



Funds Management

## Celeste Australian Small Companies Fund

### Additional Information Booklet

ARSN 093 539 416  
APIR Code: FAM0101AU

Dated 6 December 2019

---

**Important note:** The information in this document forms part of the Celeste Australian Small Companies Fund Product Disclosure Statement dated 6 December 2019.

**The Trust Company (RE Services) Limited**  
ABN 45 003 278 831  
AFSL 235 150

Phone: (02) 9229 9000  
Web: [www.perpetual.com.au](http://www.perpetual.com.au)

## About this Additional Information Booklet

In this booklet:

- Capitalised words in this booklet have the meaning given in the Celeste Australian Small Companies Fund's product disclosure statement (**PDS**) dated 6 December 2019 unless otherwise specified; and
- References to “we”, “us” and “our” refer to Perpetual.

It is important that you read this Additional Information Booklet (**AIB**) together with the Celeste Australian Small Companies Fund PDS carefully before deciding whether to invest and before lodging an application for units in the Fund. We suggest that you keep a copy of the PDS, and any additional information for future reference.

The information contained in this AIB that forms part of the PDS dated 6 December 2019 is general information only and has been prepared without taking into account your personal objectives, financial situation or needs. You should read this information together with the PDS before making a decision to invest in the Fund. You should consult a licensed financial adviser to obtain financial advice that is tailored to suit your personal circumstances.

The offer of units in the Fund made in the PDS together with this AIB is available to persons receiving the PDS and this AIB within Australia (including in electronic form). The offer in the PDS and this AIB does not constitute an offer or invitation in any place outside Australia where, or to any person whom, it would be unlawful to make such an offer or invitation. The distribution of the PDS and this AIB (electronically or otherwise) in any jurisdiction outside Australia may be restricted by law. Persons who come into possession of the PDS and this AIB outside Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of the applicable law.

You can access the PDS and this AIB on Celeste's website at [www.celestefunds.com.au](http://www.celestefunds.com.au), download a copy or request a copy free of charge by calling Celeste on (02) 9216 1800.

All parties named in this AIB have given, and not withdrawn, their consent to be referenced in this AIB in the form and context in which it is included.

## Contact Details:

### **Celeste Funds Management Limited (Celeste) (Investment Manager)**

Office: Level 14,  
15 Castlereagh Street  
Sydney NSW 2000

Mail: GPO Box 4266  
Sydney NSW 2001

Phone: (02) 9216 1800  
Fax: (02) 9216 1899

Email: [contact@celestefunds.com.au](mailto:contact@celestefunds.com.au)

Web: [www.celestefunds.com.au](http://www.celestefunds.com.au)

### **Link Fund Solutions Pty Limited (LFS) (Custodian & Administrator)**

Office: Level 12,  
680 George Street  
Sydney NSW 2000

Mail: PO Box 5482  
Sydney NSW 2001

Phone: (02) 8280 7100

Email: [LFS\\_registry@linkgroup.com](mailto:LFS_registry@linkgroup.com)

Web: [www.linkfundsolutions.com](http://www.linkfundsolutions.com)

## Table of Contents

A.	How the Celeste Australian Small Companies Fund works.....	4
	A1 Application and redemption prices .....	4
	A2 Applications for investment.....	4
	A3 Investing through a master trust or wrap account .....	5
	A4 Withdrawing your investment .....	6
	A5 Distributions.....	8
B.	How we invest your money.....	9
	B1 Celeste’s Investment philosophy and style.....	9
	B2 Celeste and Responsible Investment .....	9
	B3 Getting the latest Fund information .....	10
C.	Fees and costs .....	11
	C1 Additional explanation of fees and costs .....	11
	C2 Performance fee.....	12
	C3 GST – Reduced Input Tax Credit.....	14
	C4 Transactional and operational costs .....	14
	C5 Flexible charging structure.....	15
	C6 Adviser fees .....	15
	C7 Changes to fees .....	15
	C8 Negotiated fees.....	15
	C9 Indirect costs .....	16
D.	How managed investment schemes are taxed .....	17
E.	How to apply .....	19
	E1 Cooling off period.....	19
	E2 Enquiries and complaints .....	19
F.	Privacy and other important information .....	21
	F1 Privacy .....	21
	F2 AML/CTF Act.....	21
	F3 Common Reporting Standard.....	22
	F4 About the Fund Constitution.....	23
	F5 How we keep you informed .....	23
	F6 The custodian .....	24
	F7 Appointment of agent .....	24
	F8 Compliance Plan and Compliance Committee .....	25

## A. How the Celeste Australian Small Companies Fund works

### A1 Application and redemption prices

The net asset value of the Fund and the application price and redemption price are generally calculated each Business Day (that is, each day that is not a Saturday, a Sunday or a public holiday in New South Wales).

The application price for a unit in the Fund is calculated as the value of the assets of the Fund, less the accrued expenses and other liabilities of the Fund (including the daily accrued management cost) as determined by the responsible entity divided by the number of units on issue, and adjusted by adding an amount to reflect the transaction costs (which are currently 0.30% on applications).

The redemption price for a unit in the Fund is calculated as the value of the assets of the Fund, less the accrued expenses and other liabilities of the Fund (including the daily accrued management cost) as determined by the responsible entity divided by the number of units on issue, and adjusted by subtracting an amount to reflect the transaction costs (which are currently 0.30% on redemptions).

For instance, if on a particular date the valuation of the Fund's units, determined as described above, is \$1.00 then the application and redemption prices calculated for that day's transactions will be \$1.0030 and \$0.9970 respectively.

Unit pricing on applications and redemptions is carried out in accordance with the Fund's constitution and Perpetual's Unit Pricing Discretions Policy. If we were to exercise our discretion and change the current unit pricing process of the Fund, we must inform you of that exercise of discretion as soon as is practicable.

A copy of Perpetual's Unit Pricing Discretions Policy is available from us free of charge upon request.

