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# INFORMATION MEMORANDUM

## Seneca Australian Small Companies Fund

An unregistered (“wholesale”) Managed Investment Scheme

**APIR Code:** NPW8333AU

**ISIN Code:** AU60NPW83339

**Issued by**

Newport Private Wealth Pty Ltd  
(ACN 166 931 960 / AFSL 451820)  
as Trustee of the Seneca Australian Small Companies Fund

**Investment Manager**

Seneca Financial Solutions Pty Ltd  
(ABN 17 610 665 711 / AFSL 492686)

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# 1 IMPORTANT NOTICES AND DISCLAIMER

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This Information Memorandum is issued by Newport Private Wealth Pty Ltd (ACN 166 931 960 / AFSL 451820) the “Trustee” of the Seneca Australian Small Companies Fund “Fund”.

The “Investment Manager” is Seneca Financial Solutions Pty Ltd (ABN 17 610 665 711 / AFSL 492686).

The Fund, at the date of this Information Memorandum, is not required to be, and is not, registered as a managed investment scheme pursuant to section 601ED of the Corporations Act. This Information Memorandum is not a product disclosure statement for the purposes of Part 7.9 of the Corporations Act. Interests in the Fund will primarily be issued as units in the Fund (‘Units’). The Fund’s trust deed (Trust Deed) provides for different Classes of Units. Under the Trust Deed, the different Classes of Units may have different rights and obligations. The performance of different Classes of Units may also differ depending on the investments of that Class. Holders of different Classes of Units will be treated fairly.

Interests in the Fund will be issued only on receipt of a validly completed Application Form issued together with this Information Memorandum, and the receipt of cleared funds. The offer or invitation to subscribe for interests in the Fund is subject to the terms and conditions described in this Information Memorandum.

Any invitation to invest contained in this Information Memorandum is only available for acceptance by Wholesale Clients, and is not available to Retail Clients, all within the meaning of the Corporations Act.

The distribution of this Information Memorandum and an invitation or offer of interests in the Fund may be restricted in certain jurisdictions. No recipient of this Information Memorandum in any jurisdiction may treat it as constituting an invitation or offer to them to apply for interests in the Fund unless, in the relevant jurisdiction, such an invitation or offer could lawfully be made to that recipient in compliance with applicable law.

Prospective applicants should inform themselves as to the legal requirements and consequences of applying for, holding, transferring and disposing of Units and any applicable exchange control regulations and taxes in the countries of their respective citizenship, residence, domicile or place of business. It is the responsibility of a prospective investor outside Australia to obtain any necessary approvals in respect of applying for, or being issued with, Units.

Unless otherwise agreed with the Trustee, any person applying for Units will by virtue of the person’s application be deemed to represent that they are not in a jurisdiction which does not permit the making of an offer or invitation as detailed in this Information Memorandum, and are not acting for the account or benefit of a person within such jurisdiction.

The Fund, the Trustee and the Investment Manager do not bear any liability or responsibility to determine whether a person is able to apply for Units pursuant to this Information Memorandum.

This Information Memorandum does not purport to contain all the information that a prospective investor may require in evaluating a possible investment in the Fund. The Trustee reserves the right to evaluate any applications and to reject any or all applications submitted, without giving reasons for rejection. The Fund, the Trustee and the Investment

Manager are not liable to compensate the recipient of this Information Memorandum for any costs or expenses incurred in reviewing, investigating, or analysing any information in relation to the Fund, in submitting an application or otherwise.

No cooling off applies to the issue of Units.

This Information Memorandum must be read in conjunction with the Trust Deed. Prospective investors should review the Trust Deed for further information regarding the rights and obligations of investors of the Fund. To the extent there are any inconsistencies between the Trust Deed and this Information Memorandum, the Trust Deed will prevail.

In providing this Information Memorandum, the Trustee has not taken into account the recipient's objectives, financial situation or needs and accordingly the information contained in this Information Memorandum does not constitute personal advice for the purposes of section 766B(3) ("personal advice") of the Corporations Act. None of the Trustee, the Investment Manager, or their related parties, officers, employees, consultants, advisers or agents warrant that an investment in the Fund is a suitable investment for the recipient.

None of the Trustee, the Investment Manager, or their related parties, officers, employees, consultants, advisers or agents have carried out an independent audit or independently verified any of the information contained in this Information Memorandum, nor do they give any warranty as to the accuracy, reliability, currency or completeness of the information or assumptions contained in this Information Memorandum, nor do any of them, to the maximum extent permitted by law, accept any liability whatsoever however caused to any person relating in any way to reliance on information contained in this Information Memorandum or any other communication or the issue of Units.

The Trustee strongly recommends that potential investors read this Information Memorandum in its entirety and seek independent professional advice as to the financial, taxation and other implications of investing in the Fund and the information contained in this Information Memorandum.

None of the Trustee, the Investment Manager, or their related parties, officers, employees, consultants, advisers, or agents, guarantee the repayment of capital invested in the Fund, the payment of income from the Fund or the performance of the Fund or an investment in the Fund generally. As with any investment there are inherent risks in investing in the Fund, including the risk that an investment in the Fund is speculative, that the investment may result in a reduction in, or total loss of, the capital value of the investment, loss of income and returns that are less than expected or delays in repayment of capital.

See Section 5 (Risks Factors) for further information about the risks involved in making an investment in the Fund.

The contents of this Information Memorandum are:

- not intended to be disclosed to any person other than the person to whom this Information Memorandum has been provided to by the Trustee;
- strictly confidential; and
- not to be reproduced, either in whole or in any part or parts, without the Trustee's prior written consent and, if such written consent is given, only in accordance with that consent.

This Information Memorandum may include certain statements, estimates or projections with respect to the anticipated future performance of the Fund. Those statements, estimates or projections are based on assumptions about future events and management actions that may not necessarily take place and are subject to significant uncertainties, many of which are outside the control of the Trustee and the Investment Manager. Those assumptions may or may not prove to be correct. No representation is made as to the accuracy of those statements, estimates or projections. The recipient should make its own enquiries and investigations regarding the assumptions, uncertainties and contingencies which may affect the future operations of the Fund and the impact that different future outcomes may have on the Fund and should not rely on those statements, estimates or projections.

It is important that potential investors read the entire Information Memorandum before making any decision to invest in the Fund. In particular, it is important that potential investors consider the risks outlined in section 5 “Risks of Investing in the Fund” on page 16 that could affect the performance of an investment.

