

BECKON

Beckon Capital Pty Ltd

Beckon Impact Growth Equity Fund

Information memorandum (IM)



Acknowledgement of country

We acknowledge the Traditional Owners of the Country on which we meet, the Gadigal people of the Eora nation, and recognise their continuing connection to land, waters and culture.

We pay our respects to their Elders past, present and emerging.

Beckon's mission

Beckon Capital exists to create value by supporting enterprises and projects that deliver positive impact to the wellbeing of individuals, communities and the planet.





Dear Investor,

Beckon Capital is excited to invite you to invest in a fund that pursues sustainable financial returns from investments that we believe will improve lives, strengthen communities and help the planet.

Investors face a world where interest rates are close to zero and stock markets and housing prices are at historic highs. The buoyancy of financial markets is increasingly dislocated from growing challenges to the wellbeing of individuals, communities, and the planet. This disconnect suggests that institutions are failing the needs of people and the planet.

The questions: “How do I generate the returns I need?”, “What returns are sustainable?”, “Can investment make a difference?” have become front of mind and essential.

The team formed Beckon with the firm belief that financial returns and impact are intrinsically linked, and that financial performance can be significantly improved through the use of impact insights to inform core business decisions.

Beckon also believes in the capability and potential of Australia’s Small and Medium Enterprise (SME) sector. This is a sector that powers the economy and drives innovation, yet could achieve so much more with greater support and access to capital.

Impact + SMEs = sustainable returns that make a difference

These fundamental beliefs underpin an asset class, new to Australia – Impact Growth Equity. Beckon expects this asset class will offer strong returns and the capacity to embrace impact in a way that can drive the sustainability and resilience of those returns, while making a difference to people and the planet. This return expectation is based in part on the experience of growth equity internationally, but also on the quality and initiative displayed by Australian enterprises and communities.

Communities can no longer simply rely on big business, big government or big finance for the answer. The logic of “bigger is better” is falling short. Bureaucracies are struggling to get resources and services to support people and the environment.

Beckon believes that the SME sector is the answer to these challenges. This sector contributes 66% of the workforce and nearly 55% to GDP. It is the driver of innovation, yet many of these companies struggle to access the resources they need to take up the opportunities before them. This SME financing gap is a drag on our economy and our communities’ wellbeing.

The Fund

The Beckon Impact Growth Equity Fund (the Fund) aims to deliver quality returns by linking capital to sustainable SMEs that improve outcomes for people and the planet.

This Fund provides growth equity, which means Beckon delivers capital along with strategic insights to help SMEs improve their productivity, and financial and impact outcomes. The team listens to potential partners, and backs their dreams with the collective decades of experience helping businesses grow.

Are you ready to make an impact?

The team invites you to consider this information memorandum. If you have any questions, please contact us.

Beckon Capital is excited to join you in this conversation, and to make an impact at the human scale.

Yours sincerely,

Christopher Selth
Chief Investment Officer
Beckon Capital Pty Ltd

Important information



Fundhost Limited ABN 69 092 517 087 AFSL 233 045 (**Fundhost, Trustee, we or us**) is the trustee of, and issuer of units in the Beckon Impact Growth Equity Fund (**Fund**), offered in this Information Memorandum (**IM**). Fundhost has prepared this IM.

The information contained in this IM has been prepared without taking account of your personal objectives, financial situation or needs. Because of this you should, before acting on this information, consider its appropriateness having regard to your objectives, financial situation and needs.

This IM is intended to provide a guide to the principal features of the Fund. An investment in the Fund is subject to the terms of the Fund's trust deed (**Trust Deed**). The IM is not a comprehensive statement of the Trust Deed or of all of the terms applicable to an investment in the Fund. A copy of the Fund's Trust Deed can be obtained by contacting us. This IM may not contain all of the information that a prospective investor or their advisers may expect or require in order to make an informed decision as to whether to subscribe for units in the Fund.

Prospective investors should rely upon their own enquiries in deciding whether to invest and make their own decisions on whether to rely on third party material referenced in the IM. Information has been obtained from sources believed to be reliable, but we do not represent it to be accurate or complete and it should not be relied on as such.

Neither Fundhost, Beckon Capital Pty Ltd ABN 49 628 013 678 (**Beckon Capital, Beckon** or the **Investment Manager**) nor any related or associated companies guarantees the performance of the Fund, the return of investors' capital or any specific rate of return.

Eligibility

This IM can only be used by sophisticated and wholesale investors (as defined in sections 761G or 761GA of the *Corporations Act 2001*) who receive the IM (electronically or otherwise) and respond to this offer in Australia (**Eligible Investors**).

Other than as permitted by law, units in the Fund offered in this IM will only be issued on receipt of an application form issued with this IM together with evidence that the investor qualifies as an Eligible Investor. For information on this refer to Eligible Investor or contact Fundhost on +61 (0)2 8223 5400.

This IM is not a product disclosure statement under the *Corporations Act 2001* and has been prepared for use only by Eligible Investors. This IM is not required to be and has not been lodged with ASIC under the *Corporations Act 2001*.

All amounts in this IM are given in Australian dollars. Fees and costs in this IM are disclosed exclusive of the net effect of the Goods and Services Tax (**GST**) if applicable and any reduced input tax credits.

You should read this IM in full before deciding to invest.

This IM supersedes all preliminary information and other previous communications in connection with this offer and the Fund. All such preliminary information and previous communications should be disregarded. Any information or representation not contained in this IM may not be relied on as having been authorised by Fundhost or Beckon Capital in connection with the offer.

This IM does not constitute an offer or invitation in any place or to any person in or outside of Australia where it would be unlawful to make such an offer.

Any forward-looking statements in this IM (including statements of intention, expectations of investments' opportunities and rates or return) are made based on current expectations and beliefs as at the date of this IM but involve risks, uncertainties and other factors beyond Fundhost's control and assumptions that may be difficult to predict. Therefore, such forward looking statements included in this IM may prove to be inaccurate and should not be relied on as indicative of future matters.

Updated information

Information in this IM is subject to change from time to time. If it is not materially adverse information this may be updated by us. Updated information (such as performance information for the Fund) can be obtained by contacting Fundhost on +61 (0)2 8223 5400. We intend to issue a supplementary or replacement IM where any changes are, in our view, materially adverse to unitholders.

Changes to Fund details

We have the right to change the Fund's objective and investment strategy (including the benchmark), asset allocation and range and currency strategy (if any) where the changes are contemplated in this IM, are of a clarificatory nature or do not materially alter the Fund details as described in this IM.

We will inform investors of any of these changes in their next regular communication and provide prior notice where this is reasonably practicable.

Scheme registration

The Fund is not registered with ASIC pursuant to Chapter 5C of the *Corporations Act 2001*. At some stage in the future, the Trustee, in consultation with Beckon Capital, may choose to register the Fund with ASIC. By investing in the Fund, you agree to the Trustee applying for registration with ASIC at some time in the future. Please see the application form. If the Fund does become a registered managed scheme the level of fees may change. If the fees do change, changes will be limited to the maximum amounts disclosed in the IM. We will write to you to notify you of the changes prior to the change becoming effective.

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Fund highlights



The challenge for investors



Sourcing attractive returns with interest rates at near zero and assets at record highs



Connecting with opportunities aligned to their values

The SME opportunity



99% of all businesses in Australia



Employing 7.6M people



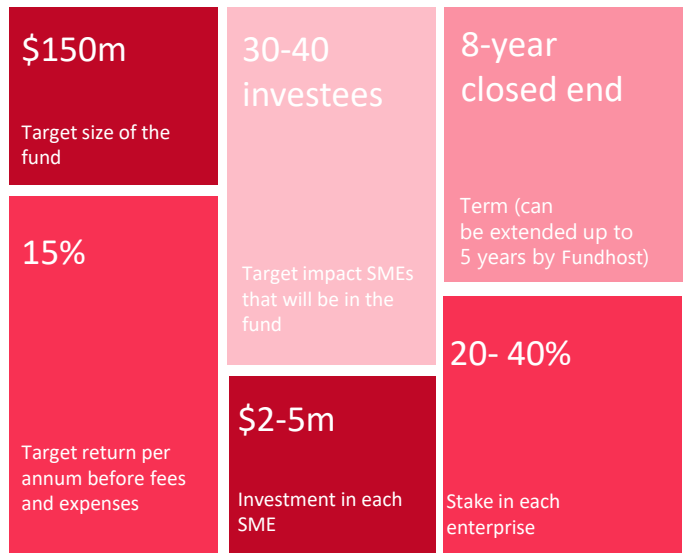
Contributing 55% of GDP

The Fund

The Fund defines a new asset class: **Impact Growth Equity (Australian SMEs)**. The fund's investment focus is unlisted entities with intrinsic positive impact footprints. The Fund is targeting the following metrics:

Beckon believes...

- In using technology to deliver SME investability at scale, and to manage investee performance
- In the human touch that helps investees flourish
- That businesses that are financially sustainable and have positive impact in the world provide quality investment opportunities with risk-adjusted and sustainable returns to investors



The four pillars of Beckon's investment strategy

How Beckon unlocks the latent potential of domestic small and medium size enterprises in the **Beckon Impact Growth Equity Fund**

Technology	Growth equity	Financial and impact performance	Just-in-time capital
<p>Beckon onboards, assesses, invests in and will manage SMEs using Beckon's bespoke cloud-based platform.</p> <p>This platform helps applicants to simply and quickly register with Beckon, and provides the information and tools Beckon needs to make investability decision at scale.</p>	<p>Growth equity sits at the intersection of private equity and venture capital.</p> <p>It provides companies that have proven business models with capital to fund growth and scale, while taking only a minority stake in the business.</p>	<p>Beckon scores SMEs for investability across 12 dimensions of business performance and impact. The scoring framework equally weights financial and impact dimensions.</p> <p>Beckon continues to track performance against these metrics throughout the lifecycle of the relationship.</p>	<p>Beckon's staged financing approach develops alongside investees, progressively investing in businesses as they achieve agreed milestones.</p> <p>For investors, 'Just-in-Time' capital reduces risk and improves investee and investor incentive alignment. For investees, this delivers secured funding at the time they need it most.</p>

