

**NATURAL CAPITAL**  
FUNDS MANAGEMENT



## **Natural Capital Global Equity Fund Information Memorandum**

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“Ecology and biology are the natural capital upon which nature works. They are the underpinning of all social and economic paradigms – bar none. Impair and denigrate them and everything in them, including us, is diminished. Damage them excessively, and everything falls, including our precious ownership society.”

CHARLES SULLIVAN,  
ORNITHOLOGIST.



#### **Important information**

This Information Memorandum (IM) describes the main features of the Natural Capital Global Equity Fund (the Fund). Natural Capital Funds Management Pty Ltd (Natural Capital) is the trustee and investment manager of the Fund.

Neither Natural Capital nor its shareholders guarantee the performance or the repayment of capital of the Fund. Investments in the Fund are not deposits with or other liabilities of Natural Capital. The holding of units (Units) in the Fund involves investment risks, which could involve delays in withdrawal or the loss of income or principal invested.

The offer made in this IM is available only to persons who are “wholesale” clients as defined in sections 761G or 761GA of the Corporations Act 2001 and who fulfil the criteria set out on page 3 of the IM. This IM is not an offer or invitation in relation to the Fund in any place in which, or to any person to whom, it would not be lawful to make that offer or invitation. The distribution of this IM outside Australia may be restricted by the laws of places where it is distributed and therefore persons into whose possession this IM comes should seek advice on and observe those restrictions. Failure to comply with relevant restrictions may violate those laws.

All monetary amounts referred to in the IM are, unless specifically identified to the contrary, references to Australian dollars. Fees and expenses include GST and take into account any input tax credits which may be available unless stated otherwise and are current unless we tell you they will change.

The information contained in this IM is general information only and does not take into account your individual objectives, financial situation or requirements. It is recommended that you consult with a financial adviser, who is a financial services licensee or their authorised representative, and a taxation adviser prior to investing in the Fund.

Updated information relating to this IM will be made available from time to time. You can access this information at [www.naturalcapitalfm.com](http://www.naturalcapitalfm.com) or alternatively you can request a paper copy of this information free of charge from your financial adviser or by contacting us by phone on +61 2 9332 0602. The information which we will make available by way of these updates is subject to change from time to time and will not be information that is materially adverse to you. If the change is materially adverse to you, we will replace this IM or issue a supplementary IM.

Please note that no cooling off rights apply in respect of a purchase of Units in the Fund.

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## The Fund at a Glance

This section highlights some important information about the Natural Capital Global Equity Fund. You should read the IM in its entirety before deciding to invest in the Fund.

### Fund Description

The Natural Capital Global Equity Fund (Fund) is an Australian domiciled unregistered managed investment scheme. The Trustee and the Investment Manager of the Fund is Natural Capital Funds Management Pty Ltd (Natural Capital). Natural Capital is the holder of Australian Financial Services Licence No 335242.

### Investment Objective

The objective of the Fund is to achieve a return of greater than the Global MSCI Index by three percent or 300bps on average per annum after all fees and costs. Returns are not guaranteed. The indicative time frame for an investment in this Fund is at least three years.

### Investment Philosophy

The Fund seeks to achieve its objective by consistently investing in exceptional businesses with a demonstrated track record of superior economics whilst applying its sustainability criteria. The Fund may invest in the listed securities of large, medium or small businesses and from any industry or sector subject to the business meeting Natural Capital's investment and sustainability criteria.

### Distribution Frequency

Income distributions will be paid yearly based upon 30 June audited financial statements.

### Minimum Initial Investment

\$500,000 (Natural Capital may accept lower investment amounts subject to wholesale client criteria, refer to page 3).

### Minimum Additional Investment

\$50,000 (Natural Capital may accept lower additional investment amounts at its discretion).

### Minimum Redemption

\$50,000 (provided that the Unitholder maintains a minimum balance of \$50,000).

### Entry Fee

Nil

### Contribution Fee

Nil

### Withdrawal Fee

Nil

### Unit classes

Class A – Hedged foreign currency denominated in Australian dollars  
Class B – Unhedged and denominated in Australian dollars

### Management Fees

1.28% p.a., calculated for each Unit class and paid monthly in arrears on the last Business Day of the month.

### Performance Fee and High Water Mark

10.25%, on any positive performance after fees and expenses, based upon 30 June audited financial statements. A High Water Mark connected to the Unit price is in place ensuring that previous losses must be recouped before a performance fee can be received by Natural Capital.

### Recoverable Expenses

Expected to be around 0.52% p.a.

### Buy/Sell Spread

0.3% on the buy price, 0.3% on the sell price

### Unit Pricing

Unit prices are calculated monthly

### Reporting – Frequency

Investors in the Fund will receive quarterly investment reports, annual distribution and holding statements, and annual taxation reports.

# Before you Start

## Who Can Invest in the Fund

The Natural Capital Global Equity Fund (Fund) is an unregistered managed investment scheme. Only investors who qualify as a 'wholesale' investor for the purposes of sections 761G or 761GA of the Corporations Act 2001 will be accepted.

The following investors generally qualify as 'wholesale' investors:

- (a) a person who invests \$500,000 or more at one time (excluding superannuation monies);
- (b) a person who, together with an associate, invests \$500,000 or more at one time (excluding superannuation monies);
- (c) a person and a body corporate which the person wholly owns and controls together invest at least \$500,000 in aggregate;
- (d) a person who has net assets of at least \$2.5 million (which may include the net assets of a company or trust controlled by the person). The investor must provide Natural Capital with a copy of an accountant's certificate dated within the last 24 months that certifies they own the required assets (contact Natural Capital to obtain the Wholesale Client Declaration Form which your accountant must complete);
- (e) a person who has earned at least \$250,000 gross per year (which may include the gross income of a company or trust controlled by the person) for the last 2 years. The investor must provide Natural Capital with a copy of an accountant's certificate dated within the last 24 months that certifies the required level of income (contact Natural Capital to obtain the Wholesale Client Declaration Form which your accountant must complete);
- (f) if financial product is acquired by a company or trust controlled by a person who meets the requirements of (d) or (e) above;
- (g) a person who:
  - holds an Australian Financial Services Licence;
  - is a body registered under the Life Insurance Act 1975;

- is a body registered under the Financial Corporations Act 1974;
  - is a fund regulated within the meaning of the Superannuation Industry (Supervision) Act 1993 with net assets of at least \$10 million such as a superannuation fund, approved deposit fund, pooled superannuation trust or public sector scheme;
  - has or controls gross assets of at least \$10 million (including any assets held by an associate or under a trust that the person manages)
  - is a listed entity or a related body corporate of a listed entity;
  - is a subsidiary or holding company of another body corporate which is a wholesale client;
  - is an exempt public authority;
  - is an APRA regulated body (other than a body mentioned above);
  - carries on a business of investment in financial products, interests in land or other investment and, for those purposes, invests funds received (directly or indirectly) following an offer or invitation to the public;
  - is a foreign entity that would fit within one of the above categories;
- or
- (h) companies that employ more than 20 people (100 if they are a manufacturer).

If an investor fails to meet any of the above criteria but still wishes to invest in the Fund, they may be able to do so where Natural Capital considers the investor to have requisite experience to invest in the Trust. In these circumstances, Natural Capital must be satisfied on reasonable grounds, that the client has previous experience in using financial services and investing in financial products that allows the client to assess:

- (a) the merits of the Fund;
- (b) the value of the Units in the Fund;
- (c) the risks associated with holding Units in the Fund;
- (d) the client's own information needs; and
- (e) the adequacy of the information given by Natural Capital.

Natural Capital must give the client before or at the time when the Units are issued, a written statement of its reasons for being satisfied as stated above.

The client must sign a written statement, before or at the time when the product or service is provided, acknowledging that Natural Capital:

- (a) has not provided the client a Product Disclosure Statement or any other document that would normally be required to be given to a retail client; and
- (b) has no other obligations towards the client that would apply if the client were a retail client.

In referring to the word 'person' above, we are also referring to corporations, institutional investors and trusts.

**Note:** The above list only provides a summary of relevant 'wholesale' investor criteria provided in the Corporations Act 2001. Please contact your adviser or Natural Capital if you would like any assistance in determining whether you are a 'wholesale' or 'sophisticated investor' under the Corporations Act 2001.

In the context of a professional financial plan, this offer document, called an Information Memorandum (IM), is designed to help you decide if this Fund is the right investment for you. This IM does not take into account the investment objectives, financial situation or particular needs of any particular person. Before making an investment decision on the basis of this IM you should consider whether the investment is appropriate in light of your particular investment needs, objectives and financial circumstances.

You should read all of this IM carefully and take appropriate advice from your financial adviser and tax specialist or accountant.

## About this Information Memorandum (IM)

This IM contains important information about investing in the Fund, including costs and investment risks. Information in this IM can help you decide if the Fund meets your investment needs and can help you compare the Fund to other funds you may be considering. It is important that you read this IM and consult your financial adviser before investing in the Fund.