The Trustee has not authorised any person to give any information or make any representations in connection with the Fund which are not in this Information Memorandum and if given or made such information or representations must not be relied upon as having been authorised by the Trustee. Any other parties distributing this product to investors are not the Trustee’s agent or representative and are doing so on their own behalf. The Fund, the Trustee and the Investment Manager are not responsible for any advice or information given, or not given, to potential investors by any party distributing this product and, to the maximum extent permitted by law, accept no liability whatsoever for any loss or damage arising from potential investors relying on any information that is not in this Information Memorandum when investing.

The primary language of this document is English. This document may be translated into different languages. Any translations provided are for reference purposes only. If there is any inconsistency or conflict between the English version of this Information Memorandum and versions of this Information Memorandum in any other language, the English version prevails.

All references to \$ amounts are references to Australian Dollars.

The information in this Information Memorandum is general information only and does not take into account your financial situation, objectives or needs. The information can change, and may be updated or replaced from time to time. Unless the changed information is materially adverse, the Trustee may not always update or replace this Information Memorandum to reflect the changed information. Updated information can be obtained by contacting the Investment Manager or your adviser. You should check if there is any updated information before you invest.

A glossary of terms used in this Information Memorandum is included in Section 11 on page 30 (Glossary).

## 2 KEY FEATURES OF THE FUND

The following table provides a snapshot of the Fund. Please read the whole Information Memorandum before deciding to invest.

Fund Name	Seneca Australian Small Companies Fund
Investment Structure	The Fund is an open-ended unit trust that is <b>not</b> currently registered with ASIC as a managed investment scheme
Investment Objective	The Fund aims to outperform the S&P/ASX Small Ordinaries Index plus 3.00% p.a. after fees
Authorised Investments	Securities and Exchange Traded Funds (ETFs) listed in Australia, as well as cash
Investment Strategy	Construct a portfolio of 20-50 sufficiently liquid, small, and mid-cap ASX listed companies, with a preference for high quality, profitable and growth focused businesses. The fund is long-only, will not utilise any derivatives or leverage and be able to hold up to 50% cash at the discretion of the manager
Investment Timeframe	Recommended minimum of 5 years
Benchmark	S&P/ASX Small Ordinaries Index TR
Management Fee	Nil
Performance Fee	20% of performance in excess of the RBA Cash Rate (subject to high watermark)
Investor Eligibility	Available only to “wholesale investors” as defined in the Corporations Act 2001.
Minimum Investment	Class A: Initial - \$100,000, additional investments \$50,000
Initial Issue Price	\$1.00 per unit
Dealing Day	Last day of the calendar month
Subscriptions	Monthly with 10 business days’ notice prior to Dealing Day
Withdrawals	Monthly with 10 business days’ notice prior to Dealing Day
Distributions	The Fund will seek to make income distributions to unitholders, as deemed appropriate by the Trustee & subject to the income of the Fund, on an annual basis
Reporting	Monthly reporting of the performance and operation of the Fund. Annual taxation and distribution statements.

Distribution Policy	The Investment Manager and Trustee will endeavour to make annual cash distributions to Unitholders. The principal aim of the Fund will be to provide Unitholders with capital growth. However, the Fund will seek to pay cash distributions as deemed appropriate by the Trustee subject to the profits of the Fund.
Withdrawal Policy	Unitholders will be eligible to redeem their units by giving the Trustee at least 10 business days' notice. The Investment Manager will endeavour to satisfy such redemption in a timely manner. Units will be redeemed upon completion of the Unit Pricing mechanism for the applicable month.

## **3 ABOUT THE SENECA AUSTRALIAN SMALL COMPANIES FUND**

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### **3.1 The Fund (Seneca Australian Small Companies Fund)**

'Seneca Australian Small Companies Fund' (the Fund) is a relative return fund, benchmarked to the S&P/ASX Small Ordinaries Index. The Fund's goal is to deliver annual positive relative returns and to outperform the benchmark after fees.

The Fund aims to meet these objectives through fundamental, bottom-up valuation and analysis of each of the individual portfolio constituents. Our preference is for growth companies with strong balance sheets, sustainable competitive advantage and large, growing addressable markets.

#### **Investment Strategy**

The Investment Manager will construct a portfolio of 20-50 sufficiently liquid, small, and mid-cap ASX listed companies, with a preference for high quality, profitable and growth focused businesses. The fund is long-only, will not utilise any derivatives or leverage and be able to hold up to 50% cash at the discretion of the manager.

#### **Investment Manager Philosophy**

The Investment Manager is an active, bottom-up, fundamental investment manager who seeks to understand the key drivers of revenue, cost, and profit growth for each of our portfolio companies. They have a distinct preference for investing in structurally supported growth industries and with management teams that are founder-led and/or highly aligned with shareholders' interests. Their combination of top-down macroeconomic research with in-depth bottom-up stock analysis gives them insights into the earnings profile of their universe of companies during the various stages of the economic/investment cycle. They combine this fundamental analysis with technical analysis to identify entry / exit levels and shifts in investor sentiment.

They seek to position their portfolio towards more established, profitable, high return, modestly geared small companies who have the capacity to grow organically and/or via acquisition. These businesses often exhibit above average cash flow, earnings growth, earnings stability and sometimes pay dividends at higher rates relative to the average company in their universe. At any time, their portfolio will be tilted toward stocks with the highest expected return, based on their analysis and estimates.

### **3.2 Investment Manager (Seneca Financial Solutions Pty Ltd)**

Seneca Financial Solutions was established in 2016 as a boutique investment management and financial advisory firm, headquartered in Melbourne. Since then, the company has grown to 10 staff, over \$300m in funds under advice, 6 existing investment products and recently added a new regionally focused office in Bendigo, Victoria.

### **3.3 Key Personnel & Investment Team**

The Investment Manager will be comprised of an experienced management team including:



**Luke Laretive**  
**Portfolio Manager**

Luke started his career as a Compensation Analyst at Deutsche Bank in London, before transitioning to the mining industry where he worked for Vale, marketing their metallurgical and thermal coal products to customers around the world. At Vale, Luke was also responsible for price forecasting, supply/demand modelling and trading strategy.

Leaning heavily on his practical work experience, Luke is responsible for portfolio construction, stock selection and risk management in the Seneca Australian Small Companies Fund.

Luke holds a Master's degree in Applied Finance from Monash University as well as a Bachelor of Commerce from The University of Western Australia. He is a level 2 accredited derivatives advisor and co-founder of Seneca.

**Ben Richards**  
**Investment Analyst**

Ben Richards has several years of diverse financial services experience in his relatively short career. Most recently, Ben worked as an investment analyst at a small cap fund manager focused on the Australian market. Ben was responsible for research coverage across the small caps sector and performing fund investment due diligence in the listed and unlisted space. Prior to this, Ben worked at Evans & Partners in analytical and support functions.

Ben holds a Bachelor of Commerce from the University of Melbourne, with Honours in Finance.