The Fund at a glance



Feature	Summary
Name of Fund	Beckon Impact Growth Equity Fund
Trustee	Fundhost Limited
Investment Manager	Beckon Capital Pty Limited
Fund Size	Target \$150 million, expected maximum \$200 million
Investment Objective	To deliver quality income-driven returns from Small and Medium sized Enterprises (SMEs) having measurable impact, together with capital gains upon exit. The Fund may not be successful in meeting this objective
Investment Strategy	To deploy capital to impact SMEs seeking growth and productivity uplifts through growth equity
Asset Class	Impact Growth Equity (Australian SME)
Target Number and Size of Investments	30-40 target investees of \$2,000,000 - \$5,000,000 per investment
Equity Holdings	Minority ownership with ≤40% stake of an investment
Targeted Gross Return	Targeting 15% per annum. The Fund may not be successful in meeting this return. No returns are guaranteed
Impact Themes	Individual wellbeing, resilient communities, a healthy planet
Fund Inception	01 March 2021
Fund Application Open Date	15 March 2021
Fund Closing Date	The Fund has three closing dates: 31 May 2021, 30 November 2021 and 31 May 2022. Applications will not be accepted after 31 May 2022
Investment Period	Commences 01 March 2021 and ends on the fourth anniversary of this date. The Fund will only make new investments during the Investment Period but may make follow-on investments post Investment Period
Term	8 years from Fund inception. Our objective is to fully return capital by 8 years, however the Fund can be extended for up to 5 years by Fundhost
Investment Limits	The Fund targets a maximum of 20% of the net asset value of the Fund (at the time of investment) in any one investment
Borrowing	No borrowing
Distribution Frequency	As the Fund receives either dividends or capital gains from investee companies, distributions will be paid out to investors on a quarterly cycle (as at 31 March, 30 June, 30 September and 31 December)
Minimum Investment	\$20,000, unless otherwise approved by Fundhost
Issue Price	\$1.00 per unit for first close. The issue price for each subsequent close will increase at the rate of 5% per annum. All units are fully paid
Unit Pricing Frequency	At each Fund Closing Date and then quarterly
Redemption	There is no right to redeem units. Capital will be returned to investors at the discretion of Fundhost or at the time of the termination of the Fund
Transfers	Transfers of units are permitted in limited circumstances in accordance with the Trust Deed
Investment Manager Fees*	1.50% p.a of the net asset value of the Fund
Fund Administration Fees*	Capped at 0.20% p.a of the net asset value of the Fund
Performance Fee*	20% of the income received in cash by the Fund, plus - 20% of the realised gains from asset disposals (after adjustment of the realised losses from prior period asset disposal if applicable), subject to a performance hurdle of 7%
Investment Allocation Priority	During the Investment Period or until the Fund is fully deployed (whichever is the earlier), the Fund has priority over other funds where Beckon is the Investment Manager, and the potential investment meets the investment objective and strategy of the Fund
Co-Investment	No co-investing with the Fund on investments by Beckon or founders
Capital Recycling	Net capital proceeds from an investment will generally be distributed to unit holders and will generally not be reinvested into new investments

*Fees and expense estimates are exclusive of GST and net of reduced input tax credits.

The trustee and the investment manager



The Trustee - Fundhost

Fundhost is the Trustee of the Fund. The duties of the Trustee include:

- acting in the best interests of investors and, if there is a conflict between the investors' interest and its own interest, giving priority to the investors' interest
- ensuring that the property of the Fund is clearly identified, held separately from any other property and is valued at regular interval
- ensuring that payments from the Fund are made in accordance with the Trust Deed of the Fund and the Corporations Act 2001

Fundhost is a public company that has been established to provide essential services to managed investment schemes. More information on Fundhost is available on the website www.fundhost.com.au

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Email	admin@fundhost.com.au
Website	www.fundhost.com.au

The Investment Manager - Beckon Capital

Beckon is the Investment Manager of the Beckon Impact Growth Equity Fund. Beckon is an authorised representative (No. 001280538) of Fundhost Limited.

Beckon is an impact investment management business delivering capital and capability building to businesses that are financially sustainable and are creating a positive impact on individuals, communities and the environment.

Mail	Beckon Capital Pty Limited PO Box 3399 Redfern NSW 2016
Telephone	1300 733 421
Email	hello@beckon.capital
Website	www.beckon.capital

Beckon's investment team



Beckon was formed by a group of experienced investment managers and business executives and has grown into a multidisciplinary team from diverse backgrounds. Beckon's investment team has over 100 years' experience in investment management. The team is strong, focused and highly experienced, with a proven track record in delivering sustainable returns.

Beckon's investment team is dedicated to maximising value in the Fund's investments, lowering risk, and developing win-win outcomes for both investors and investees. Beckon's investment philosophy rewards fresh thinking and collaborative solutions.

Chris Selth

(Chief Investment Officer)

Chris co-founded Beckon with a mission to mobilise capital where it can contribute to wellbeing, community resilience and a healthier environment – and provide quality returns to investors.

Chris brings 25+ years of investment management experience, having previously been Head of International Funds Management at Bankers Trust. As an early Environment, Social and Governance (ESG) pioneer, Chris founded the ethical management fund Five Oceans Asset Management in 2006.

Chris is an active participant in thought leadership relating to sustainability and impact investing.



David Mills

(Investment Manager and Investment Committee)

David is a Beckon co-founder. Combining financial investment skills with practical know-how, David manages Beckon's Impact Growth Equity Fund. With 15+ years at Bankers Trust and founding and leading two start-ups, David brings the invaluable experience of both the corporate and new business world to Beckon.

David uses his experience and insights to guide Beckon's investees, helping them ignite their true potential.

Beth Franklin

(Investment Committee)

Beth sits on the Investment Committee in her role as Head of Impact. Beth also serves Beckon as Legal Director. Beth is an experienced corporate, data and technology lawyer and a digital innovation management consultant. Beth has used her corporate governance and technology skills to build Beckon's methodology for Beckon's investees to measure and manage their social and environmental impact and use the resulting data to reduce risk, improve product design, and report positive impact outcomes to investors.



The team is strong, focused and highly experienced, with a proven track record in delivering sustainable returns.



Philip Moffitt

(Investment Committee)

With 33 years as a fund manager in Asia and Europe, Phil co-founded Beckon in the belief that it is time for a fresh investment approach to deliver sustainable investor and community outcomes.

Philip retired as a Partner (2004-2019) of Goldman Sachs, having previously been Co-Head of Global Fixed Income, Head of GSAM Fixed Income Asia Pacific, CEO of GSAM Australia and Chairman of Goldman Sachs Australia Managed Fund Board.

Phil was appointed Board Director Aware Super in April 2020. Outside work, Phil chairs the Social Justice Foundation, a foundation that supports diversity in school populations.



Sue Lyn Stubbs

(Senior Portfolio Analyst)

Sue Lyn is a Senior Portfolio Analyst within Beckon and has strong financial analysis skills and experience across many sectors. Prior to Beckon Capital, Sue Lyn was a senior associate in Citigroup Australia's equity capital markets team.

Sue Lyn has experience working across every part of the lifecycle of a transaction, from origination to execution, and assisted several leadership teams with their ESG strategies. As a capital markets professional, Sue Lyn is passionate about leveraging the power of finance to deliver lasting impact at scale alongside sustainable returns.



Isaac Meincke

(Portfolio Analyst)

Isaac holds a Finance and Psychology degree from Macquarie University, having worked with Beckon throughout his studies. Isaac is passionate about understanding the interconnectedness between people, social benefit, and finance.



Broader Beckon team

In addition to the investment team, Beckon draws on decades of experience from other team members. The team is highly skilled working with founders across the spectrum of business and commercial management, operations, technology, corporate governance and marketing.

Beckon also accesses the deep pool of industry expertise represented in their main and advisory boards.

Investment opportunity

SMEs for growth and impact



The Beckon Impact Growth Equity Fund provides the opportunity to invest in a new asset class: **Impact Growth Equity (Australian SMEs)**. The Fund's investment focus is small to medium size Australian domiciled entities with a capitalisation of under \$50M, that are cashflow generative or have line of sight to profitability. Additionally, these entities must demonstrate intrinsic positive impact and the ability or intentionality to measure their total impact footprint.

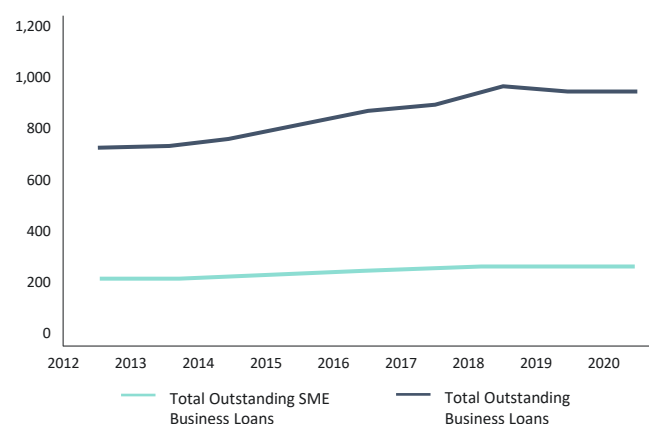
Why Australian SMEs?

Small to medium size enterprises (SMEs) account for 99% of all businesses in Australia. Engaging 66% of the workforce (over 7.6 million people), they form Australia's biggest employer. These businesses contributed almost 55% to Australia's GDP in FY18-19 and they comprise 84% of all innovating businesses in Australia¹.

Yet SMEs are disproportionately affected by lack of access to capital resources and technical support. They are often considered too small or high risk to attract the interest of traditional financial institutions and are significantly underserved by them.

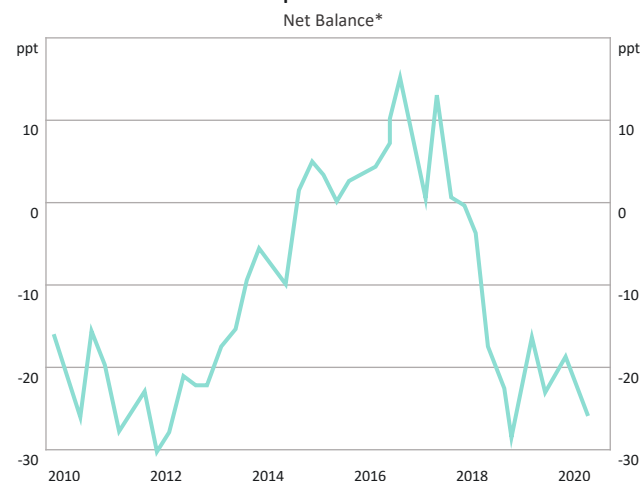
Small and medium businesses persistently report difficulty accessing finance. Lending to SMEs has remained flat for the last 5 years.

