenses. It follows that your overall costs could be more or they could be less. Speak to the operator of your Administration Platform or to your professional adviser

Changes

Fees are not indexed. However, fees and costs may change without your consent. You will receive at least 30 days' notice of any increase (often you will be sent a revised PDS). In any case, you cannot be charged more than the Fund's constitution allows. Maximum fees are set out in the constitution, available free from on request. Increasing a maximum in the constitution requires investor approval.

7. How managed investment schemes are taxed

Tax can be complex.

This information is a general guide only for Australian resident investors who hold their investment on capital account. It is not a complete statement of relevant tax laws.

Investing in the Fund is likely to have tax consequences. Generally, investors are assessed for tax on any income and capital gains generated by the Fund. You are strongly encouraged to seek timely professional advice before making investment decisions.

Under certain laws if they apply to the Fund, different tax results can be attributed to different investors, but decisions must be made fairly, and you have rights in limited circumstances to object to any such decision. It is expected that for the most part, all investors will be treated the same.

Investors will usually incur a capital gains tax liability when they make a withdrawal from the Fund and when ownership of their units change. Sometimes discounts are available which reduce tax liability. Relevant factors include the kind of taxpayer you are, your tax residence and how long you have held your units.

You do not have to disclose your tax file number (TFN) or any Australian Business Number (ABN) you may have, but most investors do. If you choose not to and you do not have an exemption, tax must be deducted at the highest personal rate, plus the Medicare levy, before any distribution is paid to you.

Foreign investors

Under Australia's offshore tax rules, the ATO expects that tax be paid by investors on some gains made offshore, even though those gains are not yet received by investors back in Australia. It is also possible that investors have a tax liability on gains realised offshore but not actually paid to them here in Australia.

Additionally, certain laws focus on investors who are not Australian residents for tax purposes. These laws include the US based 'FATCA' laws, and also the 'Common Reporting Standard' which is designed to be a global standard for collection and reporting of tax information about non-residents. You must, in a timely way, give MSC Trustees such information concerning these matters as it may ask. Generally, this is

reported to the ATO, who then shares this with relevant foreign tax authorities.

Tax outcomes can be different for investors who are not residents of Australia for tax purposes. For example, deductions may need to be made for withholding tax.

What else should you know?

You will be sent information as soon as is practicable after the end of each financial year (June) to help you complete your tax return.

Investing through a trust can also mean some things are different for you from a tax viewpoint. Liabilities may be different and you may have less control. It is possible that a liability to pay tax arises on your investment even when you have not been paid money, and in this case you will need to fund this liability independently of your investment.

Sometimes when administering the Fund new knowledge comes to light impacting past tax matters and adjustments need to be made. If this happens, it is possible that you may need to adjust your own tax records, or the Fund may pay tax or receive a refund and it can be the investors at the time that are subject to this.

Tax outcomes can be different for indirect investors.

You are strongly encouraged to seek timely professional advice before making investment decisions.

Tax laws change, often substantially. You should monitor reforms to the taxation of trusts in particular and seek your own professional advice that is specific to your circumstances.

8. How to apply

Processing of your application

Applications are generally processed each Sydney business day.

Completed applications with cleared application monies which are received by 2pm on a Sydney business day generally receive that day's price. If received after this, you will receive the price next calculated, usually the next Sydney business day.

Once lodged, applications cannot generally be withdrawn. Applications are almost always accepted, however MSC Trustees has discretion to refuse any application and does not need to give a reason.

Unit prices are based on the net asset value of the Fund and will vary as the market value of the assets of the Fund fluctuates.

There can be processing delays, for example because your forms are incomplete. If the processing of your request is refused or is unable to be completed, your money will be returned. Law also requires application monies are returned to you if units are not issued within 30 days of them being received. Any interest earned on lodged application monies is credited to the Fund and not to the individual applicant. Refunds are made generally less any taxes and transactions (such as bank) fees, and if money is being sent back overseas, the exchange rate applicable at the time will be used.

You will receive confirmation when your application is processed.