**3.4 Trustee Background & Role**

Newport Private Wealth Pty Ltd ("Trustee") is a professional asset management firm licensed by the Australian Securities & Investments Commission ("ASIC") to service the wholesale investor market.

The Trustee has been appointed as trustee of the Fund to act on behalf of Investors and provide oversight in respect of compliance of the Fund with the *Corporations Act 2001* and ASIC guidelines.

The Trustee is the holder of Australian Financial Services Licence No.428289 ("AFSL") which permits it to advise and deal in a range of financial products and to provide incidental custody.

In exercising its powers and duties, the Trustee must:

- act honestly and in the best interests of Investors at all times;
  - exercise a reasonable degree of care and diligence;
  - treat each class of Unitholders equally and fairly;
  - not make use of information obtained to gain an improper advantage or cause detriment to Unitholders;
  - comply with the Fund's Trust Deed and all applicable laws;
  - ensure Fund property is separated from the property of the manager and other entities;
- and

- assume ultimate responsibility for any complaints by Investors or enquiries by the regulator.

### **3.5 Fund Administrator**

The administrator of the Fund is Newport Private Wealth Pty Ltd

The Fund Administrator has been appointed to provide the Fund's back-office functions, including investor services, unit pricing and fund accounting.

## **4 HOW THE SENECA AUSTRALIAN SMALL COMPANIES FUND WORKS**

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### **4.1 Structure and Investor Eligibility**

The Fund is a unit trust, whereby your money is pooled with other Investor funds. This means that you have access to certain investments and strategies that you may not otherwise be able to access on your own.

The Fund is only available to "wholesale clients" within the meaning of the *Corporations Act 2001*.

To qualify as a "wholesale client", you are generally required to satisfy one of the following:

- invest at least \$500,000 into the Fund. Please note, this option does not apply to Application Money that is sourced from superannuation;
- provide us with an Accountants Certificate that is no more than two years old confirming you (and/or any relevant entity you 'control') have at least \$2.5 million in net assets or \$250,000 of gross income for the last two financial years;
- confirm you are a 'professional investor', as that term is defined in the Corporations Act;
- provide a certificate from the holder of an AFS license confirming you are a 'sophisticated investor'.

### **4.2 Units and Unit Pricing**

The Fund is unitised, meaning that when you invest in the Fund, you purchase units that represent a beneficial interest in the Fund's assets (but not to any particular asset).

The unit price will vary as the market value of investments in the Fund rises or falls.

The calculation of unit prices is set out in the Trust Deed for the Fund. Initial units will be issued at a price of \$1.00. Subsequent unit prices are calculated by:

- determining the gross asset value of the Fund as at the relevant valuation day;
- deducting any liabilities (including accrued fees);
- allowing for transaction costs of buying or selling the Fund's assets;
- dividing the resulting net asset value by the number of units on issue.

The Fund Administrator calculates the Fund's unit price as and when required for the operation of the Fund, generally monthly. The Trustee may also set an Issue Price that differs from the price determined above in special circumstances (such as for income reinvestments).

### **4.3 Initial and Subsequent Investments**

Applications are processed monthly and must be received at least 10 business days prior to Dealing Day to be considered for that month's unit pricing mechanism and unit issuance.

A completed application and know-your-client (KYC) documentation are required for both initial and subsequent investments. The application to invest is completed via an online form.

When a completed application is accepted, the applicant will be prompted to initiate an electronic transfer of funds using the bank details provided at the end of the application process. The Trustee reserves the right to refuse an application.

### **4.4 Withdrawal Requests**

An Investor can withdraw some or all of their funds by giving the Trustee at least 10 business days' notice. Units will be redeemed upon completion of the unit pricing mechanism for the applicable month. The Trustee will endeavour to satisfy such redemption in a timely manner.

An Investor can withdraw some or all their funds by sending the Trustee a completed withdrawal request to the email address provided on the withdrawal request form.

After the Trustee has received and accepted a completed withdrawal form, withdrawals are normally paid within 15 days after the next Dealing Day and credited directly to your nominated account.

In some other circumstances, the Trustee has the right to suspend or refuse withdrawals from the Fund. Examples of these circumstances are:

- Investors will be required to hold their investment for an initial holding period of 6 months.
- when the withdrawal represents more than 10% of the Fund's assets.
- where the Fund holds illiquid assets, and it would be to the detriment of the Fund and other investors to sell those assets or.
- if markets are closed so that no trading is possible.

### **4.5 Transfers of Units**

Investors wishing to transfer units to a different entity must complete a standard transfer form, available by contacting the Fund Administrator. The buying entity must be a "wholesale client" within the meaning of the *Corporations Act 2001* and, unless it is an existing Investor, will be required to complete an initial Application Form and Client Identification Form.

A transfer of units from one entity to another may have taxation implications and Investors should seek professional advice before proceeding.

### **4.6 Income Distributions**

The Fund may earn income such as interest, and may derive gains or losses on the sale of underlying assets. It is the Trustee's intention that the full amount of the Fund's taxable income that has been received by the Fund in each financial year will be distributed to Investors. Distributions are calculated yearly as at 30 June, and will be paid within 60 days of the financial year end. The Trustee may at any other time determine that capital or income be distributed to Unitholders.

The distribution amount for each Unitholder is derived by dividing the total distribution amount by the total number of units on issue at the distribution date, and multiplying the result by the number of units you hold on that date. If you withdraw units prior to the distribution date, you will not receive any distribution for the period you held those units in the relevant distribution period.

#### **4.7 Keeping you informed**

The Investment Manager (and/or the Fund Administrator) will provide periodical reports to Investors, along with updated Fund information. The reports provided to Investors include:

- Valuation and performance reports;
- a transaction statement including a statement of unit holding at the time of any change in an Investor's unit holding;
- the annual audited financial statements of the Fund (if required/prepared); and
- annual distribution and tax statements.

## **5 RISKS OF INVESTING IN THE FUND**

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The purpose of this section is to inform you of the types of significant risks that may apply to an investment in the Fund and is a summary only. It does not purport to be a comprehensive statement of all the risks. The significant risks of the investment structure as well as those associated with the structure of this Fund are considered.

All investments carry risk including the potential for loss of income or capital, a less than expected rate of return or a delay in payment. Different investment strategies may carry different risk, depending on the assets that make up the investment strategy.

Some of the significant risks of investing in the Fund are summarised below.

### **5.1 Investment risk**

The success and profitability of the Fund will largely depend upon the ability of Seneca Financial Solutions Investment Committee to make investment decisions which generate a positive return for the Fund. This includes the Manager selecting investment strategies from time to time and the Investment Committee that is responsible for each selected investment strategy making investment decisions. The historical performance of the investment strategies does not represent the future behaviour of the Fund or the Seneca Financial Solutions investment strategies.