If you have received this IM electronically, we will provide a paper copy if you ask. Fees and expenses include GST unless we have said otherwise, and are current unless we tell you they will change.

Updated information relating to this IM will be made available. You can access this information at [www.naturalcapitalfm.com](http://www.naturalcapitalfm.com) or alternatively you can request a paper copy of this information free of charge from your financial adviser, by contacting us on +61 2 9332 0602, or emailing us at [enquiries@naturalcapitalfm.com](mailto:enquiries@naturalcapitalfm.com). The information which Natural Capital will make available by way of these updates is subject to change from time to time and will not be information which is materially adverse to you. If the change is materially adverse to you, we will replace this IM or issue a supplementary IM.

## About the Trustee

Natural Capital is the trustee (and investment manager) of the Fund. The role of the Trustee includes holding the scheme property (investments) on trust for the Unitholders and ensuring that the scheme property is invested in accordance with the scheme's Trust Deed and financial services laws.

"You have to figure out what it means to be a human being on earth when every living system is declining, and the rate of decline is accelerating."

PAUL HAWKEN, 2009.



## Who is Natural Capital?

Natural Capital is an Australian based dedicated funds management company founded in 2009.

Natural Capital was founded with the dual goals of creating investment products that achieve above average returns whilst respecting the biophysical limits of the world. We are proud to say that we think about funds management and sustainability everyday. Natural Capital has built a professional platform with a robust institutional risk management and governance structure.

The essence of Natural Capital's product offering is to marry proven fund management expertise with a robust assessment of sustainability performance, thus keeping the fund managers focussed on their long standing areas of expertise. The necessity of producing returns dictates this course of action.

Natural Capital has a team of fund managers who bring together a great depth of experience. Importantly, the CIO and CEO have worked together before on this product class. Individually, each member has been responsible for delivering impressive investment performance results over time.

The management team is:

### Angus Forbes

Co-Founder and CEO, B.Ec(hons), MBA, IIMR



Angus spent 20 years in London working with James Capel, Merrill Lynch and GLG Partners. At Merrill Lynch he ran Scottish Institutional sales and then ran Hedge fund sales from 1995 to 2000. Angus ran European research at GLG Partners from 2001–2003. Angus managed the GLG Global consumer fund from 2003–2007. In early 2007, Angus launched the GLG Environment Fund and established the sustainability framework that has become the bedrock of Natural Capital's funds today. In the second half of 2007, Angus was the Project Director of the Prince of Wales' Rainforest Project.

### Marcus Burns

Co-Founder and CIO, BA/LLB, Grad dip in Applied Finance (SIA)



Marcus commenced his career as a financial analyst in 1994 at Procter & Gamble (Australia). He joined Schroders Funds Management in 1997, spending 4 years in Sydney covering a number of sectors including retail, resources, media and small cap stocks before transferring to Schroders London in 2001, where he was a Pan European analyst until 2002. In 2002 he joined Citigroup Securities as a specialist salesman on the consumer sector. Marcus was consistently ranked by various sellside surveys at the top of his field. In June 2005 Marcus joined Angus at GLG Partners to co-run the GLG Global Consumer fund where he worked until April 2008. Marcus was also recognised by Institutional Investor Magazine in 2007 with "Best of the Buyside for Beverages, Household & Personal Care and Tobacco". Marcus will be head of the Fund and will manage it with Angus and Madeleine.

### Madeleine Beaumont

Portfolio Manager, B.Ag(hons), CFA



Madeleine began her investment career as a research sales person for Salomon Brothers in Sydney on US equities. She then moved to SBC Warburg where she worked as a sellside equity analyst on the food and retail sectors. Madeleine joined the buy-side with UBS Asset Management in Sydney where she covered media, food and retail before moving to London in 1999. In London Madeleine spent 4 years as a Pan European sector analyst for SEB Asset Management. Madeleine then joined M&G (Prudential) where she was the head of European research and managed a European retail fund.

## Natural Capital's Investment Approach

The aim of the Fund is to produce superior returns via fundamental, focussed stock selection in a concentrated portfolio of high quality global securities. We believe our extensive international experience and our history of proven returns puts us in a very strong position to achieve this. The three fund managers working on the Natural Capital Global Equity Fund have a combined 46 years equity market experience, 37 of which were in London.

We are taking our proven investment method and adding a proven robust sustainability assessment of the potential investment. We will invest in a high quality universe of shares and in companies that are increasingly committed and taking action to lead in sustainability relative to their peers. Operating this way will ensure that portfolios are exposed to less risk in a world which is becoming increasingly focussed on biophysical limits and the regulation thereof. Natural Capital does not negative screen to remove entire sectors from its investible universe. We believe that all sectors have to continually lighten their impact on the planet if we are to live sustainably on the planet.

The Fund has the mandate to move into cash to preserve capital in times of extreme market stress such as that recently experienced in the Global Financial Crisis.

Natural Capital strongly believe that our method of integrating sustainability into our proven fund management team will augment returns.

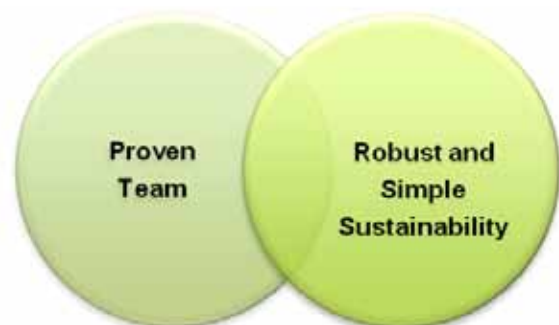
The reasons for this are:

- it is important that a fund management team understands the tensions that exist between the environment and human actions as a whole and the return and timing of the equity markets with respect to this. This 21st Century problem is not going away soon.
- our method assists us in finding quality management. High quality management are increasingly responding to the fact that government, customers or their employees are demanding to be involved with a sustainable company. Managers who are embracing the need to operate sustainably are already altering their business operations to mitigate environmental impact and thrive in a world committed to sustainability.

- we believe that intra-sector returns will widen, due primarily to funding rates or customer preference. Natural Capital will be more likely to find these companies with winning strategies.
- we think there will be many new opportunities as the world moves towards sustainable living, such as education growth or environmental rating agencies. We will be in a good position to find these new areas of growth early for our clients.
- it brings clarity of purpose and adds teamwork and duration to the team at Natural Capital. This is a very important point, we are determined to show that integrating sustainability and thereby directing capital to companies leading mankind to a sustainable future will produce superior returns. It makes us go the extra yard.

It is right that our clients' capital be positively directed to companies, that companies be encouraged to operate with lower ecological impact and that our clients thereby participate in the pursuit of a sustainable future.

In the section titled "Investment Process" we describe the exact methodology we use to pick quality growth stocks and administer our sustainability process.



# Natural Capital Global Equity Fund

## Overview

Our Fund has the objective of achieving an average annual return of three percent or 300bps greater than the Global MSCI Index after all fees and costs. Returns are not guaranteed.

The mandate of the fund is to operate without leverage in its normal course of business (refer below to the section on the use of futures and derivatives) and will be a concentrated Fund with approximately 25 high quality global securities. We aim to have relatively low turnover, in order to develop a thorough understanding of core positions within the Fund and to minimize turnover costs (such as brokerage and taxes on realized gains). The Fund may invest in hybrid or convertible type securities.

The Fund may at times invest in cash or short term government bonds in times of extreme market uncertainty or heightened global risk. The Fund could, for instance, invest up to 100% of its net asset value (NAV) in cash to try to avoid the extreme losses experienced by global stock markets during 2008.

Geographically the Fund will focus on developed markets and it is envisaged a large proportion of investment holdings will be in the US, the Eurozone and developed Asia.

The Fund will limit its exposure to illiquid and smaller capitalisation stocks such that it does not hold greater than 20% of NAV in stocks with a market capitalization under US\$500m at the time of the initial investment.

## Futures and Derivatives

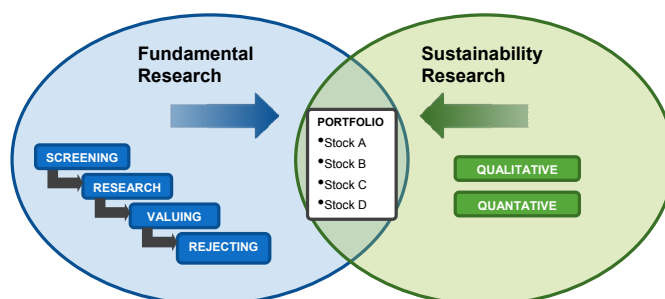
Whilst the Fund has a focused strategy of investing in listed shares, it can from time to time invest in derivatives. The primary use of the derivatives will be to protect or hedge the Fund's capital from general market falls. In extreme market conditions any derivative positions could lead to the Fund been leveraged. On these occasions Natural Capital will endeavor to reduce the leverage to zero as soon as possible.

