



## EXCHANGE TRADED FUND

DIGGA Australian Mining Fund  
(ASX Code DGA)

## PRODUCT DISCLOSURE STATEMENT

Dated 28 December 2011



CHIMAERA CAPITAL LIMITED

ARSN 154 057 459

## IMPORTANT INFORMATION



Neither Chimaera Capital Limited nor any related entity of the Chimaera Group, guarantees that you will earn any return on your investment or that your investment will gain in value or retain its value. An investment in the Fund is subject to investment risk, including possible delays in repayment and loss of income and capital invested. For further information, see; Section 4 – **The Risks of Investing**.

The information in this PDS is general information only and does not take into account your individual objectives, financial situation or needs. You should consider whether the information in this PDS is appropriate for you in light of your objectives, financial situation and needs. To obtain advice or more information about the products offered in this PDS you should speak to your financial adviser.

### HOW TO CONTACT US

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[www.chimaeracapital.com](http://www.chimaeracapital.com)  
[www.chimaeraindexseries.com](http://www.chimaeraindexseries.com)

### ELIGIBILITY

The offer in this PDS is only available to stockbrokers acting as principal (being persons who have been authorised as Market Participants under the ASX Operating Rules) who have entered into a relevant Authorised Participant Agreement with us (**Authorised Participant**).

Investors who are not Authorised Participants looking to acquire Units in the Fund, cannot apply for Units directly with us, but may acquire and trade Units on the ASX. Please consult your stockbroker or financial adviser.

The distribution of this PDS and the offer to which this PDS relates in jurisdictions outside Australia may be restricted by law. Nothing in this document constitutes an offer in any place which, or to any person whom, it would not be lawful to make such an offer. No action has been taken to register or qualify Units or to otherwise permit a public offering of Units outside Australia. Units may be offered to persons outside Australia in accordance with the laws of the relevant jurisdiction.

In particular, Units have not been and will not be registered under the United States Securities Act 1933, as amended (**US Securities Act**), or the securities laws of any state of the United States, and may not be offered or sold in the United States or to, or for the account or benefit of, a 'US person' (as defined in Regulation S of the US Securities Act)

### UPDATED INFORMATION

**Information in the PDS that is not materially adverse may change from time to time and may be updated. The updated information will be made available to you on our website [www.chimaeracapital.com](http://www.chimaeracapital.com) or you can request a paper copy free of charge from the Chimaera Client Services Group on 03 8614 8400 or your financial adviser.**

### ABOUT THIS PRODUCT DISCLOSURE STATEMENT

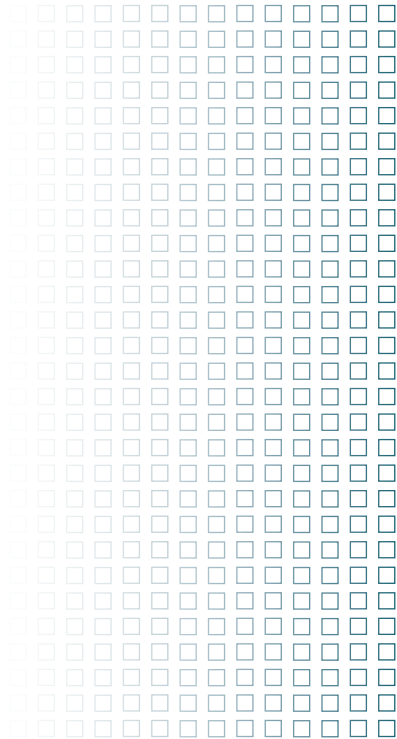
This Product Disclosure Statement (**PDS**) dated 28 December 2011 is issued by Chimaera Capital Limited ABN 66 074 577 647, AFS Licence Number 246542, the responsible entity (**Responsible Entity**) of the DIGGA Australian Mining Fund (ARSN 154 057 459) (Fund). It describes the features of the Fund, such as the investment structure, the various transactions that may form part of the investment strategy, the fees and costs and other important information. In this PDS, references to "Chimaera", "we", "our" or "us" are references to Chimaera Capital Limited. A copy of this PDS has been lodged with both the Australian Securities and Investments Commission (**ASIC**) and the Australian Securities Exchange (**ASX**). Neither ASIC nor the ASX take any responsibility for the contents of this PDS. As at the date of this PDS, units in the Fund (Units) are yet to be quoted and an application for quotation has been made to the ASX.

If you are printing an electronic copy of the PDS, you must ensure that you print all pages including the Application Form. If you make the PDS available to another person, you must give them the entire electronic file or printout, including the Application Form.

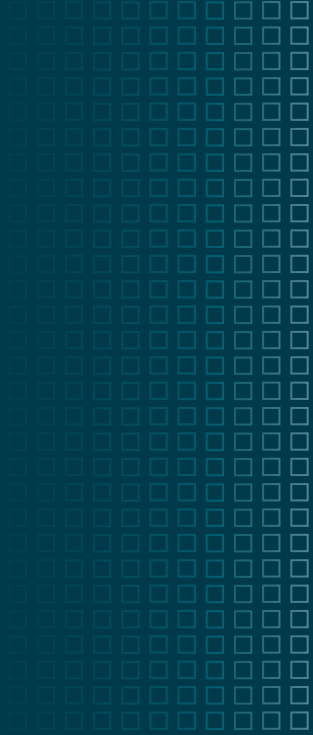
Chimaera Capital Limited has sufficient working capital to enable it to operate the Fund as set out in this PDS.