For more information on Transaction Costs, see section C4 of this AIB.

### A2 Applications for investment

If investing directly, you can subscribe for units, including additional units, in the Fund by sending us a completed application form (attached to the PDS) together with a cheque for the amount you wish to invest. Cheques should be made payable to the Fund as follows:

“Celeste Australian Small Companies Fund”

Minimum Investment amounts are:	
Minimum Initial Investment	\$25,000
Minimum Additional Investment	\$1,000
Minimum Investment Balance	\$15,000

Direct investors will receive a transaction statement showing the amount invested, the issue unit price, the amount of units purchased and the date of the transaction.

If a properly completed and signed application form with cleared payment and satisfactorily completed *Anti-Money Laundering and Counter Terrorism Financing Act 2006* (Cth) (**AML/CTF Act**) verification is received before 3.00pm Australian Eastern Standard Time (AEST) on a Business Day, the application will usually be processed at the application price based on the net asset value of the Fund calculated as at the close of business on that Business Day. Otherwise, provided the properly completed and signed application form with cleared payment and satisfactorily completed AML/CTF Act verification is received, the application will usually be processed at the application price based on the net asset value of the Fund as at the close of business on the following Business Day. The net asset value of the Fund is usually calculated on a daily basis (details of how application and redemption prices are calculated are set out in the “Unit Pricing” section).

If you do not complete another application form when making an additional investment, you should keep the PDS and this AIB (and any supplementary or updating document) for future reference. You can request a copy of the PDS and this AIB (and any supplementary or updating document) free of charge at any time by emailing, phoning or writing to Celeste, or you can download a copy from the fund’s website [www.celestefunds.com.au](http://www.celestefunds.com.au).

You will be sent a unit holder’s statement setting out details of your investments within seven Business Days of our accepting or rejecting your application for an investment. You will also be sent a unit holder’s statement if you ask (free of charge and as soon as is practicable after your request).

### **A3 Investing through a master trust or wrap account**

Investors investing in the Fund indirectly via an IDPS, master trust or wrap account do not themselves become investors in the Fund, and accordingly have no rights as a unitholder. The offer document for your IDPS, master trust or wrap account should have further details.

If you are investing in the Fund via an IDPS, master trust or wrap account, generally the relevant scheme operator acquires the rights of a unitholder. Unitholder rights include the right to attend unitholder meetings, to make withdrawal requests, receive and reinvest distributions, participate in termination proceeds and lodge complaints. Your rights and liabilities will be governed by the terms and conditions of the relevant IDPS, master trust or wrap account, which you should read carefully prior to directing the relevant operator to invest in the Fund.

Indirect investors complete an application form for the IDPS, master trust or wrap, not the Fund, and receive reports from their operator, not us. Enquiries should be directed to that operator.

Minimum investment and redemption requirements may not always be relevant to indirect investors because the IDPS, master trust or wrap account operator may invest on behalf of a number of indirect investors.

We authorise the use of the PDS and this AIB as disclosure to indirect investors and prospective indirect investors.

If you invest through an IDPS, you can only withdraw through the operator of that service.

See also ‘Withdrawals – Master trust or wrap account investors’ in Section A4.

## A4 Withdrawing your investment

### Withdrawals - Direct Investors

There is no minimum withdrawal amount set for the Fund. However, we reserve the right to vary the minimum withdrawal and minimum unit holding at our absolute discretion.

We may also compulsorily redeem an investor's units in the following circumstances:

- if the investor has breached their obligations to us;
- to satisfy any amount due to us by the investor or that we owe someone else relating to the investor (for example to the tax office); and
- where we suspect that the law prohibits the investor from being an investor in the Fund.

In exceptional circumstances, we may exercise our power under the constitution to satisfy a withdrawal request by transferring assets to you rather than providing you with cash. We will not exercise this power without first obtaining the consent of the applicable unit holder.

Direct investors can request a withdrawal through:

- Email: [LFS\\_registry@linkgroup.com](mailto:LFS_registry@linkgroup.com); or
- Mail: PO Box 5482, Sydney NSW 2001,

and by providing the following information:

- the Fund name;
- your investor code ID;
- the value or number of units to be redeemed;
- bank account details for the payment of the withdrawal amount; and
- a phone number where we can contact you during business hours in case we need to ask you any questions about your request.

Subject to the terms and conditions below, LFS will accept requests for withdrawals by facsimile or email of the details listed above provided it has no reason to believe the request is not genuine. Withdrawal requests will generally be processed based on the date the facsimile or email is received (as long as the request is received before 3 pm, AEST on a Business Day).

The investor or their authorised nominee must sign withdrawal requests.

In the case of companies, a withdrawal request must be:

- a) signed by two directors or a director and a company secretary of the company (need not be under seal) and state in which capacity each signatory signs; or

- b) if a proprietary company that has a sole director who is also the sole company secretary, or where there is no company secretary, signed by that director (need not be under seal) and state that the signatory is signing in its capacity as the sole director and company secretary (if applicable); or
- c) executed under Power of Attorney of the company.

If the withdrawal request is received before 3:00pm AEST on a Business Day (and if required by law, with satisfactory completion of AML/CTF Act requirements), the withdrawal will usually be processed at the redemption price based on the net asset value of the Fund as at the close of business on that Business Day. Otherwise, the withdrawal will usually be processed at the redemption price based on the net asset value of the Fund as at the close of business on the next Business Day (details of how application and redemption prices are calculated are set out in the "Unit Prices" section).

The proceeds of any withdrawal will usually be available within seven Business Days and paid to the investor by direct credit to their nominated bank account. We reserve the right to delay redemptions where there is a circumstance outside our control which we consider impacts on our ability to properly or fairly calculate a unit price, or where redemption requests are sufficiently large that we could not reasonably satisfy all the redemption requests without unfairly disadvantaging other unitholders. If we delay redemptions, the redemption price is the next calculated redemption price. It is our intention to manage the Fund so that it is "liquid" for the purposes of the Corporations Act. If the Fund is not sufficiently liquid then investors will only be permitted to withdraw if we make a withdrawal offer to all investors in accordance with the Corporations Act.

