

# Apostle Diversified Global Credit Fund

1 October 2024

ARSN 659 135 734  
APIR KAM2611AU

## Investment Manager

Apostle Funds Management Pty Limited  
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## Responsible Entity

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## Custodian/Administrator

State Street Australia Limited  
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This Product Disclosure Statement (“PDS”) has been prepared and issued by K2 Asset Management Ltd (“K2”, “we” “us” or “Responsible Entity”) and is a summary of general information relating to an investment in the Apostle Diversified Global Credit Fund ARSN 659 135 734 (the “Fund”). It refers to important information in the Additional Information Document (AID) (available at [www.k2am.com.au](http://www.k2am.com.au)), which is incorporated by reference into, and forms part of, this PDS. This PDS is also available to investors who invest through an IDPS (such as a master trust or wrap account).

Units in the Fund are offered and issued by the Responsible Entity on the terms and conditions described in this PDS (including the AID). By becoming an investor in the Fund, you agree to be bound by this PDS. The information provided in the PDS is general information only and does not take account of your personal financial situation or needs. You should consider the information in this PDS (including the AID) and obtain financial advice tailored to your personal circumstances before deciding to invest in the Fund.

## No guarantee of the repayment of capital or a rate of return

None of the Responsible Entity, the Investment Manager, Sub-Investment Managers and Custodian nor any of their respective employees, agents and officers guarantee the success, repayment of capital, rate of return on income or capital or investment performance of the Fund. Past performance is no indication of future performance. An investment in the Fund is subject to investment risk, including possible delays in repayment and loss of income or capital invested. Units in the Fund are offered and issued by K2 on the terms and conditions described in this PDS. It is your obligation to seek any advice and observe any legal restriction on investment in the Fund that may apply to you.

## General Information

This PDS provides a summary of significant information and contains a number of references to other important information that also forms part of the PDS. You should consider all of the information before deciding to invest in this product.

The information provided in the PDS is general information only and does not take account of your personal financial situation or needs. You should obtain financial advice tailored to your personal circumstances.

This PDS is not an offer or invitation for the Fund in any place in which, or to any person to whom, it would not be lawful to make that offer or invitation.

This PDS will be available and may be viewed online at [www.k2am.com.au](http://www.k2am.com.au). The information on the website does not form part of this PDS. A paper copy of the PDS or any updated information can be obtained free of charge by contacting K2 at [invest@k2am.com.au](mailto:invest@k2am.com.au).

It is your obligation to make your own enquiries and obtain professional legal, financial, tax and accounting advice before making an investment decision for the Fund and observe any legal restrictions on investment in the Fund that may apply to you. Investors should read carefully the risks to the Fund described in section 4.

K2, Apostle or their respective officers, employees, advisers, agents or service providers do not give any warranty as to the accuracy, reliability, currency or completeness of the information or assumptions contained in this PDS, nor do they, to the maximum extent permitted by law, accept any liability to any person for reliance on information contained in this PDS.

### Update of Information

Information in this PDS is subject to change of a type that is not materially adverse from time to time. Such updates will be published at [www.k2am.com.au](http://www.k2am.com.au). A paper copy of any updated information will be provided free of charge on request by emailing [apostle@k2am.com.au](mailto:apostle@k2am.com.au) within 8 days of the request being made.

Updated information about performance, unit prices, Fund size and other general information about the Fund will be published at [www.k2am.com.au](http://www.k2am.com.au).

### Authorised Use of PDS for IDPS

The Responsible Entity has authorised the use of this PDS as disclosure to investors and prospective investors of an investor directed portfolio service, master trust, wrap account or an investor directed portfolio service-like scheme (“IDPS”). This PDS is available for use by persons applying for Units in the Fund through an IDPS (“Indirect Investors”). The operator of an IDPS is referred to in this PDS as the **IDPS Operator** and the disclosure document for an IDPS is referred to as the **IDPS Guide**. If you invest through an IDPS, your rights and liabilities will be governed by the terms and conditions of the IDPS Guide. Investors should carefully read these terms and conditions before investing in the Fund.

### New Zealand investors

The offer to which this PDS relates is only available to persons receiving this PDS in Australia and New Zealand (electronically or otherwise). New Zealand investors must read the Information for New Zealand Investors before investing in the Fund.