Business Loans by \$ Over Time (\$ bn)^{2,3}



In 2020, the availability of credit to small businesses has tightened further with banks requiring a greater degree of verification of borrowers' information. Survey reports of small business' perceptions of their access to finance have deteriorated sharply over the past few years.

Small Business Perception of Access to Finance²



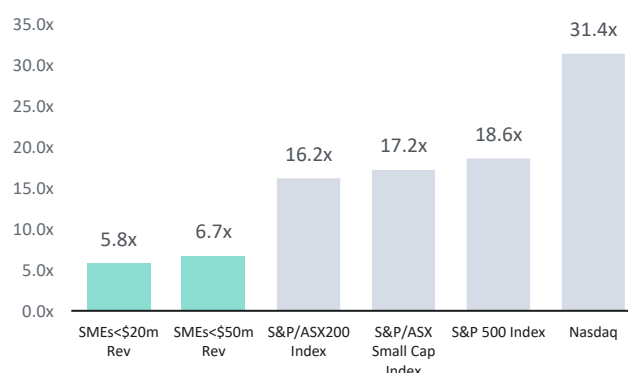
Net balance is the difference between the percentage of firms indicating access is relatively easy and the percentage of firms indicating access is relatively difficult; from July 2019, survey asks about change in access relative to a previous period
Sources: RBA; Sensis

Traditionally, investors have been hesitant to consider SME investment opportunities as an attractive asset class. Transaction costs, time consuming due diligence processes, illiquidity and higher risk profiles have all been cited as reasons to avoid this segment of the economy.

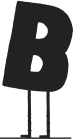
Despite these concerns, SMEs provide attractive investment opportunities. Their valuations are typically low. Funding them and assisting them to build capability can substantially improve productivity and prospects and unlock latent entrepreneurial capacity and impact generation.

Small to medium sized enterprises typically trade on significantly lower multiples than larger entities and listed equities.

Valuation comparison of SMEs to Global Equity Indices^{4,5}

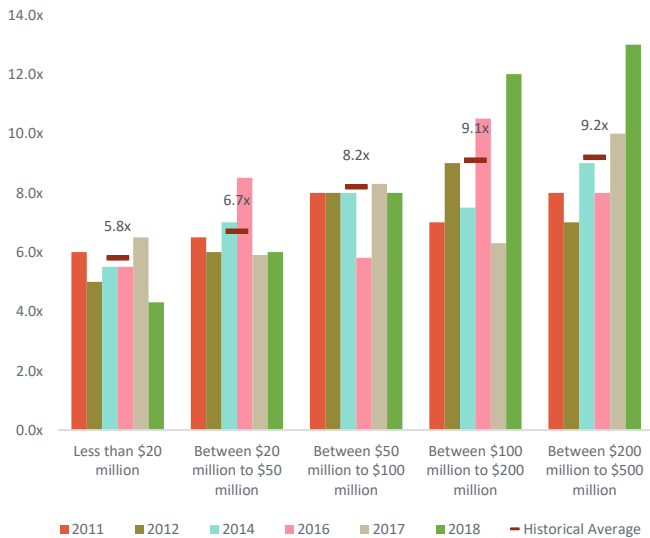


1. <https://www.asbfeo.gov.au/sites/default/files/ASBFE0%20Small%20Business%20Counts%20Dec%202020%20v2.pdf>
 2. <https://www.rba.gov.au/publications/bulletin/2020/sep/insights-from-the-new-economic-and-financial-statistics-collection.html>
 3. <https://www.oecd-ilibrary.org/sites/2bf6bc72-en/index.html?itemId=/content/component/2bf6bc72-en>
 4. https://www.grantthornton.com.au/globalassets/1--member-firms/australian-website/services/advisory/pdfs/gtal_2020_dealtracker-final.pdf
 5. Bloomberg.



SME multiples have also remained relatively flat over the last ten years. According to Grant Thornton’s 2020 Deal Tracker, SMEs with revenues under \$20 million typically trade on a 5.8x EV/EBITDA multiple. SMEs with revenues between \$20-\$50 million trade on a 6.7x EV/EBITDA multiple¹. Both offer significant potential upside for the active investor.

Historical SME Valuations by Revenue¹



Beckon is overcoming the challenges to investing in small unlisted assets. Beckon’s bespoke technology platform enables the team to onboard, assess and manage investee businesses at scale. The staged investment model (“Just-in-Time capital”) creates a performance incentive for investee businesses and reduces investment risk for the Fund. The investment process considers financial and impact returns on an equal footing and selects quality impactful investments expected to generate sustainable financial returns.

In an environment where interest rates are close to zero and other assets are trading at record valuations, opportunities to invest in areas that offer the potential for attractive returns are limited. Beckon’s new asset class of Impact Growth Equity (Australian SMEs) is one such opportunity.

1. https://www.grantthornton.com.au/globalassets/1.-member-firms/australian-website/services/advisory/pdfs/gtal_2020_dealtracker-final.pdf

Growth equity



What is growth equity?

Beckon Capital is a growth equity focused investment manager. This is a style of investing that occupies a middle ground between traditional early-stage venture capital and private equity. Growth equity investments take a minority shareholding in established businesses that are seeking to grow and scale. Investments are typically longer term (referred to as “patient capital”), and funding is accompanied by additional support including access to expertise and strategic insight.

Equity investments free small businesses from the restrictions, pressure and cashflow implications of debt financing, which has been their common source of funding as other investors have avoided this segment of the economy.

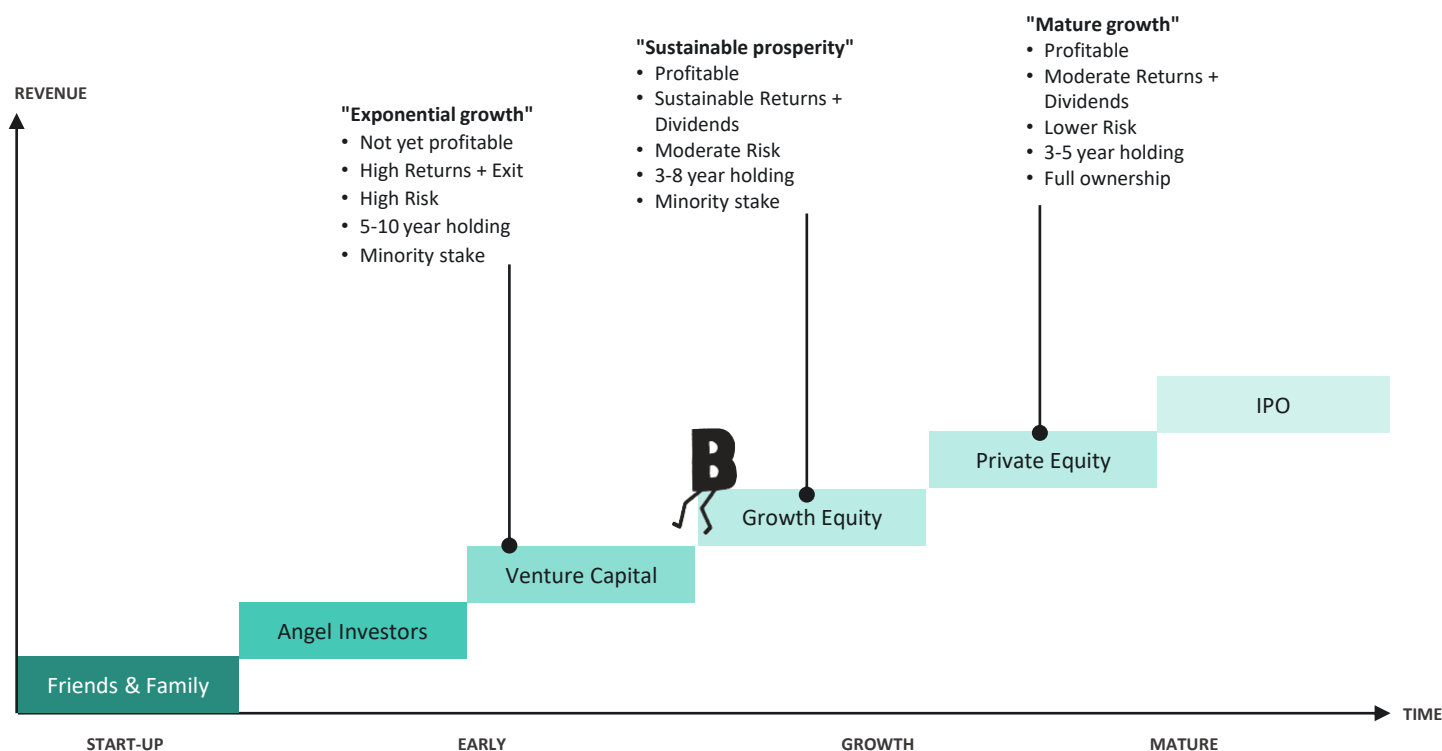
In addition to financial growth constraints, SMEs typically have limited access to the breadth of expertise they need to flourish. With better governance, capability building and strategic insight these businesses should deliver inclusive growth and become more resilient. SMEs that grow and scale can have a considerable positive impact on employment creation, innovation, income distribution and underpin stronger communities.

Though relatively new to Australia, growth equity is firmly established internationally. The British Growth Fund and Canadian Growth Fund were established in 2011 and 2017, respectively, to invest in small to medium-sized enterprises and now boast balance sheets of GBP2.5bn and CA\$545m¹. The Australian Federal Government established a Business Growth Fund along similar lines in October 2020.

The Investment Manager believes that the Beckon Impact Growth Equity Fund therefore represents one of Australia’s earliest opportunities to participate in growth equity investment.

Beckon's view of funding lifecycle characteristics

Beckon believes the following profiles are typical of the various investment categories.



1. <https://cbgf.com/> and <https://www.bgf.co.uk/>

Impact investing



What is impact investing?

Impact investing is a form of investment with the dual intent of generating positive social and environmental impacts together with financial returns. Impact investing is rapidly growing its profile in the global financial system and has emerged as a powerful and attractive strategy for investors seeking to direct their capital towards positive change.

According to the Global Impact Investing Network (GIIN), global impact investing assets increased to US\$715 billion in June 2020, up from US\$355 billion in 2016¹. In Australia, Beckon believes investors have been slow to seize this opportunity.