#### **Facsimile and email instruction conditions**

In making a facsimile or email request:

- you release us from, and indemnify us against, all losses and liabilities whatsoever arising from our acting in accordance with any instructions received by facsimile or email bearing your account number, investor code ID and a signature purportedly yours or that of an authorised nominee; and
- you agree that we are not responsible to you for acting on any instructions received by facsimile or email which appear to be, but are not in fact, authorised by you, and that a payment made in accordance with instructions received by facsimile or email will be in complete satisfaction of our obligation to you to make a payment, notwithstanding that it was requested without your knowledge or authority.

You must advise us in writing if you do not want us to act on facsimile or email instructions in relation to your account.

#### **Withdrawals - Master trust or wrap account investors**

If you invest through an IDPS, you can only withdraw through the operator of that service in accordance with the terms and conditions of that service.

## A5 Distributions

The net income of the Fund is distributed as soon as possible after 30 June and generally as soon as possible after 31 December of each year. Distributions are made to unitholders on a pro-rata basis, depending on the number of units held on each distribution date.

Note that applications and redemptions are processed using closing day unit prices. Any applications or redemptions received on 30 June or 31 December will be processed using that closing day's ex-distribution unit prices and will be processed after calculation and provision for the Distribution. Applications or redemptions received on each distribution date will not participate in that distribution.

### **How Distributions are paid to you**

Unitholders may elect to automatically reinvest income distributions to acquire further units in the Fund. Units are issued using the ex-distribution net asset value unit price on the distribution date. LFS must receive investor instructions to this effect prior to the distribution date.

If you do not make an election on the application form as to how you would like to deal with your distributions, you will be deemed to have made an application to have all distributions reinvested in further units in the Fund.

You are entitled to receive distributions in some additional circumstances (such as if the Fund ever terminated). If we decide to terminate the Fund, investors will participate in the distribution of any surplus after the satisfaction of the Fund's liabilities.

You should also read information on taxation in Section D '*How managed investment schemes are taxed*'.

## **B. How we invest your money**

### **B1 Celeste's Investment philosophy and style**

Celeste recognises that equity markets are rarely perfectly efficient. As a result, there are times when share prices do not accurately reflect the intrinsic value of the companies they represent.

Celeste seeks to take advantage of equity market valuation anomalies via the application of a disciplined and definable investment process. Celeste invests with patience, with a medium to long-term time horizon.

The Celeste investment style is process driven, incorporates both growth and value considerations, and is generally regarded as style neutral.

Celeste seeks stocks that are misunderstood, under researched and undervalued. The Celeste focus is on companies whose fundamental valuation does not reflect their longer term intrinsic value. Identifying shares that are trading at a discount to intrinsic value requires a thorough understanding of a company's fundamental traits, both in isolation and relative to its peers.

The Celeste investment process is applied consistently across the size and quality spectrum of Australian listed smaller companies. The research process is multi-faceted in nature with an emphasis on valuation, accounting quality and financial rigour. Consideration is given to business model robustness and the scope for significant change in the operational and competitive landscape. Assessment of management and board is also undertaken with a weighting on the issues of integrity, experience and track record.

Celeste considers a broad range of valuation methodologies in its investment process. Celeste believes that valuation needs to reflect the financial and operational traits of the company in question in order to assess intrinsic worth.

The Celeste investment team has an active company visitation program with over 300 company meetings annually. The investment team uses a diverse and eclectic range of information sources including local and international listed companies, unlisted companies, industry functions, trade journals, domestic and international media.

Celeste believes that through the gathering of information, collegiate debate and the questioning of commonly held market beliefs, there exists the potential to minimise the risk of capital loss and increase the potential for returns.

The objective is to generate returns which exceed benchmark returns, often with modest levels of portfolio turnover. We invest in a range of stocks, across industry sectors, which have the potential to deliver above benchmark returns.

### **B2 Celeste and Responsible Investment**

Responsible Investment factors are an important and fully integrated part of the Celeste investment process.

Since July 2008, Celeste has formally adopted Environmental, Social, and Governance (**ESG**) considerations into its Investment Process. While governance had already been incorporated into Celeste's investment process for many years, the climate change debate highlighted the

need for Celeste to also formally incorporate environmental and social considerations, as not doing so potentially puts client funds at risk.

Celeste's approach to Responsible Investment has been distilled into their "Responsible Investment Policy" which can be found at Celeste's website at [www.celestefunds.com.au](http://www.celestefunds.com.au).

By the end of 2008, the practical implementation of this policy was documented in Celeste's "Responsible Investment Framework Document" which can be found at Celeste's website [www.celestefunds.com.au](http://www.celestefunds.com.au). This document clearly defines Celeste's approach to a number of issues, ranging from assignment of materiality of ESG issues and scoring management performance against clearly defined criteria, to spelling out Celeste's approach to proxy voting and documentation of Celeste's ESG related activities in the "Engagement and Proxy Voting Register".

An integral part of Celeste's ESG effort is participation and support of a number of organisations that aim to increase acceptance of ESG issues into mainstream investment management. To this end, Celeste is a signatory to the Principles for Responsible Investment ([www.unpri.org](http://www.unpri.org)).

Celeste aims for its analysts to be fully conversant with all relevant issues relating to stocks and sectors that they cover – including ESG considerations. Hence all ESG research is undertaken by Celeste's analysts and is subject to Celeste's peer review process.