### S&P CUSTOM INDICES DISCLAIMER

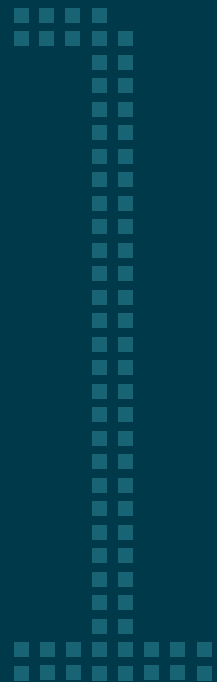
The Chimaera Australian Mining Index (Index) is the exclusive property of Chimaera Capital Limited, which has contracted (the Master Agreement) with (S&P) to maintain and calculate the Index. Standard & Poor's® and S&P® are registered trademarks of Standard & Poor's Financial Services LLC "Calculated by S&P Custom Indices" and its related stylized mark(s) are service marks of Standard & Poor's Financial Services LLC and have been licensed for use by Chimaera Capital Limited. S&P and its affiliates shall have no liability for any errors or omissions in calculating the Index.



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## SUMMARY OF KEY INFORMATION



## Summary of Key Information

Fund Name	DIGGA Australian Mining Fund
ASX Code	DGA
Type of Investment	<p>The Fund is an exchange traded fund (ETF). This means investors will gain exposure to a diversified portfolio of assets in a single transaction.</p> <p>The Fund's portfolio is based upon the Chimaera Australian Mining Index designed by Chimaera Index Advisors Pty Ltd (ACN 136 012 792).</p> <p>This index has been designed to objectively represent an ASX listed equity exposure to the Australian Mining sector.</p> <p>For further information see: Section 3 – <b>Additional Details of the DIGGA Australian Mining Fund.</b></p>
Investment Objective	<p>To generate a return before costs and taxes, in line with the Chimaera Australian Mining Index.</p> <p>The Fund is a medium term investment, and is designed to be held for a minimum period of between three to five years.</p>
Investment Strategy	<p>The Fund seeks to track the performance of the above mentioned index by investing in ASX listed shares. For further information about the investment strategy and management, please see; Section 3.4 – <b>Investment Policy.</b></p>
Quotation	<p>The Responsible Entity has applied to the ASX for Units in the Fund to be quoted on the AQUA Trading Market under the AQUA Rules of the ASX. Once quoted, Units may be traded like any other quoted security. For further information on the AQUA Rules, please see: Section 5 – <b>Differences between ASX Listing Rules and ASX AQUA Rules.</b></p>
Responsible Entity	Chimaera Capital Limited; AFSL 246542
Investment Manager	Chimaera Private Limited; ABN 22 108 940 889 AFSL 317743
Registrar	Computershare Investor Services Pty Ltd; ABN 48 078 279 277
Custodian	Chimaera Capital Limited; AFSL 246542
Auditors	Hayes Knight Auditors Pty Ltd; ABN 86 005 105 975
Index Provider	Chimaera Index Advisors Pty Ltd ABN 62 136 012 792
Index Maintenance and Calculation Agent	<p>Standard and Poor's Financial Services LLC</p> <p>Further details regarding the various service providers to the ETF, can be found in; Section 8 – <b>Other Important Information.</b></p>

# Product Disclosure Statement

## Fees and Costs

Entry/Contribution Fee	Nil
Withdrawal Fee	Nil
Switching Fee	Nil
Transaction Fee	A\$350 per application/redemption of each creation or redemption unit amount.  Please refer to Section 7 – <b>Fees and Costs</b> , for further details of the transaction costs, including the costs which will apply for applying/redeeming for multiple creation/redemption unit amounts.
Management Costs	1.00% p.a. For full details of all fees and charges, please see; Section 7 – <b>Fees and Costs</b> .

## Transacting

### Investing

The offer in this PDS is only available to Authorised Participants. The minimum number of Units that can be acquired by an Authorised Participant is calculated by reference to a minimum creation unit amount of A\$250,000 (or such lower amount as agreed with us in our absolute discretion).

To apply for Units, the Authorised Participant must transfer a specified parcel of quoted securities (the application basket) to us through CHESS and provide us with the cash component. The cash component is the difference between the minimum creation unit amount (or relevant multiple thereof) and the value of securities transferred to us.

Cooling-off rights do not apply to an investment in this Fund.

For full details of how to apply for Units in the Fund, please see Section 9 – **How to Transact With Us**.

You may also purchase Units on the ASX. The purchase of Units on the ASX is not governed by the terms of this PDS and as such the minimum investment does not apply.