The Australian market for responsible investment (which includes social, environmental, corporate governance and ethical themes) is accelerating sharply, with a 17% uptick in 2019 to a total AUM of \$1.1 trillion. Impact investing represents only 1% of this total (\$19.9bn in impact products), and is at the very early stages of adoption². Demand for impact investment products in Australia is forecast to rise to \$100 billion in the years to 2025³.

Beckon's Impact Growth Equity Fund offers an opportunity to enter at the early-stage of this investment cycle.

Beckon's approach to impact investing

Beckon's mission is to create value by supporting Australian SME businesses that achieve positive impact for individual wellbeing, local communities and the planet. Beckon thinks differently about impact. Beckon believes that:

- All businesses can and should understand their holistic impact, both positive and negative ("externalities")
- This understanding will create businesses that are financially stronger, more resilient, and greater contributors to the wellbeing of their communities, people and the planet
- The team plays a leading role in supporting companies across all sectors with intention and capacity to deliver positive impact - whether or not delivering impact was their foundational principle
- Supporting businesses across the impact maturity spectrum to aspire to excellence will deliver the broadest positive impact across the universe of small business in Australia

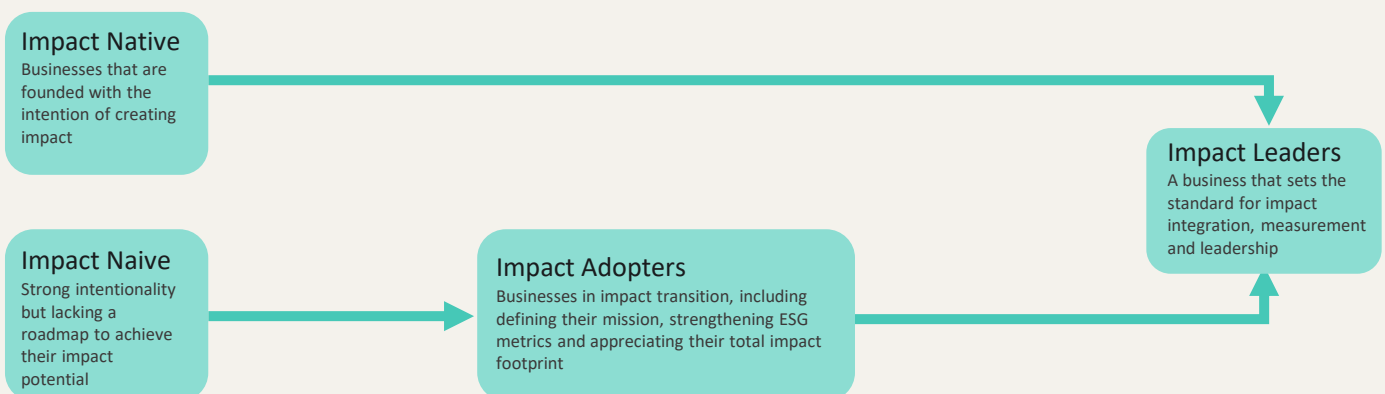
Beckon's growth equity investment style is particularly suited to this inclusive and hands-on approach to impact.

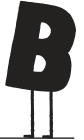
Two types of impact businesses

In common with other impact investors, Beckon targets investment opportunities in businesses that have a deep understanding of the positive effects they have on their broader stakeholders and actively measure those effects. Beckon defines these businesses as **'Impact Native'**. They integrate impact into their business models, and their success metrics are well aligned to measures of positive impact.

Beckon believes that many other businesses have unrealised impact potential and demonstrate strong impact intentionality. Beckon defines these businesses as **'Impact Naive'** and chooses to work with them to ignite this latent potential. The Investment Process takes qualifying Impact Naive businesses on a journey to define their impact mission and intended positive outcomes, to identify and strengthen their ESG metrics and to appreciate their total impact footprint, both positive and negative. Beckon calls these transitioning businesses "Impact Adopters".

When Beckon partners with these businesses, their investment milestones will typically include their progress in collecting and tracking impact data, as well as increasing the alignment of impact and financial targets.

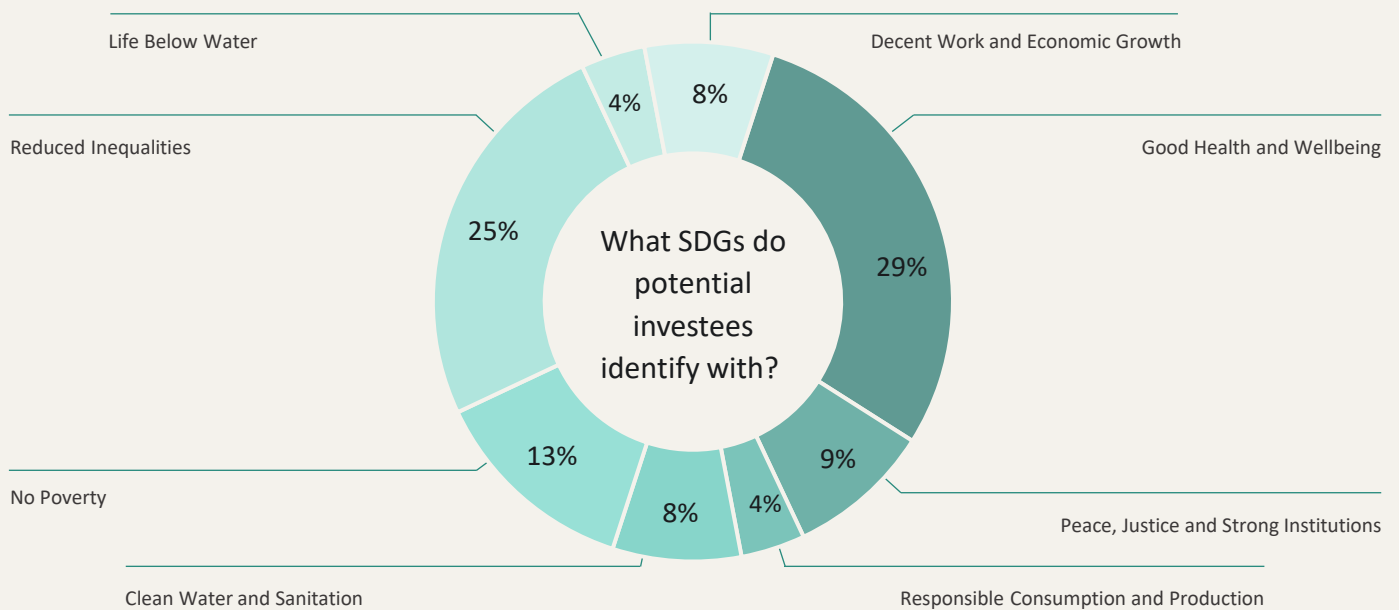




Beckon and the United Nations Sustainable Development Goals

Beckon supports companies across all sectors with the intention and capacity to deliver positive impact. Beckon expects to attract potential investees across a broad spectrum of United Nation Sustainable Development Goals (UN SDGs)¹. The Fund will therefore meet a collection of SDG goals.

Beckon generates reports detailing progress towards UN SDGs together with Beckon’s impact thematics, both by investee and in aggregate. Beckon will share and use these reports to stimulate advances in impact investing and build a stronger impact ecosystem in Australia.



Beckon’s approach to impact measurement and management

Beckon is a member of the Global Impact Investing Network (GIIN) and the Responsible Investment Association Australasia (RIAA).

Beckon’s impact measurement methodology incorporates:

- An investment scoring system that concurrently scores an applicants' impact and financial potential
- An outcomes-based impact measurement tool similar to the Impact Management Project’s 5 Dimensions of Impact
- A 360° stakeholder assessment based on ESG criteria adapted for use with Australian SMEs

International standards for impact assessment are evolving rapidly. Beckon is confident that its methodology meets and exceeds current standards and it will continue to evolve this methodology to meet global best practices and standards.

1. <https://sdgs.un.org/goals>



Return profile

The Fund offers a new domestic asset class that creates synergies between existing investment strategies and asset classes. Beckon believes there are no direct parallels in Australia to the Investment Manager’s unique offering. This section illustrates established domestic and global benchmarks that underscore the Fund’s indicative return profile.

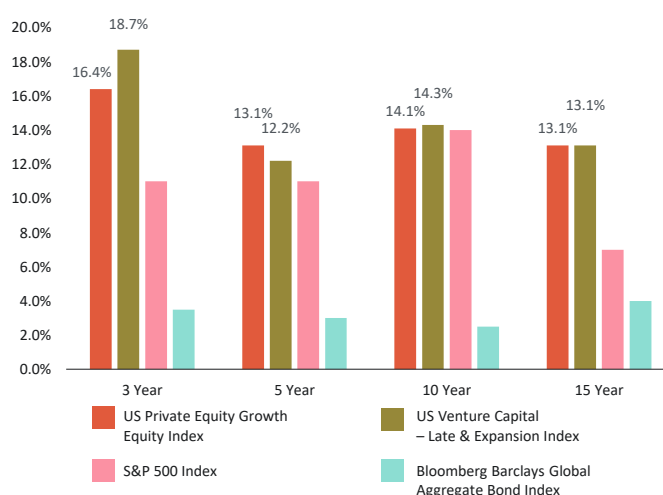
Macro trends - global growth equity

Beckon is a growth equity investor, and over the last 15 years, global growth equity and late-stage and expansion VC funds have consistently outperformed other asset classes. Leading financial performance data provider Cambridge Associates reports that in the three years leading to June 2020 global growth equity funds returned on average 16% per annum, compared to the S&P 500 Index at 11%¹.

This proxy highlights the upside potential of Australian growth equity products and their ability to deliver sustainable financial returns.

The US Private Equity Growth Index is based on data compiled from 646 US growth equity funds across four size categories - small cap, mid cap, large cap and mega cap. The US Venture Capital - Late & Expansion Index comprises 1,970 VC funds targeting late-stage investments similar to growth equity. Together, they provide a balanced view of growth equity returns in that market.

Relative Performance of the US Private Equity Growth Index & US Venture Capital Late & Expansion Index from 1995 to 2020¹



Domestic trends - Australian private equity

In Australia, growth equity is in the early stages of adoption and therefore local returns data is not available. The closest domestic comparative benchmark is the Australian Private Equity & Venture Capital Index.

Over a 20-year timeframe, this index has consistently outperformed the S&P/ASX300 Index. In the three years leading to June 2020, the Index’s 9.4% return compared very favourably to the S&P/ASX300 Index’s return of 5.2%². Additionally, during the pandemic downturn of Jan-June 2020, the index showed greater resilience to the macroeconomic conditions, losing only 3% in value compared to a decline of 11% in the S&P/ASX300².