## Suggested Investment Timeframe

While we have a relatively focused approach to investing in quality businesses, given the risks associated with investing in share markets and listed securities we recommended investors consider investing in the Fund for a minimum of 3 years.

## Investment Process

Our investment process involves two major research steps – the first looks at fundamentals of a company, the second considers the company's sustainability qualitatively and quantitatively. The diagram above delineates the two evaluation processes, although in practice, they merge for



consideration early in the analysis. Our portfolio is constructed from stocks that meet the criteria of both processes.

## Investment steps

There are 4 steps in the investment process:

1. Screening/ Sifting
2. Researching
3. Valuing
4. Rejecting

### 1. Screening/Sifting

We use several screens which essentially look for two types of shares; consistent quality growth companies and shares which are more mature but trading at reasonable discounts to underlying value. Unlike many of our international competitors, we do not strive for waterfront coverage of the entire market. Instead, our process is designed to find exceptional opportunities and learn a great deal about them.

Typically we would screen the 77,000 odd global shares down to a much shorter list of 150-200 stocks. We further sift through these shares relatively quickly looking for businesses and models we know and understand. This would typically reduce the shares we do further work on to 50-75 names.

### 2. Researching

Our research process considers a company's:

- History (founding principles, opinion of product/ services).
- Engine room of cash generation/ business drivers.
- Competitive position (is it easy to copy, is it a unique product/service which is better than existing offerings?).
- Growth potential – can it continue, is it taking share?
- Management – what is unique about them (training/ background).
- Stakeholder friendliness – we like passionate people.

In practice, during this research phase we also embed our *Sustainability Assessment Process* (explained in detail in the next section).

### 3. Valuing

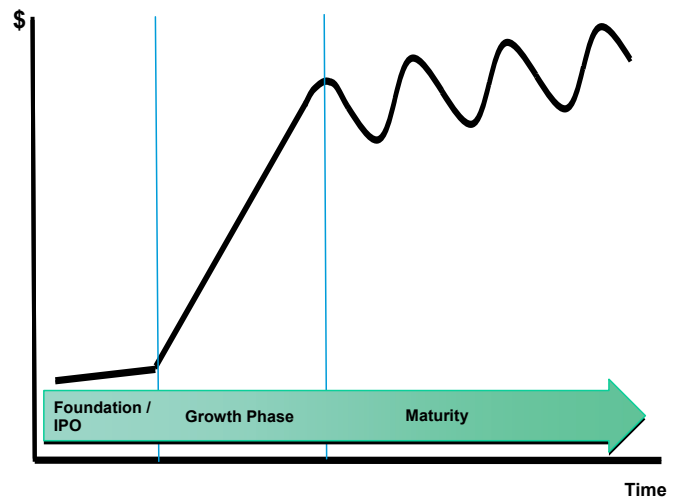
Once we understand the business better, we are able to value it. Valuing a business, we believe, is part art and part science. We use a number of well tested metrics including PE ratio

(Price to Earnings ratio), EV/EBITDA (Enterprise Value/Earnings Before Interest and Tax Depreciation), free cash flow yield and DCF (discounted cashflow). A key part of this valuation, however, is that we look at both relative valuation (against a number of global peers) and absolute valuation (using a discounted cash flow method). This is designed to mitigate the risk of a stock entering the portfolio because it looks cheap compared to its peers but which is expensive in absolute terms. In other words, it stops us getting caught up in sector valuation bubbles. Using a discounted cashflow method also provides useful information on what assumptions the market is making with the current share price – a tool we find helpful to test against our assumptions. We are looking for businesses where the discount to fair value is at least 25% when we enter the position.

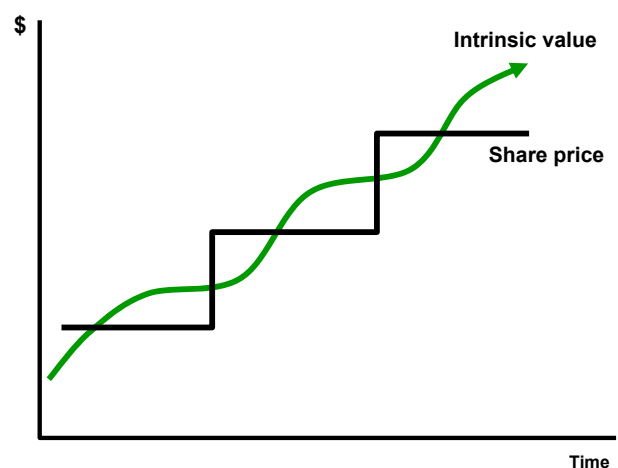
#### 4. Rejecting

All the way through this process we look for ways of rejecting a stock idea. For instance, if upon further research we found that a business was far more capital intensive than we had expected or if their competitive position was not as robust as initially expected, it would be rejected. If we did work on a business which we liked immensely but we could not buy the stock with the expectation of sufficient return, we would have to reject the stock as well. If the business did not measure up to our sustainability criteria in that either 1) it was not in the lighter half of its sector or 2) fell down when we did further qualitative work on the stock, it would be rejected. The crucial thing to understand here is that we will reject a lot of potential investments. We are not trying to own every stock that can generate a good return but we are absolutely trying to make sure that the ones that get through the process have extremely high probabilities of being great investments. In essence we try to minimise the RISK and maximise the amount of TIME we have to end up with a profitable investment.

This simple schematic is a mental model we have when considering a stock. We believe listed investments typically go through a period of settling after an IPO. Once a company's growth profile is established and they can replicate their business in new territories or take market share from competitors or launch new products due to their R&D efforts they typically go through a strong period of growth and the shares can return 2-10x their initial level. Often during the growth period the shares are less influenced by the macroeconomic environment since they have such strong internal growth that external factors are of less influence. As the business enters a maturity phase, business cycles exert more influence on the share and it enters a more cyclical pattern with a lower overall return for shareholders. Our screening is seeking to identify business in the growth phase or that are trading at a trough phase in their more mature cycles. We feel these two areas offer investors greater potential returns with lower risk.



Another reason we like to buy businesses which exhibit strong growth in business value is that TIME is working on our side. In other words, simply by holding a quality growing business we will accrete value which will ultimately be reflected in the share price. This also helps to mitigate the risk of overpaying for the share. Clearly we are seeking to buy a business at a discount to its current valuation but, should we make a mistake here, the growth in the underlying value will ultimately lift the share price above our entry price. If we had conversely bought a business with low to zero business value growth, then overpaying would almost certainly result in a loss for investors. (Obviously there is the time value of money to consider here and the opportunity cost of capital. However, overpaying for a business with no growth will still result in a poorer result once the opportunity cost or time value is taken into account.)



## Sustainability Process

Natural Capital's sustainability process involves 3 clear tests designed to accurately analyse a company's environmental position relative to its peers. Natural Capital aims to invest in companies that are committed, taking action to lighten their environmental footprint and are environmentally superior than the average of their peers.

1. We run a qualitative test which involves receiving answers to a mandatory set of questions designed at testing depth of commitment. These questions have been designed with the input of one of our sustainability partners, the Sustainability Advisory Group, a global confederation of sustainability experts who consult to large corporations.
2. Natural Capital collates a number of operational performance indicators on a sector basis to be able to judge the performance and deficiencies of a company at the operational

level. Each sector has a specific environmental footprint with conditions that pertain only to them, for example, tank cleaning on ships. Natural Capital strives to understand these factors for every industry in order to rate companies on a per sector basis.

3. Natural Capital uses an independent advisor who measures environmental impact profiles for over 450 different business activities to report their findings on a quantitative basis as to whether a company falls in the lighter half of its sector environmentally.

Natural Capital also looks at the social aspects of a business and its underlying purpose before making the final decision to invest.

Natural Capital does an assessment of the social capital of the group. We look for evidence that the company understands and responds to its social

footprint which is often a factor in building a cohesive employee base.

Finally Natural Capital deliberates on common sense and purpose. The managers ask themselves whether they have missed anything glaring about the environmental position of the company and they do a sanity check as to the purpose of the company's existence.

This process ensures, where possible, that the company is acting in the lighter half of its sector and therefore ensures that capital is being directed in a manner that respects our investors concern for biophysical limits.

The portfolio will be reviewed quarterly for its carbon and water abstraction footprint and rebalanced if required.



"Not only is the pursuit of biophysical sustainability non-negotiable; it's pre-conditional."

JONATHON PORRITT

## Risks Associated with the Fund

All investments are subject to risk. Before you decide to invest in the Fund it is important that you understand how significant risk factors may affect the value of your investment. You should consult your adviser before making a decision to invest.