### Redemptions

The minimum number of Units that can be redeemed by an Authorised Participant is calculated by reference to a minimum redemption unit amount of A\$250,000 (or such lower amount as agreed with us in our absolute discretion)

To redeem Units, the Authorised Participant must request a redemption of Units from us in accordance with the Constitution. If the request is accepted, the Authorised Participant must transfer the Units to us, in return for which we will transfer a specified parcel of quoted securities through CHESS (the redemption basket) and provide the Authorised Participant with the applicable cash component if any. The cash component is the difference between the minimum redemption unit amount (or relevant multiple thereof), and the value of securities transferred by us.

For full details of how to redeem Units, please see Section 9 – **How to Transact With Us**.

You may also sell your Units on the ASX. The sale of Units on the ASX is not governed by this PDS and as such minimum redemption does not apply.

### Distributions

Distributions will generally be calculated annually or at such other time as determined by the Responsible Entity.

The proceeds on the redemption of Units in the Fund will also include a distribution of the income of the Fund.

## Information About Your Investment

### Website

The following information can be obtained from our website at

**[www.chimaeracapital.com](http://www.chimaeracapital.com)**

- the Fund's daily net asset value (NAV);
- the Fund's daily NAV per Unit;
- the Fund's Estimated Intraday NAV per Unit;
- copies of announcements made to the ASX via the ASX Company Announcements Platform (including continuous disclosure notices and distribution information);
- copies of the latest PDS;
- copies of Annual Reports and financial statements for the Fund;
- Chimaera's unit pricing discretions policy;
- Portfolio Holdings and percentage weightings (available to scheme members - Computershare will advise you how to access this information).

### Tax Reporting

An annual tax statement will be sent to you.

### Fund Performance

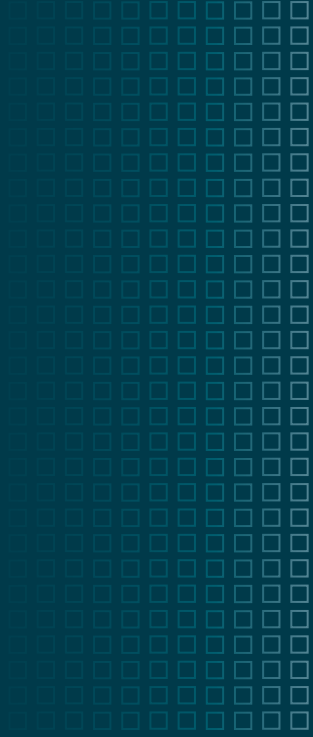
Performance information for the Fund will be available at

**[www.chimaeracapital.com](http://www.chimaeracapital.com)**.

As this is a new Fund, there is currently no information about the past performance of the Fund. Historical performance of the index which the Fund tracks is available at

**[www.chimaeraindexseries.com](http://www.chimaeraindexseries.com)**

The return of capital or performance of the Fund is not guaranteed. Past performance is not an indication of future performance.



ABOUT THE CHIMAERA GROUP





## About the Chimaera Group

### History

Chimaera Group was formed in 1996 as a strategic investments and arbitrage group within Paloma Partners, one of the major market neutral hedge funds operating globally and based in Greenwich, Connecticut. Chimaera Group's mandate included the development and trading of structured products, as well as the management of investments for Paloma Partners.

In 1997 Chimaera formed an alliance with the Global Investment Manager Services division of Donaldson, Lufkin & Jenrette Inc. and expanded its business and mandates to include key strategies and products throughout Australia and Western Europe.

### Core Businesses

Today, Chimaera's business covers a number of markets, principally in Australia and Asia. With offices in Melbourne, Singapore and Hong Kong, it commands a unique position in the market having global capabilities in capital markets, securities services, corporate finance, trading and asset management.

Chimaera Capital Limited is a custodian for high net worth investors, family offices, hedge funds and investment managers, advisers and other financial intermediaries. It provides Responsible Entity services for Australian Managed Investment Schemes and is an approved ASX CHES settlement participant.

Chimaera Private Limited in Melbourne, in conjunction with Chimaera Capital Management Pte Ltd based in Singapore, provides dedicated asset management services. Since 1996, Chimaera has developed a unique position in serving the particular investment needs of institutions, medium sized enterprises and high net worth individuals. Its fund managers have extensive experience in managing a broad range of investments across debt and equity markets in multiple geographies.

Chimaera Index Advisors Pty Ltd (**Chimaera Index Advisors**) is an index provider and also undertakes financial market research. It seeks to identify, research and monitor investment themes which are emerging and not particularly well understood or represented within the current market place.