### Target Market Determination

The Target Market Determination (“TMD”) for the Fund can be requested from K2 via [apostle@k2am.com.au](mailto:apostle@k2am.com.au) and includes a description of for whom the Fund is appropriate for.

### References in this PDS

All amounts in this PDS are in Australian dollars. All fees are inclusive of goods and services tax (GST) and take into account Reduced Input Tax Credits (“RITC”) if applicable. All fees in this PDS are rounded to two decimal places. All references to time and to Business Days are to Sydney time and Business Days.

For a glossary of terms used in this PDS see the Additional Information Document.

## 1. About Apostle and K2

### Entities

#### K2 Asset Management Ltd

K2 Asset Management Ltd (ABN 95 045 445 094) (AFSL 244393), a subsidiary of K2 Asset Management Holdings Ltd (ABN 59 124 636 782), which is a public company listed on the Australian Securities Exchange (ASX: KAM), is the Fund's Responsible Entity and issuer of this PDS. K2 was established in Melbourne in 1999 and specialises in managed funds for retail, wholesale and institutional investors.

The responsibilities and obligations as the Fund's Responsible Entity are governed by the Fund's constitution ("Constitution"), the Corporations Act and general trust law.

As Responsible Entity, K2 oversees the operation and management of the Fund and is required to act in the best interests of investors.

#### Apostle Funds Management Pty Limited

The Responsible Entity has appointed Apostle Funds Management Pty Limited ("Apostle" or "Investment Manager") as the Investment Manager of the Fund. Apostle provides investment related services to Australian and New Zealand investors.

Apostle (ABN 16 129 922 612) entered the Australian market in 2008, providing integrated portfolio solutions for institutional clients.

Apostle is an Australian incorporated company and holds an Australian Financial Services Licence (AFSL 458375).

As the Investment Manager of the Fund, Apostle's role is to make the investment management decisions. This includes delegation to Sub-Investment Managers.

### Indemnity

The above entities are indemnified out of the Fund against all liabilities and expenses incurred by them in properly performing any of their duties, exercising any of its powers, or omitting to act in relation to the Fund, or attempting to do so. Subject to the Corporations Act, provided they act in good faith and without negligence, the above entities are not liable to investors for losses in relation to the Fund (except in certain circumstances, where it can be indemnified from the Fund).

K2, Apostle and the other service providers for the Fund do not guarantee the performance of the Fund.

The Fund's past performance is no indication of its future performance. The Fund's returns are not guaranteed.

## 2. How the Apostle Diversified Global Credit Fund works

The Fund is a registered managed investment scheme governed by the Constitution. The Fund comprises assets that are acquired in accordance with the Fund's investment strategy. In a unit trust structure, when you invest your money, it is pooled with other investors' funds. Each unit represents an equal share in the net assets of the Fund, or where there are classes of units, of the net assets referable to that class. The rights of investors are set out in the Fund's Constitution.

Investors should note that the price of units will vary as the market value of the Fund's Investments changes.

### Fund Overview

The Apostle Diversified Global Credit Fund aims to generate higher yields than traditional fixed income securities, with lower volatility.

The Fund aims to invest across a range of alternative fixed income securities by sourcing managers that specialise in sub-investment grade, investment grade, and private debt markets.

### Investment Objective

The Fund targets a return of 2-3% p.a. net of fees above the RBA cash rate over rolling 3-5 year periods, focusing on capital stability whilst maintaining liquidity. The Fund's investment objectives may vary from time to time.

### The Fund at a glance:

APIR	KAM2611AU	
ARSN	659 135 734	
Minimum suggested timeframe	5 years	
Distributions	Quarterly	
Investment objective	The Fund targets a return of 2-3% p.a. net of fees above the RBA cash rate over rolling 3-5 year periods, focusing on capital stability whilst maintaining liquidity.	
Investment style	The investment style is active with the aim of building Long-Term wealth with low turnover.	
Investments	Liquid Credit Cash Private Credit (illiquid)	50% - 100% 0% - 30% 0% - 20%
Management fees and costs	0.95% p.a. of NAV (incl. GST and RITC)	
Currency	Hedged to AUD	
Buy/Sell Spread	Buy 0.20% / Sell 0.20%.	
Applications	By 2pm on the Business Day you wish to apply	
Minimum initial investment	\$25,000	
Minimum balance	\$25,000	
Additional investment	You can add to your investment at any time by purchasing additional units at a value of \$5,000 minimum.	
Valuation	Each Business Day	
Redemptions	By the submission and acceptance of a completed redemption form by 2pm on the business day you wish to redeem.	
Reporting	Monthly performance updates will be available on K2's website at <a href="http://www.k2am.com.au">www.k2am.com.au</a>	