Generally, the higher the expected return the higher the risk. While the Fund is managed with the aim of providing competitive investment returns and protecting against risk, you should be aware that certain risks do exist. Listed below are some of the ways in which investment risks can impact on your financial circumstances:

- Your investment may decrease in value, which means you may ultimately receive less than you invested.
- The amount of income you receive may vary or be irregular, which could have an adverse impact if you depend on regular and consistent income to meet your financial commitments.
- The stated aims and objectives of the Fund are not able to be achieved.
- Your investment may not keep pace with inflation, which would reduce the future purchasing power of your money.

Other factors can also affect the value of an investment. These factors include the state of the Australian and world economies, interest rates, consumer confidence, a company's performance, exchange rate fluctuations, the supply and demand for various investments, and changes in government policy, taxation and other laws. There are also investment risks related to how and where the Fund invests and these risks are managed according to the objectives and investment style of the Fund.

While it is not possible to identify every risk factor, this section sets out those significant risk factors that we understand to have the potential to impact the Fund. Clearly, some of these are outside of the Investment Manager's control, however where possible, the Investment Manager will take steps to manage risks by following prudent investment guidelines.

The Fund is not closely related to any particular index and therefore the performance is likely to vary, significantly at times from the general performance of the Australian stock market (and its closest proxy, the All Ordinaries Index).

The significant risks to which investors may be exposed through an investment in this Fund includes the following:

### Individual Investment Risk

Individual investments the Fund buys can (and do) fall in value for many reasons, which depend on the nature of the investment. Some broad reasons for a fall in value may include:

- a change in the attractiveness of a sector relative to the broader markets;
- a change in the profitability of a particular investment; or
- a change in an entity's internal operations, management, or in its business environment.

The Investment Manager will seek to manage individual investment risk by investing in the securities of approximately 25 entities. On occasions the Fund could invest a meaningful proportion in a single qualifying investment (such as cash).

There can be no assurance that the Fund's objectives will be achieved. Returns are not guaranteed, and investment results may vary substantially over time and may even be negative.

### Market Risk

The Fund's investment returns are influenced by the performance of the stock market as a whole. This means that your investment may be affected by factors such as the general market and economic conditions, interest rates, investor sentiment, global events and changes to the social, technological, taxation and regulatory conditions.

**Sector Risk**

Sector risk is the risk that the Fund may have exposure to a particular sector that may be subject to sector wide problems or demand / supply imbalances.

**Interest Rate Risk**

Interest rate risk is the risk that prices may decline over short or long term periods due to changes in the level of interest rates.

**Manager Risk**

Manager risk is the risk that Natural Capital makes an error of judgment in selecting securities. However, the Investment Manager has extensive experience in portfolio management.

**Credit Risk**

Credit risk is the risk that the security issuer in respect of fixed income products, notes and certain hybrid securities (being products that the Fund may invest in during times of extreme market uncertainty or heightened global risk) will default on payment of interest or principal. The potential returns offered by financial products in this sector contain compensation for the higher credit risk.

**Liquidity Risk**

Liquidity risk is the risk that the Investment Manager will be unable to sell securities in a timely manner or be unable to sell securities at a reasonable price due to a lack of buyers in the market. Liquidity in the listed fixed interest market (being the market that the Fund may invest in during times of extreme market uncertainty or heightened global risk) and in small capitalisation companies has improved, but it is still less liquid than the bond market or the large capitalisation equity market.

**Currency Risk**

The Fund invests directly in domestic and overseas shares, and therefore the portfolio is susceptible to movements in foreign currencies against the Australian dollar.

The Units are denominated in Australian dollars and as the investments to which the Fund is exposed can be in other countries, if their currencies change in value relative to the Australian dollar, the value of the investment can change. There is only one pool of investments in the Fund, which is denominated in Australian dollars.

For investors in Class A Units the Fund will enter into forward foreign currency contracts or currency options to actively mitigate the risk against the movements in the Australian dollar against other currencies which investments may be denominated in. If Natural Capital believe the cost of hedging the foreign currency positions is too expensive, i.e. the cost outweighs the protection benefit, Class A investors may have their foreign currency exposures only partially hedged.

Further, there is a risk that due to foreign exchange movements, the value of Class A Units may differ from the value of Class B Units. This could mean that over time, the net asset value of Class A Units and the net asset value of Class B Units could be substantially different. Remember, fees are calculated on a per Class basis and so fees between classes could vary accordingly.

**Derivatives Risk**

Risks associated with using derivatives include the value of the derivative failing to move in line with the underlying asset, potential illiquidity of the derivative, the Fund or Natural Capital not being able to meet payment obligations as they arise, regulatory risk and counterparty risk (this is where the counterparty to the derivative contract cannot meet its obligations under the contract). The Fund will only employ derivatives for hedging and investment implementation purposes.

In extreme market conditions any derivative positions could lead to the Fund been leveraged. On these occasions Natural Capital will endeavor to reduce the leverage to zero as soon as possible.

**Concentration Risk**

The Fund will not offer the same levels of diversification as other more traditional funds as the Fund will hold approximately 25 stocks at any one time. Natural Capital seeks to minimise the risks of holding a concentrated portfolio by employing careful investment selection, paying heed to underlying assets and employing hedging techniques, where applicable and appropriate.

**Emerging Market Risk**

While geographically the Fund's investments will be focused on developed markets such as the US, the Eurozone and developed Asia, at times investments may be located in less developed countries. Emerging markets can be significantly more volatile than developed markets, so that the value of investments may be subject to large fluctuations. Markets are not always regulated in emerging markets and investments in such markets may be subject to greater custodial and settlement risk.

## Fees and Other Costs

This section shows fees and other costs that you may be charged. These fees and other costs may be deducted from your account balance, from the returns on your investment, or from the Fund's assets as a whole.

These fees are inclusive of GST (if applicable) and any reduced input tax credits ("RITC"). Further information on taxation is set out under "Taxation Information" on page 16 of this IM.

You should read all of the information about fees and costs, as it is important to understand their impact on your investment in the Fund.

Type of Fee or Cost	Amount	How and when paid
<b>MANAGEMENT COSTS</b>		
The fees and costs for managing your investment.	The investment management fee of 1.28% per annum of your net assets + Expenses estimate of 0.52% per annum of your gross assets. <b>= 1.8% per annum.</b>	The Management Costs consist of an investment management fee and expenses incurred by Natural Capital in connection with the Fund and also a performance fee (detailed below). The investment management fee and expenses are deducted from the Fund prior to when each Unit price per Class is determined and are paid monthly in arrears.  For an explanation of the expenses, see "Recoverable Expenses" under the heading "Additional explanation of fees and costs" below.
Performance fee: This is the fee charged when we satisfy a certain performance level for the Fund.	10.25% of the net positive performance (after fees and expenses and adjusting for distributions, if any, for that twelve month period) of the Fund for the twelve month period.	The performance fee is calculated and accrued monthly. The fee is deducted directly from the Fund and reflected in the Unit price for each Class. It is payable at the end of the relevant twelve month period. For more information on the performance fee, please refer to the "Additional Explanation of Fees and Costs" below.

### Additional explanation of fees and costs

#### Performance fee and High Water Mark

Natural Capital will charge a performance fee described under "Management Costs" in the previous table.

The performance fee of 10.25% is calculated based on the amount by which the return of the Fund (after fees and expenses and adjusting for any distributions) is positive for the twelve month period within a financial year. The Fund return includes distributions as well as increases in Unit value.

The performance fee (if any) is calculated and accrued monthly based on the net asset value of Units in a Class, and is payable at the end of each financial year. The fee is deducted directly from the Fund and reflected in the Unit price.

If the Fund has negative performance in the twelve months of a financial year period, that negative performance is required to be made up before a performance fee is payable.

#### Recoverable expenses

The Fund's Trust Deed allows for all ongoing operating expenses to be paid by Natural Capital and to be recoverable from the Fund. These represent the operating expenses and outgoings in connection with the day-to-day operation of the Fund, and include, but are not limited to:

- Legal, accounting and audit fees

- Trustee, registry, administration and custody fees
- Bank fees
- Printing and postage costs

Natural Capital expect the amount of ongoing, ordinary operating expenses that are paid from the Fund to be 0.52% per annum of the current value of the gross assets of the Fund. The total recoverable expenses will be deducted prior to when each Unit price is determined and paid monthly in arrears.

During the early stages of the Fund the operating expenses charged are expected to be greater than 0.52% per annum. As the Fund size grows the amount of operating expenses charged are expected to be less than 0.52% per annum.

Further, if abnormal expenses are incurred (such as the cost of holding Unitholder meetings, obtaining legal advice or defending any legal proceedings brought against the Fund), then these expenses will be in addition to the estimate above. Natural Capital does not expect any abnormal expenses to be incurred during the life of this IM.

#### **Transaction costs**

Transaction costs include brokerage costs and government or bank charges associated with the buying and selling of the Fund's investments.

Our estimate of the average transaction costs associated with buying and selling investments is reflected in the buy and sell spreads as discussed below. However, the actual transaction costs may be higher than this (for example, if government or bank charges significantly increased).