Chimaera Index Advisors' mission is to provide the market with indices that reflect sector or thematic performance of ASX listed, Australian focussed mining and energy companies. More information on the index which the Fund tracks can be found in;

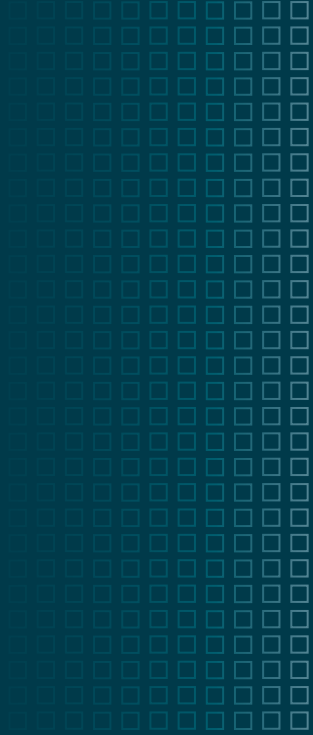
Section 3.2 – **Index Details and Characteristics.**

### More Information Can Be Found at:

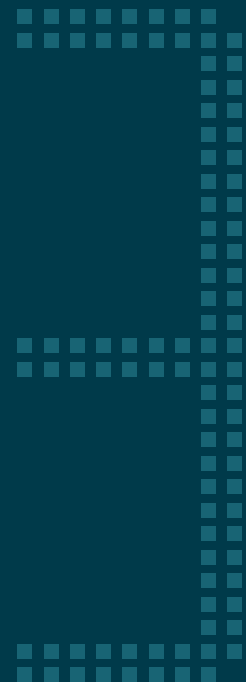
[www.chimaeracapital.com](http://www.chimaeracapital.com)  
[www.chimaeraindexseries.com](http://www.chimaeraindexseries.com)

### Bloomberg Home Page

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ADDITIONAL DETAILS OF THE DIGGA  
AUSTRALIAN MINING FUND



## Additional Details of the DIGGA Australian Mining Fund

The DIGGA Australian Mining Fund is an Exchange Traded Fund (ETF) which is designed to track a purpose built index.

### 3.1 About ETFs

ETFs are managed funds whose interests are quoted on a recognised exchange (for example, the ASX), providing you with the opportunity to buy or sell a diversified portfolio of assets in a single transaction on the stock market.

The advantages of ETFs include:

#### Diversification

A single ETF transaction gives an investor exposure to units in the ETF fund, which in turn holds a diversified portfolio of securities. This means investors can gain a broad market, or individual sector exposure, therefore helping to mitigate company specific risks.

#### Liquidity and Transparency

Unlike traditional non-listed managed funds, an interest in an ETF is a tradeable security. You can easily track the ETF's performance and can even trade on the same day (subject to ASX rules). Many ETFs can be short sold, purchased in a margin loan account and traded using stop-loss and limit orders.

#### Less Need for Rebalancing

A unique feature of ETFs is the application and redemption process. Units in ETFs are created or redeemed through the transfer into and out of the fund of a basket of securities that generally replicates the ETF's portfolio of securities. As a result, the manager has less need to constantly rebalance the portfolio, which in turn reduces the transaction costs for the fund.

#### Lower Costs

ETFs are cost effective and are typically able to achieve lower operating costs, compared to other forms of retail managed funds. However, brokerage or other fees may still apply when buying or selling units in an ETF through a stockbroker.

#### Simplicity

Making an investment in an ETF is simple, and removes the need to hold and manage a large portfolio of stocks to gain a desired exposure. If you are looking to invest in a certain industry or want to track a particular index return, you can do so with ETFs.

### 3.2 Index Details and Characteristics

The DIGGA Australian Mining Fund tracks a customised index, specifically designed to capture the performance of base metals and bulk commodities companies within the ASX listed equity universe.

Chimaera together with the S&P Custom Indices Group in New York, have constructed a series of specialised indices covering the Australian mining and energy sectors of the ASX listed equity market. The Chimaera Australian Mining Index and the Chimaera Australian Energy Index have now been released, with index values calculated on a real time basis, and performance history stretching back to 2004.

#### About the Chimaera Australian Mining Index

The Chimaera Australian Mining Index measures the performance of the Australian based mining sector within the ASX listed equity universe. The index includes approximately 70 of the largest publicly-traded companies in minerals and exploration businesses that meet specific investment and liquidity requirements.

As the index is designed to provide a comprehensive and objective indicator of the Australian metals and mining sector, it is reconstituted regularly to ensure the very large stocks by

# Product Disclosure Statement

capitalisation, including the global diversified miners, do not distort the performance and characteristics of this sector.

From an investment perspective, the index provides a liquid exposure to Australian high-growth bulk commodities companies, the main beneficiaries of the expected continuing growth in demand for resources, from the global growth engines of Asia.



**Index Methodology**

The index uses a modified market capitalisation weighting scheme. Constituent weights are driven by size and no single stock has a weight of more than 5%. The index had a base value of 1000 as at the commencement date on 20 December 2004.