Your promises when you invest

When you apply to invest, you (the applicant) are telling us:

- you have received, read and understood the current PDS and TMD,
- you believe that you are with the Fund's target market'
- monies deposited are not associated with crime, terrorism, money laundering or terrorism financing nor will monies received from your account have any such association,
- you are not bankrupt or a minor, and
- you agree to be bound by the Fund's constitution and the PDS as supplemented, replaced or re-issued from time to time.

Delays

At any time you can request to withdraw your money from the Fund.

You generally have access to your investment each Sydney business day, but in unusual circumstances (and even after your request is processed) there can be delays in payment.

Particularly, MSC Trustees can delay access to invested money if the Fund becomes illiquid - the law and the Fund's constitution dictate this.

MSC Trustees can also delay access to invested money if it considers it in the best interests of investors and otherwise consistent with its duties.

If there is a delay, this will be made known on the Fund Manager's and/or the Portfolio Manager's website and/or investors will be contacted.

Returning your invested money

Sometimes MSC Trustees can withdraw from your account or close your account without asking you first: if you breach your legal obligations to MSC, to satisfy money you owe relating to your investment, you fail to meet any minimum account balance MSC Trustees may set from time to time, where law allows or where law stops you from legally being an investor.

Indirect investors

Indirect investors apply and withdraw through their platform. Minimum transaction amounts and processing timing are likely to be different. Your Administration Platform may charge you fees and costs that can reduce your proceeds from this fund. The fees and costs you are charged may also be less however. Contact the operator of your Administration Platform.

Additional Information

Keep your details up to date

It's important to keep your details up to date – please contact the Administrator to correct them when required.

You must in a timely way and in such way as required provide all information reasonably requested or which you suspect we or the Administrator should know to perform their functions, for example, your contact details and regarding your identity or the source or use of invested moneys.

Privacy

MSC Trustees uses personal information about you principally to administer your investment, comply with laws and conduct research. The Fund Manager and the Portfolio Manager may also use it to conduct direct marketing - if you do not want this, say so using the Application Form or just contact the Administrator at first instance. MSC Trustees will not share any information that it has about you unless:

- our privacy policy allows
- you otherwise agree,
- in circumstances where the Australian Privacy Principles authorise the use or disclosure (for example, the law requires),
- a regulator or exchange requests,
- it is considered that someone needs the information (typically because they are a regulator or exchange or your professional adviser or a service provider to the Fund), or
- to administer your investment.

If you do not provide your requested contact details and other personal information, you may not be able to become or remain an investor. You may access the personal information about you that MSC Trustees holds. If details held are incorrect, they will generally be corrected, always free, on request.

No personal information is held concerning any indirect investor.

A copy of the Responsible Entity's Privacy Policy is available on its website.

Appointing someone else to operate your account

You can appoint someone to operate your account. They can do everything you can do, including withdrawing money and changing your bank account details. Their instructions will be valid unless and until you update the appointment.

Your rights and other important issues

The legal relationship between MSC Trustees and investors is governed by the Fund's constitution together with this PDS and certain laws. Some provisions are discussed elsewhere in this PDS and others include:

- the nature of units of the Fund | all units of each class are identical,
- the Responsible Entity's powers | and how and when it can exercise them,
- when the Fund terminates | the Fund can terminate at any time and eligible investors share the net proceeds on a pro-rata basis,
- when MSC Trustees can retire and what happens if it does | usually another responsible entity will be appointed, and
- changing the Fund's constitution | investor approval is needed for any changes which are adverse to rights.

A copy of the Fund's constitution is available free on request.

Transferring your units

To transfer units, complete a Transfer Form available from the Fund Manager and/or Portfolio Manager or the Administrator.

You will receive confirmation when your transfer is processed. You may need to pay stamp duty on the transfer.

Changes in ownership affecting indirect investors should be directed to the operator of your Administration Platform.

Meetings and changes of responsible entity

Changes of responsible entity are uncommon. They too are largely regulated by the Corporations Act. Investors can requisition a meeting as law allows.

Investor meetings are also uncommon. Investors can generally attend and vote and meetings are largely regulated by the Corporations Act. The quorum is generally at least 2 investors present in person or by proxy together holding at least 10% of all units in the relevant class.