### **B3 Getting the latest Fund information**

If you are interested in:

- the latest Fund performance figures;
- the current size of the Fund; or
- fee information,

then you may obtain further information to that contained in this AIB, as it becomes available, free of charge on request, from Celeste or by visiting Celeste's website, [www.celestefunds.com.au](http://www.celestefunds.com.au). Celeste's contact details are located on page 2 of this AIB. Printed copies of regular Fund reports are available from Celeste, free of charge on request.

Past performance is not a reliable indicator of future returns. Returns can be volatile, particularly over short periods, reflecting rises and falls in the value of the underlying investments. You should consider any investment in the Fund as a long-term investment. You should seek financial advice from a licensed financial adviser as to the suitability of an investment in the Fund to your personal circumstances and needs.

Please see 'Risks of managed investment schemes' in section 4 of the PDS for information on the risks associated with investing in the Fund that may impact on Fund performance.

## C. Fees and costs

You should read all the information about fees and costs because it is important to understand their impact on your investment.

### C1 Additional explanation of fees and costs

TYPE OF FEE OR COST <sup>1</sup>	AMOUNT	HOW AND WHEN PAID
<b>Fees when your money moves in or out of the fund</b>		
<i>Establishment fee</i> The fee to open your investment	Nil	Not applicable
<i>Contribution fee</i> The fee on each amount contributed to your investment – either by you or your employer	Nil	Not applicable
<i>Withdrawal fee</i> The fee on each amount you take out of your investment	Nil	Not applicable
<i>Exit fee</i> The fee to close your investment	Nil	Not applicable
<b>Management costs</b> The fees and costs for managing your investment		
<b>Management fee</b> Out of this amount will be paid all ongoing administration, responsible entity fees and investment management fees, expenses and other fees that would normally be payable by the Fund except for transactional and operational costs, performance fees and abnormal expenses.	1.10% per annum of the net asset value of the Fund. <sup>2</sup>	This amount is calculated and accrued daily and is paid monthly in arrears out of the assets of the Fund.  This amount may be negotiated for wholesale investors. <sup>2</sup>
<b>Estimated indirect costs</b>	0.00% per annum of the net asset value of the Fund.	Celeste has agreed to pay for reimbursable Fund expenses that are not transactional and operational costs (except potentially for any abnormal expenses).
<b>Performance fee</b> Payable to Celeste if the performance of the Fund exceeds the return of the Benchmark for the Fund.	20% of the return of the Fund (net of management fees) that exceeds the return of the Benchmark.	If a performance fee is payable, it is paid to Celeste out of the assets of the Fund as soon as practicable after the end of each quarter.  The fee is calculated daily and reflected in the Fund's daily unit

TYPE OF FEE OR COST <sup>1</sup>	AMOUNT	HOW AND WHEN PAID
		price. This amount may be negotiated for wholesale investors. <sup>2</sup>
<b>Service fees</b>		
<i>Investment switching fee</i> The fee for changing investment options	Not applicable	Not applicable

(1) Fees and costs include, if applicable, GST less any RITC. For the purposes of the PDS and this AIB, it has been assumed that Celeste will be entitled to the maximum amount of reduced input tax credits applicable when stating fee amounts. However, if the GST rate increases, or if the full amount of reduced input tax credits is not available, the Fund's constitution allows us to recoup the extra amount out of the Fund.

(2) Read more about negotiated fees in section C8.

## C2 Performance fee

Any performance fee is a component of management costs.

The performance fee is calculated by LFS based on the Fund's performance relative to the Benchmark. Celeste is entitled to receive 20% of the amount by which the performance return of the Fund, after management fees and any other costs have been met, exceeds the Benchmark return for a quarter. The calculated Fund return includes both distributions and increases in capital unit value.

The performance fee is payable to Celeste at the end of each quarter. The performance fee is calculated and accrued daily. Depending on the return of the Fund in relation to the Benchmark, this daily accrual may be a positive or negative amount. The performance fee at the end of the quarter is the sum of daily performance fees accrued during the quarter.

If the accrued performance fee is negative at the end of a quarter, it will be carried forward into the next quarter and form part of the performance fee for that quarter. A proportion of any net negative performance fee accruals for the Fund may be extinguished after a quarter (in respect of previous quarters) from being carried forward if the Fund experiences net outflows (when the total value of redemptions exceeds the total value of applications on a Business Day). The negative performance fee accrual will be reduced in proportion to the net outflows of the Fund. The adjustment is made for the purpose of calculating performance fees and reduces the amount that Celeste has to recover before earning performance fees as the assets of the Fund have been reduced due to net outflows of the Fund. Negative performance fee accruals will not be adjusted if the Fund experiences net inflows (where the total value of applications exceeds the total value of redemptions on a Business Day).

The performance fee is determined with reference only to the return of the Fund as a whole and does not take account of the position of individual investors. Where there are significant net inflows it is possible that a performance fee may accrue to Celeste even where the value of a particular investor's units is lower than at the time they invested.

If the Benchmark is to be changed, Celeste will provide investors with at least 90 days' notice of such change. As at the date of the PDS, Celeste does not anticipate changing the current Benchmark.

The Fund currently only issues one class of unit. If the Fund issued more than one class of unit, the performance fee would be calculated on a per class basis.

### Dollar fee example of performance fees for the Fund

The below examples assume:

- a \$50,000 balance maintained throughout the performance fee period in the Fund with no contributions or withdrawals made during that period;
- whereas performance fees in the Fund are calculated and accrued daily, the examples have calculated and accrued the performance fees once over a period; and
- that there is no negative accrued performance fee at the beginning of the period (a performance fee was paid in the previous period).

For more information about the performance fee accrual please see the 'Management costs' section above.