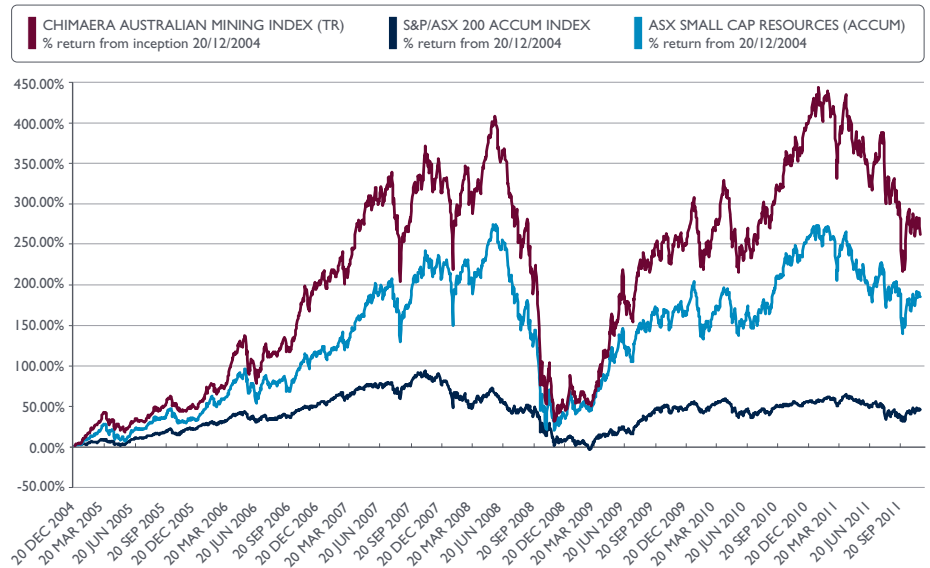
Using the ASX universe combined with detailed company-specific classification techniques, the index captures stocks by business description in addition to their Global Industry Classification Standard (GICS®). As such, the index tracks a liquid exposure to an investment theme that cuts across traditional industry definitions and geographical boundaries.

The investment universe is the ASX Materials and Energy Global Industry Classification Standard (GICS®) sectors. Filters are run against this list, the first of which eliminates companies which are above A\$10bn in market capitalisation. Further filtering removes those companies, primarily the global diversified miners, who choose to list in Australia, but have a business focus or primary assets located in foreign markets (for example, BHP Billiton and Rio Tinto), as well as gold and oil related companies whose primary resource prices are affected by highly volatile cross market investment themes.

The index is reconstituted on a monthly basis, and liquidity levels are observed at the 20 day and 3 month intervals across the entire selection universe prior to rebalancing. Liquidity filters ensure that existing constituents who fail to meet the liquidity criteria, can be removed in a timely manner. The filters also ensure that minimum liquidity levels are satisfied for potential new entrants to the index. The result is a unique and tradeable group of producers, emerging producers and explorers of Australian base metals and bulk commodities.

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## Index Performance



As at 17 November 2011	1 Month %	3 Months %	YTD %	1 Year %	5 Years %	Since Inception % 20/12/2004	Since Inception % Annualised
Chimaera Australian Mining Index	-5.24%	-14.54%	-29.42%	-19.03%	27.07%	232.29%	18.97%
Chimaera Australian Mining Index (TR)	-5.24%	-13.92%	-28.36%	-17.81%	36.77%	272.59%	20.96%
S&P / ASX 200 (Accum) Index	0.29%	0.85%	-6.28%	-3.67%	-2.14%	44.51%	5.47%
ASX Small Cap Resources (Accum)	0.56%	-4.13%	-22.56%	-13.08%	41.59%	184.68%	16.34%

Source: Chimaera Index Advisors Pty Limited, Chimaera Capital Limited, Bloomberg @ 17 Nov 2011