### Applications and adding to your investment

The minimum initial application is \$25,000. The Responsible Entity may waive or increase the minimum application amounts at our discretion. You may add to your investment at any time. The minimum additional application is \$5,000.

Investors may apply for Units by completing and signing the Application form accompanying this PDS.

### Access to your money

The minimum withdrawal is \$5,000 (unless otherwise permitted by K2), provided a minimum balance of \$25,000 remains in the relevant Fund, otherwise only a complete withdrawal is permitted. Investors in the Fund can withdraw their investment by completing a redemption form to withdraw from the Fund and mailing it to:

State Street Australia Limited  
Unit Registry  
Level 14, 420 George Street  
Sydney NSW 2000 Australia

or sending it by fax to +61 2 9323 6411

An investor wishing to make a withdrawal must complete a redemption form and submit the completed form to the Unit Registry by 2pm Australian Eastern Standard Time on a Valuation Day. Withdrawal proceeds will be remitted by electronic transfer to the investor's designated account, normally within five Business Days after the relevant Valuation Day.

### Limitations

In some circumstances, such as when there is a freeze on withdrawals, members may not be able to withdraw their funds within the usual period upon request. The Responsible Entity may accept or reject any Investment or withdrawal request at any time at its discretion, without providing a reason for its decision.

## Distributions

An investor's share of any distributable income is generally based on the number of units held by the investor at the end of the distribution period. The Fund usually distributes income quarterly via reinvestments in the Fund, unless the Investor indicates to have the distributions directly credited to their bank account. There is no Buy Spread on distributions that are reinvested.

In some circumstances, the Constitution may allow for an investor's withdrawal proceeds to be taken to include a component of distributable income.

New Zealand investors can only have their distribution paid in cash if an AUD Australian domiciled bank account is provided, otherwise it must be reinvested.

## Reporting

Monthly performance and other updates will be provided at [www.k2am.com.au](http://www.k2am.com.au).

Please note that Indirect Investors who access the Fund through an IDPS will receive reports directly from the IDPS Operator and not from the Responsible Entity.

## IDPS investors

If investing through an IDPS, other conditions may apply to investing, and access to your money, in the Fund and to distributions. You should consult the IDPS terms and conditions.

### Additional Information Incorporated by Reference

You should read the important information about acquiring and disposing of interests in the Fund before making a decision. Go to section 1 of the AID 'How the Apostle Diversified Credit Fund Works' for additional information available at [apostle@k2am.com.au](mailto:apostle@k2am.com.au). The material relating to acquiring and disposing of interests in the Fund may change between the time when you read this PDS and the day when you acquire the product.

## 3. Benefits of investing in the Apostle Diversified Global Credit Fund

Investing in the Fund offers a range of benefits, including:

### Expertise

You benefit from the skill and experience of the Investment Manager, Apostle and the Sub Investment Managers they appoint.

### Diversification

The Fund invests in a diverse range of alternative fixed income securities across global markets, hedged back to AUD.

### Risk Management

The Responsible Entity, Investment Manager and Sub Investment Managers all employ various risk management strategies, and stringent compliance procedures.

## 4. Risks of managed investment schemes

All investments carry risks. Different investment strategies may carry different levels of risk, depending on the assets acquired under the strategy. The level of risk for each person will vary depending on a range of factors, including: age, investment time frames, where other parts of your wealth are invested and your risk tolerance.

### Active management risk

Apostle does not invest in a predetermined basket of securities, such as a basket of securities that reflects an index, but instead selects securities, Funds and Sub-Investment Managers that meet its investment criteria. There is the risk that the Fund may underperform the benchmark.

### Concentration risk

Concentration of investments in the Fund (between individual investments and types of investments) may reduce the potential benefit of diversification. Diversification has the potential benefit of reducing volatility of investment.