EXAMPLE				
Fund return	Benchmark return	Calculation	Amount	How and when paid
For the performance fee period, net performance (after deduction of management fees) was +5%	For the quarter period the Benchmark return was +10%	$\$50,000 \times 20\% \times (5\% - 10\%)$	-\$500	As the Fund return is below the Benchmark, no performance fee amount is payable. The negative accrued performance fee amount will be carried forward into the next performance fee period.
For the performance fee period, net performance (after deduction of management fees) was +6%	For the quarter period the Benchmark return was +1%	$\$50,000 \times 20\% \times (6\% - 1\%)$	\$500	As the Fund return is above the Benchmark, a performance fee amount is payable in arrears as at the end of the performance fee period.
For the performance fee period, net performance (after deduction of management fees) was -1%	For the quarter period the Benchmark return was -5%	$\$50,000 \times 20\% \times (-1\% - (-5)\%)$	\$400	Even though the Fund return was negative, as the Fund return was better than the Benchmark a performance fee amount is payable in arrears as at the end of the performance fee period.

These examples are illustrative only and do not represent any actual, past or a forecast of expected future performance of the Fund. They do not include any tax payable on the investment return. The actual performance fee will vary, depending on the Fund's actual return. The performance fee is stated inclusive of GST and RITC. Celeste does not provide any assurance that the Fund will achieve the performance used in the examples and the investors should not rely on this in deciding whether to invest in the Fund. Further this calculation is actually performed daily and the performance fee is an aggregate of the daily amounts. Celeste has presented in this more simplified manner to help understanding.

## C3 GST – Reduced Input Tax Credit

Unless otherwise stated, all fees quoted in the PDS are quoted on a GST inclusive basis and net of any RITC. The amount of the management fee stated in section C1 is currently 1.10%.

For the purposes of the PDS and this AIB, it has been assumed that the Fund will be entitled to the maximum amount of RITCs applicable when stating fee amounts. However, you should be aware that, if the GST rate increases, or if the full amount of reduced input tax credits is not applicable, the Fund's constitution allows us to recoup the extra amount out of the Fund.

Information about any other significant taxation implications of investing in the Fund is set out in section D of this AIB.

## C4 Transactional and operational costs

### Buy/sell spread

When you withdraw all or part of your investment or apply for units you will incur a buy/sell spread (also known as buy/sell transactional costs).

The buy/sell spread is currently 0.30% in and 0.30% out. For example, if you invested \$25,000 in the Fund, the cost of the buy spread would be \$75, and if you redeemed \$25,000 worth of units in the Fund, the cost of the sell spread would be \$75. The amount is added or subtracted equally from the Fund's unit price, being the net asset value of the Fund divided by the number of units on issue, to get both the issue price and withdrawal price. The buy/sell spread is an additional cost to you.

These buy/sell transactional costs are paid to the Fund to ensure equality between those investors leaving or joining and those remaining or already in the Fund. They are not fees paid to Celeste or Perpetual. The buy/sell spread amount applied is our estimate of the actual costs that would be incurred by the Fund to invest or redeem. These buy/sell transactional costs are reviewed and altered from time to time.

The buy spread is an amount to cover the transactional costs, such as brokerage, incurred by the Fund when it buys underlying investments to invest application monies received on issue of units and is paid to the Fund when an investor transacts in the Fund. The sell spread is an amount to cover transactional costs incurred by the Fund when it sells underlying investments to fund a redemptions of units.

The buy spread is not applied to the allocation of units in respect of distribution reinvestment. Additional units allocated to a unitholder in respect of a distribution shall have those units allocated at the mid-price immediately after the distribution (i.e. without any transaction costs involved).

### On-going costs

The Fund incurs ongoing transactional and operational costs associated with the ongoing management and investment management of the Fund. These transactional and operational costs may include brokerage, investment settlement costs (including custody costs), clearing costs and bank account charges. The buy/sell spread is meant to cover transactional and operational costs associated with the Fund investing application monies and disposing assets to fund redemptions. However the Fund also has ongoing transactional and operational costs associated with ongoing investment management of the Fund separate from the costs incurred in investing application monies and to fund redemptions.

## **Total amount of costs**

The Fund's total transactional and operational costs for the year ended 30 June 2019, was calculated to be \$133.03 based on a \$50,000 holding (approximately 0.27% of the total average net assets). The buy/sell spread of 0.30% generated an amount of approximately 0.17% as a proportion of the total average net assets during the year ended 30 June 2019. The net transactional and operational costs not recovered through the buy/sell spread were accordingly approximately 0.10% p.a. during the year ended 30 June 2019.

Transactional and operational costs may vary as the turnover in the underlying assets may change substantially as investment and market conditions change, which may affect the level of transactional and operational costs not recovered in the buy/sell spread. Further, there are highly variable drivers upon which such transactional and operational costs are dependent.

## **C5 Flexible charging structure**

The fees shown above and how the fees are to be met, represents the position at the date of the PDS and this AIB. Perpetual reserves its rights to vary, rebate or waive the fees charged in accordance with the constitution of the Fund without the members consent. If any new laws or changes to existing laws result in increased costs to Perpetual, fees may be increased accordingly.

The constitution for the Fund provides that the responsible entity is permitted to be paid a management fee not exceeding 2.5% per annum of the Fund's net asset value, and maximum entry and exit fees of 5% of the application monies or withdrawal amount. The responsible entity is also entitled to charge additional remuneration in providing any additional administration services as provided for in the Fund's constitution.

## **C6 Adviser fees**

If you choose to use a financial adviser, details of the advisor's remuneration will be in the Financial Services Guide and Statement of Advice which the adviser must give you. Please contact your adviser directly.

## **C7 Changes to fees**

Subject to the Fund's constitution and the law, the fees outlined above may be varied at any time at the absolute discretion of Perpetual. Reasons might include changing economic conditions or changes in the law. Perpetual will provide investors in the Fund with at least 30 days prior notice of any proposed increase in fees.

Perpetual is only permitted to charge more than the maximum amount of the fee that the Fund's constitution specifies if the unit holders' approval by special resolution has been obtained.

## **C8 Negotiated fees**

The law allows us to negotiate fees with "wholesale" clients or otherwise in accordance with ASIC requirements. The size of the investment and other relevant factors may be taken into account. The terms of these arrangements are at our discretion.

