

# Paragon Australian Long Short Fund

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## Product Disclosure Statement

▶ ARSN 161 565 920    ▶ 22 DECEMBER 2017

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**PARAGON FUNDS MANAGEMENT**

ISSUED BY: Paragon Funds Management Ltd    ABN • 42 159 623 873    AFSL • 426800

# Disclaimers & Important Notices

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This Product Disclosure Statement ('PDS'), dated 22 December 2017, relates to the offer to subscribe for units in the Paragon Australian Long Short Fund ARSN 161 565 920 ('Fund'), a managed investment scheme registered under the Corporations Act and issued by Paragon Funds Management Ltd (referred to as 'Paragon' or 'we' or the 'Responsible Entity') ABN 42 159 623 873 AFSL 426800, in its capacity as responsible entity of the Fund.

No person is authorised to give any information or to make any representation in connection with the offer described in this PDS, which is not in this PDS. Any information or representation outside the PDS may not be relied upon as having been authorised by the Responsible Entity.

This PDS is prepared for your general information only. It is not intended to be a recommendation by Paragon, any associate of Paragon or any other person, to invest in the Fund. An investment in the Fund is subject to investment risk, including possible delays in repayment and loss of income or capital invested.

This PDS does not take into account the investment objectives, financial situation or needs of any particular investor or class of investor. Investors should rely upon their own enquiries and analyses on the merits and risks of the offer. Investors should also obtain their own financial and taxation advice prior to investing in the Fund.

Neither Paragon, nor any of its third-party service providers, related entities or directors guarantee the performance or success of the Fund, income or capital return, or the taxation consequences of investing in the Fund.

This PDS does not constitute an offer or invitation in any jurisdiction where it is unlawful to make such an offer or invitation. The laws of other jurisdictions may restrict the distribution of this PDS so investors should seek advice on any relevant restrictions. Any failure to comply with those prohibitions may constitute a breach of securities laws in those jurisdictions.

The offer of Units under this PDS is only available to investors receiving a printed or electronic copy of this PDS in Australia. Units may be offered to professional and sophisticated investors in certain jurisdictions outside Australia if that offer is made in accordance with the laws of that jurisdiction.

Unless otherwise stated, all amounts are in Australian dollars, and all fees are quoted on a Goods and Services Tax ('GST') inclusive basis less any Reduced Input Tax Credits ('RITCs') available to the Fund.

This PDS should be read in conjunction with the Constitution of the Fund, which is available upon request from Paragon (client.services@paragonfunds.com.au). This PDS is available in electronic format from Paragon's website at [www.paragonfunds.com.au](http://www.paragonfunds.com.au). Investors receiving this PDS electronically should ensure that they have received the complete Application Form and PDS. A printed copy can be provided free of charge.

This PDS is intended solely for the purpose of evaluating the offer and is not to be reproduced or distributed to any other person (other than professional advisers of investors).

Paragon has authorised the use of this PDS for investors in investor directed portfolio schemes ('IDPS') and IDPS like schemes. Investors who invest via an IDPS do not acquire the rights of a Unit Holder in the Fund as all Units are held in the name of the IDPS operator. Such indirect investors may not have the same rights to cooling-off, applications and withdrawals, voting, distribution and complaints as direct investors and should check with their IDPS operator for information on these issues.

General information in this PDS is subject to change. Information that is not materially adverse to investors may be updated on our website at [www.paragonfunds.com.au](http://www.paragonfunds.com.au). A paper copy of any updated information can be provided upon request.

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# 01 ▸ OVERVIEW OF THE FUND

This table is intended to be a general summary of the Fund only. Investors should read the PDS in full prior to investing in the Fund.

FEATURE	DETAIL	SECTION
<b>The Fund</b>	Paragon Australian Long Short Fund ARSN 161 565 920	04
<b>Inception Date</b>	1 March 2013	04
<b>Responsible Entity</b>	Paragon Funds Management Ltd ABN 42 159 623 873 AFSL 426800	03
<b>Prime Broker</b>	UBS AG, Australia Branch ABN 47 088 129 613	09
<b>Custodian</b>	UBS Nominees Pty Limited ABN 32 001 450 522	09
<b>Administrator</b>	Link Fund Solutions Pty Ltd ABN 44 114 914 215	09
<b>Investment Objective</b>	To produce absolute returns in excess of 10% pa over a 3 – 5 year investment horizon with low correlation to the Australian equities market.	04
<b>Investment Strategy</b>	The Fund is a concentrated long/short Australian equities product that is fundamentally driven with a focus on the industrials and resources sectors.	04
<b>Structure</b>	The Fund is an Australian resident open-ended unit trust, registered in Australia as a managed investment scheme.	04
<b>Min. Investment</b>	\$25,000	06
<b>Min. Additional Investment</b>	\$5,000	06
<b>Min. Withdrawal</b>	\$10,000	06
<b>Buy/Sell Spread</b>	Buy/sell spread 0.15%/0.15% of the NAV Unit price i.e. 'buy costs' are 0.15% of the NAV Unit price and 'sell costs' are 0.15% of the NAV Unit price.	07
<b>Fees and Expenses</b>	<p>Paragon is entitled to receive:</p> <ul style="list-style-type: none"> <li>a Management Fee of 1.5% pa (inclusive of GST net of RITC) of the Net Asset Value accrued daily and paid monthly; and</li> <li>a Performance Fee of 20% (inclusive of GST net of RITC) of the increase in the Net Asset Value, subject to a 5% pa hurdle rate and a perpetual High Watermark, accrued daily and paid half yearly. Underperformance in a previous period is required to be made up before a Performance Fee is payable.</li> </ul> <p>An expense recovery to cover operating expenses of the Fund will also be charged, capped at 0.25% pa (inclusive of GST net of RITC). Certain abnormal and other expenses may also be recovered in addition to the capped expense recovery. The capped expense recovery applies for the life of this PDS and Paragon may issue a new PDS at any time.</p> <p>There are no establishment, contribution or withdrawal fees.</p> <p>There are no adviser service fees (i.e. trailing commissions).</p>	07

FEATURE	DETAIL	SECTION
<b>Applications</b>	Daily for all applications received by 2.00 p.m. Sydney time. Units will be issued at the Unit price struck on that Business Day, adjusted for the buy spread. Applications received after this time will be treated as received on the next Business Day.	06
<b>Withdrawals</b>	Daily for all requests received by 2.00 p.m. Sydney time. Units will be redeemed at the Unit price struck on that Business Day, adjusted for the sell spread. Requests received after this time will be treated as received on the next Business Day.  Payments of withdrawal proceeds will generally be made within 7 days of the withdrawal date. A withdrawal request may be denied or delayed and all withdrawals may be suspended in certain circumstances.	06
<b>Unit Pricing</b>	Daily	08
<b>Distributions</b>	Distributions are paid annually as at 30 June and will be automatically reinvested unless elected to be paid out.	08
<b>Contact Details</b>	<b>CLIENT SERVICES</b> Paragon Funds Management Ltd Level 19, 80 Collins Street, Melbourne VIC 3000 tel. (03) 9652 2500 eml. client.services@paragonfunds.com.au	

## 02 ▸ SUMMARY OF BENCHMARKS AND DISCLOSURE PRINCIPLES

Benchmarks and disclosure principles for the Fund and its responsible entity, Paragon, as set out under ASIC's Regulatory Guide 240, are summarised below and detailed further in other sections of this PDS. This information has been included in this PDS to assist investors to better understand and assess the benefits and risks of investing in the Fund.

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### **BENCHMARK 1:**

#### **Valuation of Assets**

*The responsible entity implements a policy requiring valuations of the fund assets that are not exchange traded to be provided by independent administrators or an independent valuation service provider.*

#### **Benchmark satisfied? If not, why not?**

**Yes, the Fund meets this benchmark.**

The Fund will generally only invest in exchange traded assets, and as such, the valuation of the Fund's assets will typically be the listed market price of the asset. On the rare occasion that the Fund invests in a non-exchange traded asset, Paragon will utilise the services of an independent valuer, unless the Administrator is able to obtain a valuation from an independently verifiable source, in accordance with Paragon's Unit Pricing Policy.

Further information can be found in sections 2, 4 and 8.

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### **BENCHMARK 2:**

#### **Periodic Reporting**

*The responsible entity of the fund will provide periodic (annual and monthly) disclosure of the current funds under management of the fund and the investment returns at the end of the period.*

#### **Benchmark satisfied? If not, why not?**

**Yes, the Fund meets this benchmark.**

Paragon issues monthly updates electronically covering the Fund's performance and other relevant information as outlined in section 6. The updates are also available from Paragon's website at [www.paragonfunds.com.au](http://www.paragonfunds.com.au).

Further information can be found in section 6.

DISCLOSURE PRINCIPLE	SUMMARY
<b>01 Investment Strategy</b>  Further information: Section 4	<p>The Fund is a concentrated long/short Australian listed equities product that is fundamentally driven with a focus on the industrials and resources sectors. Paragon's own in-depth research and active portfolio management process is overlaid with active risk management and a focus on capital preservation.</p> <p>In order to achieve the risk/return objectives of the Fund, a diverse portfolio of long and short equity positions is constructed. Risk is managed at the portfolio level by adhering to gross and net exposure limits, individual position size limits and aggregate limits by market capitalisation. Stop loss limits are also imposed at the individual stock level.</p> <p>The portfolio will typically hold between 20-50 Australian listed equity positions as well as cash equivalent instruments, denominated in Australian dollars. There are no allocation limits between classes, location or denomination of assets.</p> <p>Short selling, leveraging and investing in listed derivatives are all utilised where opportunities have been identified that will either maximise returns (i.e. for investment purposes) or mitigate negative returns identified (i.e. for hedging purposes).</p> <p>Paragon may invest a small portion of the Fund's assets in equities of unlisted Australian companies expected to list within 12 months.</p> <p>The investment strategy can only be changed by a unanimous decision of Paragon's board of directors. Although there is no intention to change the investment strategy, if this does occur, Unit Holders will be advised in writing and changes to this PDS may also be required.</p>
<b>02 Investment Manager</b>  Further information: Sections 3 and 9	<p>Paragon is the responsible entity and investment manager of the Fund.</p> <p>The investment team is headed by John Deniz as Chief Investment Officer. The investment team are highly qualified, experienced in the management of the Fund and dedicate 100% of their time to execution of the Fund's investment strategy.</p> <p>No significant adverse regulatory findings have been made against Paragon or any member of the investment team.</p> <p>Unit Holders may terminate the appointment of Paragon as the responsible entity of the Fund in accordance with the provisions of the Fund's Constitution and the Corporations Act. Refer to section 9 for information about retirement and removal of Paragon and the section titled "Term of the Fund" for more details.</p>
<b>03 Fund Structure</b>  Further information: Sections 4, 5 and 9	<p>The Fund is structured as a registered managed investment scheme and a unit trust.</p> <p>The key service providers involved in the operation of the Fund include:</p> <ul style="list-style-type: none"> <li>• Paragon: the Responsible Entity and Investment Manager for the Fund;</li> <li>• UBS AG, Australia Branch ("UBS AG"): the Prime Broker for the Fund;</li> <li>• UBS Nominees Pty Limited ("UBS Nominees"): the Custodian for the Fund; and</li> <li>• Link Fund Solutions Pty Ltd (formerly White Outsourcing Pty Ltd) ("Link Fund Solutions"): the Administrator of the Fund.</li> </ul> <p>The roles of the key service providers are set out in section 4. A summary of the key service agreements is set out in section 9.</p> <p>All key third party service providers are independent and all transactions related to Fund operations are conducted on an arm's length basis.</p>

*(Continued on next page)*

**DISCLOSURE PRINCIPLE****SUMMARY**

DISCLOSURE PRINCIPLE	SUMMARY
	<p>Paragon ensures that key service providers meet their contractual obligations by monitoring their performance on an ongoing basis and undertaking annual reviews. Paragon also obtains quarterly, half yearly or annual assurance certifications as applicable.</p> <p>A diagram showing the flow of investment funds through the structure, process flows and key entities involved is included in section 4.</p> <p>Key risks relating to these service providers include counterparty risk, service provider risk, operational risk and prime broker risk. These risks are described in section 5.</p>
<p><b>04 Valuation, location and custody of assets</b></p> <p>Further information: Sections 4, 5 and 9</p>	<p>The investments of the Fund are generally valued daily by the Administrator and the Net Asset Value of the Fund is established in accordance with the Fund's Constitution. The valuation of investments of the Fund will either be:</p> <ul style="list-style-type: none"> <li>- the listed market price of the asset (in the case of exchange traded assets); or</li> <li>- the value as determined by an independent valuer (in the case of non-exchange traded assets) unless the Administrator is able to obtain a valuation from an independently verifiable source in accordance with industry standards and Paragon's Unit Pricing Policy.</li> </ul> <p>The Fund generally only invests in Australian listed equities, cash equivalent instruments, and exchange traded derivatives. There are no allocation limits in respect of the location, class or currency of assets, but generally all assets of the Fund will be held in Australia and denominated in Australian dollars.</p> <p>A small portion of the Fund's assets may be invested in equities of unlisted Australian companies, typically expected to list within 12 months.</p> <p>The assets of the Fund are held by the Custodian, pursuant to the custody agreement. To secure the Fund's obligations to the Prime Broker, the Fund has granted a security interest over the assets to the Prime Broker and Custodian.</p> <p>Refer to sections 4 and 9 for further information on the roles of UBS AG and UBS Nominees in the custody of the Fund's assets and section 5 for associated risks.</p>
<p><b>05 Liquidity</b></p> <p>Further information: Sections 4 and 5</p>	<p>In accordance with the Fund's investment strategy, the Fund will be invested in asset classes where Paragon can reasonably expect to realise at least 80% of Fund assets, at the value ascribed to those assets in calculating the Fund's Net Asset Value, within 10 days, at all times.</p> <p>Paragon will provide relevant information on the Fund's liquidity in its updates, where applicable.</p> <p>Refer to section 5 for the risks associated with liquidity.</p>
<p><b>06 Leverage</b></p> <p>Further information: Sections 4 and 5</p>	<p>Leveraging through securities lending is permitted and will be deployed in accordance with the Fund's investment strategy.</p> <p>The maximum gross exposure limit set for the Fund, taking into account leverage, is 200% of the Net Asset Value of the Fund (including leverage embedded in the assets of the Fund other than leverage embedded in listed equities held). For example, for every \$1.00 of the Fund's Net Asset Value, the Fund may be leveraged up to \$1.00.</p> <p><i>(Continued on next page)</i></p>



**DISCLOSURE PRINCIPLE****SUMMARY**

<b>DISCLOSURE PRINCIPLE</b>	<b>SUMMARY</b>
	<p>The Prime Broker is the only counter-party to any leveraged transactions and will hold collateral for those transactions. The assets of the Fund may be exposed to set off rights or claims in the instance where leverage is used.</p> <p>Paragon will provide relevant information with respect to leverage in its updates, where applicable.</p> <p>Refer to section 4 for a worked example of the impact of leverage on investment returns and losses and section 5 for the risks associated with leverage.</p>
<p><b>07 Derivatives</b></p> <p>Further information: Sections 4 and 5</p>	<p>Investments in listed derivatives will be utilised where suitable opportunities have been identified that will either maximise returns (i.e. for investment purposes) or mitigate negative returns identified (i.e. for hedging purposes).</p> <p>Currently and typically the types of derivatives used are limited to exchange traded futures contracts, for hedging against specific long positions or against the portfolio overall, and are not anticipated to make up a material portion of the assets owned by the Fund.</p> <p>Paragon will provide relevant information on derivatives in its updates, where applicable.</p> <p>Generally, the only derivative counterparty used is the Fund's Prime Broker. However, Paragon may choose to enter into derivative transactions with other counterparties.</p> <p>Refer to section 5 for the associated risks.</p>
<p><b>08 Short Selling</b></p> <p>Further information: Sections 4 and 5</p>	<p>Short selling is undertaken as part of the investment strategy to benefit from falling securities prices. The Fund engages in short selling by borrowing securities from the Prime Broker and providing collateral to the Prime Broker.</p> <p>Refer to section 4 for further information with respect to the use of short selling, section 5 for the associated risks with short selling and the posting of collateral with the Prime Broker.</p>
<p><b>09 Withdrawals</b></p> <p>Further information: Sections 5 and 6</p>	<p>Withdrawals are processed on a daily basis. Withdrawal requests are required to be received by the Administrator by 2.00 p.m. Sydney time to be processed as a redemption on that Business Day. .</p> <p>In some circumstances, such as when the Fund is illiquid, Unit Holders will not be able to withdraw from the Fund. If the withdrawal requirements are changed, Unit Holders will be notified in writing.</p> <p>Under the Fund's Constitution, Paragon has the ability to change the frequency of withdrawals, and if so, will notify Unit Holders of such a change.</p> <p>Section 5 of the PDS describes the liquidity risks of the Fund. Refer to section 6 for further information on withdrawals from the Fund, including how a Unit Holder can exercise their withdrawal rights and any conditions that may apply.</p>

## 03 ▸ PARAGON FUNDS MANAGEMENT

### Responsible Entity and Investment Manager

Paragon Funds Management Ltd (**'Paragon'**) is the responsible entity and investment manager of the Paragon Australian Long Short Fund (**'Fund'**), a registered managed investment scheme for retail and wholesale investors. Paragon is an unlisted public company, incorporated in Victoria in July 2012, and holds an Australian Financial Services Licence, issued in December 2012, AFSL 426800.

Paragon is owned and managed by its executive directors - John Deniz, Chief Investment Officer and Hillier Deniz, Chief Executive Officer. An equity buy-in is offered to investment staff based on certain criteria being met, to ensure strong alignment to the company and the Fund.

Further information on Paragon's management team and board of directors is available from its website at [www.paragonfunds.com.au](http://www.paragonfunds.com.au).

### Investment Team

The investment team is comprised of John Deniz as Chief Investment Officer and Joshua Baker as Investment Analyst. The investment team are highly qualified and experienced and dedicate 100% of their time to managing the Fund and executing its investment strategy.

#### **JOHN DENIZ**

##### *Chief Investment Officer (CIO)*

John has 13 years' financial markets experience, including the last 5 years with Paragon, having co-founded and co-managed the Fund since inception through to August 2017. John formally assumed the role of CIO of the Fund in September 2017. Prior to Paragon, John had 4 years' experience with Eye Management, a global resources absolute fund. He was a key member of the investment management team and was dedicated to the Australian long/short component of the portfolio. John has also had 3 years' experience on the sell-side, which includes heading the industrials research analysts team at Patersons Securities.