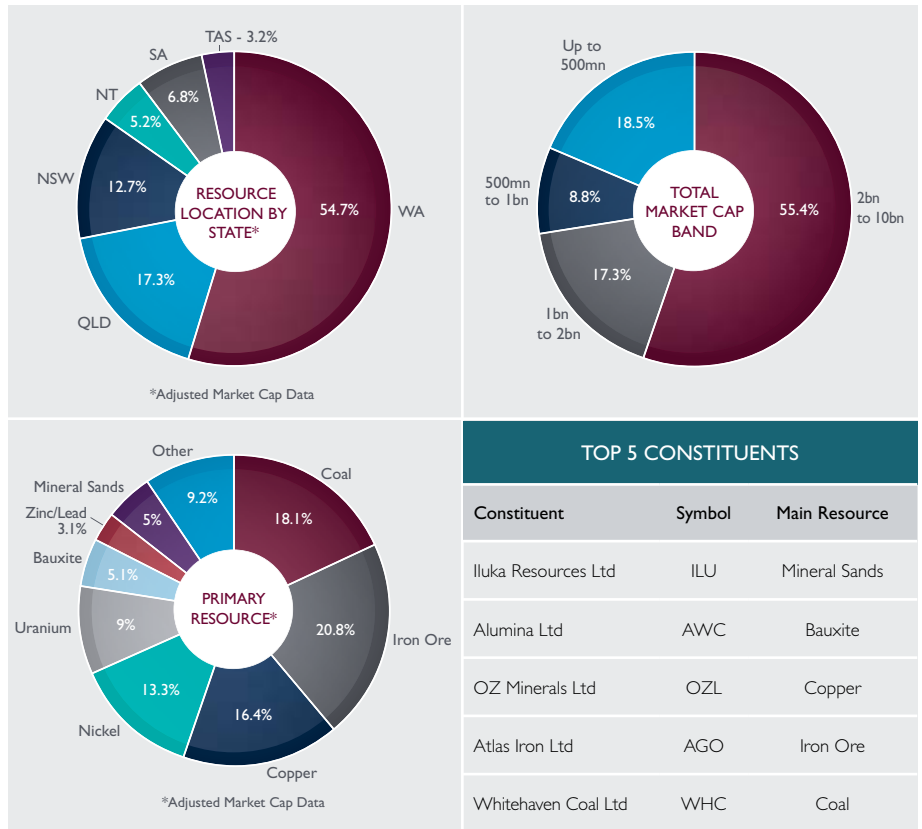
## Index Characteristics

	Adjusted Market Cap (\$b)	Total Market Cap (\$b)
Number of Constituents	67	67
Constituent Market Cap	23.2	39.4
Average Constituent Size	0.35	0.59
Largest Constituent Size	1.16	7.16
Smallest Constituent Size	0.02	0.02
Median Constituent Size	0.17	0.17
% Index Weight Largest Constituent	5.00%	18.18%
Top 5 Holdings (% Market Share)	25.00%	50.03%

Source: Chimaera Index Advisors Pty Limited, Chimaera Capital Limited, Bloomberg @ 17 Nov 2011

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## Index Composition



Source: Chimaera Index Advisors Pty Limited, Chimaera Capital Limited, Bloomberg @ 17 Nov 2011

For more information please go to: [www.chimaeraindexseries.com](http://www.chimaeraindexseries.com)

### 3.3 Key Benefits of the DIGGA Australian Mining Fund

#### Access to World Class Listed Resources Assets

Australia has the world's largest economic demonstrated resources of lead, mineral sands, uranium, and zinc. It also ranks in the top six countries in the world for economic resources of coal, bauxite, copper, iron ore, and nickel\*.

Proven reserves in Australia continue to expand, and in general, exploration success and technological advances have meant that Australia's economic demonstrated resources for most commodities have been relatively stable or have actually increased.

Discoveries of world-class deposits and fields have continued to be made in both established and greenfield regions confirming that Australia still has considerable resources potential.

Foreign investment and ownership is on the increase as Chinese, Indian and other Asian countries look outward to secure reliable future supply of various commodities, and are finding such companies in Australia at compelling valuations.

Resources companies in Australia are gaining access to the funding required to re-ignite the development of their world class exploration assets, with the view to becoming the raw material producers of the future.

Major resource regions are well spread across the country, with world class infrastructure in place to facilitate export to global markets.

\* Australian Bureau of Statistics

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Source: Google Earth, Geoscience Australia – Australian Mines Atlas, U.S. Department of the Interior; Chimaera Index Advisors.

## Exposures not Distorted by Diversified Companies with Significant Assets Outside Australia

The DIGGA Australian Mining Fund provides investors with exposure to the Australian mining sector – **Australian miners with Australian assets**. This Fund is designed to track exclusively the performance of the largest publicly traded mining companies with the aim of delivering the performance of the Australian domestic mining sector without the inherent distortions arising from the inclusion of the global diversified miners (such as BHP Billiton and Rio Tinto). Stock specific exposure is managed against the Chimaera Australian Mining Index, which in turn limits individual constituent exposures to 5% at each rebalance date.

## Pure Exposure

The Australian Stock Exchange is an important centre for capital raising, particularly for small and medium sized mining companies. Consequently, companies will often choose to list on the ASX even though their predominant operations and assets are located in less transparent foreign markets. These companies are excluded from the Fund. As a result, the Fund represents a unique path to capturing the performance of ASX listed companies, whose predominant asset(s)/operations are located only within Australia.

Furthermore, Global Industry Classification Standard (GICS®) sectors are used by index providers to classify and aggregate constituent companies. This broad level of categorisation means that all companies from a particular sector are included irrespective of whether they are directly involved with the extraction or exploration of raw materials. The DIGGA Australian Mining Fund is designed to track an index which is exposed only to direct mining extraction and exploration companies, thus excluding refiners, processors, mining service and equipment providers, and other indirect operators.

The result is a group of well established and emerging producers and explorers of Australian natural resources.

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## Gold as a Separate Sector

ASX listed gold miners and explorers are excluded from the Fund. Essentially, by unbundling gold companies from the broader ASX listed resources universe, investors now have the potential to dynamically manage their allocation to the gold sector separately from bulk commodities and base metals.

Gold is an important segment of the commodities market and is often viewed as a safe haven investment during periods of economic and geopolitical uncertainty, a hedge during periods of high inflation, and also as a desirable investment when the USD weakens. As such, the market participants in the gold sector can have different investment objectives and requirements, and cross market investment themes can drive the price of gold differently to the demand driven style of pricing, prevalent in the bulk commodities and base metals segment of the market.

## Sector Exposure versus Stock Specific Exposure.

Whether positioning for a medium term cyclical trend change, or a longer term structural shift in the market, an investors ability to participate in an emerging investment theme, requires simple and effective tools to gain exposure in a timely manner.

By investing in the Fund, investors do not have to rely on stock selection in what has traditionally been a hard to access and under researched segment of the market. Investors are now able to make a macro or top down allocation to the broad subsets which comprise the ASX listed resources universe.