#### **Buy and sell spreads**

The buy spread is a cost charged when you enter the Fund and the sell spread is a cost charged when you withdraw from the Fund. These are called the buy and sell spreads respectively. The buy and sell spreads are designed to cover the transaction costs of either buying or selling the Fund investments.

Currently, the buy and sell spreads are each set at 0.3% of the Unit price of the Fund. In practice, money is not deducted from your investment or withdrawal amount. Instead, the entry price is made 0.3% higher and the exit price is made 0.3% lower than the Unit price. So, for example if you invested \$10,000 in the Fund and the Unit price was \$1, the price per Unit you will pay is \$1.0030. Therefore the additional cost of buying 10,000 Units of the Fund will be \$30. If you then later withdrew \$10,000 and the Unit price was \$1, the Unit price you will receive is \$0.9970. Therefore the additional cost of selling 10,000 Units of the Fund will be \$30. The buy and sell spreads are paid to the Fund.

#### **Change in fees and costs**

It is possible for the fees, charges and costs to change. If Natural Capital changes them, because of (amongst other things) changing economic conditions and changes in regulation, Natural Capital will give you at least 30 days prior notice. Natural Capital cannot charge more than the Trust Deed for the Fund allows. To change the Trust Deed in this regard, Natural Capital requires Unitholder approval.

#### **Tax**

The fees in the table on page 12 include the net effect of GST adjusted for the benefits of any reduced input tax credits. For some expenses, a reduced input tax credit of 75% of the GST paid can be reclaimed. For more information on tax, refer to page 16 of this IM.

#### **Commissions**

At the date of issue of this IM we do not pay any commissions to any person.

# Investor Information

## Unit Classes

As the Fund invests in international securities which are denominated in currencies other than Australian dollars, this offering has two classes of Units, one class hedged in Australian dollars (Class A) and one class unhedged in Australian dollars (Class B).

For investors in Class A Units the Fund will enter into forward foreign currency contracts or currency options to actively mitigate the risk of the movements in the Australian dollar against other currencies which investments may be denominated in. If Natural Capital believe the cost of hedging the foreign currency positions is too expensive, i.e. the cost outweighs the protection benefit, Class A investors may only have their foreign currency exposures partially hedged.

## Investing in the Fund

To invest in the Fund, you must complete and sign the application form attached to this IM and return it to us at the address shown on the application form.

Outlined below are two options for payment – either method may be used.

### 1) Cheque payments

The application form should be accompanied by a cheque payable in Australian Dollars crossed 'Not Negotiable' made out to the following account:

Bank: St George Bank  
BSB: 332-002  
Account number: 553 065 031  
Account name: Natural Capital Global Equity Fund  
SWIFT: SGBLAU2S  
Reference: [Unit-holder name]

You will need a minimum of \$500,000 to establish your investment and you will need to maintain a minimum of \$50,000 invested. Natural Capital may accept lower investment amounts subject to wholesale client criteria as detailed on page 3.

Application forms together with cheque payments are to be sent to:

**Kingsway Taitz Fund  
Administration Pty Limited**

If posted: GPO Box 3750, Sydney NSW 2001, Australia

If couriered : L2, 37 Bligh Street, Sydney NSW 2000, Australia

Telephone +61 2 9232 2746

Facsimile +61 2 8915 1620

Email info@kingswaytaitz.com.au

Attention: Investor Relations

### 2) Direct deposits

Application money should be deposited directly into the following account:

Bank: St George Bank  
BSB: 332-002  
Account number: 553 065 031  
Account name: Natural Capital Global Equity Fund  
SWIFT: SGBLAU2S  
Reference: [Unit-holder name]

A faxed / scanned copy of the application form is to be sent to Kingsway Taitz Fund Administration Pty Limited at +61 2 8915 1620 or info@kingswaytaitz.com.au at the time of investing if a direct deposit is made. **Original application forms are still required to be sent to Kingsway Taitz Fund Administration Pty Limited (address above).**

Where funds are electronically transferred into the above account, details of the deposit must accompany the application form.

Valid applications which have application monies cleared 3 business days before the end of the month will be issued Units at the price calculated on the last business day of that month (unless otherwise notified by Natural Capital). This price will then be adjusted by the buy spread.

By applying for Units, an investor agrees to be bound by the terms of the Trust Deed and this IM, both as amended from time to time, while the investor remains a Unitholder in the Fund. A copy of the Fund's Unit pricing policy is available on request.

Natural Capital has the right to accept or reject an application to invest in the Fund and is not obliged to give reasons for

rejecting an application. If an application is rejected, application monies (less any interest earned) will be returned to you. (Any interest earned is credited to the Fund.)

## Additional investments

To invest more at a later date, you can use another application form, or just write to Natural Capital. Do not forget to include your investor details (such as name, address, contact telephone number and client number) on all communications with Natural Capital. The minimum additional investment is \$50,000 and payment can be forwarded to Natural Capital in accordance with the above payment options. Further investments are made on the basis of the current IM.

Natural Capital will accept and process valid applications for additional Units on the same basis as discussed under "Investing in the Fund".

By applying for additional Units an investor agrees to be bound by the terms of the Trust Deed and this IM, both as amended from time to time, while the investor remains a Unitholder in the Fund.

Natural Capital has the right to accept or reject an application for an additional investment in the Fund and is not obliged to give reasons for rejecting an application.

## Cooling off

No cooling off rights apply in respect of an acquisition of Units in the Fund.

## Redemptions

Units may be redeemed at the option of the Unitholder.

Written notice of a redemption request must be received 3 business days before the end of the month. Proceeds of redemption requests will be paid within 30 days of the receipt of the redemption notice (or such shorter period at Natural Capital's discretion).

Natural Capital will not accept telephone requests for redemptions from the Fund.

The minimum redemption amount is \$50,000, with a remaining minimum balance required of \$50,000. If such a withdrawal causes your minimum balance to fall below \$50,000, then the entire balance must be withdrawn (unless otherwise agreed with Natural Capital).

The amount payable to an investor on the redemption of Units is the net asset value of the Fund, divided by the number of Units on issue on the last Business Day of the month, after the receipt of a written redemption request. This price is then adjusted for the sell spread.

Sometimes Natural Capital can delay payment of redemptions in accordance with the Fund's Trust Deed. If something outside our control impacts on our ability to calculate properly or fairly the Unit price (for example, if the investments are subject to restrictions or if there is material market uncertainty) then Natural Capital can delay payment.

#### **Income distributions**

The Fund will make distributions yearly for the period ending 30 June in proportion to the investor's Unit holdings as at the end of the distribution period.

Unless a Unitholder elects to receive a cash distribution, distributions will be automatically reinvested in additional Units in the Fund at the application price on the next Business Day after the distributions are determined.

Distributions will be deposited to your nominated bank account by completing the relevant section of the application form.

#### **How are distributions calculated?**

Distributions are calculated on the basis of your per Unit share of distributable income of the Fund for the entire distribution period and not just for the period your investment is held.

Unit prices fall after the end of the distribution period to reflect the distribution entitlements. If you invest just before the end of a distribution period, you may find that you get an immediate return of some of your investment capital as income and this may, depending on your individual circumstances, give rise to a tax liability.

Therefore, you should carefully consider the timing of your investment in the Fund. Similarly, if you withdraw your investment before the last day of the distribution period, you will receive your share of any accrued income as capital.

We recommend you seek independent advice from a financial adviser or tax adviser to determine your own situation. A distribution statement will be dispatched to all Unitholders detailing the taxable income and available credits, as soon as possible after the financial year-end.

#### **Reporting**

As an investor in the Fund you will receive regular reports, including:

- Quarterly investment and performance reports;
- An income distribution statement after each distribution;
- Annual taxation statement;
- Annual audited financial statements of the Fund; and
- Transaction statement each time you make any additional investment or withdrawal.

#### **Further information about the Fund**

Further information about the Fund is available online at [www.naturalcapitalfm.com](http://www.naturalcapitalfm.com). This online information includes the current IM, any updated information, the size of the Fund, performance history and Unit prices. This information can also be obtained by contacting us on +61 2 9332 0602 Monday to Friday between 8.30am and 5.30pm, Sydney time.

When reading Fund performance information, please note that past performance is not a reliable indicator of future performance. Fund performance may vary over time and should not be relied on when deciding to invest in the Fund.



"This we resolve: All this that we know and believe must now become the foundation of the way we live. At this turning point in our relationship with Earth, we work for an evolution: from dominance to partnership; from fragmentation to connection; from insecurity to interdependence."

DAVID SUZUKI, 1997.

## Taxation Information

Natural Capital does not purport to offer any tax advice. The tax information provided is a brief guide only and is based on current laws and interpretation at the date of this IM. The effects of taxation on managed funds can be complex and may change over time. It is recommended that investors seek their own professional tax advice in this regard.