Prior to entering the finance industry, John held senior positions as an Engineer for over 8 years in leading global organisations, where John designed and project managed various large-scale, greenfield capital projects across Asia Pacific and the EU.

At Paragon, John controls all aspects of investment activity and portfolio management, with particular focus on stock picking within the resources and industrials sectors, across both small and large caps.

John holds an MBA from the Melbourne Business School, and a Bachelor of Engineering (Mechanical) (Hons) from the University of Melbourne. John has also completed CFA Level 1.

#### **JOSHUA BAKER**

##### *Investment Analyst*

Prior to joining Paragon, Joshua worked as an Investment Analyst with Zenith Investment Partners where he conducted fund manager research across multiple asset classes.

At Paragon, Joshua conducts extensive research and analysis on stocks across all market sectors.

Joshua is a Certified Investment Management Analyst (CIMA) and holds a Bachelor of Business majoring in Economics and Finance from RMIT University.

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# 04 ▸ PARAGON AUSTRALIAN LONG SHORT FUND

## Structure

The Paragon Australian Long Short Fund is an unlisted unit trust and has been registered as a managed investment scheme with the Australian Securities and Investments Commission since 20th December 2012.

The Fund commenced on 1st March 2013.

Paragon is the responsible entity and investment manager for the Fund.

In its capacity as responsible entity, Paragon is responsible for ensuring that the Fund operates in accordance with its constitution and the Corporations Act.

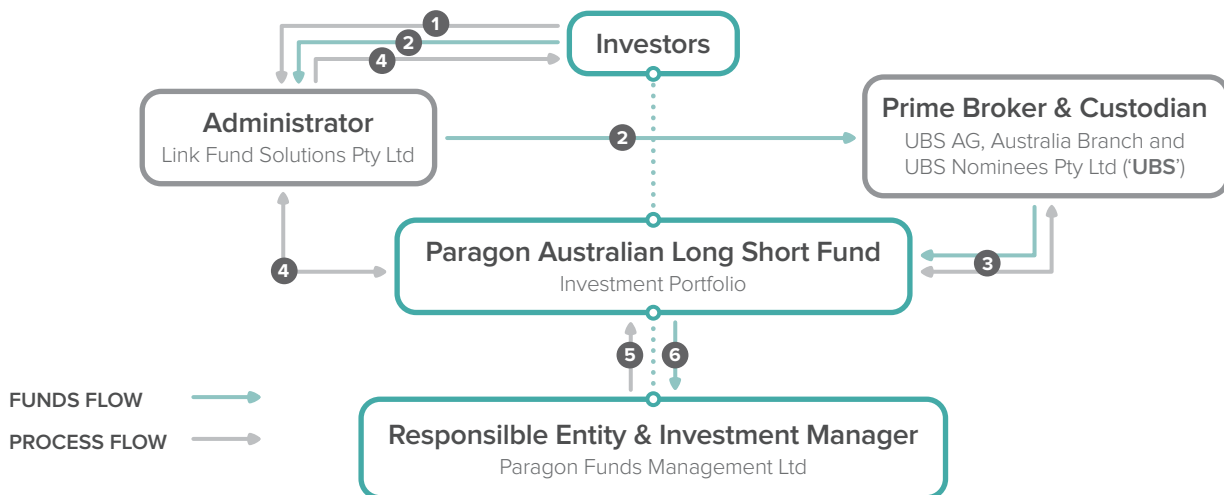
In its capacity as investment manager, Paragon is responsible for executing the Fund's investment strategy including managing the investment, sale and reinvestment of the Fund's assets.

Paragon utilises the services of UBS AG, Australia Branch, as Prime Broker and UBS Nominees Pty Ltd and other duly appointed nominees, agents or delegates to hold the assets of the Fund in its capacity as Custodian.

Paragon utilises the services of an independent Administrator, Link Fund Solutions Pty Ltd (formerly White Outsourcing Pty Ltd), for registry services including the issue, redemption and valuation of Units, and fund accounting services, including preparation of financial statements.

All appointed third party service providers are independent of Paragon and the Fund with contractual arrangements on arms' length terms. See section 9.

The overall Fund structure is depicted below, outlining the flow of funds and process flows through the structure, and the key third party service providers involved, as follows:



**NOTES:**

- 1. Application form
- 2. Investment (funds receipt)
- 3. Scheme assets held by UBS in accordance with the Prime Brokerage and Custody agreements.
- 4. Fund registry, administration and accounting are outsourced to Link Fund Solutions.
- 5. Responsible manager and Investment manager functions and duties undertaken by Paragon.
- 6. Management fees, Performance fees and Expense Recovery payments made to Paragon.

## Objective

The objective of the Paragon Australian Long Short Fund is to produce absolute returns in excess of 10% pa over a 3 - 5 year investment horizon, with low correlation to the Australian equities market.

## Investment Strategy

### Long/Short Australian Equities

The Fund is a concentrated long/short Australian listed equities product that is fundamentally driven with a focus on the industrials and resources sectors. Paragon's own in-depth research and active portfolio management process is overlaid with active risk management and a focus on capital preservation.

With the ability to invest in 'strong' businesses ('long') or sell fundamentally 'weak' businesses ('short'), Paragon aims to generate positive absolute returns, regardless of whether the broader Australian share market is rising or falling.

A 'long' position will be taken in a company which generally exhibits several positive characteristics such as:

- Strong management;
- Sustainable business model;
- Strong fundamentals including but not limited to cash flow, asset values, earnings growth, financial discipline, tight capital structures;
- Positive industry dynamics; and
- Attractive valuation with an asymmetric risk/reward profile and identifiable catalyst.

Conversely, a 'short' position will be taken in a company which generally exhibits several negative characteristics such as:

- Weak industry structure and negative competitive dynamics;
- Overvaluation and declining fundamentals such as underlying commodity prices, sales and margins;
- Weak balance sheets, capital structures and risk of equity dilution; and
- Poor financial discipline and capital allocation by management.

Whilst there is no restriction or limit on the portion of the Fund's assets which can be invested in unlisted Australian companies, Paragon expects that any investment in unlisted companies would only form a small portion of the Fund's total assets, and typically such investments would be in companies expected to list within 12 months.

### Liquidity

The Fund's portfolio will always comprise investments that result in at least 80% of the Fund's total assets, at the value ascribed to those assets in calculating the Fund's Net Asset Value, being reasonably expected to be realisable within 10 days.

### Leverage

Leverage will be employed in the Fund for both investment and hedging purposes. The Prime Broker is the only counter-party to any leveraged transactions and will hold collateral for those transactions. The Fund's assets may be exposed to set off rights or claims where the Fund utilises leverage. Refer to section 9 for further details on the Prime Broker arrangement.

### Derivatives

Investments in listed derivatives, along with short selling strategies are also utilised where opportunities have been identified to either maximise returns (i.e. for investment purposes) or mitigate negative returns identified (i.e. for hedging purposes).

### Changes to and risks of the investment strategy

The investment strategy can only be changed by a unanimous decision of Paragon's board of directors. Although there is no present intention to change the investment strategy, if this does occur, Unit Holders will be advised in writing and Paragon may issue a supplementary PDS.

The risks associated with this investment strategy are outlined in section 5.

## Investment Process

The Fund's portfolio will typically comprise:

### 1. Long term investments – thematic based:

The core of the portfolio will comprise of fundamentally driven long term investments that benefit from long term investment themes such as demographics, technological change, structural industry change and government policy.

Such investments will typically benefit from strong industry dynamics and exhibit both attractive fundamentals and sustainable competitive advantages that will drive superior business profitability over and above their peers.

### 2. Event/company specific driven opportunities:

Paragon will also take advantage of opportunities driven by short term company events such as forced selling, spin-offs, M&A and recapitalisations.

Company meetings and contact with management is undertaken regularly and forms an integral part of Paragon's research process, enabling Paragon to assess the capability and experience of the management team and their alignment with shareholders' interests.

While the net exposure of the Fund is typically driven by the bottom up opportunities (both long and short) at any given time, on occasion Paragon will use hedging instruments to protect the Fund's capital, which is typically led by the top down assessment of risks likely to impact market performance over the near term.

Paragon's investment process can be broken down as follows:

### Step 1 - Filter the Investible Universe – via Investment Themes:

Paragon undertakes an assessment of the major thematic drivers and the global macroeconomic environment to filter the investible universe (Australian listed equities) into sectors and industries of importance. Paragon then makes a selection of individual companies best exposed to these themes for further analysis.

Through Paragon's own research and networks, Paragon will also identify individual companies that are attractive as a result of specific drivers such as turnarounds, new products, and world class resource developments.

### Step 2 - Fundamental Bottom up Analysis & Research Undertaken:

Paragon then undertakes fundamentally driven, bottom-up analyses of these businesses encompassing both:

- quantitative analysis - company valuation (DCF, multiple based, SotP), probability weighted high/low/base case outcomes, direction of returns on capital; and
- qualitative analysis - industry structure and dynamics, strength and sustainability of the business model.

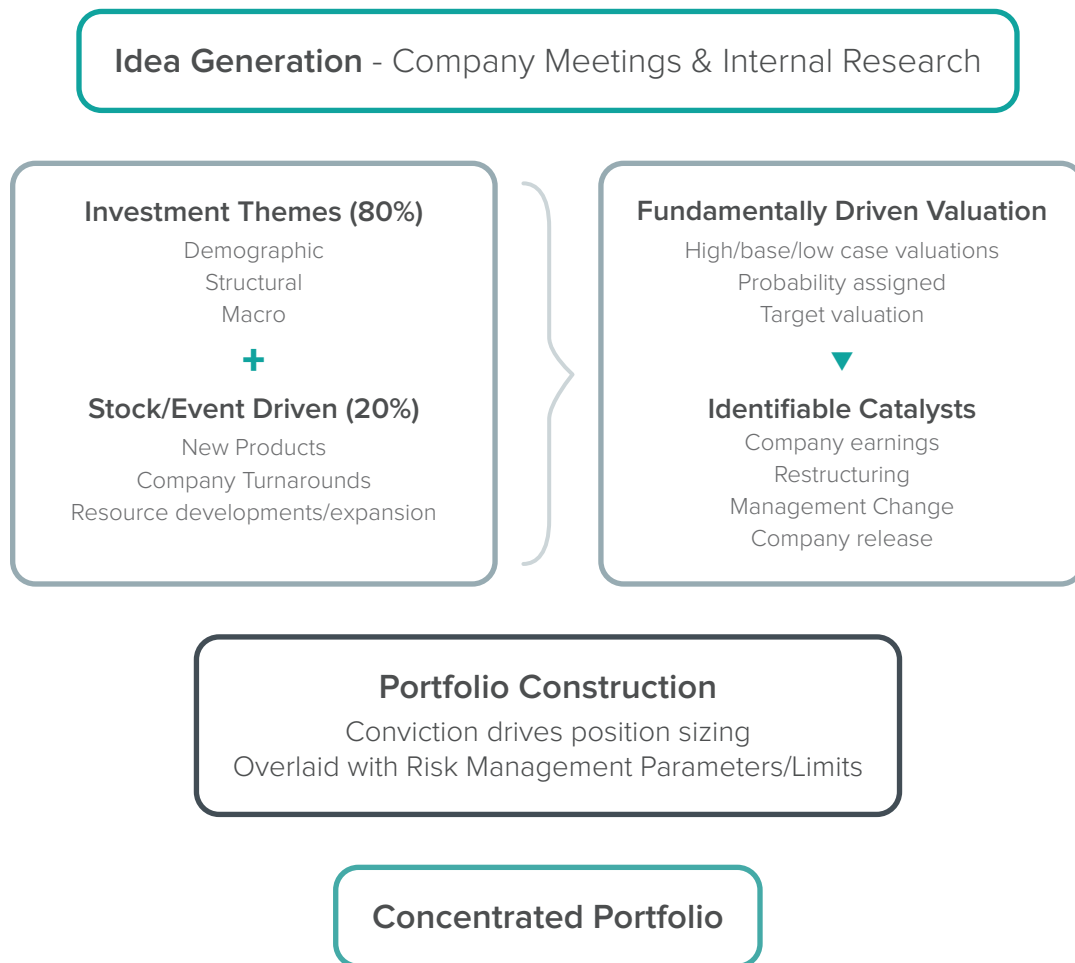
### Step 3 - Identification of Catalysts:

All investments require identifiable catalysts to drive stock performance towards our risked valuations.

Catalysts may include company restructurings, earnings reports, management changes and certain company releases.

## Investment Process

An overview of Paragon’s Investment Process is illustrated as follows:



## Risk Management

Risk management is an integral part of Paragon's overall portfolio management process. Paragon utilises an integrated electronic trading platform, and maintains a proprietary portfolio construction system, with real time risk monitoring and active portfolio management.

Paragon will allocate assets to each investment opportunity based on a risk/reward profile. Positions have defined investment parameters and risk limits, which are then monitored against these parameters and limits on an ongoing basis, through the portfolio management system.

## Investment Parameters and Guidelines

Paragon intends to invest the Fund's assets on the basis of the following portfolio limits and parameters as part of its active risk management:

**Number of Positions:** 20 - 50

**Single Long Position:** 10% at cost

**Single Short Position:** 5% at cost

**Total Gross Exposure:**

The absolute sum of all long and short positions will not exceed 200% of the Net Asset Value.

**Net Exposure Range:**

The sum of all long and short positions will not exceed -25% Net Short or 150% Net Long of the Net Asset Value.

**Leverage:**

The Fund may use leverage provided that total gross exposure will not exceed 200% of the Net Asset Value.

The portfolio will typically hold between 20-50 investments to diversify risk.

There are no allocation limits in respect of the location, class or currency of assets, although the portfolio is expected to comprise predominantly Australian listed equities denominated in Australian dollars.

The exposure limits of the Fund may be exceeded from time to time, particularly during periods of market volatility, but typically the exposure levels will be well within the above parameters.

The maximum gross exposure limit of the Fund, taking into account leverage, is 200% of the Net Asset Value of the Fund (including leverage embedded in the assets of the Fund other than leverage embedded in listed equities held).

For example, this means that compared with an unleveraged fund, assuming that the Fund reaches a maximum gross exposure of 200% of Net Asset Value, then:

- a 1% increase in the return on assets of the Fund will result in a 2% increase in return to investors; and
- a 1% decrease in the return on assets of the Fund will result in a 2% decrease in returns to investors.

This example has been provided for reference purposes only. Any assumptions underlying these examples are hypothetical only.



## Key Benefits of Investing in the Fund

Key benefits of investing in the Fund include (but not limited to) the following:

### 01 Access to an experienced investment team

The investment team collectively has two decades of experience in analysing and managing assets (stocks) through several financial and commodity cycles, with an extensive background in the resources and industrials sectors.

See page 9 for further information on the investment team's experience.

### 02 Intensive fundamental research

Paragon undertakes its own fundamental research encompassing:

- Qualitative factors, such as quality of company management and business strength; and
- Quantitative analysis, including proprietary financial analysis and bottom up valuation.

This enables the investment team to form its own view on the relative attractiveness of individual stocks, complementing a strong knowledge base across the resources, commodities and industrials spectrum.

### 03 Flexibility

While focusing on the resource and industrial sectors, the Fund has the flexibility to invest in a wide range of listed equities and derivatives across Australian equity market indexes and listed equities and is not constrained to any benchmark or index.

This flexibility allows Paragon to take advantage of a wide variety of market opportunities unavailable to traditional managed funds.

### 04 Capital preservation

Paragon adopts an active risk management approach to dynamically adjust the individual position exposure and the overall portfolio exposure based on its own quantitative and qualitative analysis, with a focus on capital preservation.

### 05 Alignment of interests

Paragon's management team have invested a significant portion of their personal wealth in the Fund alongside Unit Holders.

Performance Fees will only be payable to Paragon if the Fund's performance reaches the 5% pa hurdle rate and the Unit price exceeds the High Watermark.

### 06 Investment Returns

The Fund's objective is to produce annualised absolute returns in excess of 10% pa over a 3 - 5 year investment horizon with low correlation to the Australian equities market.

### 07 Pooling

The pooling of money in the Fund provides access to investment opportunities and diversification, investment and risk management expertise, and potentially lower costs, which Unit Holders may not have available to them as individual investors.

## 05 ▸ KEY RISKS

Investors should note that all investing involves some level of risk. There is no guarantee that the implementation of the investment strategy will result in positive returns for Unit Holders and past performance is not an indicator of future performance. Paragon does not guarantee the security and return of Unit Holders' capital or the performance of the Fund.

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### How to Reduce Investment Risk

There are two main ways to reduce investment risk:

#### 1. Investing for a suitable length of time -

The longer an investor hold an investment in a growth asset such as shares, the greater the chance of riding out short-term market fluctuations and volatility.

#### 2. Diversification -

By investing across a variety of asset sectors and using investment managers with different investment styles, an investor can reduce risk.

### Choosing the Right Investment for Your Risk Level

Each investor's risk tolerance is different. In choosing an investment, the factors you should consider include:

- Your investment goals;
- Your expectations for returns;
- Your liquidity requirements; and
- How comfortable you are with fluctuations in the value of your investment.

Paragon recommends that you obtain independent professional financial and taxation advice before investing in the Fund.

### Specific Risks Relating to Investing in the Fund

Particular risks of investing in the Fund include, but are not limited to:

#### Personnel Risk

There is a risk that key personnel of Paragon could change which may impact on the performance of the Fund. This risk is mitigated by the fact that Paragon's management team has substantial ownership in Paragon as well as the Fund.

#### Market Risk

Investment returns are influenced by market factors which may include changes in market sentiment, economic, legal, technological, social and political environment. The Fund may experience losses equivalent to or greater than the overall market as a result of investing in a group of securities exposed to such factors. Market risk may have different impacts on each investment and investment style.

Paragon intends to limit this risk by ensuring strict adherence to its Investment Process and its risk management practices.

#### Concentration Risk

Concentration of the portfolio has the potential to increase the gains or losses of the Fund and also expand the volatility of returns. A portfolio consisting of a relatively small number of investments may present higher risks to investors than a diversified portfolio. Paragon will seek to diversify the investments in the Fund in accordance with its investment strategy and the investment parameters and guidelines as set out on page 15.

**Fund Risk**

Investing in the Fund may provide results that vary from direct investment in an asset (stocks/equities) because of income or capital gains accrued in the Fund and the consequences of investment and withdrawal by other Unit Holders.

**Leverage Risk**

The use of leverage may increase volatility and magnify potential losses or gains in the value of investments. Paragon intends to limit this risk by strict adherence to the investment parameters and guidelines as set out on page 15.