## Counterparty risk

Counterparty risk is the risk of loss resulting from another party, including but not limited to an Investment Manager or Sub-Investment Manager, used by the Responsible Entity to execute trades defaulting on its financial obligations either because they become insolvent or cannot otherwise meet their obligations to the Fund. We aim to keep this risk to a minimum by regularly monitoring all counterparties.

## Credit margin risk

Credit margin risk is the risk of a change in the value of the asset due to the change in credit margins. Longer term assets are generally more impacted by credit margin risk than short term assets. As credit margins increase (decrease), the security value may decrease (increase).

## Derivative risk

The Fund may use various exchange-traded and over-the-counter derivative instruments, including swaps, futures, forward contracts, and options. The more volatile nature of these instruments may impact the return of the Fund.

## Fund risk

As with all managed funds, there are risks particular to the Fund including that the Fund could be terminated, the fees and expenses could change, or service providers are changed.

## Security or asset specific risk

The prices of securities or assets the Fund invests in, either directly or indirectly (through a holding in another investment vehicle) can rise or fall independently of changes in the broader market. While the Fund mitigates this risk through diversifying its holdings across a wide selection of available securities and assets, the Fund may still be exposed to independent security or asset specific risk.

## Valuation risk

Owing to the nature of the assets held by the Fund, there is no open, regulated or transparent market to adequately value some of these assets. There is the risk that the assets of the Fund are not valued to the true market value of the assets.

### Additional Information Incorporated by Reference

You should read the important information about risks of managed investment schemes before making a decision. Go to section 2 of the AID available at [apostle@k2am.com.au](mailto:apostle@k2am.com.au). The material relating to risks of Investing in the Fund may change between the time when you read this PDS and the day when you acquire the product.

## 5. How we invest your money

Before choosing to invest in the Fund you should consider the likely investment returns, the risks of investing and your investment time frame. The Fund should be considered a Long-Term investment.

### Investment objective

The Fund targets a return of 2-3% p.a. net of fees above the RBA cash rate over rolling 3-5-year periods, aiming to deliver capital stability whilst maintaining liquidity.

### Benchmark

RBA cash rate

### Risk level of the Fund

High – There is a risk that investors may lose some or all of their investment.

### Investor suitability

The Fund would suit investors who are seeking exposure to a diverse portfolio of alternative fixed income securities to provide a regular Income stream while seeking to mitigate capital risk.

### Investment style and approach

The Apostle Diversified Global Credit Fund aims to invest across a range of alternative fixed income securities by sourcing best of breed managers that specialise in alternative investment grade, sub-investment grade and private debt markets. The fund aims to generate higher yields than traditional fixed income securities with greater capital stability.

### Cash Policies

Cash levels will be actively managed and can range from 0 - 30% of the Fund depending on market conditions. The Fund may hold various currencies and cash equivalent products hedged back to AUD.

### Liquid Assets

The Fund may invest in the following forms of liquid assets (directly or indirectly):

- Listed and unlisted bonds
- Bridge loans
- Equities securities
- Treasury and government bonds
- Derivatives
- Syndicated loans
- Securitised debt
- Hybrid securities
- Cash or money market instruments

As well as Listed or unlisted funds where the underlying holdings are any of the above.

For fixed income investments, we expect the portfolio to have an average portfolio credit quality of B3/B- or higher. Ratings methodology is the higher of Moody's and S&P.

### Unlisted Funds

The Fund may invest in unlisted funds to access a specific asset class. These funds may invest in corporate bonds and debt. In this instance, the Fund will hold an interest or unit holdings in the unlisted fund on behalf of the Unit Holders as opposed to holding the bonds and debt directly.

### Illiquid Assets

The Fund may Invest in the following forms of illiquid credit:

- Private debt
- Other unlisted funds that invest in illiquid assets

### Derivatives

The Fund may use exchange-traded and over-the-counter derivative instruments to hedge interest rate risk, credit risk and currency risk. These are taken into account at the portfolio level and positions are adopted purely as a hedging tool to reduce overall currency, credit and interest rate risk. The Fund may make other investments as permitted by the Fund's constitution. If used, derivatives may include swaps, futures, options and forward contracts. Sub Investment Managers are permitted to use derivatives.