All net income, including net realised capital gains derived by the Fund, is distributed to investors for tax purposes each financial year. Currently this means that the Fund is not liable for income tax and hence the tax liability rests with each investor.

### ***Do I have to provide a Tax File Number (TFN) and/or Australian Business Number (ABN)?***

You are not required to give us your Tax File Number (TFN) or Australian Business Number (ABN). An ABN may be used as an alternative to a TFN if the investment is undertaken in the course of carrying out an enterprise. However, if you don't quote either of them, we are required to withhold tax (at the highest marginal rate plus Medicare levy) from any income distribution payable to you from the Fund.

### ***How will my investment be taxed?***

No tax will be payable by the Fund. In accordance with the Trust Deed the

net income of the Fund is required to be distributed to Unitholders. This net taxable income, whether paid to you or reinvested, is to be included in your assessable income for tax purposes. You will be advised of the components of your distribution, including franking credits and other relevant tax and accounting information after the Fund's year end.

If you are not an Australian resident, tax will be withheld at the prescribed rates. You may be subject to tax laws within the country you are resident and should consult your tax adviser before investing.

### ***Will I be liable to pay tax when I withdraw Units?***

If you redeem Units, any profits arising from the disposal of Units will generally be assessable as capital gains for tax purposes. You may also qualify for a discount on taxable capital gains if you held your Units for at least 12 months.

“If any species in the history of life has the possibility of breaking away from short-term Darwinian selfishness, and for planning for the distant future, it is our species. Although we are products of Darwinism, we are not slaves to it. Using the large brains that Darwinian selection has given us, it is possible to fashion new values that contradict Darwinian values.”

RICHARD DAWKINS, 2002.



## Other Information

### Service providers

#### Administrator

Kingsway Taitz Fund Administration Pty Limited (the Administrator) has been appointed to provide independent fund administration and accounting services for the Fund. Pursuant to the Administration Agreement, the Administrator is responsible, under the ultimate supervision of the Trustee, for matters pertaining to the administration of the Fund, namely: (i) calculating the Net Asset Value; (ii) maintaining financial books and records so far as may be necessary to give a complete record of all transactions carried out by the Administrator on behalf of the Fund; (iii) maintaining the Fund's register of Unitholders and other services as agreed on by the parties.

For the purpose of calculating the Net Asset Value of the Units, the Administrator will rely on, and shall not be responsible for the accuracy of, financial data furnished to it by the Investment Manager, the Custodian and/or any independent third party pricing or valuation services. The Administrator will not be responsible or liable for the accuracy of information furnished by other persons in performing its services for the Fund. The Administrator in no way acts as guarantor or offeror of the Fund's Units or any underlying investment, nor is it responsible for the actions of the Fund's sales agents, the custodian, any other brokers, the Investment Manager or the Trustee.

The Administration Agreement provides, inter alia, that,

- the Administrator shall not be liable to the Fund or its investors for any acts or omissions in the performance of its services except for its own material breach of its obligations under the Administration Agreement
- the Administrator is indemnified in acting as administrator except in the case of its own gross negligence,

wilful misconduct or fraud. It is not the role of the Administrator to protect the rights and interests of the Fund's investors. The Administrator does not guarantee the return of any investment, any tax deduction availability or the performance of the Fund. The Administrator has no interest in relation to the Fund and has not received any inducements from the Trustee other than the remuneration it is entitled to receive under the Administration Agreement by way of administration fees according to its standard schedule of fees. The Administrator has not been involved in any way in the preparation of this IM and has consented to be named in the IM. If you have any questions with regards to your statement or require changes to the information provided, you may contact Kingsway Taitz on +61 2 9232 2746.

#### Custodian

The Fund has appointed JPMorgan Chase Bank, N.A., acting through its Sydney branch (J.P. Morgan), as the Custodian Bank under the terms of a Global Custody Agreement (the "Agreement"). The functions which J.P. Morgan will perform under the Agreement are the provision of custody, settlement and associated services to the Fund regarding the purchase and sale of Securities (as defined in the Agreement) entered into by the Fund with its respective counterparties. The Fund has agreed to indemnify J.P. Morgan against any expenses, costs, losses, damages and liabilities which J.P. Morgan may sustain in connection with providing services under the Agreement. J.P. Morgan is liable for the Fund's direct damages to the extent they result from the J.P. Morgan's fraud, negligence, or wilful default in performing its duties as set out in the Agreement.

JP Morgan consents to being named in the IM as Custodian for the Fund in the

form and context in which it is named. JP Morgan has not been involved in the preparation of this IM nor has it authorised or caused the issue of this IM. To the maximum extent permitted by law, JP Morgan expressly disclaims and takes no responsibility for any part of the information contained in this IM.

### Natural Capital's legal relationship with you

The Trust Deed of the Fund dated 30 June 2009 governs your rights and obligations as a Unitholder. Unitholders are bound by the provisions of the Trust Deed that sets out the rights and liabilities of Unitholders and the responsibilities and duties of Natural Capital. A copy of the Trust Deed will be made available to you free of charge upon request.

Some of the provisions of the Fund's Trust Deed, such as maximum fees, are discussed in this IM. Other provisions relate to:

- the times when access to money can be delayed, such as if the Fund is illiquid, or if realising assets is not possible or not in the best interests of Unitholders
- where taxes or other amounts can be deducted from payments to Unitholders
- where transfers and applications may be refused
- when Natural Capital are not liable to Unitholders
- Natural Capital's rights to fees and to be indemnified
- changing the Fund's Trust Deed
- when Natural Capital can terminate or retire the Fund and what happens if this occurs, and
- voting rights.

This IM contains only a summary of the provisions of the Trust Deed and should only be used as a guide.

## Your privacy

Natural Capital respects the importance of maintaining the privacy of any personal information that you are required to provide as part of your application to invest in the Fund.

Personal information for each investor is held and used for the purposes of administration of Natural Capital products and services. Natural Capital only discloses personal information to external service suppliers who provide administrative, financial or other services that assist us in providing services to you.

If you have concerns about the completeness or accuracy of the information Natural Capital holds about you, or would like to access or amend the information, call Natural Capital +61 2 9332 0602 Monday to Friday between 8.30am and 5.30pm, Sydney time, or write to Natural Capital at Suite 302, 19A Boundary Street, Rushcutters Bay NSW 2011 Australia.

## Anti-money laundering

By applying to invest in the Fund you are taken to agree to the following terms:

- you warrant that you comply with all applicable anti-money laundering laws and regulations, including but not limited to the anti-money laundering laws and regulations of Australia (in force from time to time)
- you are not aware and have no reason to suspect that:
  - the monies used to fund your investment in the Fund have been or will be derived from or related to any money laundering and other activities deemed illegal under applicable laws or regulations or otherwise prohibited under any international convention or agreement ('illegal activity'), and
  - the proceeds of your investment in the Fund will be used to finance illegal activities, and
- you agree to provide us promptly with all information that we reasonably request in order to comply with all applicable laws and regulations relating to anti-money laundering.

"The bottom line of the findings is that humans are depleting Earth's natural capital, putting such strain on the environment that the ability of the planet's ecosystems to sustain future generations can no longer be taken for granted."

THE MILLENNIUM  
ECOSYSTEM ASSESMENT  
UN, 2005.



# Applications

This IM contains an application form. To make an investment please:

- read the IM;
- complete the application form and sign it;
- if you are investing an amount of less than \$500,000, please include an accountant's certificate with your application confirming that you qualify as a 'wholesale' client (please refer to page 3 for details on 'wholesale' clients) OR a written statement in a form we require signed by a professional investment adviser or Australian Financial Services Licensee that you qualify as a 'sophisticated investor'. Please contact us or refer to our website to obtain the required sophisticated investor statement format.

To lodge your completed application, and cheque (if appropriate), mail them to the Administrator, Kingsway Taitz Fund Administration Pty Limited at the address shown on page 14.

## Signing instructions

Please sign the application form personally. If signing under a Power of Attorney, please attach a certified copy (unless a copy has been previously forwarded) and a specimen signature of the Attorney.

## Investing as a joint account or minor

Applications in joint names are treated as joint tenants. We do not accept any investment in the name of a minor (someone under 18 years of age). You can invest on a minor's behalf by putting their name in the account designation box. The investor will not, however, be the minor. We do not accept Tax File Numbers for minors.

## Quoting Tax File Numbers

You are not obliged by law to provide your TFN or exemption on the application form. However, if you do not, we will return your application form. If you decide to provide your TFN, please provide the appropriate code and

exemption (if appropriate) as detailed below.

- One individual investor only: Write 'I' in the code box, then your TFN.
- Organisations not required to lodge a tax return: Write 'NL' in the code box, then the reason for the exemption in the space.
- More than one person or organisation: Write 'J' in the code box, then the TFNs of two investors only under Investor 1 and Investor 2. Provide details of people with a TFN before details of people who are exempt.
- Companies (C) or partnerships (P): Write 'C' or 'P' in the code box, then the company or partnership TFN.
- Superannuation funds (S) or trusts (T): Write 'S' or 'T' in the code box, then the superannuation fund or trust TFN.
- Exemptions: Write the full name of the benefit, pension or allowance you receive, or country of foreign residence.