**Liquidity Risk**

Liquidity risk is the risk that an investment may not be easily converted into cash, without loss of capital or delay. Under certain conditions, liquidity of a particular market or security may be restricted, thus affecting the performance of the Fund. Lack of liquidity or market depth can affect the valuation of the Fund's assets if such securities are realised at quoted prices. For example, securities of small companies may, from time to time, have limited liquidity. This limited liquidity may also extend to any derivative contract which provides exposure to assets that may be difficult to access directly.

As a consequence of restrictions on disposal of the underlying investments, the Fund may be limited in its ability to meet withdrawal requests. Paragon does not guarantee that you will be able to redeem your Units in the Fund and may decide not to redeem Units where, for example, it is not in the best interests of all Unit Holders. Paragon intends to limit this risk by ensuring the underlying investments in the Fund are predominantly liquid, by consisting of predominantly mid to large capitalisation securities, in accordance with its investment strategy.

**Valuation Risk**

Where there is no liquid market for investments in the Fund, those investments may be valued by reference to market prices for other comparable assets and observable market data. These prices may not reflect the value at which the investments can be realised, which may be lower. Paragon intends to limit this risk by ensuring only a small portion of investments in the Fund fall within this criteria, if any, in accordance with its investment strategy.

**Credit/Counterparty Risk**

Credit risk refers to a risk of loss arising from the failure of a borrower or other party to a contract to meet its obligations. This may arise in derivatives and cash deposits.

Entry into transactions, such as derivatives and short selling, may also give rise to counterparty risk. Substantial losses could be incurred if a counterparty fails to deliver on its contractual obligations, or experiences financial difficulties.

Paragon intends to mitigate both credit and counterparty risks by monitoring the performance of such counterparties on an ongoing basis and addressing any issues in a timely manner.

**Short Selling Risk**

The Fund will engage in short selling which involves borrowing securities from one party with the intention of returning them, when their value has decreased, at a later date. Short selling involves a higher level of risk than buying a security. Should the security rise in price, a loss will be incurred. Short selling can create the risk of losing an amount exceeding the capital invested. With Short Positions there is no limit on the maximum loss because there is no upper limit on the security's price. In other words, the loss will continue to increase as the security's price rises. Paragon intends to limit this risk by strict adherence to the investment parameters and guidelines as set out on page 15.

**Derivative Risk**

Derivatives may be used by the Fund in order to manage risk and/or enhance returns. The value of a derivative is linked to the underlying security and can be highly volatile.

Other risks of using derivatives include:

- The value of the derivative may fail to move in line with the underlying security;
- The derivative may be illiquid; and
- The counterparty to the derivative may fail to meet payment obligations.

Paragon intends to limit this risk by strict adherence to its investment process and risk management practices.

**Service Provider Risk**

The Fund relies on external service providers in connection with its operations and investment activities. Services include prime brokerage, custody and fund administration. There is a risk that these service providers may not meet their contractual obligations or may terminate their services to the Fund. In this situation, the Fund may be required to replace a service provider and this may disrupt its activities. Paragon mitigates this risk by undertaking regular performance reviews and monitoring its service providers as well as ensuring adequate alternative service providers are available to the Fund.

**Operational Risk**

Disruptions to administrative procedures or operational controls may challenge day to day operations of the Fund. Adverse impacts may arise internally through human error, technology or infrastructure changes or through external events such as regulatory changes.

**Regulatory Risk**

Changes to laws and regulations governing financial markets and instruments could have adverse implications for your investment in the Fund.

**Taxation Risk**

Changes in tax law (including GST and stamp duties), or changes in the way taxation laws are interpreted may affect the tax liabilities of the Fund as well as individual Unit Holders.

**Interest Rate Risk**

Changes in interest rates can have a direct or indirect impact on the investment value and/or returns of many types of assets held by the Fund. Interest rates may directly or indirectly affect a company's cost of borrowings as well as the value of fixed interest securities.

**Speculative Nature of Certain Investments**

Certain investments of the Fund may be regarded as speculative in nature and involve increased levels of investment risk. An inherent part of the investment strategy is to identify securities which are undervalued (or, in the case of Short Positions, overvalued) by the market. Success of this strategy depends on the market eventually recognising such value in the price of the security. This may not occur in the short term.

**Security Specific Risk**

An investment in a company may be affected by unexpected changes in that company's operations (such as changes in management or loss of a big customer) and business environment.

**Prime Broker Risk**

Paragon has an external Prime Broker and Custodian. The Custodian is responsible for the safekeeping of some or all Fund assets. The Custodian is permitted to transfer Fund assets to the Prime Broker or its affiliates as margin, and the Prime Broker may deal with Fund assets for its own purposes as though they are its own assets.

The Fund has the right to require the Prime Broker return equivalent assets to the Fund, save in the circumstances of a termination or close-out of the contractual agreement. Where there is a termination or close-out, the Prime Broker's obligation is to return the cash value of such assets and the Fund to rank as an unsecured creditor. Accordingly, there is a risk that the Fund may not be able to recover equivalent assets in the event of the Prime Broker's insolvency.

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## 06 ▸ INVESTING IN THE FUND

### General

The Fund is a registered managed investment scheme. Unit Holders' funds are pooled and managed in accordance with a set objective and strategy. When you invest in the Fund, you acquire Units. Each Unit entitles the Unit Holder to a proportionate beneficial interest in the Fund's portfolio of assets.

The Constitution allows for more than one class of Units to be offered to potential Unit Holders. The rights of Unit Holders in different classes of Units may vary.

Currently, the Fund has one class available for all direct retail and wholesale investors ('A Class') and a separate class for Units issued to IDPS operators investing in the Fund on behalf of indirect investors ('B Class').

The Constitution also allows Paragon to issue Units in series.

A Unit does not give a Unit Holder any interest in any underlying asset in the Fund. The potential for financial gain is made through a Unit Holder receiving distributions, and any increase in capital value of Units held where the current Unit price is higher than the original purchase price of those Units.

### Initial Investment

The minimum initial investment amount is \$25,000.

To make your initial investment, please complete the Initial Investment Application Form provided with this PDS.

The initial Unit price on application will be equal to the Net Asset Value per Unit adjusted for a buy spread, as noted in the Unit Pricing section on page 29.

Your completed and signed Application Form, record of payment and identification documents are required to be mailed (or otherwise sent electronically, refer to details on the application form) directly to the Administrator:

**Link Fund Solutions - Unitholder Services**  
GPO Box 5482 Sydney NSW 2001

The correctly completed Application Form and cleared funds are required to be received by 2.00 p.m. Sydney time, to ensure your application is processed for the unit price effective for that Business Day (closing price).

Any application or funds received after this time will be treated as being received on the following Business Day.

Application money is required to be paid by electronic funds transfer (EFT) directly into the Fund's subscription account. The bank details are as follows:

**Account Name:** Paragon Funds Management Ltd  
ATF the Paragon Fund

**Bank:** ANZ

**BSB:** 012 006

**Account Number:** 836209728

Payment by way of cash or cheque will not be accepted. Please include your Investor Name in the reference field of your EFT (or Investor Number for additional investments made).

Interest on monies held in the subscription account for applications held over to the following issue date will be retained for the benefit of the Fund.

Paragon has absolute discretion over accepting applications. Any rejected, invalid or incomplete application will be returned to an applicant by the Administrator as soon as possible.

Following acceptance of your application, you will be sent a Contract Note detailing your investment in the Fund. You should check the details carefully and if you have any questions, contact Link Fund Solutions on (02) 9547 4311 or send an email to LFS\_Registry@linkgroup.com.

If you have any questions about any matter relating to the Fund itself, contact Paragon on (03) 9652 2500 or send an email to client.services@paragonfunds.com.au.

## Additional Investments

Additional investments may be made at minimum increments of \$5,000.

Unit Holders will be required to complete an Additional Investment Request Form available from Paragon's website at [www.paragonfunds.com.au](http://www.paragonfunds.com.au) and make payments according to the requirements and deadlines as set out for an Initial Investment.

## Cooling-Off Period

For Retail Investors investing directly in the Fund, a 14 day cooling-off period applies, during which you may change your mind and request that your application money be returned.

The 14 day cooling-off period commences on the earlier of:

- Confirmation of the investment being received; or
- The fifth day after the day when the Units were issued.

Cooling off rights do not apply to:

- Wholesale Investors; or
- Where Units are issued to Unit Holders as a result of distribution reinvestments.

A Retail Investor that is investing directly in the Fund may exercise their cooling off rights by notifying the Administrator in writing, and will be entitled to the return of their application money adjusted for any transaction costs and any increase or decrease in the value of their investment incurred as a result of the application for, and termination of, the investment. Any applicable contribution fees or taxes will be refunded.

## Withdrawals

The minimum withdrawal amount is \$10,000 and is subject to maintaining a minimum balance in the Fund of \$25,000.

You can withdraw all or part of your investment by providing the Administrator with a completed Withdrawal Request Form available from Paragon's website at [www.paragonfunds.com.au](http://www.paragonfunds.com.au).

Your request must be received by the Administrator by 2.00 p.m. Sydney time, to be processed at the withdrawal price calculated for that Business Day ('withdrawal date'). Withdrawal requests received after this time will be treated as being received on the next Business Day.

Withdrawal proceeds will generally be paid within 7 days after the withdrawal date, by EFT to the bank account in the name of the Unit Holder, as advised in the Initial Investment process, net of bank charges that may apply. Where a different bank account is nominated in the Withdrawal Request Form, the Administrator will be required to undertake verification checks prior to releasing funds.

Paragon may deny a withdrawal request and also has the right to delay a withdrawal request subject to the terms of the Fund's Constitution. Circumstances where the payment of withdrawal proceeds may be delayed include where:

- It is impracticable to calculate the Net Asset Value of the Fund's assets due to the closure of, or trading restrictions on, a securities or other exchange;
- It is not in the best interests of Unit Holders as a whole for any of the Fund's assets to be sold to satisfy a withdrawal request; and
- Sufficient assets cannot be realised at an appropriate price or on adequate terms due to circumstances outside the control of Paragon.

In such cases, the Unit Holder making the withdrawal request will be notified in writing of the denial or delay, reasons for this and the anticipated payment date. Where withdrawal rights are to be suspended or changed for all Unit Holders, notification will be sent to all Unit Holders in writing.

Under the Fund's Constitution, Paragon has the ability to change the frequency of withdrawals, and if so, will notify Unit Holders of a change.

## Monitoring Your Investment

### Communications

Unit Holders in the Fund will receive directly from the Administrator:

- Confirmation advice regarding initial and additional investments and withdrawals made in the form of Contract Notes, immediately after being processed, advising of Units held or withdrawn.
- A monthly holding statement detailing the number of Units held, the current Unit price and related information;
- An annual tax and distribution statement (if applicable); and
- An annual statement containing the transaction history of their investment in the Fund for the preceding financial year.

On a monthly basis Unit Holders in the Fund will also receive a report issued by Paragon providing an update on the Fund's performance along with the following information as applicable:

- the current total Net Asset Value of the Fund and the redemption price of a Unit (in each class of units where there is more than one class) as at the date the Net Asset Value was calculated;
- the key service providers, if they have changed since the latest report given to Unit Holders;
- for each of the following matters since the last report on those matters:
  - the net return on the Fund's assets after fees, costs and taxes charged to the Fund;
  - any material change in the Fund's risk profile;
  - any material change in the Fund's strategy;
  - any change in the investment team (or other individuals playing a key role in investment decisions for the Fund if applicable); and
  - any other relevant information relating to the Fund.

At least annually, Paragon will also provide Unit Holders with the following information regarding the Fund by way of inclusion in the monthly report:

- the actual allocation to each asset type;
- the liquidity profile of the Fund's assets as at the end of the period;

- the maturity profile of the liabilities (if any) as at the end of the period;
- the derivative counterparties engaged (including capital protection providers if applicable);
- the leverage ratio as at the end of the period (if applicable);
- monthly or annual returns since inception or for at least a five year period (if applicable); and
- the key service providers, if they have changed since the latest report given to Unit Holders, including any change in their related party status.

Such updates will also be available from Paragon's website at [www.paragonfunds.com.au](http://www.paragonfunds.com.au).

### Audited Financial Statements

Audited financial statements of the Fund will be issued annually for the year ending 30 June. They will be prepared in accordance with Accounting Standards applicable to general financial statements in Australia to the extent that the Fund is required to comply with those standards by the Corporations Act or under the Fund's Constitution.

The audited financial statements are available from Paragon's website at [www.paragonfunds.com.au](http://www.paragonfunds.com.au). Unit Holders may also request to be sent a copy of the financial statements, which will be provided by Paragon free of charge.



### Continuous disclosure

The Fund meets the criteria of a “disclosing entity” under the Corporations Act. Whilst the Fund continues to be a disclosing entity, it has regular reporting and disclosure obligations. Copies of documents lodged with the Australian Securities and Investments Commission (**ASIC**) may be obtained from or inspected at an ASIC office and will also be available on request from Paragon.

In addition, Unit Holders have the right to obtain a copy of the following documents upon request:

- The annual audited financial statements most recently lodged with ASIC;
- Any half year financial report lodged with ASIC (if applicable) after the lodgement of the latest annual financial report; and
- Any continuous disclosure notices released by the Fund after lodgement of the latest annual financial report.

All of these documents will also be available from Paragon’s website at [www.paragonfunds.com.au](http://www.paragonfunds.com.au).

## Investing Through an IDPS

If you are investing in the Fund indirectly via an IDPS, you do not become an investor in the Fund, and you have no rights as a Unit Holder in the Fund. Generally the relevant IDPS operator acquires the Units and the rights of a Unit Holder. The offer document provided by your IDPS operator sets out your rights and you should read this to obtain further details.

## 07 ▸ FEES AND OTHER COSTS

### Did you know?

Small differences in both investment performance and fees and costs can have a substantial impact on your long-term returns.

For example, total annual fees and costs of 2% of your fund balance rather than 1% could reduce your final return by up to 20% over a 30-year period (for example, reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower contribution fees and management costs. Ask the fund or your financial adviser.

#### To find out more

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

### Fees and Other Costs

The table below shows fees and other costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from the assets of the Fund as a whole.

Taxes are set out in section 8 of this PDS.

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

### Paragon Australian Long Short Fund

#### TYPE OF FEE OR COST

#### AMOUNT

#### HOW AND WHEN PAID

#### FEES WHEN YOUR MONEY MOVES IN OR OUT OF THE MANAGED INVESTMENT PRODUCT

**Establishment Fee** - The fee to open your investment.

NIL

Not applicable

**Contribution Fee\*** - The fee on each amount contributed to your investment.

NIL

Not applicable

**Withdrawal Fee\*** - The fee on each amount you take out of your investment.

NIL

Not applicable

**Exit Fee** - The fee to close your investment.

NIL

Not applicable

#### MANAGEMENT COSTS (1, 2, 3)

The fees and costs for managing your investment

4.25% pa

Calculated and accrued daily and reflected in the Unit price.

Management Fee and Expense Recovery Fees are paid monthly in arrears to Paragon within 30 days of the end of each month.

Performance Fees are crystallised half yearly and paid to Paragon within 30 days of 31 December and 30 June each year.

#### SERVICE FEES

**Switching Fee** - The fee for changing investment options.

NIL

Not applicable

1. Management Costs comprise of:

- A Management Fee of 1.5% pa
- An Expense Recovery Fee of 0.25% pa
- A Performance Fee estimated at 2.5% pa, based on an estimated return of 10% pa net of fees.
- Abnormal expenses of 0% pa, as they are unknown and are not expected to be passed on.

2. All fees are quoted inclusive of GST net of RITC.

3. Performance fees are calculated as 20% of the increase in the Net Asset Value of your investment in the Fund, subject to a 5% pa hurdle rate and a High Watermark. The actual Performance Fee will vary, depending on the Fund's actual return and as such, Management Costs charged to your investment will vary. A higher return will result in a Performance Fee and therefore higher Management Costs charged to your investment for the year. The Performance Fee estimated for the current financial year is 2.5% pa based on the investment objective of 10% pa net of fees. There was no Performance Fee charged in the last financial year.

\* A buy/sell spread applies when you invest in the Fund and when you withdraw money from the Fund. See 'Additional Notes on Fees and Costs' for more information.

## Additional Notes on Fees and Other Costs

### MANAGEMENT FEE

Paragon will receive a management fee equal to 1.5% (including GST net of reduced input tax credits) per annum of the Net Asset Value of the Fund, before deduction of any accrued Performance Fees, calculated and accrued daily and payable within 30 days of each month. This fee is calculated by the Administrator and invoiced directly to the Fund by Paragon on a monthly basis.

The Fund's Constitution allows Paragon to charge a management fee of up to 2% (plus GST) per annum of the Net Asset Value of the Fund. Investors will be given 30 days written notice in advance of any variation of the management fees charged by Paragon to the Fund.

### PERFORMANCE FEE

Paragon may also be entitled to receive a Performance Fee from the Fund, equal to 20% (including GST net of reduced input tax credits) of the increase in Net Asset Value of the Fund during the 6 months to 30 June and 31 December each year (being the two 'Performance Periods'), subject to a 5% per annum hurdle rate as well as a High Watermark for each class of Units. The amount of the performance fee payable to Paragon is calculated by reference to the whole of the increase in the Net Asset Value and not only the amount that exceeds the hurdle rate.

The Performance Fee is calculated and accrued daily in the manner detailed below and is payable within 30 days of each Performance Period. This fee is calculated by the Administrator and invoiced directly to the Fund by Paragon on a half yearly basis.

#### Outline of the Performance Fee Calculation

The Performance Fee is calculated and accrued daily and will be reflected in the application and withdrawal prices for Unit Holders.

However, the Performance Fee will not be payable at the end of the Performance Period unless the Net Asset Value of the Unit has exceeded the High Watermark (i.e. above the highest Unit price for that class of Units in any preceding Performance Period) and secondly, the performance in excess of the hurdle rate of 5% per annum. A High Watermark ensures that under-performance is required to be made up before a Performance Fee is accrued and payable.

For example, if Units increase in value on day 1, a Performance Fee is accrued (but not paid). If the Units then decrease in value below the High Watermark on day 2, no Performance Fee accrues. If, on day 3, the Units increase in value, but the increase has not made up for the under-performance from day 2, again, no Performance Fee will be accrued. However, exiting Unit Holders may pay the Performance Fee that has accrued as at the date of their withdrawal i.e. in this example, if a Unit Holder was to exit the Fund on day 1, they may pay the Performance Fee that has accrued on that day by way of it being factored into the Unit price on exit. Only once the Units have increased in value and made up the under-performance to date (i.e. exceeded the High Watermark), and performance is in excess of the 5% per annum hurdle rate, will a Performance Fee be paid at the end of the Performance Period.