### Leverage

The Fund does not use leverage to increase the net invested position of the Fund. However, the Fund may invest in assets which are exposed to leverage including via Sub Investment Managers.

### Asset allocation

The Fund will be invested in and will adhere to the following asset allocation ranges:

Liquid credit: 50 - 100%

Cash: 0 - 30%

Private Credit (illiquid): 0 - 20%

Investments may be managed by external investment managers including through listed or unlisted investment vehicles. Whilst we expect that the strategy and investment process for the externally managed investment will lead to investments which are consistent with our guidelines, there may be certain circumstances where the Fund holds investments that are inconsistent with this. Further, if market movements, investments into or withdrawals from the Fund, or changes in the nature of an investment cause the Fund to move outside these indicative ranges, this will be addressed by the Investment Manager as soon as reasonably practicable.

### Labour, environmental, social and ethical considerations

The Investment Manager is a signatory to the United Nations' Principles for Responsible Investment initiative (PRI). The PRI reporting framework measures an organisation's alignment against the six PRI principles. The first principle is to incorporate ESG issues into investment analysis and decision-making processes. As a result, the Investment Manager includes as part of its ESG investment policy for the Fund (**ESG Policy**) the aim of appointing Sub-Investment Managers who incorporate ESG considerations when selecting securities or assets for the Fund.

The policy is implemented in two ways:

#### 1. Due diligence

During the Sub-Investment Manager selection process, and on at least an annual basis, the Investment Manager will qualitatively assess the Sub-Investment Managers' investment strategy's level of ESG integration. This is undertaken through a due diligence questionnaire that collects information on the Sub-Investment Managers' ESG considerations including their approach to labour, environmental, social and ethical considerations. In doing so the Investment Manager acknowledges that the ability of a Sub-Investment Manager to assess these factors will vary by the type of securities or assets held and the availability of corresponding proprietary or 3rd party data to collaborate those factors. Each Sub-Investment Manager must have an ESG policy which will be considered when evaluating the overall appropriateness of the Sub-Investment Managers strategy in meeting the investment objectives of the Fund.

#### 2. Engagement

The Investment Manager will regularly engage Sub-Investment Managers to enhance their ESG processes and reporting. Throughout the appointment of the Sub-Investment Manager, engagement activities will be employed to explore avenues for enhancing the manager's ESG practices

For more details on the due diligence and ongoing monitoring process please refer to the Fund's ESG Policy which is available upon request by emailing [apostleclientservice@apostlefm.com.au](mailto:apostleclientservice@apostlefm.com.au).

### Valuation, location and custody of assets

The Fund's assets are held in accordance with normal business practice with State Street Australia Limited. The role performed by the Custodian is set out in the AID.

### Additional Information Incorporated by Reference

You should read the important information about how we invest your money before making a decision. Go to section 3 of the AID available at [apostle@k2am.com.au](mailto:apostle@k2am.com.au). The material relating to how we invest your money may change between the time when you read this PDS and the day when you acquire the product.



## 6. Fees and costs

### Consumer advisory warning

#### DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns. For example, total annual fees and costs of 2% of your investment balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs. You may be able to negotiate to pay lower fees where applicable. Ask the fund or your financial adviser.

#### TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the **Australian Securities and Investments Commission** (ASIC) **Moneysmart** website ([www.moneysmart.gov.au](http://www.moneysmart.gov.au)) has a managed funds fee calculator to help you check out different fee options.

### Fees and costs summary

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

Taxes are set out in another part of this document and in the AID.