### **5.2 Market and economic risk**

The risk that the market values of the assets in which the Fund invests will fluctuate because of factors such as economic conditions, government regulations, market sentiment, local and international political events and environmental and technological issues, each of which can lead to changes in prices and overall market volatility. The value of a security may be influenced by the condition of investment markets (e.g. domestic and international share markets and bond markets etc.), as well as the economic state of particular regions or the returns of other asset classes. Investment markets are impacted by broad factors such as economic conditions including interest rates, the availability of credit, political environment, investor sentiment, global markets, and significant external events (e.g., natural disasters).

### **5.3 No guarantee of performance**

Neither the money that an Investor has invested in the Fund or the returns earned from their investment are guaranteed. A lack of performance by the Fund may mean there is insufficient income for the Fund to meet its investment objectives, in particular its yield objective.

### **5.4 Fund risk**

The Fund could be terminated, the fees and expenses could change, the Investment Manager could be replaced, and other key personnel could change.

## **5.5 Manager risk**

The Fund's performance depends on the expertise and investment decisions of Seneca Financial Solutions and the continuation of the services and skills of their employees and officers, including the investment team. There is a risk that they will not be able to achieve the Fund's Investment Objective, that their opinion about the intrinsic worth of a company or position is incorrect, or that the market will continue to undervalue long positions.

## **5.6 Limited operating history**

The Fund is a newly formed fund with no operating history upon which Investors can evaluate its likely performance. There can be no assurance the Fund will achieve any of an Investor's investment objectives.

## **5.7 Security Risk**

The value of a security (i.e. a share in a company) may be affected by market sentiment and other factors that may impact the performance of the actual company. Investing in shares of a company will expose an investor to many of the risks to which the individual company is itself exposed. They include such factors as changes in management, actions of competitors and regulators in regard to the company and changes in technology and market trends. Share markets tend to move in cycles, and the individual share price of a security may fluctuate and underperform other investments over extended periods of time. Such risk is considered by Seneca through its investment process and managed by maintaining a diversified portfolio of securities.

## **5.8 Smaller Companies Risk**

Smaller companies may include recently established entities with limited public information, or entities engaged in new-to-market concepts which may be speculative in nature. Shares in smaller companies may trade less frequently and in smaller volumes and therefore may be affected by liquidity risk to a greater degree than shares in larger companies. Smaller companies may also have limited operating histories, markets, products lines or financial resources than larger companies. They may also depend heavily on key personnel.

## **5.9 Liquidity risk**

The Fund is exposed to liquidity risk in relation to the investments within its portfolio. If a position cannot be bought or sold quickly enough to minimise potential loss the Fund may have difficulty satisfying commitments associated with financial instruments.

## **5.10 Counterparty risk**

Counterparty risk represents the loss that would be recognised if counterparties (i.e. the other parties to the contracts such as custodians, securities dealers or derivative counterparties, stock or crop lease originators) fail to perform as contracted.

## **5.11 Concentration Risk**

The risk associated with a fund that concentrates its investments in a small number of securities or invests in a small subset of an asset class. The performance of a concentrated fund tends to be more volatile than the performance of a more diversified fund. This is because a concentrated fund is generally exposed to a smaller range of assets and is therefore more sensitive to fluctuations in the value of those assets.

### **5.12 Regulatory risk**

This is the risk that the value or tax treatment of either the Fund itself or investments of the Fund, or the effectiveness of a Fund's trading or investment strategy, may be adversely affected by changes in government (including taxation) policies, regulations and laws affecting registered managed investment schemes, or changes in generally accepted accounting policies or valuation methods.

### **5.13 General Risk**

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

- The value of the investments will vary,
- The level of returns will vary, and future returns will differ from past returns,
- Returns are not guaranteed, and Investors may lose some of all of their money, and
- Laws change.

### **5.14 Risk mitigation strategy**

Investment in the Fund carries certain risks. All investments have an inherent level of risk. Generally, there is a trade-off between higher expected returns for higher expected risk (usually represented by the variability of fund returns).

As risks cannot be entirely avoided when investing, the Fund aims to identify and manage risk as far as is practicable. The Manager intends to apply its risk management systems to mitigate risks to the Fund (these will be applied at the Investment Strategy level and the portfolio level).

The Manager will seek to mitigate risks by undertaking various approaches including but not limited to:

- Investments will be primarily focused within industries with strong or stable growth outlooks.
- Use of liquid securities as the de-risking vehicle
- Focus on mitigating catastrophic losses.
- Protect the portfolio gains as they occur.
- Apply an understandable and consistent rules-based approach to risk management decisions.

The application of any risk management approach involves numerous judgements and qualitative assessments. No risk management system is fail-safe, and no assurance can be given that the Fund's risk control framework will achieve its objectives. From time to time, without notice to the investors, the Manager may modify or change the Fund's risk management system and procedures.

Risk management is integrated and ingrained into our investment process:

- Strong focus on risk/return proposition of each security in isolation driven by a disciplined approach to valuation.
- Portfolio construction which manages volatility at the fund level through diversification.
- Investing in high quality companies reduces 'tail risk' where steeper, permanent negative returns occur.
- Aligned management reduces the risk of excessive spending, value-destroying acquisitions and other decisions that diminish long-term shareholder returns.
- ESG risk: preference for growing earnings steers us away from companies that face environmental risks. Preference for quality steers us away from companies that face social risks. Preference for aligned management steers us away from companies that face governance risks.

**You should consult with your financial adviser to properly understand the risks associated with the Fund and your attitude to investment risk. Neither the Trustee or the Investment Manager guarantees the repayment of money invested, the payment of income or the Fund's investment performance.**

## HOW WE INVEST YOUR MONEY

### 5.15 Investment strategy

We will construct a portfolio of 20-50 sufficiently liquid, small and mid-cap, ASX-listed companies, with a preference for high quality, profitable and growth-focused businesses. The fund is long-only, will not utilise any derivatives or leverage and be able to hold up to 50% cash at the discretion of the manager.

We are an active, bottom-up, fundamental investment manager who seeks to understand the key drivers of revenue, cost, and profit growth for each of our portfolio companies. We have a distinct preference for investing in structurally supported growth industries and with management teams that are founder-led and/or highly aligned with shareholders' interests.

**Alignment:** management alignment with shareholders is important to generating shareholder returns, especially in small companies that are less diversified. We seek to invest in companies where management demonstrates alignment with shareholders via meaningful equity ownership and/or incentive structures tilted towards total shareholder returns. Good governance is similarly an important in our Environmental, Social and Governance (ESG) framework.