When a Performance Fee is paid it is calculated by multiplying the increase in the Net Asset Value of the Units (before any Performance Fee accrual) as at the day on which the Performance Fee is calculated by 20% (the Performance Fee percentage), subject to this increase being in excess of the 5% per annum hurdle rate.

Valuations occur daily to enable Unit allotment or withdrawals to occur at the time of any cash movements in or out of the Fund.

If a Unit Holder redeems Units before the Performance Fee is paid to Paragon, the withdrawal price will take into account any accrued Performance Fee as outlined in the example above.

#### Series of Units and Series Accounting

Prior to 1 January 2017, the Fund used series accounting for its main class (A Class). A new series of Units was created for each calendar month within a Performance Period, allowing Paragon to calculate a Performance Fee based on the issue price of each series of Units within that Performance Period. From 1 January 2017, the Fund changed to daily Unit pricing (along with daily applications and withdrawals) and one final series of Units was created for all applications received from that date, with its own High Watermark. All existing A class series are intended to be consolidated (rolled up) into the lead series once High Watermarks are reached and Performance Fees are crystallised (anticipated for 1 January 2018). Series accounting will then cease for all classes of units.

Units issued to IPDS operators on behalf of indirect investors are currently issued under a non-series based class (B Class). Performance Fees are calculated at the class level, apportioned equally, and reflected in the daily Unit Price for the Units of that class.

Once series accounting has ceased, Performance Fees will be calculated at the class level (with the exception of wholesale only series) and reflected in the daily Unit Price. A pro-rata portion of these Performance Fees will apply to all Units in the relevant class equally, based on a pro-rata basis to the overall total Units issued in the relevant class. The High Watermark will also be the same for all Units which are issued in this class.

Paragon may continue to issue separate A Class series to wholesale only investors, and may elect to amalgamate B Class Units into the lead series of A Class, at its discretion.

### Roll Up

Until series accounting has ceased permanently, at the end of each Performance Period, all Units which have borne a Performance Fee in respect of the relevant Performance Period will be consolidated into a single Unit Series, being the oldest Unit Series to have borne the Performance Fee for that Performance Period, and the High Watermark of all Units of the consolidated series will be the Net Asset Value per Unit of the consolidated series as at the end of the Performance Period after payment of the Performance Fee.

The consolidation will be by reference to the Net Asset Value of each Unit Series being consolidated.

Paragon will issue additional Units or redeem Units (at the Net Asset Value for the oldest series of Units to be consolidated) so that the total Net Asset Value of all of a Unit Holder's Units after the consolidation shall be equal to the Net Asset Value of all of a Unit Holder's Units prior to the consolidation (after payment of the Performance Fee). This ensures Unit Holders are not disadvantaged.

Typically there are no roll ups of B Class Units as these are non-series based. As stated above, once the intended changes to A Class Units have been completed, there will be no further roll ups for A Class Units either, as these will also be non-series based.

### Further Notes regarding Management Fees and Performance Fees

The Management Fees and Performance Fees are based in part upon unrealised gains (as well as unrealised losses) and such unrealised gains and/or losses may never be realised.

### Differential Fees

Subject to the Corporations Act, the Fund's Constitution and any ASIC Class Order, Paragon may waive or negotiate lower or differential fees in certain circumstances, with certain Unit Holders. This will generally only be considered for Wholesale Investors as defined by the Corporations Act, to be determined on a case by case basis, and may be effected by the issue of separate classes of Units, or otherwise.

## INDIRECT COSTS

Indirect costs are defined in Schedule 10 under clause 101A of the Corporations Act as set out in ASIC class order 14/1252 ('Indirect Costs'). In brief, they include any amount that may reduce the amount or value of the income or capital of an investment in a managed investment product, not including any direct fees charged to a Unit Holder, specifically excluding any buy/sell spread applied and transactional and operational costs incurred by the Fund, detailed further below.

### Expenses Recovery

All expenses properly incurred by Paragon in connection with the Fund or in performing Paragon's obligations under the Constitution, are payable or can be reimbursed out of the Fund. These expenses include but are not limited to professional services for administration, custodial, accounting, audit, taxation and legal advice, and any other costs directly associated with running the Fund.

The amount of expenses payable from the Fund's assets is unlimited, but will be charged as a capped expense recovery fee of 0.25% of the Net Asset Value per annum, for all usual and ongoing expenses of the Fund. This cap only applies during the life of this PDS. Paragon may issue a new PDS at any time.

Paragon reserves the right to recover expenses that it deems to be abnormal or non-recurrent and can be charged to the Fund in addition to the capped expense recovery fee. These expenses are not generally incurred during the day-to-day operation of the Fund and are not necessarily incurred in any given year. They are due to abnormal events, for example, the Fund formation costs, the cost of running Unit Holder meetings, or legal costs incurred by changes in the Constitution.

Formation costs incurred in establishing the Fund were charged from April 2015 to March 2017, estimated at 0.0015% p.a. over this period. Other abnormal costs incurred in the last financial year have been negligible and have been absorbed by Paragon ie. not recovered from the Fund.

Paragon estimates Indirect Costs on a Unit Holder's investment to be 0.25% p.a. from the date of this PDS, being the Expenses Recovery Fee. Indirect Costs as a ratio of average Fund size ('ICR') were 0.2515% for the previous year as they also included formation costs recovered.

### Transactional and operational costs

In addition to the expenses listed above, and separate to the buy/sell spread, the Fund also incurs transactional and operational costs including brokerage, settlement costs (including custody charges if applicable), stock loan fees, transaction fees, clearing costs and stamp duty. Such costs are deducted directly from the Fund's assets, and reflected in the net return before fees and other costs are applied. Actual transactional and operational costs are likely to vary from year to year as they are impacted by a number of highly variable drivers as well as changing investment and market conditions. As such, any estimate provided may not be indicative of future costs.

### Buy/Sell Spread

The buy/sell spread is an adjustment to the Unit price. It represents a contribution to the transactional and operational costs (such as brokerage) incurred when assets are bought and sold by the Fund. The current buy/sell spread is 0.15%/0.15% of the NAV per Unit (i.e. 'buy costs' are 0.15% of the NAV per Unit and 'sell costs' are 0.15% of the NAV per Unit) for Units being issued and redeemed. This charge is levied to Unit Holders transacting, rather than Unit Holders remaining in the Fund, and is retained in the Fund and not paid to Paragon. The buy/sell spread rate may be changed at Paragon's discretion.

Further, Paragon may, in respect of a particular group of applications or withdrawals, determine and apply a reasonable estimate of the actual transaction costs incurred. This may be necessary to avoid an adverse impact on a particular Unit Holder or Unit Holders due to the acquisition or disposal of assets carried out because of relevant applications or withdrawals.

## Example of Annual Fees and Costs for Investing in the Fund

This table gives an example of how the fees and costs in this managed investment product can affect your investment over a 1 year period. You should use this table to compare this product with other managed investment products.

EXAMPLE – Investment in the Fund		Balance of \$50,000 with a contribution of \$5,000 during the year
Contribution fees	0%	For every additional \$5,000 you put in, you will be charged \$0.
PLUS Management costs	4.25%	And, for every \$50,000 you have invested you will be charged \$2,125 each year
EQUALS Cost of investing in the Fund		If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during the year, you would be charged fees of from: <b>\$2,125 to \$2,338</b> <sup>(1,2)</sup>
<b>What it costs you will depend on the fees you negotiate.</b>		

- Management Costs in the above example are broken down as follows (based on the additional investment being made at the end of the year):
  - A management fee of \$750, calculated as  $\$50,000 \times 1.5\%$ .
  - An expense recovery fee of \$125, calculated as  $\$50,000 \times 0.25\%$ .
  - A performance fee of \$1,250, calculated as  $(\$50,000 \times 14.25\%) - \$750 - \$125 \times 20\%$ , based on an investment return of 14.25% gross and 10% net after all fees.
  - Abnormal expenses of \$0, as they are unknown and are not expected to be passed on.
- Additional fees may apply. In this example, \$750 would be charged as a buy-spread on the \$5,000 additional investment made and a further \$750 for every \$5,000 invested, which is reflected in the Unit Price of the Units issued.

The Performance Fee in the example above is illustrative only and does not represent any actual, past or future performance of the Fund. This is not a forecast of the expected investment return for the Fund and does not include any tax payable on the investment return. The actual Performance Fee will vary, depending on the Fund's actual return and as such, the management costs charged to your investment will vary depending on the actual performance fee charged. Paragon does not provide any assurance that the Fund will achieve the return used in the example and investors should not rely on this in deciding whether to invest in the Fund.

For indirect investors accessing the Fund through an IDPS, additional fees and costs may apply. These fees and costs are stated in the offer document provided by the relevant IDPS operator.

## 08 ▸ UNIT PRICING, DISTRIBUTIONS AND TAX

### Unit Pricing

The Fund's Net Asset Value ('NAV') is the total asset value of the Fund less its liabilities including accruals for all fees and expenses calculated as at the close of each Business Day.

Each Unit has a Unit price, calculated by dividing the NAV of a class of Units by the total number of Units held by all Unit Holders on that day for each class. Unit prices are calculated to 4 decimal places and the number of Units issued is rounded to 2 decimal places.

The application price for the initial issue of Units on 1st March 2013 was \$1. For subsequent Units issued, the Unit price on application is equal to the Net Asset Value Per Unit of that class, adjusted for a buy spread fee.

The Unit price is calculated daily and is available from Paragon's website at [www.paragonfunds.com.au](http://www.paragonfunds.com.au) and can also be obtained from Paragon or the Administrator on request.

The expenses incurred are charged at the Fund level prior to the allocation of profits, losses and Performance Fee (if any). The NAV of the Fund includes the value of income accumulated since the previous distribution date.

In determining the NAV of the Fund, listed securities are valued using the last sale price quoted on the relevant exchange, and liabilities are valued at cost (such as fees) or using the last sale price quoted on the relevant exchange (such as in the case of Short Positions). Other assets are generally valued at the recoverable value. Paragon may vary the basis of determining the value of an asset where the market value does not represent the fair value of the asset or there is no market for the asset. Paragon maintains a Unit Pricing Policy that is available to Unit Holders on request.

In calculating the NAV of the Fund, the Administrator may rely upon, and will not be responsible for the accuracy of, financial data furnished to it by third parties including automatic processing services, brokers, market makers or intermediaries, Paragon and any administrator or agent of other collective investments. If, and to the extent that, Paragon is responsible for or otherwise involved in the pricing of any of the Fund's assets, the Administrator may accept, use and rely on such prices, without verification, in determining the NAV of the Fund and shall not be liable to the Fund, any Unit Holder or any other person in doing so.

There is a difference between the application and withdrawal Unit price as a result of transaction costs. This buy/sell spread is used to cover the dealing costs such as brokerage, government duties and taxes that can result from the purchase or sale of the Fund's assets. This buy/sell spread of 0.15%/0.15% is paid into the Fund by each new Unit Holder and withdrawing Unit Holders, so that existing Unit Holders do not continually bear these costs, as explained in section 7.

### Distributions

Generally, income of the Fund is distributed annually as at 30 June in proportion to the total number of Units issued in the Fund of each class, in accordance with the Constitution, and will automatically be reinvested, unless a Unit Holder elects for the distribution to be paid out.

The Administrator will calculate the amounts of income that are to be distributed to Unit Holders in the Fund at the end of each year and obtain final sign off from Paragon's nominated tax advisers, subject to Paragon's discretion regarding withdrawing Unit Holders as described below.

If Units are withdrawn part way through a distribution period, the value of accumulated income is included in the withdrawal price. Paragon has the discretion to advise the withdrawing Unit Holder that part of the proceeds on withdrawal reflect the Unit Holder's share in the net income of the Fund and therefore could be assessable income. The balance of the withdrawal will reflect the capital proceeds on disposal and may be, dependent upon the Unit Holder's tax circumstances and the duration of the investment held, subject to the CGT provisions. Refer to the Tax section below for further details.

## Tax

The following information provides a general summary of the Australian tax issues that may arise for Unit Holders who are Australian residents for taxation purposes and hold their Units on capital account. It does not address the particular circumstances of each Unit Holder and does not constitute advice.

Investors are urged to obtain their own independent and professional tax advice on any taxation implications arising from their investment in the Fund.

The information in this PDS is based upon Australian income tax law at the date of this PDS. Tax law is subject to change at any time and any such changes could affect your investment in the Fund.

The taxation treatment of the Fund and of Unit Holders who are Australian residents for tax purposes may be affected by the Attribution Managed Investment Trust (AMIT) regime. Outlined below are the circumstances in which the AMIT regime will apply and the effect it may have on the Fund and Unit Holders.

### Taxation of the Fund

The Fund has been established as an Australian resident unit trust. It is intended that Unit Holders will be presently entitled to all of the income of the Fund for each financial year so that no taxation liability will accrue to Paragon. However, the Fund may be required to withhold tax on income distributed to Unit Holders who are not Australian residents or who are under a legal disability (e.g. under the age of 18). It is Paragon's intention that the Fund's investments and activities will not cause the Fund to be taxed as a public trading trust.

Paragon proposes to make an 'MIT election' in every year that the Fund qualifies as an eligible MIT. By making the election, the gains and losses from certain assets will be taxed exclusively under the capital gains tax regime. Eligible assets include shares and non-share equity interests, units in unit trusts, and land or interests in land, and options over these assets ('eligible assets').

All other assets will be taxed according to ordinary concepts depending on whether they are held on revenue or capital account. The Fund will generally invest in eligible assets, however if an MIT election is not made the Fund's assets will generally be held on revenue account under ordinary concepts.

Whether the Fund is eligible to make an MIT election will depend, in part, on the number, profile and nature of the Unit Holders, which is required to be assessed every year and can vary with changes to the composition of Unit Holders.

Tax losses incurred by the Fund cannot be distributed to Unit Holders for tax purposes. Tax losses of a revenue nature may be carried forward and offset against the assessable income of the Fund in future years, provided certain loss recoupment tests are satisfied. Tax losses of a capital nature can be carried forward by the Fund and offset against future capital gains.

### Taxation of Unit Holders

Unit Holders are generally subject to tax on their share of the income of the Fund to which they are presently entitled in each financial year. This will also include amounts that are reinvested in the Fund. The way in which Unit Holders are taxed will depend on the nature of the income they receive (for example, franked dividends, capital gains, foreign income tax offsets, interest income) and their own individual circumstances. Unit Holders will be provided with a tax distribution statement each year (or its equivalent under the AMIT regime when applicable) outlining the various components of the distribution.

To the extent that a Unit Holder's share of the income of the Fund is attributable to a capital gain made by the Fund, the Unit Holder will include the capital gain in their assessable income. Where the capital gain made by the Fund is reduced by the 50% CGT discount, the Unit Holder is treated as making a capital gain equal to twice the amount that is attributable to the discount capital gain. Certain Unit Holders may then be entitled to apply the relevant CGT discount on this amount, depending on their own individual circumstances, to work out the net capital gain to be included in their assessable income.

Foreign taxes paid by the Fund in respect of foreign income may be available to Unit Holders and claimed as a foreign income tax offset.

Franking credits attaching to dividends derived by the Fund may also be available to Unit Holders, subject to the application of the 45 day holding period rule.

Paragon may be required to withhold tax from distributions or withdrawals in respect of Unit Holders who are non-residents of Australia for tax purposes. The exact amount cannot be determined as the rate of withholding tax depends on the type of income and the country of tax residence of the Unit Holder. Such Unit Holders should seek their own tax advice.

### Withdrawals from the Fund and Disposal of Units

Withdrawals or full redemptions of Units held in the Fund is considered a disposal or cancellation of a CGT asset by a Unit Holder and therefore a CGT event for tax purposes. To the extent that the proceeds exceed the cost base on the Unit, the Unit Holder will make a capital gain. However, if the proceeds are less than the Unit Holder's reduced cost base, the Unit Holder will make a capital loss. Generally, a capital loss can only be used to offset capital gains derived in the current or a future tax year.

The Unit Holder may be entitled to a 50% CGT discount (where the Unit Holder is an individual or trust) or a 33.33% CGT discount (where the Unit Holder is a complying superannuation fund) if the Unit Holder has held the Units for at least 12 months. Unit Holders that are companies are not entitled to a CGT discount.

Where a Unit Holder holds their Units on revenue account (as opposed to on capital account), such gains and losses realised by a Unit Holder on withdrawal of Units will be taxable as ordinary income (and will not qualify for the CGT discount) or an allowable deduction in the case of a loss.

### Roll Up of Series

The redemption of Units in a series and the subsequent re-issue of Units in a different series, as a direct result of the Roll Up of Series (also known as 'consolidation'), will trigger a CGT event. However, where certain conditions can be met by the Fund, CGT roll-over relief may be available to certain Unit Holders.

Paragon is satisfied the mechanism used by the Fund for Roll-Up of Series fulfils the conditions for CGT roll-over relief, which enables a Unit Holder to elect for roll-over relief to apply. CGT roll-over relief is only available to Unit Holders who are Australian residents for tax purposes and hold their Units on capital account.

If the CGT roll-over relief is not available or not elected by the Unit Holder, the Units that are redeemed will trigger a disposal for CGT purposes and a capital gain or loss may arise. The replacement Units issued to a Unit Holder are considered an acquisition for CGT purposes. The cost base of the original Units may be pro-rated over the aggregate of the original Units and the additional Units for the purpose of calculation of the capital gain/loss upon disposal of any of the Units at a subsequent date. Unit Holders who hold their Units on revenue account will not be eligible for CGT rollover relief and may have income tax implications and therefore should obtain their own tax advice before investing in the Fund.

### Attribution Managed Investment Trust ('AMIT') Tax Regime

A new optional regime for the taxation of managed investment trusts (the 'AMIT Rules') was passed in 2016 to permit managed investment trusts that qualify to apply the AMIT Rules. The Fund qualifies to apply the AMIT Rules and Paragon has amended the Constitution to permit the Fund to apply the AMIT Rules if Paragon elects to do so.

This section outlines some of the key implications of the AMIT Rules for Australian resident Unit Holders. It is not intended to be exhaustive or to constitute advice about the impact of the AMIT Rules on any individual Unit Holder.

#### Tax Position of the Fund under the AMIT Rules:

- the Fund will be deemed to be a 'fixed trust' for taxation law purposes;
- The Fund has the ability to treat classes of Units as separate for the purposes of the AMIT Rules and apply income streams to particular classes of Units accordingly, for example, permit income preferred classes or capital preferred classes; and
- Paragon may make year-on-year adjustments to reflect under-or-over distributions of the Fund's income ('under and overs').