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

Apostle Diversified Global Credit Fund		
Type of fee or cost	Amount	How and when paid
<b>Ongoing annual fees and costs</b> <sup>1 2</sup>		
<b>Management Fees and Costs</b> <sup>3</sup> The fees and costs for managing your investment	0.95% p.a. of the Fund's NAV	Management fees and costs are comprised of: <ul style="list-style-type: none"> <li>A management fee;</li> <li>Administration costs (e.g unit registry, administration, audit and custody);</li> <li>Indirect costs; and</li> <li>Recoverable expenses.</li> </ul> The management fee is calculated and accrued daily based on the NAV and paid monthly in arrears out of the Fund's assets. Indirect costs and recoverable expenses are calculated on the basis of K2's reasonable estimate of these costs and expenses. These costs and expenses are paid directly from the Fund as they are incurred and are reflected in the unit price.
<b>Performance Fees</b> <sup>4</sup> Amounts deducted from your investment in relation to the performance of the product	Nil	Not applicable
<b>Transaction Costs</b> The costs incurred by the Fund when buying or selling assets	Nil	This estimated transaction fee is incurred and accrued daily on the buying or selling of Fund assets (as it applies). The amount shown is net of any transaction costs recovered from investors via buy-sell spreads.
<b>Member activity related fees and costs (fees for services or when your money moves in or out of the Fund)</b>		
<b>Establishment Fee</b> The fee to open your investment	Nil	Not applicable
<b>Contribution Fee</b> The fee on each amount contributed to your investment	Nil	Not applicable
<b>Buy/Sell Spread</b> An amount deducted from your investment representing costs incurred in transactions by the Fund	+/-0.20%	When you invest or withdraw from the Fund, you may incur buy/sell spreads applicable at that time and this amount is reflected in the unit prices for the Fund.
<b>Withdrawal Fee</b> The fee on each amount you take out of your investment	Nil	Not applicable
<b>Exit Fee</b> The fee to close your investment	Nil	Not applicable
<b>Switching Fees</b> The fee for changing investment options	Nil	Not applicable

1 All fees quoted above are inclusive of GST and net of any RITC expected to be available to the Fund and where applying. See below for more details as to how management costs are calculated.

2 Your financial adviser may receive payment for providing advice services to you. Additional costs may be charged by your IDPS. Refer to the information below in Additional Explanation of Fees and Costs.

3 The Management Fee can be negotiated. See "Differential fees" below.

4 Performance fees may be accrued and paid to an interposed vehicle. Refer to heading Performance Fees below in Additional Explanation of Fees and Costs.

## Example of annual fees and costs for the Fund

This table gives an example of how the ongoing annual fees and costs for the Apostle Diversified Global Credit Fund can affect your investment over a 1-year period. You should use this table to compare this product to other products offered by other managed investment schemes.

The ongoing annual fees and costs in this table are an example only and are not additional to the fees and costs described in the table on page 6.

<b>EXAMPLE - Apostle Diversified Global Credit Fund</b>		
<b>Balance of \$50,000, with a contribution of \$5,000 during the year</b>		
Contribution fees	Nil	For every additional \$5,000 you put in, you will be charged \$0
<b>PLUS</b> Management fees and costs <sup>1</sup>	0.95% p.a.	<b>And</b> , for every \$50,000 you have in the Fund you will be charged \$475 each year.
<b>PLUS</b> Performance fees	Nil	<b>And</b> , you will be charged or have deducted from your investment \$0 in performance fees each year. <sup>2</sup>
<b>PLUS</b> Transaction costs	Nil	<b>And</b> , you will be charged or have deducted from your investment \$0 in transaction costs.
<b>EQUALS</b> Cost of Fund <sup>3</sup>		If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during the year, you would be charged fees of <b>\$475</b>  <b>What it costs you will depend on the investment you choose and the fees you negotiate.</b>

<sup>1</sup> Management fees and costs are charged on your investment amount and any contribution made during the year. This example assumes the \$5,000 contribution occurs at the end of the first year, so that management costs are calculated using the \$50,000 balance only, which is invested for the full year

<sup>2</sup> This may change where performance fees become payable in an interposed vehicle, or underlying fund. See Performance Fees in the Additional Explanation of fees and costs below. Unit Holders will be updated as described in this PDS.

<sup>3</sup> Additional fees may apply, please note that this example does not capture all fees and costs that may apply to you such as the Buy/Sell Spread or any advice fees paid to your financial adviser.

## Additional Explanation of fees and costs

### Management fees and costs

Management fees and costs are expressed as a percentage of the Fund's Net Asset Value. The management fees and costs are made up of management fees and estimated indirect costs that may be charged by interposed vehicles as well as recoverable expenses.

#### Management Fees

A fee of 0.95% p.a. of the NAV for the Fund Inclusive of GST and RITC is accrued daily and paid monthly in arrears to the Investment Manager. The management fees include the management fees of the Investment Manager and the Sub-Investment Manager as well as custody, administration, registry and other operating expenses.