**Quality:** quality filters are important in narrowing down our investable universe. We favour companies with strong, preferably net cash balance sheets or those where robust and predictable earnings streams can manage gearing levels. At a sector level, we are seeking favourable industry structures where a company can carve out and grow market share reliably and establish a competitive advantage. At a security level, we are looking for companies with strong cash flow and return on capital.

**Growth:** we invest in companies with growing earnings where we can forecast earnings with a reasonable degree of confidence. This typically leads us to structurally supported growth industries or inflecting cyclical trends.

**Value:** consistent with delivering capital growth for investors, we are disciplined to invest at the right price, so valuation metrics are an important aspect of our investment process. We



see value as a two-part equation where a security must be both fundamentally undervalued and have a catalyst to realise this value.

Our combination of top-down macroeconomic research with in-depth bottom-up stock analysis gives us insights into the earnings profile of our universe of companies during the various stages of the economic/investment cycle. We combine this fundamental analysis with technical analysis to identify entry / exit levels and shifts in investor sentiment.

We seek to position our portfolio towards more established, profitable, high return, modestly geared small companies who have the capacity to grow organically and/or via acquisition. These businesses often exhibit above average cash flow, earnings growth, earnings stability and sometimes pay dividends at higher rates relative to the average company in our universe. At any time, our portfolio will be tilted toward stocks with the highest expected return, based on our analysis and estimates.

#### **5.16 Permitted investments**

Long positions are permitted in the following instruments:

- (a) Securities quoted on the Australian Stock Exchange
- (d) Cash held by Australian ADIs, including certificates of deposit, bank bills and other cash like instruments

Monthly compliance audits/checks will be performed to ensure that the investment restrictions are being complied with.

#### **5.17 Targeted returns**

The Fund aims to outperform the benchmark S&P/ASX Small Ordinaries (Total Return) Index by +3% on an annual basis.

The Investment Manager gives no guarantee or assurance as to the performance of the Fund, the repayment of capital or any particular rate of capital or income return.

## 6 FEES AND COSTS

### 6.1 Fees and Costs

The following table shows the fees and costs you may be charged when investing in the Fund. Fees and costs may be deducted directly from your money, from the returns on your investment or from the Fund's assets as a whole.

All the fees and costs shown in this section exclude GST unless otherwise stated.

TYPE OF FEE	AMOUNT
Transaction Costs – Cost applied when your money moves in or out of the fund	
Entry Fee	Nil
Buy / Sell Spread	0.30% / 0.30%
Fund Running Costs – Paid on an ongoing basis from the fund assets	
Management Fee	Nil
Performance Fee	<p>The Investment Manager is entitled to a Performance Fee equal to 20% (plus GST) of the rate of return over hurdle (RBA Cash Rate). The Performance Fee is calculated and paid monthly and is intended to create an incentive for the Investment Manager to achieve a higher return on a risk-adjusted basis.</p> <p>The formula for the Performance Fee is outlined below:</p> $ROH = ((CUP - PUP)/PUP) - HR$ $PF = (20\% * ROH) * (PUP * NB)$ <p>Where:</p> <p>ROH: return over hurdle rate</p> <p>PF: the amount of the Performance Fee</p> <p>CUP: the Unit Price (after all fees but before any distributions) on the last business day of the relevant month</p> <p>HR: the hurdle rate (1/12 of the annual RBA Cash rate at month end)</p> <p>PUP: the Unit Price (after all fees and any distributions) on the last business day of the previous month</p> <p>NB: the aggregate number of outstanding units on issue on the last business day of the previous month.</p> <p>If PF is a negative number, no Performance Fee is payable.</p>

Other Recoverable Expenses	As applicable, all expenses associated with the operation of the Fund are payable or reimbursable out of the fund's assets
Administration Fee	<p><b><u>While gross assets are below \$20m</u></b> 0.20% p.a. levied monthly subject to a minimum of \$25,000.</p> <p><b><u>While gross assets are between \$20m - \$50m</u></b> \$40,000 + 0.15% p.a. of the gross value of assets between \$20-\$50m</p> <p><b><u>While gross assets are between \$50m - \$100m</u></b> \$85,000 + 0.10% p.a. of the gross value of assets between \$50m - \$100m</p> <p><b><u>While gross assets are above \$100m</u></b> \$135,000 + 0.05% p.a. of the gross value of assets above \$100m</p> <p><b>All figures are quoted ex GST and fee levied monthly</b></p>
Trustee Fee	0.10% (+GST) per annum of the gross value of the assets

## 6.2 Further Fee Detail

An Investment Management fee is **not** being levied upon the fund.

### *Performance Fees*

Performance fees are calculated when the % increase in the fund's end-of-month NAV exceeds the monthly rate of return for the hurdle (RBA Cash Rate). The fee is calculated and paid to the Investment Manager monthly, in arrears, from the Fund's assets.

A performance fee is only payable if the unit price is above the High Water Mark (HWM) for the unit. The purpose of the High Water Mark is to prevent you from paying performance fees twice for the same amount of performance.

The High Water Mark of units in the financial year in which the unit is issued is the subscription price of that unit. For subsequent financial years, the HWM is the greater of:

- The highest Net Asset Value per unit (after deduction of any performance fee) as calculated on the last business day of each month; and
- The subscription price of the unit.

### *Recoverable Expenses:*

The Trustee reserves the right to recover any abnormal expenses from the Fund. Abnormal expenses are expected to occur infrequently and may include (without limitation) costs of litigation to protect Investors' rights, costs to defend claims in relation to the Fund, Investor meetings and termination and wind-up costs. In addition, the Investment Manager may also pay commissions to parties who introduce Investors or assets to the Fund, and these will be paid from the Fund's assets.

The Investment Manager pays its personal costs from its own moneys, including premises, research, wages and director fees, insurance, its own accounting and any audit and licensing.  
*Transaction Costs*

When the Fund acquires or disposes of assets it incurs operational and transactional costs such as brokerage (including research), external due diligence, legal and accounting fees, transactional taxes and settlement costs. These will vary from year to year depending upon the volume and value of trades undertaken.

To cover these costs a Buy/Sell spread may be applied to the unit price. The Buy/Sell Spread is an additional cost to Investors when investing in or withdrawing from the Fund and the proceeds from it are retained by the Fund. At the date of this Information Memorandum, the estimated buy/sell spread unit price adjustment is:

### **Buy/Sell Spread**

The net transaction costs of the Fund represent the total operational costs of the Fund less the total amount recovered through the Fund's buy/sell spread. Net transaction costs are not included in the management costs of a Fund. Instead, they are recovered from the assets of the Fund.

### *Variation of fees*

All fees and expenses can change. Reasons might include changing economic conditions and changes in regulations. We would generally give you 30 days' notice of any change to fees and expenses.