#### Tax Position under the AMIT Rules for Unit Holders who are Australian residents for tax purposes:

- A Unit Holder who is an Australian resident for tax purposes will be subject to tax on the income of the Fund which is attributed to them under the AMIT Rules.
- The tax payable (if any) depends on the Unit Holder's individual tax profile and applicable tax rate, similar to the way a Unit Holder is currently subject to tax on the income of the Fund to which they are 'presently entitled'.

Paragon elects to apply the AMIT Rules to the Fund from 1 July 2018. Paragon will change the way it reports to Unit Holders. Unit Holders will be provided with an AMIT Member Annual Statement ('AMMA Statement') to replace the distribution statement. The AMMA Statement will set out the amount which has been 'attributed' to a Unit Holder (and, where relevant, its components) and other relevant tax information. Under the AMIT Rules, a Unit Holder may notify the Commissioner of Taxation that they disagree with the attribution of income that has been determined by the Responsible Entity and to substitute it with their own determination. If, as a Unit Holder you decide to take this course of action, it is important that you obtain independent tax and legal advice.



Additionally, there is a new cost base adjustment mechanism under the AMIT Rules, whereby a Unit Holder's cost base in the Units held can be increased where the taxation amount is greater than the cash distribution.

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

The issue of Units and withdrawal from the Fund and receipt of distributions will not be subject to GST, however GST is payable on fees paid by the Fund, including management and performance fees paid to Paragon. The Fund will generally be able to claim input tax credits for the GST incurred. The Fund may be entitled to a reduced input tax credit (of either 75% or otherwise 55% of the applicable GST) in relation to certain prescribed acquisitions of services.

### **Tax File Number (TFN) and Australian business Number (ABN) (Australian Investors Only)**

It is not compulsory for Unit Holders to quote their TFN or ABN, and it is not an offence to decline to provide them. However, unless exempted, if a Unit Holder does not quote a TFN or ABN, the Fund is required to withhold tax from income distributions at the highest personal marginal rate plus the Medicare levy.

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

The Foreign Account Tax Compliance Act ('FATCA') is US taxation legislation targeting US tax residents who have worldwide income. Pursuant to FATCA, from 1 July 2014, certain foreign institutions, including fund managers, will be required to provide information to the Inland Revenue Service ('IRS') or otherwise withhold tax from certain investors. Australia entered into an intergovernmental agreement ('IGA') with the US in 2014 to implement FATCA in Australia, via the Australian Taxation Administration Act 1953 (Cth), which is to be administered by the Australian Taxation Office ('ATO'). Under the IGA, Reporting Australian Financial Institutions will have identification and reporting obligations with regard to FATCA.

The Fund is a Reporting Australian Financial Institution under the IGA and has FATCA obligations which include, but are not limited to, the Fund identifying and documenting the FATCA status of its investors.

Accordingly, when an investor applies to invest in the Fund, the investor agrees to:

- provide Paragon certain identification and other information in order for Paragon to comply with its obligations under FATCA;
- waive any provision of law that would prevent Paragon from complying with its obligations under FATCA, including obligations under any agreement with the IRS and acknowledge that, if an investor fails to provide such a waiver, Paragon may withhold on any payments to the investor;
- acknowledge that if an investor fails to provide information on a timely basis, the investor may be subject to a 30% U.S. withholding tax and may be included in the annual report sent to the IRS via the ATO;
- acknowledge that if an investor fails to comply with such obligations and such failure could result in Paragon being unable to enter into or comply with any agreement with the IRS, Paragon can terminate the investor's interest; and
- acknowledge that an investor will indemnify Paragon and the other investors for any losses resulting from the investor's failure to meet their obligations under this provision, including any withholding tax imposed by FATCA as a result of such failure.

### **The Responsible Entity's reporting obligations**

The Foreign Account Tax Compliance Act ('FATCA') was enacted by the United States government to identify U.S. taxpayers using off shore accounts and the Australian government has given effect to FATCA. Since 1 July 2014, Paragon as responsible entity has been required to ask investors whether they are U.S. citizens or U.S. residents and provide information on those that answer "yes" to the Australian Taxation Office ('ATO').

The Government has also implemented the Organisation for Economic Co-operation and Development ('OECD') Common Reporting Standard ('CRS') in Australia which imposes requirements on Paragon as responsible entity to identify and obtain information on other foreign tax residents. The OECD CRS regime applies from 1 July 2017 with the result that Paragon is required to ask for additional information from investors relating to tax residency outside of Australia for the purpose of reporting this information to the ATO.

Investors should note that it is not Paragon's responsibility to determine if information provided for FATCA and/or CRS purposes is accurate and that this responsibility remains with the investor. Neither Paragon nor the Administrator is able to provide you with tax or professional advice in respect of FATCA and/or CRS and strongly encourage you to seek professional advice if you are unsure of any of the information being requested.

### Related Party Transactions

The Constitution does not prevent Paragon from:

- dealing with itself, as the responsible entity for the Fund or in any other capacity, an associate or any Unit Holder;
- being interested in any contract or transaction with itself, as the responsible entity for the Fund or in any other capacity, an associate or Unit Holder or retaining profits or benefits derived from any such contract or transaction, but those persons must act, in connection with those contracts or transactions, in a fiduciary relationship to all Unit Holders; or
- acting in the same or similar capacity in relation to any other managed investment scheme.

The Fund may transact with other funds managed by Paragon or Paragon in its own right. Such dealings may include:

- holding a nominal number of units which Paragon or a related entity holds as a result of establishing the Fund;
- the remuneration to which Paragon is entitled in its capacity as responsible entity and investment manager, which is described in section 7 of the PDS;
- investing in other funds managed by Paragon;
- acquiring and disposing of interests in the Fund from or to another fund managed by Paragon;
- voting as a Unit Holder at unit holder meetings held by funds managed by Paragon in which the Fund invests;
- borrowing from Paragon or its related entities;
- provision of accounting and registry operations; and
- other transactions.

Paragon has a conflict of interest and related party transactions policy which ensures that all transactions engaged in by Paragon are assessed for any conflict of interest and to ensure they are reasonable “arm’s length” transactions based on appropriate commercial terms. Unit Holders should note that this policy does not require Paragon to avoid conflicts of interest.

### Administrator

Paragon has appointed Link Fund Solutions Pty Ltd (formerly White Outsourcing Pty Ltd) (**‘Administrator’** or ‘Link Fund Solutions’) as the Administrator of the Fund. Link Fund Solutions is a wholly owned subsidiary of ASX listed Link Group, and has been providing specialist managed funds administration services since 1996.

The Administrator is responsible for performing certain administrative, Unit registry and accounting services, under the ultimate responsibility of Paragon, for matters pertaining to the administration of the Fund including:

- Keeping and maintaining a register of Unit Holders;
- Receiving and processing applications for and withdrawals of Units by Unit Holders of the Fund;
- Calculation of the Net Asset Value of the Fund;
- Calculation of management and performance fees to be charged to the Fund by Paragon; and
- Maintaining full and comprehensive accounting records and preparing Annual Financial Statements for the Fund in accordance with Australian Accounting Standards.

The Administrator may use the services of affiliates for the provision of its services to the Fund, but retains responsibility for these services.

The Administrator may rely upon information provided to it, without responsibility for its accuracy, when calculating the Net Asset Value of the Fund, to the extent it would be deemed reasonable for the Administrator to do so.

The Administrator is not involved in the investment decisions of Paragon and, as such, is not responsible for any losses that may be incurred by the Fund as a result of any investment decision. The Administrator takes no responsibility for Paragon’s adherence to its investment guidelines and strategy or monitoring of any restrictions and compliance or breach thereof.

## Prime Broker and Custodian

The Fund has appointed UBS AG, Australia Branch (ABN 47 088 129 613) as a prime broker and UBS Nominees Pty Limited (ABN 32 001 450 522) as custodian (together, UBS).

The services of UBS AG, Australia Branch as prime broker to the Fund include securities borrowing and lending, settling transactions the Fund has entered into with third-parties and cash loans. UBS AG, Australia Branch may also provide an account for the Fund's cash. UBS Nominees Pty Limited and the Fund have entered into an agreement under which the custodian provides safekeeping services for some or all of the Fund's investments.

UBS consents to being named in this PDS and any electronic version of the PDS in the form and context in which they are named in the PDS.

UBS is not responsible for the preparation of, and has not authorised or caused the issue of, this PDS, and has not made or purported to make any statement included in or any statement on which a statement in this PDS is based.

To the maximum extent permitted by law, UBS expressly disclaims and takes no responsibility for any statements in, or omissions from, the PDS other than the statements made with its consent. UBS is not responsible for the activities of the Fund, will not participate in the Fund's investment decision-making process and makes no representation in respect of the Fund or the Fund's investments.

This consent will be treated as not having been withdrawn prior to the publication of the PDS, unless UBS notifies Paragon in writing of the withdrawal of the consent before that time.

UBS AG, Australia Branch (ABN 47 088 129 613 and AFSL number 231087) is a foreign Authorised Deposit-Taking Institution (Foreign ADI) under the Banking Act 1959 (Cth) and is supervised by the Australian Prudential Regulation Authority. Note that provisions in the Banking Act 1959 for the protection of depositors do not apply to Foreign ADIs, including UBS AG, Australia Branch.

## Constitution

The Fund was established by Paragon pursuant to a constitution dated 6 December 2012 ('**Constitution**') and was registered with ASIC on 20 December 2012. The Constitution governs the operation of the Fund and the rights and obligations of Paragon and Unit Holders.

Paragon's responsibilities and obligations, as the responsible entity of the Fund are governed by the Constitution for the Fund, the Corporations Act and general trust law.

The following is a summary of some of the more important terms of the Constitution. This summary can only be relied upon as a guide. The provisions of the Constitution prevail over statements in this PDS if there is any inconsistency. Unit Holders may obtain a copy of the Constitution free of charge from Paragon.

A Unit Holder is bound by the terms of the Constitution. Unit Holders are urged to carefully review the Constitution and satisfy themselves as to their rights and obligations under it.

### Nature of the Fund

The Fund is a unit trust. Paragon holds the Fund's assets on trust for the Unit Holders. Unit Holders are issued units in the Fund and are entitled to a pro rata beneficial interest in the whole of the assets of the Fund. No interest in a particular part of the Fund, or its assets, is conferred on a Unit Holder.

### Classes and Series of Units

Under the Constitution, Paragon has the right to issue different classes of Units in the Fund, with such rights as it determines. This includes the right to issue Units in series.

### Issue Price

Units are issued to an applicant at the Net Asset Value of the class, or reference series where series based, as at the relevant subscription date plus any relevant transaction charge. Further details on how this calculation is undertaken are set out in section 8.

### Joint Holders of Units

Where two or more persons are registered as the holders of a Unit ('joint holders') they are, for the purpose of the administration of the Fund deemed to hold the Unit as joint tenants, on the following conditions:

- a) Paragon shall not be bound to register more than three persons as joint holders of the Unit;
- b) the joint holders shall be jointly and severally liable in respect of all payments including payments of tax that ought to be made in respect of the Unit;
- c) on the death of a joint holder, the survivor or survivors shall be the only person or persons whom Paragon will recognise as having any title to the Unit, subject to the production of any evidence of death that Paragon requires;
- d) any one of the joint holders may give an effective receipt that discharges Paragon in respect of any payment or distribution; and
- e) only the person whose name appears first in the register as one of the joint holders of a Unit shall be entitled to delivery of any notices or other communications from Paragon, and any notice or other communication given to that person is deemed to be given to all the joint holders.

### Income and Distributions and AMIT

For the time being, Paragon intends to distribute all of the net income of each class to Unit Holders of that class as at 30 June each year. Each Unit Holder's distribution entitlement will be determined on the basis of the number of Units held as a proportion of the total Units on issue of the relevant class. Unless Unit Holders elect to receive their distributions, all distributions will be automatically reinvested in the Fund.

Paragon retains the discretion to determine the income of a particular class, and to retain any of the income of the Fund.

The Constitution also permits Paragon to elect into the AMIT regime.

### Powers of Paragon

Paragon has the widest powers possible, including the power to invest the Fund's assets in any form of investment in any region or market in the world.

### Remuneration of Paragon

Paragon is entitled to be remunerated out of the assets of the Fund. For details of the fees and charges relevant to an investment in the Fund, refer to section 7 for further information.

Paragon's remuneration will have priority over the payment of all other amounts payable from the Fund.

### Retirement and Removal of Paragon

Paragon may retire or be removed as the responsible entity of the Fund in accordance with the provisions of the Corporations Act. This generally means that Paragon can:

- Retire by calling a meeting of Unit Holders to explain its reasons for wanting to retire and provide Unit Holders with an opportunity to vote on a resolution to choose a company to be the new responsible entity; and
- Be removed as the responsible entity pursuant to an extraordinary resolution of the Unit Holders as defined in the Corporations Act (requires at least 50% of all Unit Holders along with other conditions to be met).

### Limitation of Liability

Paragon is not liable for any loss or damage to any person arising out of any matter where, in respect of that matter:

- To the extent permitted by law, it relied in good faith on the services of, or information or advice from, or purporting to be from, any person appointed by Paragon; or
- It acted as required by law; or
- It relied in good faith upon any signature, marking or documents.

**Indemnity**

Paragon has a right to be fully indemnified out of the assets of the Fund, in respect of all expenses, liabilities, costs and any other matters in connection with the Fund and against all actions, proceedings, costs, claims and demands brought against Paragon in its capacity as responsible entity of the Fund in respect of any matter or thing done or omitted except:

- In the case of Paragon's own fraud, negligence or wilful default; and
- In respect of the overhead expenses of Paragon.

**Amendments to the Constitution**

The Constitution can be amended or replaced in accordance with the provisions of the Corporations Act. Generally, this means that Paragon can unilaterally amend the Constitution provided that it reasonably determines that the amendments will not adversely affect Unit Holders rights. Otherwise, an amendment of the Constitution requires a special resolution (75% of Unit Holders present in person or by proxy at the meeting) of the Unit Holders.

**Term of the Fund**

The Fund commenced on 6 December 2012 and terminates on the earlier of:

- The day before the 80th anniversary of the commencement of the Fund;
- The date determined by Paragon being a date at least 3 months after the date of the provision of notice of such termination to all Unit Holders; or
- The date on which the Fund is otherwise terminated by law.

**Termination and Winding-Up of the Fund**

On the termination and winding-up of the Fund, Paragon shall distribute the net proceeds of realisation of the Fund's assets of each class pro-rata to Unit Holders according to the number of Units of a class held.

**Deed Legally Binding**

Each Unit Holder is bound by the terms of the Constitution (as amended from time to time) as if it was a party to the Constitution.

**Unit Holders' Liability**

Subject to certain conditions, the liability of each Unit Holder shall be limited to the Unit Holder's investment in the Fund.

**Changes to the Fund**

Information that is not materially adverse is subject to change from time to time. Up-to-date information can be obtained from Paragon's website at [www.paragonfunds.com.au](http://www.paragonfunds.com.au), by calling Paragon on (03) 9652 2500, or emailing Paragon at [client.services@paragonfunds.com.au](mailto:client.services@paragonfunds.com.au).

A paper copy of the updated information will be provided to Unit Holders on request.

Further information about the Fund or investing in the Fund can be obtained by contacting Paragon.

**Independent Advice**

The offer described in the PDS does not constitute investment advice, and does not take into account the investment objectives, financial situation and particular needs of any Unit Holder.

Applicants should read this PDS in its entirety prior to completing an Application Form as it contains important information about this investment opportunity.

In particular, when considering the prospects of the Fund, it is important to consider the risk factors that could affect the financial performance of the Fund. You should carefully consider these factors in the light of your particular investment needs, objectives and financial circumstances (including financial and taxation issues) and seek professional advice before deciding whether to invest. Refer to section 5 for some of the risk factors which should be considered by Unit Holders.

## Compliance

Paragon has prepared and lodged a Compliance Plan for the Fund with ASIC. This document details the key procedures put in place by Paragon to comply with the Corporations Act and the Constitution of the Fund.

Paragon has appointed a compliance committee, of which there is a minimum of two independent members, for the purpose of monitoring Paragon's compliance responsibilities and ensuring these are compliant with the Compliance Plan. This committee meets on a quarterly basis.

Further, in accordance with legislation, the Fund's Compliance Plan and adherence to it will be subject to an external audit on an annual basis.

## Labour Standards, Environmental & Ethical Considerations

Paragon does not take into account labour standards, environmental, social or ethical considerations for the purpose of selecting, retaining or realising the investments in the Fund. However, Paragon does recognise that such environmental, social and governance ("ESG") issues may affect the value of investments owned by the Fund.

Paragon will assess and manage all foreseeable and potentially material risk factors and in this context, considers ESG as a risk factor in the overall risk/reward assessment of an investment. However, Paragon has no predetermined view as to what constitutes ESG standards, which ESG considerations will be taken into account and the extent to which they will be taken into account when making decisions to acquire, hold and dispose of investments.

A copy of Paragon's ESG Policy can be provided upon request by emailing [client.services@paragonfunds.com.au](mailto:client.services@paragonfunds.com.au).

## Consents

All third party service providers and the directors named in this PDS, have provided their written consent to be named in this PDS in the form and context in which they are named and have not withdrawn such consent before the date of this PDS.

## Privacy

Privacy laws apply to the collection, storage, management, use and disclosure of personal information. At the time of investment, you will provide Paragon and the Administrator with personal details that will be used in order to process and report on your investment.

Personal information may be used for example to process your initial investment, to process ongoing transactions, and to provide you with regular information regarding your investment including distribution and tax statements.

In order to provide Unit Holders with services related to their investment, Paragon and/or the Administrator may be required to disclose personal details to certain third party service providers, including custodians, administrators, auditors, legal advisers and any affiliates. This will only be undertaken in accordance with privacy laws. Paragon will not disclose your personal details to any other party unless required by law.

If you would like to access your personal information held by Paragon, you may do so by requesting it in writing. Paragon and the Administrator will aim to keep all records of personal information as correct and up to date as possible. It is imperative that you advise Paragon or the Administrator of any changes in your details to ensure your records are up to date at all times.

Refer to Part B Section 8 titled Privacy Collection Notice of the Application Form for further information.

## Complaints

### Internal Dispute Resolution

Paragon has a formal internal complaints and dispute handling resolution process. The Constitution establishes a procedure for the directors of Paragon to receive, consider, investigate and respond to complaints made by Unit Holders dissatisfied with the management or administration of the Fund.