## C9 Indirect costs

In general, indirect costs are any amounts that directly or indirectly reduce the returns on the units (other than the management fee, performance fee or transactional and operational costs).

Indirect costs are deducted from the returns on investors' investment in the Fund or the Fund's assets as a whole. They are reflected in the unit price of the Fund and are not an additional cost to you.

We are entitled to be reimbursed from the Fund for all costs and expenses incurred in acting as responsible entity in relation to the administration and management of the Fund. The expenses may include, but are not limited to, audit fees, PDS preparation and printing costs, legal costs and registry services. However, for the life of the PDS, Celeste has agreed to pay any such reimbursable expenses (except potentially for any abnormal expenses) and as such estimated indirect costs of the Fund are expected to be nil. Examples of abnormal expenses could include termination of the Fund or defending or bringing litigation proceedings.

## D. How managed investment schemes are taxed

Investing, and dealing with investments, has tax and often social security implications which can be complex, and which are invariably particular to your circumstances. This means that it is important that you seek professional advice that takes account of your particular circumstances before you invest or deal with your investment.

The discussion below should serve only as a guide to the tax considerations that may arise. The discussion applies only to Australian resident investors. Different tax considerations arise for non-resident investors.

### The way managed funds are taxed

No income tax will be payable by the Fund as it will attribute all the taxable income of the Fund to unit holders annually.

The distributions from the Fund will include the income the Fund has generated from its investing activities. The income will retain its character as it passes to the investors. As a result you may receive distributions that include interest, dividends (franked and unfranked), capital gains, foreign income and other amounts.

The Fund has elected into the Attribution Managed Investment Trust (**AMIT**) regime starting from 1 July 2017. Under the AMIT regime:

- the Responsible Entity of the Fund will attribute the taxable income (and certain other tax attributes, such as tax offsets) of the Fund to unit holders on a fair and reasonable basis;
- the Fund is deemed to be a 'fixed trust' for income tax purposes;
- the Responsible Entity of the Fund may correct any understatements and overstatements of taxable income made in previous years by making appropriate adjustments in the income year in the current year, rather than amending prior year tax returns and investor statements; and
- upward adjustments may be made to the cost base of a unit holder's units to address double taxation.

### Tax on your distributions

Australian resident investors are generally subject to tax on their share of the taxable income of the Fund. This will also include amounts that are reinvested in the Fund.

The way in which investors are taxed will depend on the character of the distributions they receive. We will send you an Attribution MIT Member's Annual Statement indicating the components of your distribution within 20 Business Days after the end of each financial year which will assist you in completing your tax return.

### Goods and services tax (GST) and managed funds

The issue of units in the Fund is not subject to GST, however, the Fund may pay GST on the services it acquires.

Fees and expenses payable by the Fund are subject to GST at the rate of 10%. Generally, the Fund cannot claim full input tax credits for GST incurred on these services but it may be entitled to a reduced input tax credit. If the GST rate increases, or if the full amount of RITCs is not applicable, the Fund's constitution allows us to recoup the extra amount out of the Fund.

## **US Foreign Account Tax Compliance Act**

The Foreign Account Tax Compliance Act (**FATCA**) is a US tax law which was enacted to improve reporting of US persons' offshore investments to the United States Internal Revenue Service (**IRS**) and can apply to Australian financial institutions. In order to comply with FATCA requirements, we:

- may require you to provide certain information regarding your identification (either at the time an application to invest in the Fund is made or any time after Units are issued to you);
- may undertake certain due diligence procedures to determine your status for FATCA reporting purposes;
- will report required financial information (if any) about relevant investors' investment in the Fund to the IRS via the Australian Taxation Office (**ATO**) on an annual basis; and
- may withhold tax on US connected payments to non-participating foreign financial institutions.

By making an application to invest in the Fund, you agree to provide us with the identification documents and related information about yourself (for individual investors) or your controlling persons (where you are not a natural person) in order for the Fund to comply with its FATCA obligations.

## **Capital gains tax when you withdraw from the Fund**

Australian residents who invest in the Fund are generally subject to capital gains tax on gains when they redeem units and withdraw any money from the Fund. Where the investor is regarded as a trader or institutional investor, such profits may be regarded as ordinary income. Individuals, trusts and complying superannuation entities may obtain partial capital gains tax exemptions in relation to the disposal of units and the capital gains portion of distributions.

## **Quotation of Tax File Number (TFN) or Australian Business Number (ABN)**

We recommend you provide your TFN/ABN on the application form for units in the Fund. If you choose not to and do not advise us that you have an exemption, we may be required to withhold or deduct tax from your distributions at the highest marginal tax rate, plus the Medicare levy, before passing on any distribution to you.

After 21 July each year, we cannot refund any TFN tax deducted in the previous financial year. By quoting your TFN or ABN you authorise us to apply it to your investment and its disclosure to the Australian Tax Office. Collection of TFN or ABN information is authorised, and its use and disclosure is strictly regulated, by the tax laws and under privacy legislation.

## E. How to apply

### E1 Cooling off period

Subject to applicable law, retail investors have a right to a cooling-off period relating to their investment except for investments made under distribution reinvestment plans or other additional investment arrangements. There may be other circumstances in which a retail investor is not entitled to exercise cooling-off rights; for instance, if the Fund is not liquid at the time an investment is made.

For retail investors only, your cooling-off rights are described below.

Immediately following the earlier of the date on which you receive confirmation of your investment or the fifth day after the day on which your investment was issued to you, there is a 14-day period during which you may cancel your investment (subject to applicable law).

Should you choose to cancel your investment during this period, the amount returned to you will be adjusted to take account of any movements in investment values since the day on which you acquired the investment. The cancellation of your investment will be processed at the price that you would have paid for your investment on the date your request is received. We may deduct from the amount returned to you any reasonable administrative and transaction costs and tax paid or payable because of the issue, and cancellation, of your investment.