## Examples of correct names and required signatures

Type of investor	Correct names	Incorrect name	Signature(s) required
<b>Individual/ joint investors</b> <ul style="list-style-type: none"> <li>• use full name of each applicant, not initials</li> </ul>	Alex John Barden Laura Sue Barden	Alex J Barden Laura S Barden	<ul style="list-style-type: none"> <li>• signature of each applicant</li> </ul>
<b>Company</b> <ul style="list-style-type: none"> <li>• use full company title</li> </ul>	Portal Pty Ltd	Portal P/L, Portal Co, Portal Inc.	<ul style="list-style-type: none"> <li>• by two directors, or</li> <li>• by a director and a secretary, or</li> <li>• if there is only one director by that director</li> </ul>
<b>Trusts/minors</b> <ul style="list-style-type: none"> <li>• use trustee(s)/ individual(s)name(s)</li> <li>• use trust/minor name as designation</li> </ul>	Name: Paul Ryan Prunty A/C designation: Prunty Family Trust> Joel Prunty>	Name: Paul Prunty Family Trust	<ul style="list-style-type: none"> <li>• signature of each trustee/ individual</li> <li>• if trustee is a company see above</li> </ul>
<b>Superannuation fund</b> <ul style="list-style-type: none"> <li>• use trustee(s)personal name(s)</li> <li>• use fund name as designation</li> </ul>	Name: Amy Rachel Wood A/C designation: Amy Wood Super Fund>	Name: A R Wood Super Fund	<ul style="list-style-type: none"> <li>• signature of each trustee</li> <li>• if trustee is a company, see above</li> </ul>

## Anti-Money Laundering and Counter-Terrorism Financing

### Identification Requirements

Under Australian anti-money laundering and counter-terrorism financing legislation, certain due diligence must be conducted on any prospective investor before units in the Fund may be issued to that investor. The due diligence includes verifying a prospective investor’s identity. Applications made without providing this information cannot be processed until all the necessary information has been provided. The AML/CTF compliance program will also include ongoing customer due diligence which may require the Responsible Entity to collect further information.

### Requirements for Individuals / Sole Traders

If you are an individual investor or sole trader, you will need to give us certified copies of one document from column [1] OR one document from each of column [2] AND [3]:

Please note: that for Trusts, Partnerships, Associations and Co-Operative Applicants, if you are required to complete the individual section of the application then you must also provide the documents required for an individual applicant.

Reliable and Independent Documentation				
DO NOT SEND ORIGINALS; CERTIFIED COPIES ONLY				
Column [1] Primary Photographic (one proof required)	OR	Column [2] Primary Non-Photographic (one proof required)	OR	Column [3] Secondary Identification (one proof required)
<input type="checkbox"/> Australian Driver’s Licence <input type="checkbox"/> Valid Australian Passport # <input type="checkbox"/> State or Territory Proof of Age Card <input type="checkbox"/> Foreign Passport* <input type="checkbox"/> National ID Card issued by a foreign government containing a photograph and signature* <input type="checkbox"/> Foreign Driver’s Licence with photograph and date of birth*		<input type="checkbox"/> Birth certificate <input type="checkbox"/> Commonwealth Citizenship Certificate <input type="checkbox"/> Pension Card <input type="checkbox"/> Health Card issued by Centrelink <input type="checkbox"/> Foreign Citizenship Certificate or Birth Certificate*		<input type="checkbox"/> Commonwealth, State and Territory financial benefits notice (less than 12 months old) <input type="checkbox"/> Tax notice (less than 12 months old) <input type="checkbox"/> Local utilities provider notice (less than 3 months old)

# A passport that expired within the two years prior to submitting the application form will also be accepted.

\* Documents that are written in a language that is not English must be accompanied by an English translation prepared by an accredited translator.

There is a wide range of persons who may certify your documents. A list is given below:

Who may certify your documents as being a true and correct copy of the original		
<input type="checkbox"/> Judge <input type="checkbox"/> Lawyer <input type="checkbox"/> Notary Public <input type="checkbox"/> Magistrate <input type="checkbox"/> Justice of the Peace <input type="checkbox"/> Police Officer <input type="checkbox"/> A Registrar or Deputy Registrar of a court	<input type="checkbox"/> Finance company officer* <input type="checkbox"/> Full-time employee of a bank* <input type="checkbox"/> A member of the Institute of Chartered Accountants in Australia, CPA or NIA membership*	<input type="checkbox"/> Full-time employee of a post office* <input type="checkbox"/> Authorised representative of a holder of an Australian financial services licence* <input type="checkbox"/> Australian Consular Officer or Diplomatic Officer

\* Those persons marked with an asterisk \* are required to have two or more years of continuous service or membership.

The eligible certifier must include the following information:

- Their full name
- Address
- Telephone number
- The date of certifying
- Capacity in which they are eligible to certify, and
- An official stamp/seal if applicable

The certified copy must include the statement, "I certify this is a true copy of the original document".

For photographic documents, the certified copy must include the statement, "I certify this is a true copy of the original document and the photograph is a true likeness".

### Non-individual Investors

Different identification and verification requirements apply to prospective investors who are not individuals, such as companies, other bodies corporate, trusts; including superannuation trusts, partnerships, associations and registered co-operatives.

- **Australian Companies** – Any one of the following documents: a certified copy of the certification of registration or licence or other records of the relevant commonwealth, state or territory statutory regulator or a public document issued by the relevant company.
- **Trusts & Trustees** – If the trust is a:
  - **Registered managed investment scheme, regulated trust, superannuation fund or government superannuation fund** – any one of the following documents: a certified copy or relevant extract from the relevant regulator's website showing the full name of the trust, and that the trust is a registered scheme, regulated trust, superannuation fund or government superannuation fund.
  - **Other trust type** – any one of the following documents: a certified copy or extract of the Trust Deed showing the name of the trust, or letter from a solicitor or qualified accountant that confirms the name of the trust, or a notice issued by the ATO within the last 12 months (eg Notice of Assessment).
  - **Individual Trustee** – verification of the Trustee's full name, and either date of birth OR residential address is required by completing the Individual verification document.
  - **Australian Company Trustee** – a certified copy of the certification of registration.
  - **Australian Listed Company or majority owned subsidiary of an Australian Listed Company or a regulated company** – a certified copy of a public document issued by the relevant company.

### Important:

Current Australian anti-money laundering requirements, as well as prospective changes to legislation, may in the future impose other due diligence procedures or require the collection of further information from investors.



# Application for Units NATURAL CAPITAL GLOBAL EQUITY FUND

Attach cheque here >

Units in the Natural Capital Global Equity Fund are only issued on receipt of:

- this application form, AND
- verification of the applicant's identity, AND
- payment in full

Follow the instructions on page 19 on how to complete this application form.  
Please use CAPITAL LETTERS and a black ballpoint pen when completing this form.

**WAYS TO RETURN THIS FORM:**  
**Please mark 'Attention Investor Relations'**  
 1) Post to Kingsway Taitz, GPO Box 3750, Sydney, NSW 2001, or  
 2) Fax +61 2 8915 1620, or  
 3) Scan and email to [info@kingswaytaitz.com.au](mailto:info@kingswaytaitz.com.au)  
**Please post in the original application form to Kingsway Taitz.**

## Section A – Do you have an existing investment in Natural Capital Global Equity Fund

No: this is a new investment (go to Section B)

Yes: My / Our Investor Number is

Name

Phone Number

Go to Section D

## Section B – Investor Details

What type of entity is applying? Please tick one box ONLY

- Individual, joint or sole trader – complete B1
- Partnership – complete B1 & B2
- Company – complete B1 (Directors) & B2
- Trust / Super Fund with Individual/s as Trustee – complete B1 (Trustees) & B3
- Trust / Super Fund with Corporate Trustee – complete B1 (Directors), B2 (company) & B3
- Other:

## B1 – Individual Investor Details (Including individuals acting as Trustee or Corporate Directors)

**INVESTOR 1** (Your name MUST match your ID exactly.)

Title  Given Names(s) (in full)

Surname

Date of Birth  DD/MM/YYYY Occupation

Tax File Number          OR  Not Australian Tax Resident

Residential Address

Suburb  State  Postcode

Country



**INVESTOR 2** (Your name *MUST* match your ID exactly.)

Title  Given Names(s) (in full)

Surname

Date of Birth  Occupation

Tax File Number          OR  Not Australian Tax Resident

Residential Address

Suburb  State  Postcode

Country

**B2 – Corporation, Corporate Trustees & Partnership Details**

Name

Name of Contact Person

Registered Office Address

Principal Place of Business

Type of Company:  Public  Private Country of Registration

Australian Business Number (ABN)

OR Foreign Company ID Number

Tax File Number          OR  Not Australian Tax Resident

**For a private company:**

(1) How many directors are there?