You can lodge a complaint to us in writing by email or mail at the address shown on the back page of this PDS. Unless your complaint has been addressed to your satisfaction within 5 Business Days, Paragon will acknowledge your complaint in writing within 14 Business Days from the date of receipt of your original complaint. Paragon will endeavour to address your complaint to your satisfaction and provide you with a written response within 45 days from the date of receipt of your original complaint. A written response will be provided by Paragon to complaints addressed within 5 Business Days only when specifically requested.

### External Dispute Resolution

As stated above, if you are still not satisfied, and only after you have sought a resolution directly with Paragon, you are entitled to refer your complaint to the Credit and Investments Ombudsman ('CIO'), previously known as Credit Ombudsman Service Limited, at the below address. Paragon is a member of CIO, member number M0017791, which is an external dispute and complaints resolution scheme approved by ASIC, providing consumers and financial service providers an accessible, independent and fair dispute resolution service.

#### Mail complaints to:

##### Case Management Team

C-/Credit and Investments Ombudsman Ltd  
PO Box A252  
Sydney South NSW 1235

Fax complaints to: (02) 9273 8440

Make complaints enquiries by phone to: 1800 138 422

Alternatively, you may visit the CIO website at [www.cio.org.au](http://www.cio.org.au), for further information or to make an online complaint.

## Anti Money Laundering

The Anti-Money Laundering and Counter-Terrorism Financing Act ('AML Act') and the AML Requirements regulate financial services and transactions in a way that is designed to detect and prevent money laundering and terrorism financing. The AML Act is enforced by the Australian Transaction Reports and Analysis Centre ('AUSTRAC').

In order to comply with the AML Requirements, Paragon and the Administrator are required to collect identification documents and other supporting information to, amongst other things:

- Verify the identity of the applicant or Unit Holder, the identity of any underlying beneficial owner(s) of the Units, and the source or destination of any payment to or from the Fund, before providing services to an applicant or Unit Holder, and to re-identify the Unit Holder if they consider it necessary to do so; and
- Keep a record of this documentation for 7 years.

Paragon and the Administrator reserve the right to request such information as is necessary, including information in addition to that requested in the Application Form, to verify the identity of an applicant and the source of the payment before applications can be processed.

In the event of delay or failure by the applicant or Unit Holder to produce information requested, either entity may refuse to accept an application and the application monies relating to such application or may suspend the payment of withdrawal proceeds, if necessary to comply with AML Requirements applicable to them.

Paragon and the Administrator and their delegates shall not be liable to the applicant or Unit Holder for any loss suffered by the applicant or Unit Holder as a result of the rejection or delay of any subscription or delay in payment of withdrawal proceeds.

Paragon and the Administrator have certain reporting obligations under the AML Requirements and are prevented from informing you that any such reporting has taken place. Where required by law, an entity may disclose the information gathered to regulatory or law enforcement agencies, including AUSTRAC. Neither Paragon nor the Administrator will be liable for any loss you may suffer as a result of their compliance with the AML Requirements.

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**Administrator** means Link Fund Solutions Pty Ltd ABN 44 114 914 215.

**AMIT** means the Tax Laws Amendment (New Tax System for Managed Investment Trusts) Act 2016 (and supporting legislation).

**Application Form** means the application form attached to this PDS.

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

**Asset Value** means the aggregate gross value of all assets in the Fund.

**Business Day** means any day (except any weekend or public holiday) on which trading banks are open for usual business in Sydney, Australia.

**Class** means the class or series of Units offered pursuant to this PDS.

**Constitution** means the constitution established for the Fund dated 6 December 2012 or as amended from time to time.

**Corporations Act** means the Corporations Act 2001 (Commonwealth).

**Custodian** means UBS Nominees Pty Ltd ('UBS Nominees') ABN 32 001 450 522 or a sub-custodian appointed by UBS Nominees in accordance with the Custody Agreement.

**Dealing Day** means each Business Day.

**Derivatives** means a security, such as an option or futures contract whose value depends on the performance of an underlying asset.

**Fund** means the Paragon Australian Long Short Fund ABN 84 865 092 509 ARSN 161 565 920, an Australian registered managed investment scheme established under the laws of Victoria, Australia.

**GST** means the same as in the GST Act.

**GST Act** means A New Tax System (Goods and Services Tax) Act 1999 (Commonwealth).

**Hedging** means the practice of undertaking one investment activity in order to protect against loss in another. While hedges can reduce potential losses, they can also reduce potential profits.

**High Watermark** means the highest value that a Unit has reached. In the context of the Performance Fee, a High Watermark ensures a Performance Fee is not payable unless the value in Units is higher than the previous performance period. i.e. there has been an increase in the Net Asset Value per Unit.

**Hurdle rate** means the minimum rate of return (currently 5% per annum) required to be achieved in order for Paragon to be paid a Performance Fee.

**IDPS** means an investor directed portfolio service or an investor directed portfolio like service, master trust, platform, wrap account or nominee service.

**Issue Date** means the Business Day on which date new Units are issued for new investments, additional investments and reinvestment of distributions in new Units.

**Long Position** means holding a positive amount of an asset (stock) in the expectation that the value of that asset (stock) will appreciate.

**Net Asset Value** means the Asset Value of the Fund less the liabilities (including accruals of fees) recorded against the Fund at that time.

**Net Asset Value Per Unit** means the amount calculated by dividing the Net Asset Value of a series or class of Units by the number of Units on issue in that series or class.

**Paragon** means Paragon Funds Management Ltd ABN 42 159 623 873.

**PDS** means this product disclosure statement.

**Performance Fee** means the performance fee payable to Paragon as described in section 7 of this PDS.

**Portfolio** means a collection of investment holdings.

**Prime Broker** means UBS AG, Australia Branch ABN 47 088 129 613.

**Redemption Date** means the Business Day at which date withdrawals of Units are processed.

**Responsible Entity** means Paragon Funds Management Ltd ABN 42 159 623 873.

**Retail Investor** means a retail investor within the meaning of section 761G of the Corporations Act.

**RITCs** means Reduced Input Tax Credits per the GST Act.

**Short Position** means borrowing an asset (stock) and then immediately selling it in the expectation that the value of the asset (stock) will depreciate. The short position is covered by buying back the asset (stock), theoretically at a lower price thereby locking in a profit. The borrowed asset (stock) is then returned.

**Stop Loss** means a level set by the holder of the securities whereby a trade is automatically executed when it reaches that point. It is a mechanism of minimising losses when prices on Long Positions are falling and prices on Short Positions are rising.

**Unit** means a Unit in the Fund.

**Unit Holder** means the holder of Units.

**Valuation Time** means any time the Net Asset Value is determined.

**Volatility** means the extent of fluctuation in share prices, exchange rates, interest rates, etc. The greater the volatility, the less certain a Unit Holder is of return, and hence volatility is one measure of risk.

**Wholesale Investor** means a wholesale investor within the meaning of section 761G and section 761GA of the Corporations Act.

# 11 ▸ Application Form

## Initial Investment Application Form

### PARAGON AUSTRALIAN LONG SHORT FUND

ARSN 161 565 920

This Application Form dated 22 December 2017 relates to the Product Disclosure Statement dated 22 December 2017 (PDS) issued by Paragon Funds Management Ltd ABN 42 159 623 873 AFSL 426800.

Please read the PDS in full before completing this Application Form. Unless otherwise specified, terms defined in the PDS have the same meaning in this Application Form.

#### If you are a **NEW INVESTOR**:

1. **Complete PART A:** Investor & Investment Details sections in full
2. **Complete PART B:** Investor Identification for all sections as relevant to your investor type
3. Send your completed form with relevant identification documents directly to the Administrator, Link Fund Solutions, at the address below.

Refer to the table in section 7 of Part B (page 64) for guidance to completing this form.

If you are an **EXISTING INVESTOR** making an additional investment, unless your details have changed since your original application, you may use the Additional Investment Form available from our website at [www.paragonfunds.com.au](http://www.paragonfunds.com.au). If your details have changed significantly, you will be required to complete this form in full.

Please send your completed Application Form and Identification Documents to:

**Link Fund Solutions - Unitholder Services**  
GPO Box 5482, Sydney NSW 2001

If your investor type does not fall into any of the three investor categories in sections 1 - 3 of Part B of this form, please contact Link Fund Solutions on (02) 9547 4311 to obtain advice on what information and documentation is required for identification purposes under Anti-Money Laundering/Counter Terrorism Financing legislation.

# PART A ▸ INVESTOR & INVESTMENT DETAILS

Form issue date: 22 December 2017

NOTE: PART A IS TO BE COMPLETED BY ALL APPLICANTS IN FULL

## Is this an Application from a New Investor or an Existing Investor?

NEW INVESTOR

**New Investor Name** – Please refer to the table in section 7 of Part B (page 64) for the correct naming convention.

**Type of Investor:** (please tick applicable box)

Superannuation Fund     Other Trust     Individual / Joint Individuals     Company  
 Minor     Deceased Estate     IDPS or IDPS-like scheme

Please continue below to - 01 Contact Details

**EXISTING INVESTOR** – If this is an application from an existing investor please provide your investor number (and only proceed with this form if your details have changed significantly as advised on the cover page of this form).

Investor Number

## 01 | CONTACT DETAILS

These details are provided for use by Paragon and the Administrator for all communication and correspondence regarding your investment. The preferred and default mode of communication is electronic i.e. email.

**Full Given Name(s)**

**Surname**

**Company Name / Trustee Name** (if applicable)

**Telephone**

**Facsimile**

**Email** – Please provide contact email address that is to be used for all correspondence and communication (NB. more than one email address can be provided)

**Address**

**Suburb**

**State**

**Postcode**

**Country**

**02 | INVESTMENT AMOUNT & SOURCE OF FUNDS**

Amount

Please note the minimum initial investment amount is \$25,000 and the minimum additional investment amount is \$5,000.

Source of Funds being invested : (please select or provide details if Other)

Retirement income     Employment income/savings     Business activities     Sale of assets

Inheritance/gift     Financial investments

Other:

**03 | PAYMENT DETAILS**

Bank: ANZ

BSB: 012 006

Account Number: 836209728

Account Name: Paragon Funds Management Ltd ATF the Paragon Fund

Please note that payment by cheque or cash cannot be accepted.

Please include your Investor Name in the reference field of your EFT.

**04 | TAXATION DETAILS**

Where the investment in the Fund is held jointly by 2 or more investors, taxation details need to be provided for each investor. If there are more than 2 investors provide details on a separate sheet of paper and attach it to your application form.

**INVESTOR - 1**

Name

Are you a resident of Australia for taxation purposes? (Select one of the following options)

No – please provide country of residence:

Country

Yes – please complete the below

Tax File Number (TFN):

Australian Business Number (ABN) (if applicable):

Please indicate to whom this TFN and ABN belongs (Select one of the following options):

Company

Trust or Superannuation Fund

Individual

Other – please specify:

Exemption Number (if applicable):

## INVESTOR - 2

Name

Are you a resident of Australia for taxation purposes? (Select one of the following options)

Yes – please complete the below

No – please provide country of residence: **Country**

Tax File Number (TFN):

Australian Business Number (ABN) (if applicable):

Please indicate to whom this TFN and ABN belongs (Select one of the following options):

Company  Trust or Superannuation Fund  Individual

Other – please specify:

Exemption Number (if applicable):

**NOTE:** You are not obliged to provide either your TFN or ABN. If you do not provide your TFN, unless you claim a TFN exemption, Paragon may be required to deduct tax at the highest marginal tax rate (plus Medicare levy). Collection of TFN information is authorised and its use and disclosure are strictly regulated by the tax laws and the Privacy Act 1988 (Cth). By providing your ABN and signing this Application Form, you declare that this investment is made in the course or furtherance of your enterprise.

## 05 | DISTRIBUTIONS

Please confirm how you would like to receive any distributions – either paid into an Australian bank account or automatically reinvested as additional Units in the Fund.

Reinvestment  Payment (into bank account as specified on the next page)

Please note if no election is made, reinvestment is the default.

## 06 | BANK ACCOUNT

### IMPORTANT INFORMATION:

Please provide us your bank account details for the purpose of payment of distributions and withdrawal proceeds.

Distributions and withdrawal proceeds can only be paid to an Australian bank account (overseas investors excepted) in the name of the investor and cannot be paid by cheque or to third party accounts. By completing this section you confirm that any distributions and withdrawal proceeds sent by Electronic Funds Transfer (EFT) to a designated bank account are sent at your risk insofar as the onus to provide bank account details rests solely on you.

If this section is not completed it may cause a delay in processing of your withdrawal proceeds. Additional security checks to verify bank account changes will be performed at the time of payment of your withdrawal proceeds.

Please pay distributions (if cash distribution is nominated) and withdrawal proceeds to the following bank account:

**06 | BANK ACCOUNT** (CONTINUED)

Beneficiary Bank

Branch Name

BSB

Account Number

**Account Name** (required to match your Investor Name at the beginning of this form)

If you are an overseas investor and would like distributions and/or withdrawal proceeds to be paid into a bank account outside Australia, please provide the following additional details:

Beneficiary Bank Address

National Beneficiary Bank Clearing Code (if applicable)

Beneficiary Bank SWIFT Code

Intermediary Bank details (if applicable)

**07 | INVESTMENT INFORMATION AUTHORIZATION**

This section can be completed if you wish to nominate an adviser/accountant/other person to receive all communication and correspondence regarding your investment in addition to yourself and/or permit this person to obtain any further details regarding your investment.

Please specify:  Adviser  Accountant  Other Person (permitted to obtain information)

Name of Authorised Person

Position Held or Relationship to Investor

Firm/Organisation Name (if applicable)

AFSL (if applicable)

Telephone

Email

Please select the first or both options as preferred:

- I permit this person to receive all communication and correspondence in addition to myself; AND  I permit this person to obtain any further details regarding my investment in the Fund directly from Paragon or the Administrator of the Fund.

# PART B ▸ INVESTOR IDENTIFICATION

## 01 | INVESTOR TYPE - ALL TRUSTS (INCLUDING SUPERANNUATION FUNDS)

### 1.1 | GENERAL INFORMATION

Full Name of Trust (Investor)

Country where Trust was established

### 1.2 | TRUSTEE DETAILS

How many Trustees are there?

Type of Trustee (please select):

Corporate Trustee

Full Name of the Company

Individual Trustee(s):

#### INDIVIDUAL TRUSTEE - 1

*Individual's name must match provided ID exactly.*

Full Given Name(s)

Surname

Date of Birth

<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
DAY		MONTH		YEAR			

Residential Address (PO Box is NOT acceptable)

Suburb

State

Postcode

Country

#### INDIVIDUAL TRUSTEE - 2

*Individual's name must match provided ID exactly.*

Full Given Name(s)

Surname

Date of Birth

<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
DAY		MONTH		YEAR			

Residential Address (PO Box is NOT acceptable)

Suburb

State

Postcode

Country

If there are more individual (or corporate) trustees, provide details on a separate sheet of paper and attach it to your Application Form.



**1.3 | TYPE OF TRUST**

Select only one of the following trust types and provide the information requested.

**Regulated Trust** (e.g. an Self-Managed Superfund)

Provide Name of the Regulator (e.g. ASIC, APRA, ATO)  
*Note - the ATO is the Regulator of an SMSF*

Provide the Trust's ABN or registration/licensing details

**Registered Managed Investment Scheme**

Provide Australian Registered Scheme Number (ARSN)

**Government Superannuation Fund**

Provide name of the legislation establishing the fund

**Other Trust type**

Trust description (e.g. unregistered, fixed, family/discretionary, unit)

**Settlor(s)** - The Settlor is the person who settles the initial sum or assets to create the Trust. The settlor is required if at the time the trust was established, the settlor's contribution was equal to or greater than \$10,000 (unless the settlor is now deceased).

**Are you required to provide the Settlor details:**

**No**     **Yes**    If Yes, please provide Full Name of Settlor(s)

**1.4 | BENEFICIARY DETAILS**

**This section only needs to be completed if "Other Trust type" is selected in section 1.3.**

Do NOT complete if the Trust is a Registered Managed Investment Scheme, Regulated Trust (e.g. SMSF) or Government Superannuation Fund.

Do the terms of the Trust identify the beneficiaries by reference to membership of a class?

**No**     **Yes** – Provide details of the membership class(es)  
(e.g. unit holders, family members of named person, charitable purpose)

**How many beneficiaries are there? Please provide full name of each beneficiary below:**

Full Given Name(s)	Surname
1. <input type="text"/>	<input type="text"/>
2. <input type="text"/>	<input type="text"/>
3. <input type="text"/>	<input type="text"/>

If there are more beneficiaries, provide details on a separate sheet of paper and attach it to your Application Form.

**1.5 | BENEFICIAL OWNERSHIP DETAILS**

***This section only needs to be completed if “Other Trust type” is selected in section 1.3.***

Do NOT complete if the Trust is a Registered Managed Investment Scheme, Regulated Trust (eg. SMSF) or Government Superannuation Fund.

**Provide the names of the individuals that directly or indirectly control the Trust including control by exercising control over the trustee, by being the appointer or primary beneficiary.**

Note: Individual Trustees (as provided under section 1.2 if applicable) will be deemed to be Beneficial Owners of the Trust. Their details are not required to be provided in this section.

**BENEFICIAL OWNER - 1**

*Individual's name must match provided ID exactly.*

**Full Given Name(s)**

**Surname**

**Date of Birth**

<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
DAY		MONTH		YEAR			

**Residential Address** (PO Box is NOT acceptable)


**Suburb**

**State**

**Postcode**

**Country**

**Role** (such as appointor or primary beneficiary)

**BENEFICIAL OWNER - 2**

*Individual's name must match provided ID exactly.*

**Full Given Name(s)**

**Surname**

**Date of Birth**

<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
DAY		MONTH		YEAR			

**Residential Address** (PO Box is NOT acceptable)


**Suburb**

**State**

**Postcode**

**Country**

**Role** (such as appointor or primary beneficiary)

If there are more beneficial owners, provide details on a separate sheet of paper and attach it to your Application Form.

**1.6 | FATCA SELF-CERTIFICATION** *(to be completed by all trusts)*

Please tick one of the following options that applies to the trust/fund:

**An Australian Regulated Superannuation Fund** (e.g. a SMSF, APRA regulated super fund, government super fund or pooled superannuation trust)

If so, the fund is not required to provide any further information.