The global diversified miners and gold enjoy abundant liquidity, and are accessible by all investors. Now investors can complement their resources allocation, through a simple ETF transaction that provides access to the Australian bulk commodities and base metals sector. Enjoy the ease of execution, and the benefits of true asset diversification in the resources sector.

## 3.4 Investment Policy

### Investment Strategy

The Fund seeks to track the performance of the Chimaera Australian Mining Index by investing in ASX listed shares. The Fund is managed using a full replication strategy, designed to provide returns as close to the stated index as possible. Full replication means that the Fund will attempt to own as many of the securities as contained in the index wherever possible. From time to time the Fund may hold other ASX listed securities which are not contained in the index, but have similar or consistent characteristics to the relevant index constituents. The Fund may hold index constituent securities in different proportions to that of the stated index.

### Investment Management

Chimaera Private Limited (**Investment Manager**), a related body corporate of the Responsible Entity, will perform the investment management for the Fund pursuant to an investment management agreement with the Responsible Entity. This agreement sets out the duties, powers and responsibilities of the manager, and the discretions the manager can exercise in managing the portfolio of securities within the Fund's investment objectives. The Responsible Entity may terminate the agreement under certain circumstances. These include but are not limited to, insolvency or licence cessation of the investment manager, or if there are certain non-remediable breaches of the investment management agreement.

Risk management processes undertaken by the Investment Manager are designed to control the tracking error of the Fund versus its index. This combined with detailed liquidity screening, helps to ensure the Fund tracks its index as closely as possible. Furthermore, such risk management seeks to ensure the risks created by the small deviations between the Fund and its index are quantified and understood.

### Derivatives

Although, the day to day operation of the Fund will not include the use of derivatives, there may be occasions where the use of equity derivatives may be required to achieve a desired investment exposure without buying or selling the underlying asset. Derivatives will not be used speculatively or to leverage the Fund.



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The Fund may only transact with approved counterparties, who are appropriately licensed to conduct derivative business in Australia, and therefore meet all regulatory requirements imposed under the ASIC financial services licensing regime. We may also transact with overseas based counterparties, that are appropriately licensed and supervised by a regulatory body of equivalent standing to ASIC. All counterparties must have acceptable financial standing and reputation, and meet any other criteria the Responsible Entity deems relevant in the best interests of Unitholders.

## Borrowings

The Fund will generally not borrow money. There may be occasions however where borrowing is undertaken to meet short term liquidity requirements. In addition, the Fund may borrow securities to implement an investment strategy. Borrowing will only be undertaken where we consider that it is in the best interests of Unitholders to do so.

## Securities Lending

The Fund does not currently participate in a securities lending or borrowing program, but may do so in the future from time to time. In this instance, all such transactions must be undertaken under acceptable market counterparty master agreements with counterparties that are appropriately licensed to conduct derivatives business in Australia. The Fund will not accept less than 100% collateral coverage in respect of all securities loans, however it is likely that collateral coverage may be less than 100% at any particular time due to general market movements and security specific volatility. Acceptable collateral is limited to cash, cash equivalents including Commonwealth Government Bonds, and ASX listed shares.

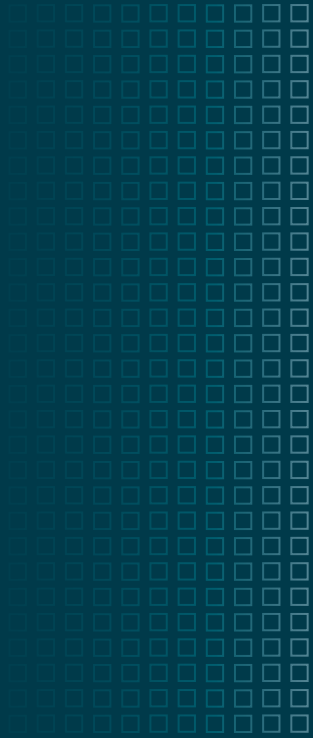
There are additional risks involved with securities lending. For details see; Section 4.1 – **Specific Risks Associated with Investing in the Fund.**

## Environmental, Social and Ethical Factors and Labour Standards Considerations

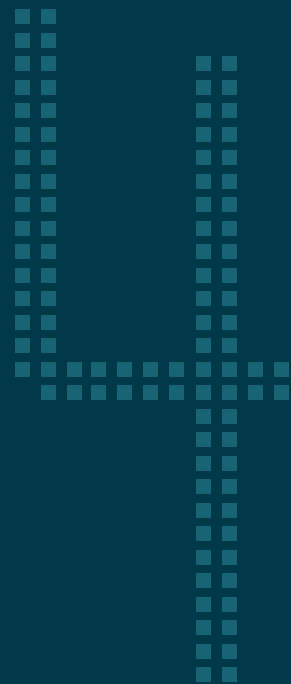
We do not identify environmental, social and ethical factors and labour standards as a basis upon which to make investment decisions. Our priority is to provide a return which accurately tracks the index of the Fund.

## Changes to Investment Strategy

Any significant change to the investment strategy of the Fund as described in this PDS must be approved by a resolution passed by 75% of votes cast by those Unitholders who vote on the resolution.