The Trust Deed for the Fund sets the maximum amount that can be charged for all fees. There is no specific limit in the Trust Deed on the level of expense recovery. A copy of the Trust Deed is available free on request from the Trustee.

The Investment Manager currently charge fees at less than the maximum amounts allowed for in the Fund's Trust Deed or waives those rights to fee payment and expense recovery.

All government fees, duties and bank charges will apply to your applications and withdrawals as appropriate.

## **7 ADDITIONAL INFORMATION FOR INVESTORS**

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### **7.1 Trustee**

Newport Private Wealth Pty Ltd (ACN 166 931 960) is the trustee of the Fund.

NPW has been appointed as trustee of the Fund to protect Investors and ensure compliance of the fund as legislated by the *Corporations Act 2001*.

The Trustee must undertake the following in exercising its powers and duties:

- act honestly and in the best interests of the Investors at all times;
- Exercise a reasonable degree of care and diligence;
- comply with the Fund's Trust Deed and applicable law; and
- Assume ultimate responsibility for any complaints by Investors or enquiries by the regulators.

The Trustee can retire at any time by nominating a replacement trustee. The Trustee can be removed in accordance with the trust deed.

### **7.2 Fund Trust Deed**

The Fund was established under a constitution dated 21 April 2023. The Trust Deed for the Fund sets out provisions for:

- the establishment of the Fund as a unit trust;
- the Fund's duration and vesting;
- rights of Investors;
- applications, issues of units and withdrawal from the Fund;
- the Trustee's powers and management responsibilities;
- liabilities and indemnities;
- unit registry and transfers;
- fees and outgoings;
- income distributions;
- meetings of Investors;
- change of trustee;
- amendments to the Trust Deed; and
- other related matters.

The Trust Deed also contains a number of provisions relating to the rights, terms, conditions and obligations imposed on both the Trustee and Investors. Some of the provisions of the Trust Deed are discussed elsewhere in this Information Memorandum.

Copies of the Trust Deed are available to Investors, free of charge, on request to the Trustee.

### **7.3 Termination of the Fund**

The Fund may be terminated by the Trustee but only as set out in the Fund's Trust Deed.

Upon termination and after conversion of Fund assets into cash and payment of, or provision for, all costs and liabilities (actual and anticipated), the net proceeds will be distributed pro-rata to all Investors according to the number of units each holds in the Fund.

#### **7.4 Indemnity**

The Trustee is indemnified out of the Fund against all liabilities and expenses incurred by it in properly performing any of its duties, exercising any of its powers, or omitting to act in relation to the Fund, or attempting to do so.

#### **7.5 Cooling off rights**

Investors who invest in the Fund do not have the right to "cool off" in relation to an investment in the Fund.

#### **7.6 Privacy**

When processing an application for units, the Trustee will be collecting personal information. The Trustee may also request additional personal information in the future.

Please refer to the Trustee's privacy policy available from the Trustee upon request.

## **8 TAXATION INFORMATION**

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### **8.1 Tax Summary**

The following provides a summary of the general tax implications for an investment by an Australian resident individual Investor who holds their Units on capital account. Each Investor's taxation position will depend on their individual circumstances and accordingly this summary is necessarily general in nature.

This summary is based on the taxation laws as at the date of this Information Memorandum ("**IM**"). Investing in an Unregistered MIS ("**MIS**") is likely to have tax consequences. However, it is noted that taxation laws can change at any time, which may have adverse taxation consequences for Investors concerned.

Each Investor must take full and sole responsibility for the associated taxation implications arising from an investment in the Fund including any change in the taxation implications arising during the term of their investment. It is recommended that Investors obtain their own professional and independent taxation advice before investing in the Fund.

### **8.2 Income Tax Provisions**

#### **8.2.1 Provisions that apply**

The income tax treatment of the Fund and its Investors will depend on whether the Trustee elects, and is eligible, to apply the Attribution Managed Investment Trust ("**AMIT**") provisions. The AMIT provisions are an elective income tax regime for qualifying managed investment trusts ("**MIT**") that provide for flow-through taxation to Investors. Where the AMIT provisions do not apply, the ordinary trust taxation provisions will apply to the Fund.

The Trustee has not made a decision in regard to the application of the AMIT provisions. Accordingly, the section below outlines the general income tax treatment where the AMIT provisions do not apply to the Fund. The Trustee will provide an update to the extent that the Fund makes an election to apply the AMIT provisions in the future.

### **8.3 Income Tax**

#### **8.3.1 General**

An Investor's investment in the Fund will comprise of Units in a Unit Trust. Each Investor will be regarded as a beneficiary of the Fund and both the Fund and the Investors will apply the trust taxation provisions, as outlined below.

#### **8.3.2 Income tax treatment of the Fund**

As the Fund is a Unit Trust, the Fund will effectively be treated as a flow-through vehicle for income tax purposes provided that the Fund distributes all of its income to the Fund's Investors on an annual basis. The Trustee should therefore not pay Australian income tax on the taxable income derived by the Fund. This is on the condition that the Fund will not be taxed as a company under the public trading trust provisions (discussed below).

#### **8.3.3 Income Tax treatment of Investors**

Provided that the Fund is treated as a flow-through vehicle, Investors will be assessed on the taxable income derived by the Fund, based on their proportionate share of the annual income

of the Fund that is distributed to them in that income year. The Fund's Investors will be required to include their share of taxable income in their tax return.

#### 8.3.4 Tax deferred distributions

Tax-deferred distributions may occur where the Fund distributes an amount of cash that exceeds the taxable income allocated to an Investor. A tax-deferred distribution may occur on a return of capital, where expenses of the Fund (e.g. depreciation expenses or bad debts) are offset against taxable income, or where there are timing differences. Certain tax-deferred distributions that are not assessable to an Investor result in a reduction in the cost base of the Units held by the Investor. A capital gain will arise where those tax-deferred distributions exceed the cost base of the Units.

#### 8.3.5 Public trading trust provisions

It is noted that a Unit Trust that is a public trust can be taxed as a company where it carries on (or controls another entity that carries on) trading activities other than eligible investment business activities ("**the public trading trust provisions**").

Eligible investment business activities include passive activities, such as investing in land for the primary purpose of rent and investing or trading in financial securities and arrangements.

The Fund will be regarded as a public unit trust if it either: (a) has 50 or more unit holders (directly or indirectly through other trusts); (b) makes an offer or invitation of its units to the public; or (c) has its units listed for quotation on a stock exchange.

Initially, the Trustee does not believe that the Fund will satisfy the definition of being a public unit trust and therefore does not believe that the provisions should apply. However, in the future, the Fund may become public.