**A Financial institution or the trustee/responsible entity of the trust/fund is a Financial institution or a Foreign Regulated Superannuation Fund.**

If so, please provide for trust/fund or trustee/responsible entity of trust/fund:

**GIIN:**

or

**FATCA Status:**

Select one of the following as nominated by you under the US Foreign Account Tax Compliance Act - **deemed compliant FFI, excepted FFI, non-participating FFI, no reporting IGA FFI, exempted beneficial owner or GIIN applied but not yet issued.**

**A trust established under the laws of the US or is a resident for US tax purposes.**

If so, please provide TIN or Exemption Code:

**A trust which has trust beneficiaries, trustees, settlors, beneficial owners or controlling persons that are US citizens or residents for tax purposes.**

If so, please provide the Name(s) and US Taxpayer Identification Number (TIN) of each beneficiary, trustee, settlor, beneficial owner or controlling person who is a US citizen or US resident for tax purposes:

<b>Full Given Name(s)</b>	<b>US Taxpayer Identification Number (TIN)</b>
<input type="text"/>	<input type="text"/>

**Residential Address** (PO Box is NOT acceptable)

<b>Full Given Name(s)</b>	<b>US Taxpayer Identification Number (TIN)</b>
<input type="text"/>	<input type="text"/>

**Residential Address** (PO Box is NOT acceptable)

If there are more than 2 parties please provide details on a separate sheet of paper and attach it to your Application Form.

**NONE OF THE ABOVE** – if so, please provide your FATCA status:

**Passive Non-Financial Non-US Entity with NO controlling US persons**  
*(generally an entity will be considered passive where greater than 50% of income is passive income such as dividends, interest, annuities and greater than 50% of its assets produce passive income); or*

**Active Non-Financial Non-US Entity**  
*(generally an entity will be considered active where it is carrying on a business); or*

**Other**   
*(refer to your tax or legal advisor for your FATCA status if you don't believe any of the above apply).*

**1.7 | CRS SELF-CERTIFICATION** *(to be completed by all trusts)*

**1. Is the entity a tax resident of any other country outside Australia?**

- No** (continue to question 2)
- Yes** Provide details of all jurisdictions that the entity is a tax resident. If resident in more than one jurisdiction please include details for all jurisdictions below (if more than 3 jurisdictions please provide them on a separate piece of paper):

Country of Tax Residence	Tax Identification Number (TIN) or equivalent	Reason Code (A, B or C)
1.	TIN:	
2.	TIN:	
3.	TIN:	

If TIN or equivalent is not provided, please select a reason from the following options:

- Reason A:** The country / jurisdiction where the entity is resident does not issue TINs to its residents;
- Reason B:** The entity is otherwise unable to obtain a TIN or equivalent number (Please explain below why the entity is unable to obtain a TIN if you have selected this reason); or
- Reason C:** No TIN is required. (Note: Only select this reason if the domestic law of the relevant jurisdiction does not require the collection of the TIN issued by such jurisdiction).

If **Reason B** has been selected above, explain why you are unable to obtain a TIN:

**2. Is the entity a Financial Institution for the purposes of CRS?**

- Yes**    **No** (continue to question 4)

**3. Is the entity an Investment Entity (Financial Institution) located in a Non-Participating Jurisdiction for CRS purposes and managed by another Financial Institution?**

- Yes**    **No**

**4. Is the entity an Active Non-Financial Entity (Active NFE)?**

- Yes** Specify the type of Active NFE below:
  - Less than 50% of the Active NFE’s gross income from the preceding calendar year is passive income and less than 50% of its assets during the preceding calendar year are assets held for the production of passive income; or
  - Corporation that is regularly traded or a related entity of a regularly traded corporation; or
  - Governmental Entity, International Organisation or Central Bank.
- No** The entity is a Passive Non-Financial Entity (Passive NFE).

**5. Controlling Persons** – Is any natural person including trustee, protector, beneficiary, settlor or any other natural person exercising ultimate effective control over the trust a tax resident of any country outside of Australia?

**No**    **Yes** Complete details below for these persons:

**Full Name (Person 1)**    **Tax Identification Number (TIN) or equivalent**    **Reason Code (A, B or C)**

**Date of Birth**    **Residential Address**

**Full Name (Person 2)**    **Tax Identification Number (TIN) or equivalent**    **Reason Code (A, B or C)**

**Date of Birth**    **Residential Address**

**Full Name (Person 3)**    **Tax Identification Number (TIN) or equivalent**    **Reason Code (A, B or C)**

**Date of Birth**    **Residential Address**

If TIN or equivalent is not provided, please select a reason from the following options:

- Reason A:** The country / jurisdiction where the entity is resident does not issue TINs to its residents;
- Reason B:** The entity is otherwise unable to obtain a TIN or equivalent number (Please explain below why the entity is unable to obtain a TIN if you have selected this reason); or
- Reason C:** No TIN is required. (Note: Only select this reason if the domestic law of the relevant jurisdiction does not require the collection of the TIN issued by such jurisdiction).

If **Reason B** has been selected above, explain why you are unable to obtain a TIN:

For Other Trust type only (as per section 1.3 above) please provide the following documentation with the Application Form for verification of identification:

- Certified copy\*** or certified extract of the trust deed including the full name of the settlor(s) (if the settlor(s) details are required) or Notice of assessment or **Certified copy\*** of assessment issued by the ATO in the last 12 months (only permitted if settlor details are not required);
- Certified copy\*** of identification of the **settlor(s)** (if required under section 1.3 above); and
- Certified copy\*** of identification of all **beneficial owners** as listed in section 1.5 above.

For all Trust types please complete the following additional sections of Part B:

- If you are completing this form as a **Corporate Trustee** please also complete 'Section 2 - Investor Type: Company' in addition to completing applicable this section.
- If you are completing this form both as Corporate and **Individual Trustee**, please complete 'Section 2 - Investor Type: Company' in addition to completing this section.

\* For the definition of certified copy and list of people that can certify documents refer to section 6 (page 63) of this Application Form.

## 02 | INVESTOR TYPE - AUSTRALIAN & FOREIGN COMPANY

If you are an Australian Company acting as Trustee of a fund or trust, this section must be completed in addition to section 1.

### 2.1 | GENERAL INFORMATION OF COMPANY

**Full Name** (as registered by ASIC or foreign registration body)

**Registration Number** (select the following categories which apply to the company and provide the information requested)

**ACN**   **Foreign body registration number** (if applicable)

**ARBN**

**Country of formation / incorporation / registration**

**Name of the foreign registration body** (if applicable)

**Registered Office Address** (PO Box is NOT acceptable)

**Suburb**

**State**

**Postcode**

**Country**

**Principal Place of Business** (PO Box is NOT acceptable) or indicate 'As Above'

**Suburb**

**State**

**Postcode**

**Country**

**2.2 | REGULATORY / LISTING DETAILS**

Select if any of the following categories apply to the company and provide the information requested.

**Regulated Company** (licensed by an Australian Commonwealth, State or Territory statutory regulator)

Regulator Name

Licence Number

**Australian Listed Company or Foreign Listed Company as defined in the IFSA/FPA Guidelines**

Name of market / exchange

**Majority-owned subsidiary of an Australian Listed Company**

Australian Listed Company Name

Name of market / exchange

**Foreign Company**

Country of formation / incorporation / registration

**2.3 | COMPANY TYPE**

Select only ONE of the following categories.

**Public Company** Section 2 now completed.     
 **Proprietary/Private Company** Go to Section 2.4 and 2.5 below.     
 **Other** Go to Section 2.4 and 2.5 below.

**2.4 | DIRECTORS**

This section only needs to be completed for Proprietary, Private and Other companies.

Please provide full name of each director below.

How many directors are there?

Full Given Name(s)	Surname
<input style="width: 90%;" type="text"/>	<input style="width: 90%;" type="text"/>
<input style="width: 90%;" type="text"/>	<input style="width: 90%;" type="text"/>
<input style="width: 90%;" type="text"/>	<input style="width: 90%;" type="text"/>
<input style="width: 90%;" type="text"/>	<input style="width: 90%;" type="text"/>

- If there are more directors, provide details on a separate sheet of paper and attach it to your Application Form.
- If the company is a **Foreign company not registered with ASIC**, please attach a **certified copy\*** of the certification of registration issued by the relevant foreign registration body.

\*For the definition of certified copy and list of people that can certify documents refer to section 6 (page 63) of this Application Form.

**2.5 | SHAREHOLDERS / BENEFICIAL OWNERS**

This section only needs to be completed for Proprietary, Private or Other companies *that are not regulated companies* as selected in Section 2.3.

Beneficial Owners through direct or indirect Shareholdings - Provide details of **ALL individuals** who are shareholders or beneficial owners through one or more shareholdings of more than 25% of the company's issued capital either directly or indirectly.

Other Beneficial Owners - If there are no individuals who meet these requirements, provide the names of the individuals who directly or indirectly control the company. If no such person can be identified then the most senior managing officer of the company (such as the managing director or directors who are authorised to sign on the company's behalf).

**SHAREHOLDER/BENEFICIAL OWNER - 1**

Please select which is applicable:

- Shareholder       Beneficial Owner  
 Other Beneficial Owner

*Individual's name must match provided ID exactly.*

Full Given Name(s)

Surname

Date of Birth

<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
DAY		MONTH		YEAR			

Residential Address (PO Box is NOT acceptable)


Suburb

State

Postcode

Country

**SHAREHOLDER/BENEFICIAL OWNER- 2**

Please select which is applicable:

- Shareholder       Beneficial Owner  
 Other Beneficial Owner

*Individual's name must match provided ID exactly.*

Full Given Name(s)

Surname

Date of Birth

<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
DAY		MONTH		YEAR			

Residential Address (PO Box is NOT acceptable)


Suburb

State

Postcode

Country

- If there are more shareholders/beneficial owners, provide details on a separate sheet of paper and attach it to your Application Form.



**2.6 | FATCA SELF-CERTIFICATION** *(to be completed by all companies)*

Please tick one of the following options that applies to the company:

**A Financial institution** (e.g. custodial or depository institution, investment entity or insurance company)

If so, please provide:

**GIIN:**

or

**FATCA Status:**

Select one of the following as nominated by you under the US Foreign Account Tax Compliance Act - **deemed compliant FFI, excepted FFI, non-participating FFI, no reporting IGA FFI, exempted beneficial owner or GIIN applied but not yet issued.**

**A company established under the laws of the US or is a resident for US tax purposes.**

If so, please provide TIN or Exemption Code:

**A non-US public company whose beneficial owners (through one or more shareholdings, who own more than 25% of the company’s issued capital) or controlling persons are US citizens or residents for tax purposes.\*\***

**A non-US proprietary company where any of the beneficial owners or controlling persons are US citizens or residents for tax purposes.\*\***

**\*\* If you have selected the third or fourth option, please provide the Name(s) and US Taxpayer Identification Number (TIN) of each beneficial owner or controlling person who is a US citizen or US resident for tax purposes:**

**Full Given Name(s)**  **US Taxpayer Identification Number (TIN)**

**Residential Address** (PO Box is NOT acceptable)

**Full Given Name(s)**  **US Taxpayer Identification Number (TIN)**

**Residential Address** (PO Box is NOT acceptable)

If there are more than 2 US citizens or US taxpayers please provide details on a separate sheet of paper and attach it to your Application Form.

**NONE OF THE ABOVE** – if so, please provide your FATCA status:

**Passive Non-Financial Non-US Entity with NO controlling US persons**  
*(generally an entity will be considered passive where greater than 50% of income is passive income such as dividends, interest, annuities and greater than 50% of its assets produce passive income); or*

**Active Non-Financial Non-US Entity**  
*(generally an entity will be considered active where it is carrying on a business); or*

**Other**

*(refer to your tax or legal advisor for your FATCA status if you don't believe any of the above apply).*

**2.7 | CRS SELF-CERTIFICATION** *(to be completed by all companies)*

**1. Is the entity a tax resident of any other country outside Australia?**

- No** (continue to question 2)
- Yes** Provide details of all jurisdictions that the entity is a tax resident. If resident in more than one jurisdiction please include details for all jurisdictions below (if more than 3 jurisdictions please provide them on a separate piece of paper):

Country of Tax Residence	Tax Identification Number (TIN) or equivalent	Reason Code (A, B or C)
1. <input style="width: 250px; height: 20px;" type="text"/>	TIN: <input style="width: 250px; height: 20px;" type="text"/>	<input style="width: 100px; height: 20px;" type="text"/>
2. <input style="width: 250px; height: 20px;" type="text"/>	TIN: <input style="width: 250px; height: 20px;" type="text"/>	<input style="width: 100px; height: 20px;" type="text"/>
3. <input style="width: 250px; height: 20px;" type="text"/>	TIN: <input style="width: 250px; height: 20px;" type="text"/>	<input style="width: 100px; height: 20px;" type="text"/>

If TIN or equivalent is not provided, please select a reason from the following options:

- Reason A:** The country / jurisdiction where the entity is resident does not issue TINs to its residents;
- Reason B:** The entity is otherwise unable to obtain a TIN or equivalent number (Please explain below why the entity is unable to obtain a TIN if you have selected this reason); or
- Reason C:** No TIN is required. (Note: Only select this reason if the domestic law of the relevant jurisdiction does not require the collection of the TIN issued by such jurisdiction).

If Reason B has been selected above, explain why you are unable to obtain a TIN:

**2. Is the entity a Financial Institution for the purposes of CRS?**

- Yes**    **No** (continue to question 4)

**3. Is the entity an Investment Entity (Financial Institution) located in a Non-Participating Jurisdiction for CRS purposes and managed by another Financial Institution?**

- Yes**    **No**

**4. Is the entity an Active Non-Financial Entity (Active NFE)?**

- Yes** Specify the type of Active NFE below:
  - Less than 50% of the Active NFE’s gross income from the preceding calendar year is passive income and less than 50% of its assets during the preceding calendar year are assets held for the production of passive income; or
  - Corporation that is regularly traded or a related entity of a regularly traded corporation; or
  - Governmental Entity, International Organisation or Central Bank.
- No** The entity is a Passive Non-Financial Entity (Passive NFE).

**5. Controlling Persons** – Is any natural person that exercises control over the entity (this would include directors or beneficial owners who ultimately own 25% or more of the share capital) a tax resident of any country outside of Australia?

**No**    **Yes** Complete details below for these persons:

<b>Full Name</b> (Person 1)	<b>Tax Identification Number (TIN)</b> or equivalent	<b>Reason Code</b> (A, B or C)
<input type="text"/>	<input type="text"/>	<input type="text"/>
<b>Date of Birth</b>	<b>Residential Address</b>	
<input type="text"/>	<input type="text"/>	

<b>Full Name</b> (Person 2)	<b>Tax Identification Number (TIN)</b> or equivalent	<b>Reason Code</b> (A, B or C)
<input type="text"/>	<input type="text"/>	<input type="text"/>
<b>Date of Birth</b>	<b>Residential Address</b>	
<input type="text"/>	<input type="text"/>	

<b>Full Name</b> (Person 3)	<b>Tax Identification Number (TIN)</b> or equivalent	<b>Reason Code</b> (A, B or C)
<input type="text"/>	<input type="text"/>	<input type="text"/>
<b>Date of Birth</b>	<b>Residential Address</b>	
<input type="text"/>	<input type="text"/>	

If TIN or equivalent is not provided, please select a reason from the following options:

- Reason A:** The country / jurisdiction where the individual is resident does not issue TINs to its residents;
- Reason B:** The individual is otherwise unable to obtain a TIN or equivalent number (Please explain below why the individual is unable to obtain a TIN if you have selected this reason); or
- Reason C:** No TIN is required. (Note: Only select this reason if the domestic law of the relevant jurisdiction does not require the collection of the TIN issued by such jurisdiction).

If **Reason B** has been selected above, explain why you are unable to obtain a TIN:

### 03 | INVESTOR TYPE - INDIVIDUAL/JOINT INVESTORS

#### INVESTOR - 1

Individual's name must match provided ID exactly.

Full Given Name(s)

Surname

Date of Birth

<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
DAY		MONTH		YEAR			

Residential Address (PO Box is NOT acceptable)


Suburb

State

Postcode

Country

**FATCA Self-certification:** Are you a United States (US) citizen or resident of the US for tax purposes?

**Yes** – Provide your Taxpayer Identification Number (TIN)

TIN:

**No**

**CRS Self-certification:** Are you a tax resident of any other country outside Australia?

**No**

**Yes** – Provide details of all jurisdictions that you are a tax resident. If resident in more than one jurisdiction please include details for all jurisdictions below (if more than 3 jurisdictions please provide them on a separate piece of paper):

Country of Tax Residence (1)

Reason Code (A, B or C)

TIN:

Country of Tax Residence (2)

Reason Code (A, B or C)

TIN:

#### INVESTOR - 2

Individual's name must match provided ID exactly.

Full Given Name(s)

Surname

Date of Birth

<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
DAY		MONTH		YEAR			

Residential Address (PO Box is NOT acceptable)


Suburb

State

Postcode

Country

**FATCA Self-certification:** Are you a United States (US) citizen or resident of the US for tax purposes?

**Yes** – Provide your Taxpayer Identification Number (TIN)

TIN:

**No**

**CRS Self-certification:** Are you a tax resident of any other country outside Australia?

**No**

**Yes** – Provide details of all jurisdictions that you are a tax resident. If resident in more than one jurisdiction please include details for all jurisdictions below (if more than 3 jurisdictions please provide them on a separate piece of paper):

Country of Tax Residence (1)

Reason Code (A, B or C)

TIN:

Country of Tax Residence (2)

Reason Code (A, B or C)

TIN:

**INVESTOR - 1** (continued)

<b>Country of Tax Residence</b> (3)	<b>Reason Code</b> (A, B or C)
<input type="text"/>	<input type="text"/>

**TIN:**

If TIN or equivalent is not provided, please select a reason from the following options:

- Reason A:** The country / jurisdiction where the individual is resident does not issue TINs to its residents;
- Reason B:** The individual is otherwise unable to obtain a TIN or equivalent number (Please explain below why the individual is unable to obtain a TIN if you have selected this reason); or
- Reason C:** No TIN is required. (Note: Only select this reason if the domestic law of the relevant jurisdiction does not require the collection of the TIN issued by such jurisdiction).

If **Reason B** has been selected above, explain why you are unable to obtain a TIN:


**COMPLETE BELOW IF INDIVIDUAL IS A SOLE TRADER**

**Full Business Name**

**ABN** (if any)

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

**Address of Principal Place of Business** (if any)  
(PO Box is NOT acceptable)


<b>Suburb</b>	<b>State</b>
<input type="text"/>	<input type="text"/>

<b>Postcode</b>	<b>Country</b>
<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	<input type="text"/>

**INVESTOR - 2** (continued)

<b>Country of Tax Residence</b> (3)	<b>Reason Code</b> (A, B or C)
<input type="text"/>	<input type="text"/>

**TIN:**

If TIN or equivalent is not provided, please select a reason from the following options:

- Reason A:** The country / jurisdiction where the individual is resident does not issue TINs to its residents;
- Reason B:** The individual is otherwise unable to obtain a TIN or equivalent number (Please explain below why the individual is unable to obtain a TIN if you have selected this reason); or
- Reason C:** No TIN is required. (Note: Only select this reason if the domestic law of the relevant jurisdiction does not require the collection of the TIN issued by such jurisdiction).