If a distribution has occurred between acceptance of your application and receipt of your cooling-off period notification, there may be taxation implications for you. We suggest that you seek professional taxation advice in these circumstances.

If you invest in the Fund by directing an IDPS operator to acquire units in the Fund on your behalf, your rights to a cooling-off period are not exercisable in relation to Celeste since you have not acquired a direct interest in the Fund. You should contact your IDPS operator to find out what your cooling-off rights are.

If you wish to cancel your investment during the cooling-off period, you need to inform us in writing of your intention to exercise this right before the end of the cooling-off period (and before exercising any rights or powers you have in respect of your investment in the Fund).

This notification should be sent to LFS:

- Email: [LFS\\_registry@linkgroup.com](mailto:LFS_registry@linkgroup.com); or
- Mail: PO Box 5482, Sydney NSW 2001.

Should you have any questions regarding our cooling-off policy please contact us on (02) 9229 9000.

### E2 Enquiries and complaints

If you have a complaint about any aspect of your investment in the Fund, please contact Perpetual in the first instance. Our contact details are at the front of this Additional Information Booklet. We will acknowledge any complaint in writing as soon as practicable and within 5 business days and make every effort to resolve your issue within 30 days of us being notified. We are a member of and participate in the Australian Financial Complaints Authority (AFCA).

If you are a retail client and you feel your complaint has not been satisfactorily resolved after 45 days, you are entitled to make a complaint to AFCA at the following address:

Mail: Australian Financial Complaints Authority  
GPO Box 3, Melbourne VIC 3001  
Telephone: 1800 931 678 (free call)  
Email: [info@afca.org.au](mailto:info@afca.org.au) Website [www.afca.org.au](http://www.afca.org.au)

Where you invest via an IDPS any enquiries and complaints should generally be directed to the IDPS operator and not to us. From 1 January 2018 however, all investors (regardless of whether you hold units in the Fund directly or hold units indirectly via an IDPS) are able to access Perpetual's complaints procedures outlined above. If investing via an IDPS and your complaint concerns the operation of the IDPS then you should contact the IDPS operator directly.

## F. Privacy and other important information

### F1 Privacy

We collect personal information from you in the application and any other relevant forms to be able to process your application, administer your investment and comply with any relevant laws. If you do not provide us with your relevant personal information, we will not be able to do so.

Privacy laws apply to our handling of personal information and we will collect, use and disclose your personal information in accordance with our privacy policy, which includes details about the following matters:

- the kinds of personal information we collect and hold;
- how we collect and hold personal information;
- the purposes for which we collect, hold, use and disclose personal information;
- how you may access personal information that we hold about you and seek correction of such information (note that exceptions apply in some circumstances);
- how you may complain about a breach of the Australian Privacy Principles (APP), or a registered APP code (if any) that binds us, and how we will deal with such a complaint;
- whether we are likely to disclose personal information to overseas recipients and, if so, the countries in which such recipients are likely to be located if it is practicable for us to specify those countries.

Our privacy policy is publicly available at our website at [www.perpetual.com.au](http://www.perpetual.com.au) or you can obtain a copy free of charge by contacting us. A copy of the Custodian's privacy policy is available at [www.linkfundsolutions.com](http://www.linkfundsolutions.com).

### F2 AML/CTF Act

The *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth) (**AML/CTF Act**) and other applicable anti-money laundering and counter terrorism laws, regulations, rules and policies which apply to us (**AML Requirements**), regulate financial services and transactions in a way that is designed to detect and prevent money laundering and terrorism financing.

The AML/CTF Act is enforced by the Australian Transaction Reports and Analysis Centre (**AUSTRAC**). To comply with the AML Requirements, the responsible entity is required to, amongst other things:

- verify your identity and source of your application monies before providing services to you, and to re-identify you if we consider it necessary to do so; and
- where you supply documentation relating to the verification of your identity, keep a record of this documentation for 7 years.

The responsible entity, Celeste, and the administrator and custodian as its agent, each reserve the right to request such information as is necessary to verify the identity of an investor and the source of the payment.

If there is a delay or failure by the investor to produce this information, the responsible entity, Celeste and the administrator and custodian may refuse to accept an application and the application monies relating to the application or may suspend payment of withdrawal proceeds if necessary to comply with AML Requirements. Neither the responsible entity, Celeste, the administrator and custodian, nor their delegates are liable to the investor for any loss suffered by the investor as a result of the rejection or delay of any application or payment of withdrawal proceeds.

The responsible entity, Celeste, and the administrator and custodian have implemented a number of measures and controls to ensure they comply with their obligations under the AML Requirements, including carefully identifying and monitoring investors. As a result of the implementation of these measures and controls:

- transactions may be delayed, blocked, frozen or refused where the responsible entity, Celeste, or the administrator and custodian has reasonable grounds to believe the transaction breaches the law or sanctions of Australia or any other country, including the AML Requirements;
- where transactions are delayed, blocked, frozen or refused, the responsible entity, Celeste, and the administrator and custodian are not liable for any loss you suffer (including consequential loss) caused by reason of any action taken or not taken by them as contemplated above, or as a result of their compliance with the AML Requirements as they apply to the Fund; and
- the responsible entity, Celeste, and the administrator and custodian may from time to time require additional information from you to assist it in this process.

The responsible entity, Celeste, and the administrator and custodian have certain reporting obligations under the AML Requirements and are prevented from informing you that this reporting has taken place. Where required by law, an entity may disclose the information gathered to regulatory or law enforcement agencies, including AUSTRAC.

The responsible entity, Celeste, and the administrator and custodian are not liable for any loss you may suffer as a result of our compliance with the AML Requirements.