Accordingly, the Trustee intends to limit the activities of the Fund to eligible investment business activities so that the public trading trust provisions do not apply to the Fund. Furthermore, the Trustee will seek to ensure it does not control entities that carry on trading activities.

While the Trustee does not believe that the public trading trust provisions should apply to the Fund, there is no guarantee that the ATO may not take an alternative view. To the extent that the public trading trust provisions apply, the Fund will be required to pay tax at the corporate taxation rate (currently 27.5% for certain small business entities and 30% for all other entities) on taxable income and would seek to pay a franked dividend to the Investors. The exempt component of a discount capital gains or capital allowance deduction may be treated as an unfranked dividend.

### 8.4 Additional Income Tax Issues

#### 8.4.1 Accruals taxation

It is possible that the Fund may derive assessable income prior to those amounts being received by the Fund or distributed to Investors. Accordingly, Investors may be required to include amounts in their taxable income prior to receiving a distribution of those amounts from the Fund.



#### 8.4.2 Tax losses

Where the Fund incurs a tax loss, these do not flow-through the Fund to Investors. However, provided that the requirements of the trust loss provisions are satisfied, the Fund may be able to carry forward those tax losses to offset them against assessable income derived in a future income year.

#### 8.4.3 Dividends

Investors in the Fund may receive, as part of their distribution, franking credits attached to franked distributions received by the Fund. Franking credits received will not represent part of your cash distribution but must be included as assessable income in your tax return.

You may be eligible for a tax offset for franking credits received, which can reduce your tax liability. The extent to which you will receive franking credits will be subject to relevant franking credit integrity provisions, such as the 45-day holding rule.

However, to the extent that the Fund is not an AMIT, these provisions require the Fund to be a fixed trust. As this requires the ATO to exercise a discretion, the Fund will seek to obtain certainty on this issue.

### 8.5 Disposal of Units

To the extent that an Investor disposes of their Units (e.g. by way of a transfer or withdrawal) a gain or loss may arise. An Investor that holds their Units on capital account will derive a capital gain or incur a capital loss.

An Investor may make a capital loss in respect of the disposal of their Units to the extent that the capital proceeds are less than the tax cost base of the Units. Alternatively, an Investor may make a capital gain to the extent that the capital proceeds exceed the tax cost base of the Units. In ascertaining the tax cost base, tax adjustments from tax-deferred distributions will need to be taken into account.

An Investor may be eligible for the discount capital gains tax concession if the Units are held for 12 months or more and the Investor is an individual, trustee or complying superannuation fund.

### 8.6 Non-Resident Investors

The taxation implications of Investors that are not Australian resident for tax purposes (“**non-resident Investors**”) are not considered as part of this IM. However, this section provides a general outline of the Australian income tax requirements of the Fund to withhold on distributions made to non-resident Investors by the Fund and the Australian income tax consequences of a non-resident Investor disposing of units in the Fund.

Where withholding tax paid by the Trustee in relation to an Investor and it is not a final tax, non-resident Investors may be required to lodge an Australian income tax return.

#### Interest

To the extent that the interest income is derived by the Fund from an Australian source (either directly or indirectly), the Trustee will generally be liable to withhold 10% as a final Australian withholding tax. Under certain Double Tax Agreements, the withholding rate may be reduced.

#### 8.6.1 Dividends

To the extent that franked dividend income is derived from an Australian source by the Fund, the distribution will not be subject to Australian withholding tax. To the extent that an unfranked dividend is derived from an Australian source, the Trustee will generally be liable to withhold 30% as a final Australian withholding tax. Under certain Double Tax Agreements, the withholding rate may be reduced.

#### 8.6.2 Foreign income

To the extent that a distribution to a non-resident Investor consists of foreign sourced income, the distribution will not be subject to Australian withholding tax.

#### 8.6.3 All other income

The Fund may derive other items of income. Where the Fund is not a MIT, or the distribution is not a MIT fund payment, the distribution of other income by the Fund can be taxable to the Investor and subject to a non-final withholding tax at the Investor's tax rate (e.g. marginal tax rates for an individual).

#### 8.6.4 MIT fund payments

A MIT fund payment typically refers to Australian sourced income that is distributed by a MIT that is not otherwise subject to specific withholding rules (e.g. rental income, capital gains derived from taxable Australian real property or foreign currency gains).

Where the Fund distributes a MIT fund payment to Investors (being either income derived directly by the Fund or MIT fund payments it has received from other trusts), the Fund may qualify to apply a final reduced withholding tax rate. This reduced rate may be either 15% (for Investors in exchange of information ("EOI") countries) or 30% (for non-EOI countries). Certain types of income are specifically excluded from being subject to a reduced 15% withholding rate (e.g. non-concessional MIT income, which can include MIT agricultural income).

#### 8.6.5 Disposal of units

Capital gains realised upon the (direct or indirect) disposal or redemption of Units owned by non-resident Investors will be subject to Australian capital gains tax if the Units are taxable Australian property. This will generally be the case where the relevant non-resident Investor has a non-portfolio interest in the Fund (i.e. a greater than 10% interest) and more than 50% of the market value of the Fund's assets are attributable to Australian real property.

### 8.7 Annual Reporting

The Fund will be required to provide distribution information (including tax components) to the ATO on annual basis by lodging the Annual Investment Income Report (AIIR).

The Fund will provide an annual tax distribution statement to Investors in accordance with the ATO's guidelines for MITs. The tax distribution statement will reconcile the cash distribution with the taxable distribution for the income year.

### 8.8 Tax File Number (TFN) and Australian Business Number (ABN)

As the Fund will be an investment body for income tax purposes, the Fund will be required to obtain a Tax File Number (TFN) or Australian Business Number (ABN) in certain cases from its Investors.

It is not compulsory for a Trust's Investor to quote a TFN, claim a valid exemption for providing a TFN, or (in certain circumstances) provide an ABN. However, failure to obtain an appropriate TFN or ABN from Investors will result in the Trust being required to withhold at the top marginal rate (currently 49%) with respect to distributions to the Investor (which may be creditable in their tax return).

### **8.9 Goods and Services Tax (GST)**

The acquisition and disposal of units in the Fund by the Fund's Investors will not be subject to GST.

However, GST may apply if fees are charged to the Fund by the Trustee or the Investment Manager. In such a case, the Fund may be eligible to claim a Reduced Input Taxed Credit of either 75 per cent or 55 per cent of the GST paid on some of the fees charged to the Fund, depending on the type of fee.

### **8.10 Stamp Duty**

The issue, redemption, transfer or any other arrangement involving a change in the unitholding of the unit trust may result in Stamp Duty consequences (for example, if the change in unitholding occurs at a time when the unit trust holds dutiable property, such as real property, or certain debts in Queensland). Investors should confirm the duty consequences of their dealings in units with their taxation advisers.