If **Reason B** has been selected above, explain why you are unable to obtain a TIN:


**COMPLETE BELOW IF INDIVIDUAL IS A SOLE TRADER**

**Full Business Name**

**ABN** (if any)

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

**Address of Principal Place of Business** (if any)  
(PO Box is NOT acceptable)


<b>Suburb</b>	<b>State</b>
<input type="text"/>	<input type="text"/>

<b>Postcode</b>	<b>Country</b>
<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	<input type="text"/>

If there are more than 2 joint individual investors, provide details on a separate sheet of paper and attach it to your Application Form.

## 04 | DECLARATION AND SIGNATURE

### I/We acknowledge, declare and agree that by signing this Application Form:

- I/we have received, read and understood the PDS to which this Application Form applies and have received and accepted the offer to invest in Australia.
- If I/we have received the PDS from the internet or other electronic means, that I/we received the PDS personally or a print out of it, accompanied by this Application Form.
- All details provided by me/us in this Application Form are true and correct and I/we have legal power to invest in the Fund.
- I/we agree to be bound by the terms and conditions of the current PDS and of the Constitution of the Fund, as amended from time to time.
- If this is a joint application, each of us agrees, unless otherwise indicated on this Application Form, that our investment is as joint tenants. Each of us is able to operate the account and bind the other(s) to any transaction including investments or withdrawals by any available method.
- That both Paragon and the Administrator are authorised to apply the TFN or ABN provided above to all future applications for Units in the Fund, including reinvestments, unless I/we notify Paragon or the Administrator otherwise.
- If investing as trustee on behalf of a superannuation fund or trust, I/we confirm that I/we am/are acting in accordance with my/our designated powers and authority under the trust deed and in the case of a superannuation fund, I/we also confirm that it is a complying fund under the Superannuation Industry (Supervision) Act.
- Paragon nor any other person or entity guarantees the repayment of capital invested in the Fund, the performance of, nor any particular return from the Fund, and I/we understand the risks involved as outlined in section 5 of the PDS titled "Key Risks".
- I/we acknowledge that Paragon may be required to pass on information about me/us or my/our investment to the relevant regulatory authority in compliance with the Anti-Money Laundering and Counter-Terrorism Financing Act (AML Act). I/we will provide such information and assistance that may be requested by Paragon to comply with its obligations under the AML Act and I/we indemnify Paragon against any loss caused by my/our failure to provide such information or assistance.
- The monies used to fund my/our investment are not derived from or related to any money laundering, terrorism financing or other illegal activities, whether prohibited under Australian law, international law or convention ('illegal activity') and the proceeds of my/our investment will not be used to finance any illegal activities.
- I/we am/are not a 'politically exposed' person or organisation for the purpose of any Anti-Money Laundering law.
- I/we acknowledge that any personal information I/we provide to the Administrator, Link Fund Solutions ('Link'), will be collected and handled in accordance with Link's privacy policy, available from their website at [www.linkgroup.com](http://www.linkgroup.com) or can be requested from Link. By submitting this form or any other paperwork relating to my/our investment, I/we consent to my/our personal information being collected and handled by the unit registry of Link in accordance with this policy.
- I/we consent to my/our personal information being disclosed to Paragon by Link. I/we acknowledge that my/our personal information will be collected, held, used and disclosed by Paragon as set out in the Privacy Collection Notice in section 8 of this Application and Paragon's privacy policy available from Paragon's website at [www.paragonfunds.com.au](http://www.paragonfunds.com.au). By submitting this Application or any other paperwork or information relating to my/our investment, I/we consent to Paragon collecting, holding, using and disclosing my/our personal information in accordance with the Privacy Collection Notice in section 8 of this Application and Paragon's privacy policy.
- I/we consent to my/our personal information being disclosed to Paragon by Link. I/we acknowledge that my/our personal information will be collected, held, used and disclosed by Paragon as set out in the Privacy Collection Notice in section 8 of this Application and Paragon's privacy policy available from Paragon's website at [www.paragonfunds.com.au](http://www.paragonfunds.com.au). By submitting this Application or any other paperwork or information relating to my/our investment, I/we consent to Paragon collecting, holding, using and disclosing my/our personal information in accordance with the Privacy Collection Notice in section 8 of this Application and Paragon's privacy policy.
- I/we confirm that Paragon and the Administrator are authorised to accept and act upon any instructions in respect of this Application and the Units to which it relates given by me/us by facsimile or other electronic means. The onus is on me/us to ensure that such instructions are received in legible form and I/we undertake to confirm them in writing. I/we indemnify Paragon and the Administrator against any loss arising as a result of either of them acting on facsimile instructions or other electronic means. Paragon and the Administrator may rely conclusively upon and shall incur no liability in respect of any action taken upon any notice, consent, request, instruction or other instrument believed, in good faith, to be genuine or to be signed by properly authorised persons.
- I/we acknowledge that the preferred mode for all regular communication or correspondence regarding my/our investment will be by email to the email address I/we have nominated in this Application.
- If I/we am/are the operator of an IDPS or responsible entity of an IDPS-like scheme, within the meaning of ASIC Class Orders 13/762 and 13/763, I/we undertake to comply with the applicable conditions set out in those class orders.
- If I/we am/are the custodian of an IDPS or IDPS-like scheme, we undertake, as the agent of the operator or responsible entity, that the operator or responsible entity will comply with the applicable conditions set out in those class orders and warrant that I/we have the capacity to make this undertaking on behalf of the responsible entity or operator.
- I/we will provide Paragon and the Administrator any information that either party reasonably requires in order to enable it to meet all of its compliance, reporting and other obligations under the US Foreign Account Tax Compliance Act (FATCA) and all associated rules and regulations from time to time (including, without limitation, the Inter-Governmental Agreement ('IGA') entered into between the governments of the US and Australia) and under the OECD Common Reporting Standard ('CRS').
- I/we understand that where I/we have provided Paragon or the Administrator with information in connection with FATCA or CRS, Paragon will treat that information as true and correct without any additional validation or confirmation being undertaken except where it is under a legal obligation to do so. Furthermore, I/we will promptly notify Paragon or the Administrator of any changes to the information provided by me/us in connection with FATCA or CRS.
- I/we acknowledge that Paragon reserves the right to reject any Application.

### Account operating instructions (if no selection is made, ALL individuals to sign will be the default)

Any individual to sign     Any two individuals to sign     All individuals to sign

Other – please specify:

#### Signature

1.

#### Full Name (block letters please)

Individual Investor     Trustee     Director

#### Date (dd/mm/yy)

#### Signature

2.

#### Full Name (block letters please)

Individual Investor     Trustee     Director

#### Date (dd/mm/yy)

#### Signature

3.

#### Full Name (block letters please)

Individual Investor     Trustee     Director

#### Date (dd/mm/yy)

## 05 | IDENTIFICATION DOCUMENTS

REQUIRED FOR ALL OF THE FOLLOWING INDIVIDUALS AS APPLICABLE FOR THIS APPLICATION:

- INDIVIDUAL TRUSTEES OF A TRUST** (incl SMSF) – per Section 1.2
- SETTLORS & BENEFICIAL OWNERS OF AN OTHER TRUST** – per Sections 1.3 & 1.5
- BENEFICIAL OWNERS OF THE COMPANY** – per Section 2.5
- INDIVIDUAL/JOINT INVESTORS** – per Section 3

Please provide either of the following forms of identification along with your completed Application Form:

- Certified copy\*** of a Primary Photographic Identification Document (see A below); or
- Certified copy\*** of a Primary Non-Photographic Identification Document AND a Secondary Identification Document (see B and C below).

### What are the Identification Documents?

#### A. Primary Photographic Identification Documents:

1. Licence or permit issued by State or Territory of Australia or equivalent authority of a foreign country for the purpose of driving a vehicle that contains a photograph of the person in whose name the document is issued.
2. Passport issued by the Commonwealth of Australia.
3. Passport issued for purpose of international travel that is issued by a foreign government and contains a photograph and the signature of a person in whose name the document is issued (accompanied by a written translation prepared by an accredited translator where required).
4. Card issued by a State or Territory of Australia for the purpose of proving a person's age that contains a photograph of the person in whose name the document is issued.
5. National Identity Card issued by a foreign government, for the purpose of identification that contains a photograph of the person in whose name the document is issued (accompanied by a written translation prepared by an accredited translator where required).

#### B. Primary Non-Photographic Identification Documents:

1. Birth Certificate or Birth Extract issued by a State or Territory of Australia.
2. Citizenship Certificate issued by the Commonwealth of Australia.
3. Citizenship Certificate issued by a foreign government (accompanied by a written translation prepared by an accredited translator where required).
4. Birth certificate issued by a foreign government (accompanied by a written translation prepared by an accredited translator where required).
5. Pension card issued by Centrelink that entitles financial benefits to the person in whose name the card is issued.

#### C. Secondary Identification Documents:

1. A notice that was issued to an individual by the Commonwealth, a State or Territory of Australia within the preceding 12 months that contains the name of the individual and his or her residential address and records the provision of financial benefits to the individual under a law of the Commonwealth, State or Territory.
2. A notice that was issued to an individual by a local government or utilities provider in Australia within the preceding 3 months that contains the name of the individual and his or her residential address and records the provision of services by that local government body or utilities provider to that address or to that person.

\* For the definition of certified copy and list of people that can certify documents refer to section 6 (page 63) of this Application Form.

## 06 | CERTIFIED COPY OF AN ORIGINAL DOCUMENT

**Certified copy** means a document that has been certified as a true copy of an original document.

**Certified extract** means an extract that has been certified as a true copy of some of the information contained in a complete original document by one of the persons described in the sub-paragraphs below.

### People who can certify documents or extracts are:

- a **lawyer** - a person who is enrolled on the roll of the Supreme Court of a State or Territory, or High Court of Australia, as a legal practitioner (however described);
- a **judge** of a court;
- a **magistrate**;
- a **chief executive officer** of a Commonwealth court;
- a **registrar** or **deputy registrar** of a court;
- a **Justice of Peace**;
- a **notary public** (for the purposes of the Statutory Declaration Regulations 1993);
- a **police officer**;
- a **postal agent** - an agent of the Australian Postal Corporation who is in charge of an office supplying postal services to the public;
- the **post office** - a **permanent employee** of The Australian Postal Corporation with 2 or more years of continuous service who is employed in an office supplying postal services to the public;
- an **Australian consular officer** or an **Australian diplomatic officer** (within the meaning of the Consular Fees Act 1955);
- an **officer** with 2 or more continuous years of service with one or more **financial institutions** (for the purposes of the Statutory Declaration Regulations 1993);
- a **finance company officer** with 2 or more continuous years of service with one or more financial companies (for the purposes of the Statutory Declaration Regulations 1993);
- an **officer** with, or **authorised representative** of, a **holder of an Australian financial services licence**, having 2 or more continuous years of service with one or more licensees;
- an **accountant** - a member of the institute of Chartered Accountants in Australia, CPA Australia or the National Institute of Accountants with 2 or more years of continuous membership; and
- a **chiropractor, dentist, medical practitioner, nurse, optometrist, pharmacist, physiotherapist, psychologist** and **veterinary surgeon**.

### The eligible certifier must include the following information:

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

The certified copy must include the statement ***“I certify this is a true copy of the original document”***.

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

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



## 07 | GUIDE TO COMPLETING THE APPLICATION FORM

TYPE OF INVESTOR	CORRECT NAME	SIGNATURE REQUIRED	SECTIONS TO COMPLETE
<b>Superannuation Fund</b> <ul style="list-style-type: none"> <li>use trustee(s) / personal name(s)</li> <li>use fund name as designation</li> </ul>	Amy Rachel Wood ATF <Amy Wood Super Fund>  ABC Pty Ltd ATF <Smith Superannuation Fund>	<ul style="list-style-type: none"> <li>signature of each individual trustee</li> <li>if trustee is a company, see below</li> </ul>	<b>If trustee(s) is/are individual(s):</b> Part A – in full Part B – sections 1 & 4  <b>If trustee is a company:</b> Part A – in full Part B – sections 1, 2 & 4
<b>Other Trusts</b> <ul style="list-style-type: none"> <li>use trustee(s) / personal name(s)</li> <li>use trust name as designation</li> </ul>	Paul Ryan Smith ATF <Smith Family Trust>  ABC Pty Ltd ATF <Smith Family Trust>	<ul style="list-style-type: none"> <li>signature of each individual trustee</li> <li>if trustee is a company, see below</li> </ul>	<b>If trustee(s) is/are individual(s):</b> Part A – in full Part B – sections 1 & 4  <b>If trustee is a company:</b> Part A – in full Part B – sections 1, 2 & 4
<b>Company</b> <ul style="list-style-type: none"> <li>use full company name, do not use abbreviations</li> </ul>	ABC Pty Ltd XYZ Limited	<ul style="list-style-type: none"> <li>by two directors, or</li> <li>by a director and a secretary, or</li> <li>if there is only one director by that sole director</li> </ul>	Part A – in full Part B – sections 2 & 4
<b>Individual / Joint investors</b> <ul style="list-style-type: none"> <li>use full name of each applicant, do not use initials</li> </ul>	Alexander John Smith Laura Sue Barden	<ul style="list-style-type: none"> <li>signature of each applicant</li> </ul>	Part A – in full Part B – sections 3 & 4
<b>Minors</b> <ul style="list-style-type: none"> <li>use trustee(s) / individual(s) name(s)</li> <li>use minor name as designation</li> </ul>	Paul Ryan Smith <Joel Smith>	<ul style="list-style-type: none"> <li>signature of each trustee/individual</li> </ul>	Part A – in full Part B – sections 3 & 4
<b>Deceased estates</b> <ul style="list-style-type: none"> <li>use executor(s) personal name(s), do not use name of the deceased</li> </ul>	John Smith <Est Jane Smith A/c>	<ul style="list-style-type: none"> <li>signature of the executor(s)</li> </ul>	Part A – in full Part B – sections 3 & 4

## 08 | PRIVACY COLLECTION NOTICE

Paragon Funds Management Limited ACN 159 623 873 (**'Paragon'**) collects personal information about you in Paragon's capacity as the responsible entity of the Paragon Australian Long Short Fund ARSN 161 565 920 (**'Fund'**).

Such information may be collected directly from you by Paragon or may be disclosed to Paragon by Link Fund Solutions Pty Ltd ACN 114 914 215 (**'Link'**) or by any other party that acts as the administrator of the Fund from time to time.

Link will also collect personal information about you in its capacity as the administrator of the Fund. Such information may be collected directly from you by Link or may be disclosed to Link by Paragon.

Paragon collects personal information for the purposes of acting as the responsible entity of the Fund and for the other purposes detailed in Paragon's privacy policy. Link collects personal information for the purposes of acting as the administrator of the Fund and for the other purposes detailed in Link's privacy policy.

Paragon or Link may be required or authorised by law to collect certain personal information from you and/or disclose certain personal information. For example, Paragon and Link may be required to collect and disclose certain information in order to comply with the identification and verification requirements imposed under the Anti-Money Laundering and Counter Terrorism Financing Act.

If you do not provide the personal information requested in this Application Form or provide incomplete or inaccurate information, Paragon and/or Link may not be able to accept or process your application for investment in the Fund or may be limited in the services Paragon and/or Link can provide with respect to the administration of any investment you subsequently make in the Fund.

Paragon's privacy policy sets out details of how Paragon will collect, store, manage, use and disclose personal information it collects from you and is available at [www.paragonfunds.com.au](http://www.paragonfunds.com.au). Link's privacy policy sets out details of how Link will collect, store, manage, use and disclose personal information it collects from you and is available at [www.linkgroup.com/privacy/](http://www.linkgroup.com/privacy/).

These policies also contain information about how you can access and seek correction of the personal information held by Paragon and Link (as applicable), how you can complain to Paragon or Link (as applicable) about a breach of the Privacy Act or any registered code under the Privacy Act that binds Paragon or Link and how Paragon or Link (as applicable) will respond to and deal with such a complaint.

Paragon will disclose your personal information to Link or any other party that acts as the administrator of the Fund from time to time.

Link may disclose your personal information to organisations involved in providing services to Link, including registry or identity verification service providers.

Paragon and Link may disclose your personal information to other third party service providers which Paragon or Link may engage to provide custody, administration, technology, auditing, mailing, printing or other services.

Some of the recipients to whom Paragon discloses your personal information may be located overseas. It is not practicable to list every country in which such recipients are located but it is likely that such countries may include the UK, the USA, South Africa, Singapore and the Philippines.

### **For queries or information regarding privacy matters please contact:**

#### **Paragon Funds Management Ltd**

Email: [client.services@paragonfunds.com.au](mailto:client.services@paragonfunds.com.au)

Phone: (03) 9652 2500

Mail: Level 19, 80 Collins Street, Melbourne VIC 3000

#### **Link Fund Solutions Pty Ltd**

Email: [LFS\\_Registry@linkgroup.com](mailto:LFS_Registry@linkgroup.com)

Phone: (02) 9547 4311

Mail: Link Fund Solutions - Unitholder Services,  
GPO Box 5482, Sydney NSW 2001

# 12 ▶ Directory

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## RESPONSIBLE ENTITY AND CLIENT SERVICES

### Paragon Funds Management Ltd

**ABN** - 42 159 623 873    **AFSL** - 426800

Level 19, 80 Collins Street, Melbourne VIC 3000

**tel.** (03) 9652 2500

**eml.** [client.services@paragonfunds.com.au](mailto:client.services@paragonfunds.com.au)

**web.** [www.paragonfunds.com.au](http://www.paragonfunds.com.au)

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## PRIME BROKER

### UBS AG, Australia Branch

ABN - 47 088 129 613

Level 16, Chifley Tower,  
2 Chifley Square, Sydney NSW 2000

## CUSTODIAN

### UBS Nominees Pty Limited

ABN - 32 001 450 522

Level 16, Chifley Tower,  
2 Chifley Square, Sydney NSW 2000

## ADMINISTRATOR

### Link Fund Solutions Pty Ltd

ABN - 44 114 914 215

Level 12, 680 George Street  
Sydney NSW 2000

## AUDITOR

### Moore Stephens Audit (VIC)

ABN - 16 847 721 257

Level 18, 530 Collins Street  
Melbourne VIC 3000

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## PARAGON FUNDS MANAGEMENT

[www.paragonfunds.com.au](http://www.paragonfunds.com.au)

**Paragon Funds Management Ltd**  
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