**DIRECTORS' FULL NAMES (IN CAPITALS)**

1.

2.

3.

4.

*(If there are more than 4 directors, please provide the required information for each on a separate sheet of paper and attach it to your application form)*





(2) Provide the following details for all individuals who beneficially own 25% or more of the company's issued capital.

Name

Residential Address

Name

Residential Address

Name

Residential Address

**B3 – Trusts or Super Fund Details**

Name of Trust or Fund

Country of Establishment

Australian Business Number (ABN)

Tax File Number          OR  Not Australian Tax Resident

A certified copy of the Trust Deed is attached to this application *(please tick if applicable)*

NOTE: The Trustee only recognises the Trustee(s) as the investor and not the beneficiary, therefore the trustee(s) details must be given above. However the Trustee is also required to record the beneficiary details.

**BENEFICIARY 1**

Name

Residential Address

Australian Business Number (ABN) *(if applicable)*

Tax File Number          OR  Not Australian Tax Resident

**BENEFICIARY 2**

Name

Residential Address

Australian Business Number (ABN) *(if applicable)*

Tax File Number          OR  Not Australian Tax Resident

*(If there are more than 2 beneficiaries, please provide the required information for each on a separate sheet of paper and attach it to your application form)*



## Section C – Account Contact Details

Joint investors with different residential addresses must elect one postal address in this section. We will not accept your financial adviser's address.

Account Designation (optional)	<input type="text"/>		
Main Contact	<input type="text"/>		
Residential Address	<input type="text"/>		
Suburb	<input type="text"/>	State	<input type="text"/>
		Postcode	<input type="text"/>
Country	<input type="text"/>		
Email Address	<input type="text"/>		
Home Phone	<input type="text"/>	Work Phone	<input type="text"/>
Fax	<input type="text"/>	Mobile Phone	<input type="text"/>

## Section D – Investment Details

I/we apply to invest \$  in Natural Capital Global Equity Fund.

In the form of:  Unit Class A – Hedged foreign currency and denominated in Australian dollars  
 Unit Class B – Unhedged and denominated in Australian dollars

Please tick the box to advise how your payment will be made:

- Cheque – Please make cheque payable to: Natural Capital Global Equity Fund
- Electronic funds transfer (EFT) to:  
 Bank: St George Bank Limited  
 L3, 1 Chifley Square, Sydney NSW 2000, Australia  
 Swift Code: SGBLAU2S  
 For the Account of: Natural Capital Global Equity Fund  
 BSB: 332 002  
 A/C#: 553 065 031  
 Reference: [Unit-holder name]

For international transfer, the remitter should instruct the remitting bank to send a SWIFT advice (format MT 103 to St George Bank Limited (SWIFT Code: SGBLAU2S) advising details of remittance, including the name of applicant(s), for ease of identification. A copy of proof of payment should be faxed to Kingsway Taitz Fund Administration Pty Ltd on +61 2 8915 1620.

Please note: Funds must be transferred from a bank account in the name of the registered unit-holder(s). No third party payments will be permitted.

## Section E – Distribution Election

You can elect to have distributions reinvested, or paid into your account. Please note that if no election is made, your entitlements will be reinvested.

- Yes, please reinvest my distributions as additional Units
- No, please pay my distributions directly into my account in Section F, or





## Section F – Bank Account Details

All investors must complete this section with an Australian banking institution, for distributions and redemptions.

Bank Name/Institution

Branch Name and Address

BSB  Account Number

Account Name

## Section G – Operating Authority

When giving instructions to us about your investment please indicate who has authority to operate your account:

INDIVIDUAL/JOINT ACCOUNTS (if no box is ticked we will assume all to sign)

any one to sign  both to sign

COMPANY, TRUST AND OTHER ACCOUNTS (if no box is ticked all future written instructions must be signed by two directors/trustees, director and secretary, or the sole director)

any one to sign  any two to sign  all to sign  OTHER

## Section H – Request For Annual Accounts (Optional)

The accounts for the Fund are available to investors on our website [www.naturalcapitalfm.com](http://www.naturalcapitalfm.com) each year.

Leave both boxes blank if you wish to receive a copy by post. Natural Capital requests that you tick one of the boxes as it is costly for the Fund to print and mail out the Annual accounts. You can change your mind at any time.

Email notification (you must provide your email address in Section C)

I will view on the website

## Section I – Privacy

Natural Capital Funds Management Pty Ltd may wish to contact you about future investment opportunities that may be of interest. Please tick the box if you do NOT wish to be contacted for this purpose.

I/we do not wish to receive information from Natural Capital Funds Management Pty Ltd regarding future investment opportunities.

## Section J – Providing Identification – New Investors Only

I/we confirm I/we have attached certified copies of the required proof of identification with this application form for each investor/applicant.

## Section K – Providing Identification – New Investors Only

YOU SHOULD READ THE INFORMATION MEMORANDUM IN FULL BEFORE SIGNING THIS APPLICATION FORM

By completing the application form you:

1. Declare that you have read and understood this Information Memorandum (IM).
2. Agree to the collection, use and disclosure of your personal information provided in the application form.
3. Declare that you have received this IM personally, or a printout of it, accompanied by or attached to the application form before signing the form.
4. Declare that all information provided in the application and/or any other information provided in support of the application is true and correct.

5. Declare if you have received the IM from the internet or other electronic means, that it was received either personally or a printout accompanied the application form before making an application for units in the Natural Capital Global Equity Fund.
6. Acknowledge that neither Natural Capital Funds Management Pty Ltd nor any member of their respective groups nor any of their directors nor associates nor any other entity guarantees the performance of or the repayment of capital invested in, or income from the Fund.
7. Declare that if the application is signed under power of attorney, you have no knowledge of the revocation of that power of attorney.
8. Declare that you have the power to make an investment in accordance with the application.
9. Declare that sole signatories signing on behalf of a company are signing as sole director or as a sole director/secretary of the company.
10. Acknowledge that an investment in the Fund is subject to risks including possible delays in repayment and possible loss of capital invested.
11. Agree to be bound by the provisions of the Constitution governing the Natural Capital Global Equity Fund set out in the IM and as amended from time to time.
12. Acknowledge that this IM does not constitute an offer in any jurisdiction in which, or to any person of whom it would be unlawful to make the offer.
13. Declare that if investing as a trustee on behalf of a superannuation fund or trust you are acting in accordance with your designated powers and authority under the trust deed. In the case of superannuation funds, you also confirm that the funds are complying funds under the Superannuation Industry (Supervision) Act.
14. Acknowledge that all information relating to this application for investment or any subsequent information relating to this investment may be disclosed to any service provider to the Fund and to your adviser. You understand this will not include disclosure of your TFN, ABN or any information in relation to it to your adviser.
15. If you use the facsimile or email facility you:
  - a) Release, discharge and agree to indemnify Natural Capital and its agents, including the registrar and their respective officers from and against all losses, liabilities, actions, proceedings, accounts, claims and demand arising from instructions received under the facility.
  - b) Agree that a payment made in accordance with the conditions of the facility shall be in complete satisfaction of all obligations to you for a payment, notwithstanding it was requested, made or received without your knowledge or authority.

Signature of Investor 1

Name of Investor 1

Date

DD/MM/YYYY

Tick capacity – mandatory for companies  Sole Director  Director  Secretary

Signature of Investor 2

Name of Investor 2

Date

DD/MM/YYYY

Tick capacity – mandatory for companies  Sole Director  Director  Secretary**Adviser Use Only**

Adviser Name (in full)

Adviser Postal Residential Address

Suburb

State

Postcode

Adviser Phone (business hours)

Adviser Email

Adviser Code with Natural Capital Funds Management Pty Ltd (if known)

Dealer Group Name

Dealer Group Branch (Suburb, State)

Dealer Postal Address

Dealer Phone (business hours)

Dealer Group Email

Dealer Code with Natural Capital Funds Management Pty Ltd (if known)

AFS License

ABN

Adviser Stamp



## Directory

### **Trustee and Investment Manager**

Natural Capital Funds  
Management Pty Ltd  
Suite 302  
19A Boundary Street  
Rushcutters Bay NSW 2011  
Australia

### **Administrator & Registry**

Kingsway Taitz Fund  
Administration Pty Limited  
GPO Box 3750  
Sydney NSW 2001  
Australia

### **Fund Custodian**

JPMorgan Chase Bank, N.A.  
(Sydney Branch)  
Level 32, Grosvenor Place  
225 George Street  
Sydney NSW 2001  
Australia

### **Fund Auditor**

Deloitte Touche Tohmatsu  
PO Box N250  
Grosvenor Place  
225 George Street  
Sydney NSW 1217  
Australia



**NATURAL CAPITAL**  
FUNDS MANAGEMENT