If there is any proposal to remove the Responsible Entity or seek its retirement not supported by the Fund Manager, then the quorum is at least 5 Investors present in person or by proxy together holding at least 50% of all units.

If a quorum is not present within 15 minutes after the scheduled time for the meeting, the meeting is dissolved if it was to consider any proposal to remove the Responsible Entity or seek its retirement not supported by the Fund Manager, else adjourned to such place and time as the Responsible Entity decides.

Terminating the Fund

The Fund can terminate at any time, and if it does, generally all the investments will be sold, all monies owing (including fees and expenses) will be paid and the net proceeds will be distributed to investors. It can take some time to finalise this process: winding up must be completed as soon as is practicable

Limits on our responsibility

The Fund's constitution has some limits on when MSC Trustees is liable to investors for example, it may take and may act (or not act, as relevant) on any opinion or advice, information and documents from persons consulted by the Trustee, the Fund Manager or the Portfolio Manager who are believed is in good faith to be expert in relation to the matters upon which they are consulted, and any other document which the Trustee has no

reason to doubt is authentic, accurate or genuine. Subject to any liability which the Corporations Act might impose on MSC Trustees which cannot be excluded, it is not liable for so acting or not acting.

Subject to any liability which the Corporations Act might impose on MSC Trustees which cannot be excluded, all obligations which might otherwise be implied or imposed by law or equity on MSC Trustees are expressly excluded to the extent permitted by law.

The Fund's constitution also contains a provision that the Fund's constitution is the source of MSC's relationship with direct investors and not any other laws, except those laws that cannot be excluded.

Limits on your responsibility

The Fund's constitution limits each investor's liability to the value of their investment in the Fund and provides that they will not, by reason of being an investor alone, be personally liable to indemnify MSC Trustees and/or any creditor in the event that the liabilities of the Fund exceed the assets of the Fund. However, an absolute assurance about these things cannot be given – the issue has not been finally determined by Australian courts.

Indirect investors

Operators of Administration Platforms are authorised to use this PDS.

Indirect investors do not acquire the rights of an investor in the Fund, and their rights and liabilities will be governed by the terms of the disclosure documents for the relevant Administration Platform. The operator of the Administration Platform is the investor and acquires these rights and can exercise or decline to exercise, their rights according to the arrangements indirect investors have with them.

Indirect investors complete the application form for the Administration Platform. They do not receive confirmation of transactions, statements or reports directly from us, as these are provided to the operator of the Administration Platform. Indirect investors also forgo voting rights and generally do not receive notice of, or be able to attend, investor meetings. The tax information in this PDS does not specifically cater for indirect investors.

The disclosure documents for the Administration Platform should have further details. You should read these carefully and contact the operator of that service if you have any questions.

None of the Responsible Entity, the Fund Manager or the Portfolio Manager, and none of their employees, officers, agents, contractors or associates, are responsible for the operation of any Administration Platform.

Legal structure

The Fund is an Australian unit trust regulated as a managed investment scheme under the Corporations Act.

It is available to both retail clients and wholesale clients as the Corporations Act defines these. Although it is registered by the ASIC under the Corporations Act, the ASIC takes no responsibility for the Fund or this PDS.

Legal matters

The offer made in this PDS is only available to persons receiving this PDS in Australia, electronically or otherwise. It is not an offer to issue, or a solicitation of an offer to issue, any units in any place where it is unlawful to do so or to any person to whom it is unlawful to make such an offer or solicitation.

Unless otherwise stated, all figures in this PDS are in Australian dollars inclusive of GST after allowing for any reduced input tax credits.

Your investment in the Fund is governed by the terms and conditions described in the PDS as well as the Fund's constitution, as those documents are supplemented, replaced or re-issued from time to time. Copies of those documents are available free on request.

Consents

The Fund Manager, Portfolio Manager and Apex have each given and not withdrawn their consent to being named in this PDS in the form and context in which those references appear, and to the inclusion of the statements describing them and their intentions. Neither makes any other statement or representation in this PDS.

Contact

Portfolio Manager

Medallion Funds Management Pty Ltd

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