#### Indirect costs

Indirect costs are generally any amount the Responsible Entity knows, or estimates will reduce the Fund's returns that are paid from the Fund's assets or assets of the interposed vehicles. An interposed vehicle is generally a body, trust/fund or partnership that the Fund's assets are invested in, such as an underlying fund or some over the counter derivatives.

#### Recoverable expenses

There are recoverable expenses other than those referred to in the management fees section above that may be reimbursed from the Fund. There are also costs that are incurred in relation to the operation of the

Fund and are not expected to be incurred on a regular basis but also considered a recoverable cost, such as but not limited to holding investor meetings; audit, tax and legal costs; preparation of disclosure documents and overheads. Recoverable expenses have been included in the Management Fees and Costs section in the table on page 6. As of the date of this PDS, recoverable expenses incurred in managing the Fund will generally be paid by the Investment Manager with the management fee.

### Performance Fees

There are no performance fees charged for the Fund. However, performance fees may be accrued and paid to an interposed vehicle. At the date of this PDS, to the best of the Responsible Entity's knowledge having made reasonable inquiries, no performance fees have accrued in any interposed vehicle.

### Transaction Costs

Because the Fund is actively managed, the Fund may incur transaction costs such as brokerage, buy-sell spread, settlement and clearing costs (including custody costs) and government charges such as stamp duty when assets are bought and sold. This generally happens when the assets of the Fund are changed in connection with day-to-day trading or when there are applications or withdrawals which cause net cash flows into or out of the Fund.

Transaction costs could also include due diligence costs, legal advisory and other professional costs and any failed deal costs of the Fund. Additionally, any costs incurred by an interposed vehicle that is a managed investment scheme may be included as a transaction cost.

Transaction costs which are incurred other than in connection with applications and withdrawals arise through the day-to-day trading of the Fund's assets are reflected in the Fund's unit price. As these costs are factored into the NAV of the Fund and reflected in the unit price, they are an additional implicit cost to the investor and are not a fee paid to the Responsible Entity.

#### Buy and sell spreads

A Buy/Sell Spread of +/-0.20% is an additional cost you will incur to enter or exit the Fund. The money is retained in the Fund. The spread is based on the Fund's average transaction costs and may be varied by the Responsible Entity from time to time.

The transaction costs for the financial year ended 30 June 2024 were approximately 0.00% of the Fund's average NAV, these costs may vary in the future.

### Other fees and costs

#### Advice fees

Your financial adviser may receive payment for providing advice services to you. You may separately negotiate an advice fee for the advice services provided to you. Additional costs may be charged by your IDPS. Refer to the Statement of Advice or Financial Services Guide prepared by your financial adviser in which details of these fees are set out.

### Can the fees change?

Yes, all fees can change without investor consent, subject to the maximum fee amounts specified in the Constitution. At least 30 days' prior notice will be given if there is any proposed increase to the management fees. The Fund's Constitution defines the maximum that can be charged for fees described in this PDS.

The Responsible Entity has the right to recover all proper and reasonable expenses incurred in managing the Fund. Changes in the amount of fees and costs charged by service providers, regulators and other third parties may cause the amount of expenses recovered by the Responsible Entity, including estimated responsible entity fees (if applicable), to increase or decrease from time to time.

### Differential Fees

The Responsible Entity or Investment Manager may from time to time negotiate a different fee arrangement with certain Wholesale Investors who satisfy minimum investment requirements.

## 7. How managed investment schemes are taxed

Investing in a registered managed investment scheme is likely to have tax consequences and you are strongly advised to seek professional tax advice.

Registered managed investment schemes generally do not pay tax on behalf of investors. However, the Responsible Entity may be required to

withhold tax from each distribution at the relevant withholding tax rates under certain circumstances. Investors are assessed for tax on any income and capital gains generated by the registered investment scheme. The Responsible Entity will provide an annual summary of distributions made to you during each financial year as well as the relevant information required to complete your Australian tax return.

#### Additional Information Incorporated by Reference

You should read the important information about how managed investment schemes are taxed before making a decision. Go to section 4 of the AID available at [apostle@k2am.com.au](mailto:apostle@k2am.com.au). The material relating to how managed investment schemes are taxed may change between the time when you read this PDS and the day when you acquire the product.