Relative Performance of Aus PE and VC Index and S&P/ASX300 Index (2000 to 2020)²



Thematic trends – domestic and global sustainable investing

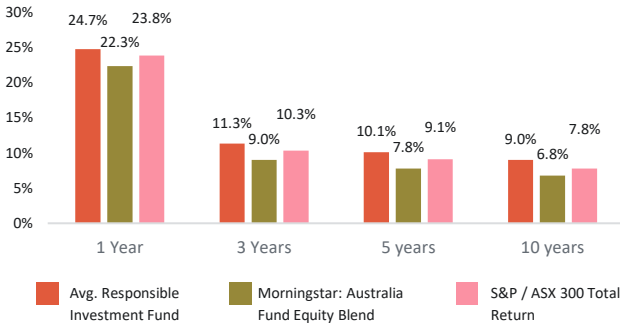
Australian responsible investment funds outperformed mainstream funds over most time frames and asset classes, as highlighted by Responsible Investment Association Australia’s Responsible Investment Benchmark Report 2020 Australia.

In the last year, the average responsible investment fund outperformed both Morningstar’s Australia Fund Equity Large Blend and the S&P/ASX300 Total Return¹

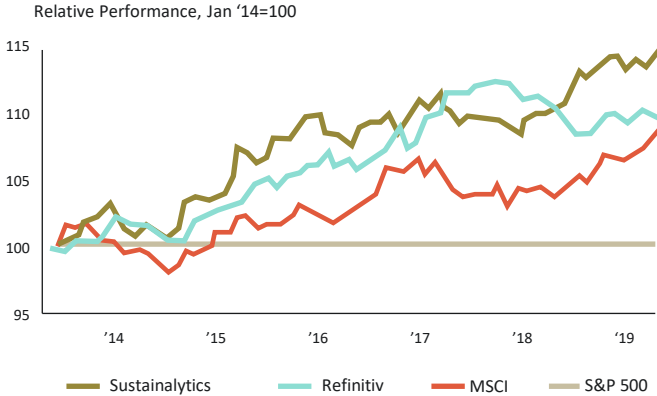
Both in Australia and globally, businesses that are highly ranked for ESG continue to deliver superior returns. Beckon believes that companies of all sizes that understand their externalities will consistently outperform their cohort and prove more resilient in changing economic conditions².

The Beckon Impact Growth Equity Fund will orchestrate the components of growth equity and impact to optimise returns from investing in SMEs and to reduce downside risks.

Performance of Australian Responsible Investment against Mainstream Funds¹
(weighted average performance net of fees over 10 years)



Top ESG-ranked Companies Outperformed the Average S&P 500 Company from 2014-2019²



Source: MSCI ESG Research LLC, Sustainalytics, Refinitiv, FactSet

Return and risk profile

Beckon expects that approximately a third of the returns from the Fund will flow from dividends, with the additional expectation of a capital gains return upon exit. Beckon will have visibility into cashflows, underpinning the appropriate level of dividend and mitigating risk. Due to the local nature of the assets, they are expected to have low correlation to listed debt and equity instruments. In addition, as the assets are characterised by their respective local economies, they are expected to be stable during periods of systemic volatility and have lower exposure to macroeconomic sensitivities.

Impact reporting














Investors in the Fund will receive impact reports on the economic, social and environmental impacts of investee businesses and the aggregate impact of the Fund. Beckon will report on the net impact of the investee companies as the data begins to become available through the methodology.



Pipeline and deal flow

Pipeline

Beckon has assessed a range of small and medium sized enterprises over the past 12 months. A number of these businesses are currently well progressed in the investment process and are likely to provide early investable opportunities for the Fund. Examples of opportunities the Fund may consider include:

<p>Healthcare Native</p> <p>Innovative healthcare provider making care more sustainable and affordable for patients</p> <p>Use of Funding Seeking growth capital to further systemise the healthcare delivery model and create framework to scale and open new centres</p>   <p>Impact Theme: Individual Wellbeing</p>	<p>Consumer Native</p> <p>Modular consumer accessory that is 100% recycled</p> <p>Use of Funding Seeking capital to expand into offshore markets and adjacent products and bolster marketing strategy</p>    <p>Impact Theme: Healthy Planet</p>	<p>Professional Services Native</p> <p>Disruptive platform streamlining health care determination and documentation</p> <p>Use of Funding Seeking funding to bolster technology platform and automation process and secure intellectual property protection</p>    <p>Impact Theme: Individual Wellbeing</p>
<p>Financial Services Native</p> <p>Human-centered financial advisory firm, specialising in disadvantaged populations</p> <p>Use of Funding Seeking growth equity to accelerate operational expansion and bolster marketing and lead generation strategy</p>    <p>Impact Theme: Individual Wellbeing</p>	<p>Agri-Tech Naive</p> <p>Specialised financial products to mitigate the impacts of climate change</p> <p>Use of Funding Seeking funding to expand into adjacent products and further bolster team's technical capability</p>    <p>Impact Theme: Thriving Communities</p>	<p>Consumer Naive</p> <p>Cutting-edge consumer health product that is sustainable for the environment</p> <p>Use of Funding Seeking capital to expand into offshore markets and enhance their distribution and manufacturing processes</p>   <p>Impact Theme: Individual Wellbeing</p>

Deal flow

Beckon is building strong connections to channels with high-volume access to businesses that suit the Fund's investment criteria.

Beckon continues to build relationships with founder, professional and small business networks, and also attract investees through active participation and advocacy in impact and small business forums. Most potential investees are sourced from these channels.

In parallel, Beckon is growing a referral network of professional advisers including accountants and business software providers. Beckon's growth equity proposition is attractive to early-stage investors seeking to support the ongoing success of their investments. Equally, government programs are regularly oversubscribed and welcome additional opportunities to support their applicants.

The team also deploys targeted direct and social marketing campaigns to reach potential investees who are not active in any of these other channels.

Services to SMEs

One of the many reasons SMEs have difficulty raising equity capital is that they are not structured for an external investment, and it is difficult for them to access this costly structuring advice. Many SMEs that approach Beckon are not in an investable state. Beckon works with SMEs to prepare them for equity investment by advising them on improving their management team, planning, strategy, governance and oversight, financial modelling and corporate structure. Beckon may charge the SMEs for these services at below commercial rates. If Beckon charges SMEs, and the Fund invests in the SME, the fee paid to Beckon by the investee company will not exceed 2.00% of the overall expected investment.

Fund structure and strategy



Fund overview

The Beckon Impact Growth Equity Fund aims to deliver quality, dividend-led returns to investors by providing capital and support to small and medium sized enterprises that generate positive impact for individuals, communities and the planet.

Beckon is seeking to raise \$150 million and is targeting a 15% gross return before fees and expenses. The Fund will be 8-year closed end and is expected to be composed of 30-40 enterprises, with the Fund expecting to generally invest in the range of \$2 million to \$5 million in each investment. The Fund will invest in non-controlling stakes, with an upper bound of 40% in each enterprise.

The Fund will provide investment opportunities into Australian SMEs with positive impact. Cash will be invested in risk-adjusted interest bearing liquid instruments with a maturity appropriate to expected funding agreements

Investment criteria

The Fund is targeting small to medium-sized enterprises with the following characteristics:

- Collaborative senior leadership team
- “Impact Natives”, together with “Impact Naive” businesses with strong impact intentionality
- Potential for overall net positive externalities
- Potential for productivity uplift
- Potential for growth, either organically or through acquisition
- Sustainable business model
- Cashflow generative or with line of sight to profitability
- Valuation of \$50 million or lower
- Known and assessable risk profile

The Fund will not invest in enterprises that at the time of the investability assessment:

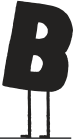
- Fail to take responsibility for the full impact of their actions on individual wellbeing, community integrity and the health of the planet
- Are involved in fossil fuels and fracking, weapons and armaments, tobacco and gambling, exploitative financing, and enterprises with human rights violations implicated in their supply chain
- Are start-ups or unproven business models, with no line of sight to profitability
- Are excessively leveraged

Investability scoring

Beckon scores potential SMEs for investability across 12 dimensions of business performance and impact. The scoring framework equally weights financial and impact dimensions, and applicants must achieve overall passing scores in both categories at each of three stages. Failing scores, or a trend towards failure, may exit the applicant, and though exceptions may be granted they are flagged to the Investment Committee. Beckon continues to track performance against these metrics throughout the lifecycle of the relationship.

Financial Return Dimensions	
Management and Team Quality and record of the leadership team	Time to Realisation Pathway to profitability
Market Opportunity Market size, growth prospects, trends and competition	Business Model Robustness of the business and its governance processes
Risk Profile Ability to deliver on strategy and growth plans	Return on capital Targeting returns of 15%

Impact Return Dimensions	
Management Appetite Native or naive, depth of commitment and understanding	Change Effort - External Significance of changes required to fully realise impact - regulatory or market, including execution risk
Impact Opportunity Significance of impact upside	Stakeholder 360 Understanding and commitment to mapping impact across all stakeholder dimensions
Change Effort - Internal Overhead of required impact initiative in \$, effort and time	Testability Existence of proof points, baselines and tracking methodologies

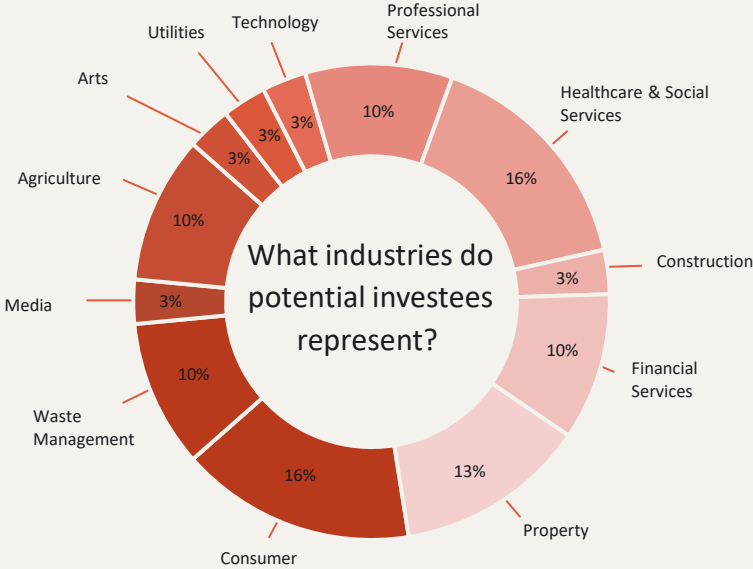


Portfolio construction

Beckon welcomes SMEs that meet the investment criteria. Within these parameters, Beckon will seek to diversify the portfolio by geography, industry, development stage, impact maturity and across Beckon’s themes of individual wellbeing, resilient communities and a healthier planet.