### **8.11 Foreign Account Tax Compliance Act (FATCA)**

In compliance with the U.S income tax laws commonly referred to as the Foreign Account Tax Compliance Act (FATCA) and the Intergovernmental Agreement signed with the Australian Government in relation to FATCA, the Fund will be required to provide information to the ATO in relation to: (a) Investors that are US citizens or residents; (b) entities controlled by US persons; and (c) financial institutions that do not comply with FATCA.

The Fund is intending to register for FATCA purposes and to conduct its appropriate due diligence (as required). Where the Fund's Investors do not provide appropriate information to the Fund, the Fund will also be required to report those accounts to the ATO.

### **8.12 Common Reporting Standard (CRS)**

The Common Reporting Standard (CRS) is the single global standard for the collection, reporting and exchange of financial account information of non-residents, which applies to calendar years ending after 1 July 2017. The CRS is similar to FATCA, whereby the Trustee will need to collect and report similar financial account information of all non-residents to the ATO. The ATO may exchange this information with the participating foreign tax authorities of those non-residents.

## **9 HOW TO APPLY**

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### **9.1 Complete the Application Form**

To invest in the Fund, you will need to complete and sign the Fund's Application Form and provide all supporting identification documentation and applicable certificates.

The application form is electronic and is completed online. The online application form can be found here [link](#)

Please email the Trustee/Fund Administrator at [investorservices@newportpw.com](mailto:investorservices@newportpw.com) if you have any questions relating to the online application process.

Please contact the Investment Manager if you need assistance in providing the appropriate documentation to certify that you are a wholesale client.

## **10 CONTACT DETAILS**

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### **10.1 Investment Manager - Seneca Financial Solutions Pty Ltd**

Level 4, 125 Flinders Lane, Melbourne VIC 3000

Phone +613 8639 1600  
Email [info@senecafs.com.au](mailto:info@senecafs.com.au)  
Website [www.senecafs.com.au](http://www.senecafs.com.au)

### **10.2 Trustee - Newport Private Wealth Pty Ltd**

The Executive Centre  
Level 30, 35 Collins Street, Melbourne VIC 3000

Phone +613 9069 5870  
Email [investorservices@newportpw.com](mailto:investorservices@newportpw.com)  
Website [www.newportpw.com](http://www.newportpw.com)

### **10.3 Fund Administrator – Newport Private Wealth Pty Ltd**

The Executive Centre  
Level 30, 35 Collins Street, Melbourne VIC 3000

Phone +613 9069 5870  
Email [investorservices@newportpw.com](mailto:investorservices@newportpw.com)  
Website [www.newportpw.com](http://www.newportpw.com)

## 11 GLOSSARY

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**Accounting Standards** - has the meaning given to that term in Section 9 of the Corporations Act.

**AMIT** - has the meaning given to that term in Section 995-1 of the Tax (1997) Act.

**AMIT Rules** - Divisions 275 and 276 of the Tax (1997) Act.

**Applicant** - a person who has applied to become a Unitholder in the Trust by making an application but who is not yet a Unitholder.

**Application Money** - any form of valuable consideration received by the Trustee for a Unit, but excluding any amount the Applicant directs the Trustee to pay to a third person on account of service fees or other fees associated with the acquisition of Units.

**ASIC** - the Australian Securities and Investments Commission.

**Attribution Income Tax Liability of a person in relation to the Trust** - an income tax liability of the person under the Tax (1997) Act or the TAA that results from the Trust being operated as an AMIT, Managed Investment Trust or Withholding MIT.

**Business Day** - a day other than a Saturday or a Sunday on which banks are open for general banking business in Melbourne.

**Corporations Act** - the Corporations Act 2001 for the time being in force, together with the regulations.

**CPI** - Australian Consumer Price Index as calculated and published by the Australian Bureau of Statistics.

**Disclosure Document** - a document by which invitations to acquire Units are made, and it includes any supplementary or replacement document issued in respect of the disclosure document.

**Financial Year** - the period of twelve months ending on 30 June in each year.

**Fund Administrator** - any person appointed by the Trustee to provide administrative services in respect of the Trust.

**GST** - a tax, impost or duty on goods, services or other things imposed by any fiscal, national, state, territory or local authority or entity and whether presently imposed or novel, together with interest or penalties.

**Initial Holding Period** - means the minimum time which a Unitholder must own a unit.

**Managed Investment Trust** - has the meaning given to that term in Section 995-1 of the Tax (1997) Act.

**Net Application Money** - in relation to an application for Units, the Application Moneys less any entry fee charged.

**Net Asset Value** - the total value of the Trust Assets less the Trust Liabilities.

**Net Income** - the total assessable income of the Trust less all deductions of the Trust determined in accordance with the Tax Act, which may be reduced or increased by the amount of any reserves, provisions or amounts that, in the determination of the Trustee, need to be made. If the total amount is less than zero, then the total amount is taken to be zero.

**Newport Asset Management** - the trading name of Newport Private Wealth Pty Ltd (ACN 166 931 960).

**Register** - the register of Unitholders.

**Registered Scheme** - has the meaning given to that term in Section 9 of the Corporations Act.

**Regulator** - ASIC and such other governmental agency with authority to regulate the operation of the Trust.

**Tax Act** - the Tax (1936) Act, Tax (1997) Act, or both as appropriate.

**Tax (1936) Act** - the Income Tax Assessment Act 1936.

**Tax (1997) Act** - the Income Tax Assessment Act 1997.

**Trust** - the unit Trust named Seneca Australian Small Companies Fund.

**Trust Assets** - includes all property, rights and income of the Trust, but excludes:

- (a) Application Money or property paid in respect of which Units have not been issued;
- (b) proceeds from withdrawal which have not yet been paid, and
- (c) Distributable Amount awaiting payment to Unitholders.

**Trust Deed** - the document that sets out the conditions, terms and rules for operating the Seneca Australian Small Companies Fund.

**Trust Liabilities** - means all liabilities of the Trust, including any provisions the Trustee considers should be taken into account in determining liabilities. To the extent the Accounting Standards require any amounts representing Unitholders' funds to be classified as a liability, then for the purposes of calculating Net Asset Value for this Trust, Unitholders' funds are not to be treated as a liability.

**Unit** - means an undivided share in the beneficial interest in the Trust .

**Unitholder** - a person who holds a beneficial interest in the Trust Assets.

**Units in Issue** - the number of Units that have been issued less the number that have been redeemed.

**Valuation Date** - the time at which the Trustee calculates the Net Asset Value.

**Withholding MIT** - has the meaning given to that term in Section 995-1 of the Tax (1997) Act.