## 8. How to apply

### Investing in the Fund

To invest, please complete the Application Form accompanying this PDS, send funds (see details in the Application Form) and your completed Application Form by post or Fax to:

State Street Australia Limited  
Unit Registry  
Level 14, 420 George Street  
Sydney NSW 2000 Australia  
  
Fax No. +61 2 9323 6411

Please note that cash cannot be accepted, and all applications must be made in Australian dollars. If investing indirectly through an IDPS, you should complete the forms provided by the IDPS operator. This will mean that you are an Indirect Investor in the Fund and not a Unit Holder of the Fund. Please note that K2 reserves the right to accept or reject any application for Units in the Fund.

### Complaints resolution

The Responsible Entity has an established complaint handling process and is committed to properly considering and resolving all complaints.

If you have a complaint about your investment, please contact K2 Asset Management:

by telephone: 03 9691 6111;  
by post: K2 Asset Management  
Level 44, 101 Collins Street  
Melbourne VIC 3000; or  
by email: [compliance@k2am.com.au](mailto:compliance@k2am.com.au).

We will acknowledge receipt of the complaint as soon as possible. We will seek to resolve your complaint as soon as practicable but not more than 30 days after receiving the complaint.

If you are not satisfied with our response, you may be able to lodge a complaint with the Australian Financial Complaints Authority ("AFCA"): online at [www.afca.org.au](http://www.afca.org.au):

by telephone: 1800 931 678;  
by email: [info@afca.org.au](mailto:info@afca.org.au); or  
by post: GPO Box 3, Melbourne VIC 3001.

Please quote our AFCA membership number: 12481

If investing through an IDPS, you should contact the IDPS operator for their complaint processes.

### Cooling off period

If you have invested directly in the Fund, you may have a right to a 'cooling off' period in relation to your investment in the Fund for 14 days from the earlier of:

- confirmation of the investment being received; and
- the end of the fifth Business Day after the units are issued.

You may exercise this right by notifying us in writing. Your investment will be returned and adjusted for any increase or decrease in the relevant application price between the time we process your application and the time we receive the notification from you, as well as any other tax and other reasonable administrative expenses and transaction costs

associated with the acquisition and termination of the investment.

The right to cool off does not apply in certain limited situations, such as if the issue is made under a distribution reinvestment plan, switching facility or represents additional contributions required under an existing agreement. Also, the right to cool off does not apply to you if you choose to exercise your rights or powers as a unitholder in the Fund during the 14 day period. This could include selling part of your investment or switching it to another product. For IDPS investors, you should consult your IDPS operator about any cooling off rights you may have.

### Warning Statement for New Zealand Investors

This offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act and regulations made under that Act. In New Zealand, this is sub-part 6 of Part 9 of the Financial Markets Conduct Act 2013 and Part 9 of the Financial Markets Conduct Regulations 2014.

This offer and the content of the offer document are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act and the regulations made under that Act set out how the offer must be made. There are differences in how financial products are regulated under Australian law. For example, the disclosure of fees for managed investment schemes is different under the Australian regime.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian financial products may differ from the rights, remedies, and compensation arrangements for New Zealand financial products.

Both the Australian and New Zealand financial markets regulators have enforcement responsibilities for this offer. If you need to make a complaint about this offer, please contact the Financial Markets Authority, New Zealand (<http://www.fma.govt.nz>). The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian financial products is not the same as for New Zealand financial products.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

The offer may involve a currency exchange risk. The currency for the financial products is not New Zealand dollars. The value of the financial products will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.

If you expect the financial products to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

The dispute resolution process described in this offer document is available only in Australia and is not available in New Zealand.

### Additional Information Incorporated by Reference

You should read the important information about Additional Fund Information before making a decision. Go to section 9 of the AID available at [apostle@k2am.com.au](mailto:apostle@k2am.com.au). The material relating to how to apply may change between the time when you read this PDS and the day when you acquire the product. The Additional Fund Information includes:

- Privacy
- when your account in the Fund may be suspended or transaction requests rejected under the constitution of the Fund
- the Constitution
- your rights and liabilities under the Constitution
- the Responsible Entity's right to offer different classes of units
- what happens in the event of the Fund's termination
- financial and other information about the Fund
- change of details
- consents
- the Fund's service providers
- Definitions.