The first test for all investments is that they represent a standalone and sustainable business. Beckon encourages diversity in the potential investee base by sourcing SMEs from a variety of channels. Various control mechanisms throughout the lifecycle of investment promote a diverse and balanced portfolio, including investment caps, Just-in-Time capital allocation, and active portfolio monitoring.

Beckon is sector agnostic, and therefore attracts potential investees from a broad spectrum of industries.



Fair valuation

Beckon uses valuation methods that include discounted cash flow and internal rate of return, comparable company analysis and precedent transactions. The approach is tailored to suit the specific business model and sector of each potential investee in order to fairly value each SME relative to their peers and the market.

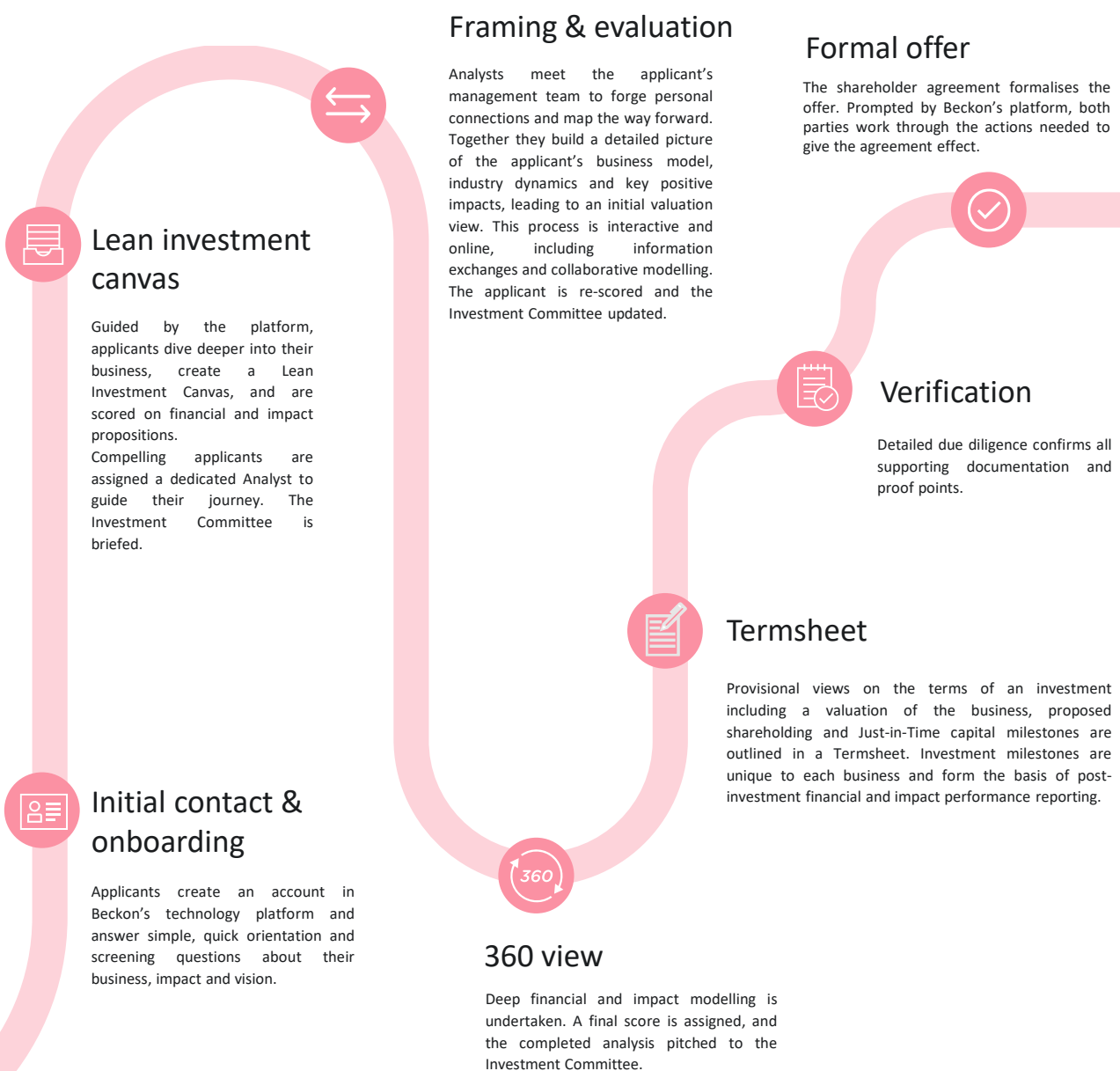
Beckon’s valuation process is transparent to potential investees and is shared with them so that they can make informed decisions about their funding choices and pathway forward. This sharing includes an early valuation view that aligns the financial expectations of both parties.

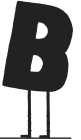
Beckon provides updated valuation metrics to investees as they reach milestones for the deployment of Just-in-Time capital. These milestones are linked to a likely increase in Beckon’s assessed valuation. Beckon provides strategic insight and advice around potential business levers and operational improvements to achieve the milestones. Beckon may renegotiate milestones as appropriate to evolving business circumstances and the Fund’s investment period.

Investment process



Beckon's investment process takes the time to really understand businesses and their management teams. Relationships are being forged for the long term, and must be built on a foundation of mutual trust and alignment. The process typically takes around three months to complete, with each stage building on the insights of the prior step and enabled by Beckon's bespoke technology platform.





Beckon's technology platform

Beckon's technology platform helps applicants to simply and quickly register, and provides the information and tools the investment team needs to make investability assessments at scale. The platform helps analysts create a rounded view of the opportunities, investment needs and potential risks of each applicant and to share and agree analyses with them. Applicants will complete the majority of the investment process online, creating a complete end-to-end record of interactions.

Post investment, analysts and investees will use the platform's Collaboration Hub to interact and track progress against agreed financial and impact milestones, as well as to share business highlights and industry insights.

All applicants, whether successful or not, contribute to the extensive dataset Beckon is building to drive insights into industries and impact outcomes, as well as to improve the team's operational productivity.

Just-in-time capital

When Beckon makes an investment in a business, the total value of the investment will be agreed upfront. The investment however will be progressive and each successive tranche of capital will be released only when the business achieves an agreed milestone. The milestone will typically reflect a major advance for the business that will also increase the business' valuation. The capital tranche will be paid at the pre-agreed valuation.

This structure provides benefits to both investees and investors. For investees, it represents secured funding that is timed to align to the business' capital needs, and an optimised valuation framework. For investors, it lowers the risk in any individual investment as businesses that are not meeting expectations do not typically qualify for further investments. It also enables the most efficient deployment of the Fund's capital to the businesses that are proving the most successful.

Just-in-Time capital creates alignment between the Fund and the investee business that is complementary to the growth equity approach. Over the investment timeframe, the Fund's ownership incrementally increases to the agreed minority ownership level and reflects a deepening partnership and alignment between the parties.

How does Just-in-Time capital work? - an illustration



Post investment

Beckon is an active investor and provides ongoing support to the businesses in which the Fund invests in order to improve financial and impact outcomes.

This support takes the form of investee-specific strategies to improve productivity, enhance governance, build capability and reduce the risk of failure. The need for these strategies is identified as part of the investment process and some strategies are further underpinned by milestones for capital investment.

Beckon's team includes experienced productivity, technology, marketing, risk, supply chain, financial and other professionals. Beckon may work hands-on with investee businesses to help them define and execute, or may help them to source expertise elsewhere.

Beckon will monitor the execution of these strategies, together with the progress of investees against impact and financial expectations on Beckon's bespoke platform.

The Fund invests progressively (Just-in-Time capital) as investees meet defined milestones, and this process provides an incentive to perform. Some investees may, however, fail to meet milestones and where this occurs the Fund is not obliged to continue investing.

Responsible exits

Growth equity relationships with investee businesses may last for the life of the Fund. However, not all will last this long and Beckon may exit investee businesses for a variety of reasons, including IPO. Beckon will regularly assess the portfolio and individual investee businesses for mutually beneficial early exit options.

Beckon's approach to exits conforms to the International Finance Corporation's (IFC) Operating Principles for Impact Management¹. Exit decisions require approval by the Investment Committee and include impact considerations such as the effect of timing, buyer choice and deal structure on impact realisation.

Proceeds from exited investments will generally not be recycled into new investments.

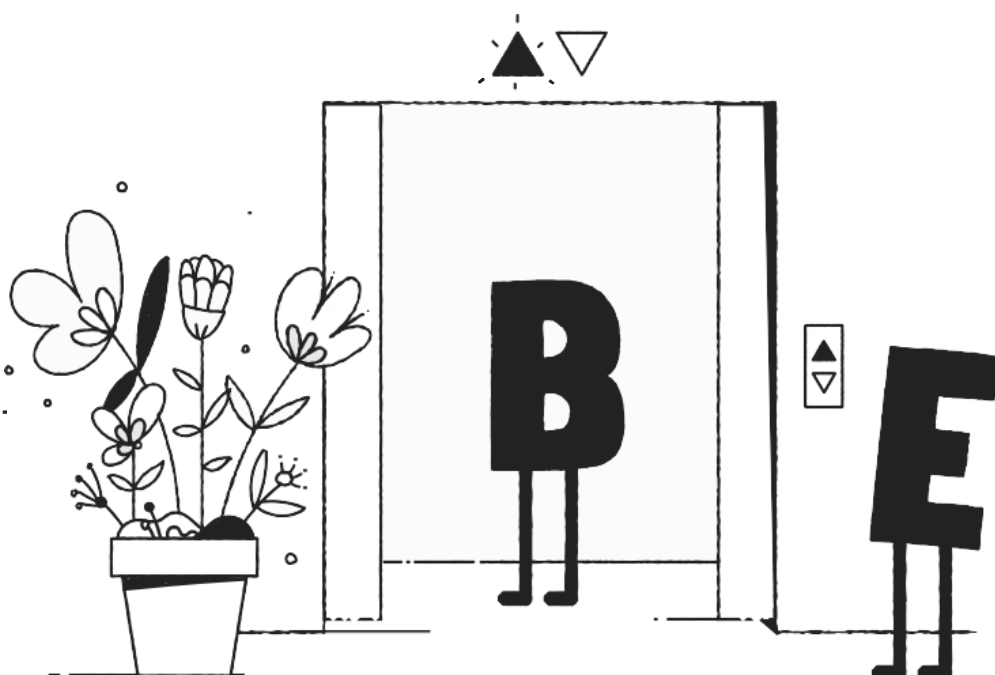
Risk factors



About risk and return

All investments are subject to varying risks and the value of an investment can decrease as well as increase (i.e. you can experience investment losses or investment gains). Investments within categories can have varying performance results. These results are dictated by the individual risk characteristics of the investment. The value of your investment could fall and you could lose money. Fundhost and Beckon do not guarantee any level of return to investors. Investors are advised to obtain independent legal advice before investing.