### F3 Common Reporting Standard

The Common Reporting Standard (**CRS**) is a global standard for the collection, reporting and exchange of financial account information on foreign tax residents. The requirements are similar to those which exist under FATCA, however, the CRS applies to a greater number of countries. Australia has signed the OECD Multilateral Competent Authority Agreement on Automatic Exchange of Account Information. This agreement enables CRS information to be exchanged between the tax authorities of the jurisdictions that have adopted CRS legislation. The Australian CRS legislation took effect from 1 July 2017. As a result, the responsible entity is required to collect certain information about foreign tax residents and provide it to the ATO. Further, the ATO may pass this information onto tax authorities in other jurisdictions.

By making an application to invest in the Fund, you agree to provide the responsible entity with the identification documents and related information that is required in order for the responsible entity to comply with its CRS obligations.

## F4 About the Fund Constitution

The Fund is governed by a constitution, together with the Corporations Act and general law. Copies of the constitution may be inspected during normal business hours at our office. Alternatively, we will send you a free copy of the constitution if you prefer.

The constitution covers a number of matters including:

- Determination and payment of distributable income.
- The responsible entity's powers, including all powers of a natural person who is the absolute and beneficial owner of the property of the Fund and power to appoint delegates and agents.
- The responsible entity's indemnity for all liabilities incurred in the proper performance of its duties.
- Ability to refuse applications for units, make deductions from application money and impose minimum balance requirements.
- Ability to transfer units.
- Unitholder meetings.
- Retirement of the responsible entity.
- Termination of the Fund; and
- Ability to amend the constitution.

By applying for units in the Fund, investors agree to be bound by the terms of the constitution as amended from time to time and any other restrictions contained in the PDS or this AIB. A unit in the fund gives the holder an undivided interest in the Fund's assets as a whole but no interest or right in respect of any individual asset. The Fund's constitution is legally enforceable between unitholders and us.

## F5 How we keep you informed

We will provide you with:

- A transaction statement each time you make an investment or a withdrawal;
- A half yearly transaction statement;
- A half yearly distribution statement including an annual taxation statement;
- An annual member statement;
- Monthly investment updates (if requested); and
- A copy of the audited annual financial statements of the Fund.

Perpetual, as responsible entity of the Fund, intends to comply with its continuous disclosure obligations by following ASIC's good practice guidance rather than lodging copies of documents with ASIC. Accordingly, should Perpetual become aware of material information

that would otherwise be required to be lodged with ASIC as part of its continuous disclosure obligations, we will ensure that such material information will become available as soon as practicable on the Fund's website – [www.celestefunds.com.au](http://www.celestefunds.com.au).

The Fund is also subject to regular reporting and disclosure obligations as a disclosing entity under the Corporations Act. Copies of all documents lodged with ASIC in meeting these requirements may be obtained from, or inspected at, an ASIC office.

You may also obtain from us a copy of:

- The annual financial report most recently lodged with ASIC; and
- If available, any half-yearly financial report and continuous disclosure notices lodged with ASIC after the annual accounts but before the date of the PDS and this AIB. There are currently no such documents.

We will send you a copy of any of these documents free of charge within 5 days of receipt of your request.

If you are investing through an IDPS account, the IDPS operators or IDPS-like scheme (such as master trust or wrap account) operators provide indirect investors with reports on the progress of the Fund.

## **F6 The custodian**

The custodian of the Fund is Link Fund Solutions Pty Limited ABN 44 114 914 215 (Corporate Authorised Representative of Pacific Custodians Pty Limited ABN 66 009 682 866, AFSL 295142) (LFS).

We have entered into a custody agreement with LFS that sets out LFS's role as custodian in detail including its rights and obligations and a clause limiting its liability. It is not the role of the custodian to protect the rights and interests of the Fund's investors.

LFS has not been involved in the preparation of the PDS or this AIB, and has not caused or otherwise authorised the issue of the PDS or this AIB. LFS has not independently verified the information contained in the PDS or this AIB and, accordingly, accepts no responsibility for the accuracy or completeness of the information. LFS does not guarantee the success or the performance of the Fund nor the repayment of capital or any particular rate of capital or income return.

## **F7 Appointment of agent**

A person, partnership or company may be appointed as an agent for the investor by having the relevant section of the application form executed. The agent (if it is a company or partnership, including any person Perpetual or LFS reasonably believes is an authorised officer or partner) may provide investment instructions in respect of the Fund, prepare, sign and provide requests to redeem units in the Fund, advise of changes to your details in respect of your investment in the Fund, and obtain information about your investments in the Fund. This appointment can be cancelled at any time by notice in writing to LFS. All joint unit holders must sign the appointment or cancellation.

By appointing an agent the investor:

- (a) releases, discharges and agrees to indemnify Perpetual, LFS and the Fund from and against any and all losses, liabilities, actions, proceedings, accounts, claims and

demands (including legal and client costs) arising from the fraud, negligence or appointment of or purported exercise of powers by the agent or in connection with the use of the facility;

- (b) agrees that a payment or purported payment (the payment) made in accordance with the requests or instructions of the agent shall be in complete satisfaction of the obligations of Perpetual and/or LFS, to the extent of the payment, notwithstanding any fact or circumstance including that the payment was requested, made or received without the investor's knowledge or authority; and
- (c) agrees that if payment is made in accordance with the request or instructions of the agent, the investor shall have no claim against Perpetual or LFS, in relation to the payment.

## **F8 Compliance Plan and Compliance Committee**

The Fund is a registered managed investment scheme for the purposes of the Corporations Act.

We have lodged a Compliance Plan for the Fund with ASIC. The Compliance Plan sets out arrangements we have in place to ensure compliance with the constitution and the Corporations Act.

We have established a Compliance Committee that monitors the extent to which we comply with the Fund's Compliance Plan and the adequacy of the Plan. The Compliance Committee must report certain matters to the Perpetual Board and, if required, to ASIC. The majority of the Compliance Committee is made up of external members.

Our compliance with the Compliance Plan is subject to an annual external audit.