While not exhaustive, the risk factors for the Fund are discussed in the table overleaf. Beckon follows an investment process whereby risks are considered as an integral part of the investment process.



Risk	Summary
Change in laws risk	There is a possibility that adverse consequences may arise for these investments because of amendments to statutes and regulations affecting the operations of the business which may have a materially adverse effect. Change in government and monetary policy, taxation and other laws may all have an impact on investee companies or on the ultimate return achieved by investors.
Cyber risk	There is a risk of fraud, data loss, business disruption or damage to the information of the Fund or to investors' personal information as a result of a threat or failure to protect the information or personal data stored within our IT systems and networks and those of our service providers.
Deal flow risk	Sourcing of deals is a difficult and lengthy process and increasingly competitive. The Fund may not be able to fully invest its committed capital at acceptable prices. The Investment Manager may face unfavourable or a low volume of deal flow which may affect its ability to implement the Fund's investment strategy.
Diversification risk	The Fund will seek to hold approximately 30-40 investment positions of between \$2-\$5m, targeting a Fund size of \$150m. The Fund targets a maximum of 20% of the net asset value of the Fund (at the time of investment) in any one investment. However where the Fund size is less than \$20 million, the investment limit of the Fund may be higher than 20%, but will not exceed 40%. The Fund is expected to proceed regardless of whether the Fund size is materially below the targeted level, and the Fund may have as few as 5 investments making it a very highly concentrated Fund. The Fund will not offer the same levels of diversification as other more traditional funds. Beckon will seek to minimise the risks of holding a concentrated portfolio by employing careful investment selection and paying heed to underlying assets' management, where applicable and appropriate.
Due Diligence risk	There is a risk that the legal, financial and tax due diligence conducted on investments may not identify all issues associated with the investment that may cause a loss to the Fund.
Economic and market risk	Realisation of investment and returns will be subject to economic conditions in the general economy and a particular market (especially those in which the Fund will invest), and this may affect both the value of investments and the future performance of the Fund.
Fund risk	Risks particular to the Fund include that it could terminate (i.e. if its costs of operating becomes unreasonable), the fees and expenses could change (see the section entitled Can the fees change?), Beckon could be replaced or the Fund terminated, Fundhost could be replaced as Trustee and Fundhost or Beckon's management and staff could change.
Individual investment risk	Investments can (and do) fall in value for many reasons. Investments may fall in value due to the changes in the relevant company's internal operations or management or in its business environment. These risks are managed as far as is practicable by Beckon through the Fund's portfolio guidelines. These guidelines restrict the Fund from investing more than 20% of its assets in any individual investment, though these limits may be exceeded when the Fund size is below its target. Refer to the Diversification Risk section for more information.
Investment Manager risk	It is possible that Beckon could be wound up or liquidated, it might cease to manage the investments of the Fund and be replaced, its investability assessment methodology could change, or it could manage risks poorly. Fundhost has the power to terminate and replace Beckon as the Investment Manager, or to terminate the Fund in the interests of unitholders.
Key person risk	The departure of skilled and key employees within the Investment Manager and the Trustee may impact the ability of the Fund to implement the investment objective and strategy.
Leverage risk	Some SMEs may have debt in their capital structures. Investee companies with a leveraged capital structure have increased exposure to rising interest rates, refinance risk, economic downturns and deteriorations in the financial performance of the company. Leverage may also exacerbate losses. Beckon expects to manage this risk by not investing in companies with excessive debt at the time of investment.
Liquidity risk	There are no redemption rights in respect of units and the Fund and no guaranteed secondary market for the transfer of units. The Fund will be made up of unlisted investments that are generally illiquid (i.e. cannot readily be converted to cash). The Investment Manager will seek to mitigate this risk by formulating the most appropriate exit strategy through the life of the investment.
Litigation risk	The Fund's investments may be subject to litigation or legal proceedings which may have an adverse effect on the value of the investment and its operations.
Minority investments risk	As the Fund intends to take minority positions (rather than controlling stakes), there is a risk that the shareholders of an investee company and its management may make decisions that Beckon does not agree with and/or that do not serve the Fund's interests. This may result in the investee company no longer meeting Beckon's initial investment criteria or Australian ESG criteria. Beckon will seek to mitigate this risk by, for example, negotiating with the investee and its shareholders terms such as that the Fund has the right to appoint a director (or simply a non-voting observer if it so chooses) to the investee company's board of directors, and that many key business decisions are reserved to a 75% majority shareholder resolution and that the Fund's nominated director must be included in the majority if such a director has been nominated, or other minority investor protections as may be appropriate.
Regulatory risk	The Fund is not required to be registered under the Corporations Act and accordingly, the investors do not receive the protections provided under the Corporations Act or ASIC as a regulated scheme. The Fund is governed by the Trust Deed and offers interests in accordance with this IM which has not been lodged with ASIC. Regulatory changes to the Corporation Act may affect the optimum investment decision making by the Investment Manager. The actions of governments and regulators have a significant influence on the outlook for companies and the returns to investors.
Reliance on projections risk	The financial performance of an investment of the Fund may vary significantly from its management's projections. Any failure to meet its projections may be materially adverse to the return on the Fund and to investors
Reliance on prior performance risk	The performance of prior investments managed by the Investment Manager cannot be relied upon in assessing the merits of the Fund.
Dilution risk	Investors admitted after the first Fund Closing Date will participate in existing investments of the Fund, diluting the interest of existing investors.
Valuation risk	The investments of the Fund may be difficult to value and may not have readily ascertainable values. Valuations of the Fund and net asset values are based on valuations which may in turn be based on estimates or projections which have not been verified by the Investment Manager, the Trustee or third-party valuers.
Disaster risk	Disasters such as natural phenomena, coronavirus, acts of God and terrorist attacks may damage or cause disruption to the investee and the Fund. It is not possible to insure against some of these events. Occurrence of these events could also lead to insurance becoming unavailable for such events in the future, or premiums increasing above levels expected.

Fees and other costs



Fund Administration fees

Fund administration fees are capped at 0.20% per annum of the net asset value of the Fund. These include, trustee fees, and ordinary recoverable expenses such as audit costs, custody fees, ASIC fees and other expenses related to the management of the Fund. It does not include Investment Management Fees, Performance Fees or Abnormal costs.

Investment management fee

The Fund will pay Beckon an investment management fee of 1.50% p.a exclusive of GST of the net asset value of the Fund. This fee will be accrued and paid quarterly in arrears.

Abnormal costs

The Trustee and Beckon may incur non-recurrent expenses on behalf of the Fund. These expenses may include, but are not limited to, costs of litigation to protect investors' rights, legal and other expert's fees, and other expenses arising from managing the Fund. The Trustee may charge additional fees for its own time spent on such matters.

These are the fees and costs for operating the Fund and are deducted from the assets of the Fund as and when they are incurred. These are not included in the recurrent recoverable expense estimate. Incurring non-recurrent expenses could cause costs to be significantly higher than the estimates given for recurring recoverable expenses.

Performance fee

Beckon is entitled to a performance fee which is 20% exclusive of GST of the income received in cash by the Fund, plus 20% of the realised gains from asset disposals (after adjustment of the realised losses from period asset disposal if applicable). Both the income and realised gains components of the fees are subject to a 7% hurdle. The performance fee is calculated and charged quarterly - refer to the Trust Deed for further details.

Can the fees change?

Yes, all fees can change. The Trust Deed for the Fund sets the maximum amount that can be charged in fees. The approval of investors is needed in order to raise fees above the amounts allowed for in the Fund's Trust Deed.

You will receive at least 30 days' written notice of any proposed increase to fees (but not recoverable expenses) charged under this IM.

Government charges and taxation

Taxes such as GST will be applied to the Fund if required by law. In addition to the fees and costs described in this section, standard government fees, duties and bank charges may also apply. Some of these charges may incur additional GST in the Fund. All fees and costs in this document are disclosed exclusive of the net effect of GST and reduced input tax credits.



Other Fund details

How the Fund works

When you invest in the Fund your money (together with all other investors' monies) is gathered in one place and invested in assets. We have appointed Beckon to manage the Fund. Beckon uses its resources, experience and expertise to make the investment decisions.

Fundhost intends to appoint NAB as the independent custodian to hold the assets of the Fund.

Units

The Fund is a unit trust. This means your interests in the Fund are represented by units. Certain rights (such as the right to any income and a right to vote) attach to your units. You may also have obligations in respect of your units.

When you invest, we issue you a number of units depending on the amount you invest.

When we terminate the Fund, we calculate your proceeds by reference to the number and value of units you hold at the time of the Fund termination. Generally, the price of units will vary as the value of assets in the Fund rises or falls.

Investing in the fund

To invest in the Fund, eligible wholesale investors may apply for units using the application form accompanying this IM. The minimum application amount is \$20,000.

The Fund will be open to receiving applications and investor funds from 15 March 2021. The Fund has three closing dates: 31 May 2021, 30 November 2021 and 31 May 2022. Applications will not be accepted after 31 May 2022. Units will be issued at \$1 per unit at the first close. The issue price for each subsequent Fund Closing Date will increase at the rate of 5% per annum (from the initial \$1 per unit issue price) calculated on a pro rata basis based upon the number of days between the first Fund Closing Date and the applicable later Fund Closing Date. Following the final Fund Closing Date the issue price will be based on the net asset value of the Fund.

The application form contains detailed instructions and will ask you to provide the identification documents required under the Anti-Money Laundering and Counter Terrorism Financing Act 2006 (AML CTF Act) and relevant tax legislation.

We do not earn interest, nor do we pay you interest, on application monies held prior to the time we issue units to you.

We accept signed application forms and certified copies of documents required to identify applicants (Application Documents) by email or fax as well as paper. You may also apply online and upload supporting documents. Please use the [link](#) supplied in the application form.

Provided we receive clear and legible copies of your Application Documents by the Final Close Date, together with your application monies, we will process your application using the unit price. Applications via email need to be sent to admin@fundhost.com.au or by fax to +61 (0)2 9232 8600.

Fundhost may in its sole discretion accept or reject an application. Investors will be informed of the success of their application, otherwise, investors who are not allotted any units, or are allotted fewer units than the number applied and paid for as a result of a scale back, will have all or part of their application money (as applicable) refunded (without interest) as soon as practicable.

Eligible Investor

To be an Eligible Investor, you must satisfy one of these criteria:

- Invest at least A\$500,000 at one time (excluding superannuation sourced monies)
- Provide the Trustee with an accountant certificate (in form annexed) which is less than 24 months old indicating that the applicant has either net assets of least \$2.5 million or a gross income for each of the last 2 financial years of at least \$250,000 a year
- Be a company or trust controlled by someone who has a certificate from a qualified accountant (such certificate referred to in the category immediately prior)
- Be a business that is not a small business (that is, companies that employ more than 20 people or 100 people if they are a manufacturer)
- Hold an Australian Financial Services Licence
- Control at least \$10 million (including any amount held by an associate or under a trust that the applicant(s) manages)
- Be regulated by the Australian Prudential Regulatory Authority other than a trustee of an Australian superannuation fund, approved deposit fund, pooled superannuation trust or public sector superannuation scheme

Eligible Investor (cont.)

- Be the trustee of an Australian superannuation fund, approved deposit fund, pooled superannuation trust or public sector superannuation scheme with assets of at least \$10 million
- Be a body registered under the Financial Corporations Act 1974 of the Commonwealth of Australia
- Be an exempt public authority
- Be a listed entity or a related body corporate of a listed entity
- Be a related body corporate of a wholesale client
- Carry on a business of investment in financial products, interests in land or other investments and invest funds received (directly or indirectly) following an offer or invitation to the public, the terms of which provided for the funds subscribed to be invested for those purposes
- Be a foreign entity that, if established or incorporated in Australia, would be covered by one of the preceding paragraphs; or
- An Australian financial services licensee (or its representative) considers the investor has requisite experience to invest in the Fund.

Redemptions

There is no right to redeem units. Capital will be returned to investors at the discretion of Fundhost after each investment disposal in the Fund, or at the time of the Fund termination.

How we calculate unit prices

The issue price for each subsequent Fund Closing Date will increase at the rate of 5% per annum (from the initial \$1 per unit issue price) calculated on a pro rata basis based upon the number of days between the first Fund Closing Date and the applicable later Fund Closing Date. Following the final Fund Closing Date the issue price will be based on the net asset value of the Fund. The Fund will be priced quarterly following the final Fund Closing Date.

Distributions

The Fund distributes net realised gains and income. Income distributions are generally paid in cash quarterly, with the distribution periods ending as at 31 March, 30 June, 30 September and 31 December to your nominated Bank Account. Distribution reinvestments are not available.

Taxation

Fundhost and Beckon do not give tax advice. Any references in this document to tax are general in nature and do not constitute tax advice to any investor. Given the complexity of taxation legislation and the ongoing changes introduced by the Government, each investor should obtain their own independent professional tax advice regarding investments in the Fund tailored to their specific circumstances.

Fundhost and Beckon are not liable for income tax positions or liabilities of investors. The Fund is generally expected to be treated as a flow-through for income tax purposes, with income and gains (after expenses e.g. performance fees) for each year distributed to investors. Such investment returns derived by an investor would generally be taxable in the hands of the investor. However, the tax treatment of the Fund is not guaranteed and the Fund might be subject to tax (including at the company tax rate) depending upon its activities going forward. We will provide investors with annual tax statements after each financial year end.

If you choose not to provide us with your tax file number (TFN) or Australian business number (ABN) and don't have an exemption, we must deduct tax at the highest personal rate, plus the Medicare levy, before passing on any distribution to you. The law is very strict on how we can use these details.

There is a taxation regime for managed investment trusts called the Attribution Managed Investment Trust (AMIT) regime. Subject to the Fund being eligible, Fundhost can elect to operate the Fund under the AMIT regime. As an AMIT, the Fund can attribute amounts of income and tax offsets to investors on a fair and reasonable basis. There is also an ability to adjust the cost base of an investor's interest in a Fund upwards or downwards.



Keeping you informed

We will:

- confirm every transaction in your account
- Send you a quarterly report providing information about the general performance of the Fund and its activities
- send you your annual statement
- soon after June each year send you a report to help you with your tax return
- each year (around September) make the accounts of the Fund available to you on request
- notify you of any material changes to this IM and any other significant event as required by law

Privacy

We collect and use personal information about you to administer your investment and also to conduct research.

By applying for units in the Fund you consent and agree to information about you being obtained and used by us. Fundhost will collect and use your information in accordance with our Privacy Policy, a copy of which is available from Fundhost free of charge.

If you fail to provide us with the required information or if you provide us with incomplete or inaccurate information Fundhost may not be able to provide you with the products or services you are seeking within the time periods contemplated in this IM.

Your information will not be disclosed unless:

- the law requires
- your financial adviser needs the information
- it is in keeping with our Privacy Policy and may be provided to external service providers including Beckon, the auditors, taxation and legal advisers
- and information technology consultants; or
- Fundhost needs it to send you promotional material. If you don't want this, indicate on the application form or contact Fundhost anytime

Fundhost will disclose information if required by law to do so (including under anti-money laundering and counter-terrorism financing legislation).

If you think any of the details that Fundhost holds are wrong or out of date contact Fundhost and they will correct the details. You can always access the personal information held about you by contacting Fundhost on +61 (0)2 8223 5400.

Anti-money laundering and counter-terrorism financing

In order to meet our obligations under anti-money laundering and counter-terrorism financing legislation (**AML CTF Act**), taxation legislation (including the Foreign Account Tax Compliance Act and Common Reporting Standards legislation) or other legislation, we may require further information from you as to identity, the source of your funds and similar matters. Fundhost may be required to verify that information by sighting appropriate documentation. Records of the information obtained will be kept and may be required by law to be disclosed. Otherwise the information will be kept confidential.

By applying for units in the Fund, you also agree that Fundhost may in its absolute discretion determine not to issue units to you, may cancel units which have been issued to you or may redeem any units issued to you if Fundhost believe such action to be necessary or desirable in light of its obligations under the AML CTF Act or other legislation and Fundhost will not be liable to you for any resulting loss.

Summary of Trust Deed

The Fund is governed by a Trust Deed dated on or about 17 February 2021, as amended. The Trust Deed sets out our obligations as well as the rights of investors. Key aspects of the Trust Deed have been summarised in this section.

You may view a copy of the Trust Deed at our offices on any Business Day and you may obtain a copy free of charge by contacting us.

Rights of investors

Subject to the Trust Deed of the Fund, investors are generally entitled to:

- receive a share of the Fund's distributable income
- transfer units; and
- inspect the Trust Deed



Unitholder meetings

Subject to the Trust Deed of the Fund, investors are also entitled to requisition, attend and vote at investors' meetings for the Fund. An investor is bound by a resolution of investors, whether or not they attend the meeting at which it is passed.

Interest in the Fund

Each unit issued in the Fund entitles the investor to a beneficial interest in the total investments of the Fund but does not give the investor an interest in any particular part of the Fund.

Unitholder liability

The Trust Deed limits an investor's liability in the Fund to the amount the investor has invested, however the law in relation to investor liability has not yet been settled.

Under the Trust Deed we can recover from you any taxes or other amounts that the Fund is required to pay because you hold units or because of any action you have taken or failed to take, either by deduction from amounts payable to you or by redemption of some of your units.

Termination of the Fund

We can terminate the Fund at any time at our discretion or when required by law. If the Fund is terminated, we must generally convert the Fund's assets to cash and pay off the Fund's liabilities (including those incurred in winding up the Fund and any unpaid fees including performance fees).

Investors are then entitled to a share of the balance of the assets in accordance with the Trust Deed. This will be the final distribution of the Fund. The final distribution may include both a capital and income component

The custodian - National Australia Bank

Fundhost intends to appoint National Australia Bank Limited ABN 12 004 044 937 (**NAB**) as custodian of this fund. If appointed, NAB's role as custodian would be limited to holding the assets of the Fund as Fundhost's agent. NAB would have no supervisory role in relation to the operation of the Fund and would not be responsible for protecting your interests. NAB would have no liability or responsibility to you for any act done or omission made in accordance with the terms of the Custody Agreement. NAB would make no statement in the IM and would not have authorised or caused the issue of it. Investments of the Fund would not represent investments in, deposits with, or other liabilities of, NAB or any other member of the NAB group of companies (NAB Group). Neither NAB, nor any other member of NAB Group, would in any way stand behind the capital value, nor would they guarantee the performance of the investment or the underlying assets of the Fund, or provide a guarantee or assurance in respect of the obligations of Fundhost or its related entities.

Related party transactions and conflicts of interest

Fundhost does not engage in any related party transactions with any person. All dealings with other parties are at commercial, arms' length terms.

Fundhost has a conflicts of interest policy and register which it maintains in accordance with the law. It seeks to address any conflicts that may arise as part of Fundhost's business and that relate to the Fund and the Fund specifically.

Beckon may from time-to-time face conflicts between their duties that arise in the ordinary course of its business with the Fund, and their duties to other funds that they manage. For example, Beckon could be the Investment Manager for other funds that could invest in the same assets as this Fund or which may sell investments to the Fund. Beckon endeavours to ensure that all funds are treated fairly, any transactions are on an arms length basis based on verifiable valuations and will apply the Investment Allocation Policy (see section "The Fund at a glance") in determining the allocation of deals amongst the funds that it manages including the Fund.

Beckon may charge the investee companies a fee payable directly to Beckon of up to 2% of the expected investment for consultancy services rendered. For more information refer to Section "Services to SMEs".

Investment Allocation Policy

During the Investment Period or until the capital of the Fund is fully invested (whichever is the earlier), an investment Fundhost believes is in the best interest of investors to make and which falls within the Fund's Investment Strategy will be offered to the Fund by Beckon in priority to any other fund established in Australia with the same or materially similar Investment Strategy as the Fund where Beckon is the Investment Manager of such fund or funds.