## THE RISKS OF INVESTING



## Risks Associated with ETF Investing

This section identifies the areas regarded as the major risks associated with an investment in the Fund. Investors should be aware that an investment in the Fund involves both risks faced by the constituents of the Index from time to time (each, a Constituent) and risks relating to the Fund itself.

The Units to be issued pursuant to this PDS carry no guarantee with respect to the payment of dividends, returns of capital, or market value. Potential investors should consider that investing in the Fund carries risk and they should consult their professional advisers before deciding whether to invest in the Fund.

### 4.1 Specific Risks Associated with Investing in the Fund

**ETF Trading Risk:** The Fund is likely to hold appeal to certain professional investors and institutions seeking to hedge broader exposures to the mining sector and/or take positions in the Fund as a means of mitigating risk in other parts of such investors' portfolios. Accordingly, the price of Units may move in a counter-intuitive fashion as a result of the actions of various types of investors. The ability of investors to short-sell Units may also distort the short-term performance of the Fund.

**Market Making Risk:** The AQUA Rules contain certain market making requirements. In order to facilitate an orderly and liquid market in the Fund, we have appointed market maker(s) to provide alternate liquidity. Market maker(s) seek to provide continuous liquidity to the market, however, there is no guarantee that such liquidity will be provided, particularly if there is a failure by a market maker in meeting its obligations.

**Tracking Risk:** It will not be always possible for the Fund to accurately track its index, and the actual underlying portfolio may differ to the index. The Fund may hold larger cash balances from time to time than would generally be expected. The Fund may also hold securities which may not form part of the relevant index, and/or may not hold securities in exactly the same proportions as that of the underlying index.

**Execution Risk:** It will not always be possible for the Fund to trade the desired quantities of the constituent securities of the index, due to liquidity conditions, bid/offer spreads and certain corporate actions.

**Distributions Risk:** There is no assurance that the Fund will generate sufficient returns to pay a distribution each distribution period or financial year of the Fund. The Fund is reliant on the receipt of returns from the Fund's assets. There is no assurance that these assets will declare dividends or make distributions.

**Securities Lending Risk:** Where a Fund lends securities pursuant to a security lending arrangement, risk may arise where a borrower fails to meet its obligations in relation to the securities, including where it fails to provide additional collateral as required.

**Index Risk:** Chimaera Index Advisors is the provider of the Chimaera Australian Mining Index. Chimaera Index Advisors reserves the right, at any time and without prior notice to Unitholders, to alter, amend, terminate or change the index. We will make an announcement to the ASX and comply with any other applicable legal or regulatory requirements in respect of such change.

**Scheme Risk:** As with all managed investment schemes, there are risks particular to the Fund including that it could terminate, the fees and expenses could change, the Investment Manager may change and Chimaera Capital Limited as the Responsible Entity may be replaced.

**Tax Risk:** Due to compositional differences of the Fund relative to the index, as well as timing issues relating to when the manager transacts, there may be different capital gains tax outcomes for investors in the Fund relative to those who have direct exposure to the underlying securities. Similarly, there may be differences between fund's distributed income (including franking credits) and the dividend income stream received from direct holdings of the underlying securities.

### 4.2 General Investment Risks

General risks as well as other factors beyond the control of the Responsible Entity and/or the Investment Manager, cannot always be mitigated. There is a risk that the price of Units and returns to investors may be affected by, among others, any of the following:

**Market Risk:** Risk that markets may be affected by a number of factors, including economic conditions, government regulations, market sentiment, local and internal political events and environmental and technological issues. Market risk may have different impacts on each constituent security.

**Security Specific Risk:** Risk that 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. These can also impact on the company's ability to repay its debts or maintain its dividend payments.

**Interest Rate Risk:** Risk that changes in interest rates can have a direct or indirect impact on the investment value and/or returns of all types of assets. Interest rates may directly or indirectly affect the cost of borrowings of a company in which the Fund has invested.

**Liquidity Risk:** Risk that an investment may not be easily converted into cash with little or no discount to the last known market value on a timely basis.

**Regulatory Risk:** Risk that government or regulatory bodies may introduce new legislation, regulations or tax changes or a Court makes a decision that may affect the value of securities within the Fund, either directly or indirectly, or the tax treatment of the Fund and its investors.

**Derivative Risk:** Risk that derivatives do not accurately match the valuations of the underlying physical securities on which they are based, potential illiquidity, and the risk that a counterparty may fail to deliver on its contractual obligations.

### 4.3 Specific Risks Associated with Investing in the Resources Sector

Set out below are risks that relate to the industry specific circumstances of the Constituents which may adversely affect their value and/or performance, and the overall value or performance of the Fund:

**Exploration Risk:** Mineral exploration and extraction is a complicated and risky endeavour that even a combination of experience, knowledge and careful evaluation may not be able to overcome. There can be no assurance that the sought resources will be discovered or, even if they are, that commercial quantities of minerals can be feasibly recovered from a particular area of interest. Even if an apparently viable resource is identified, there is no guarantee that it can be economically exploited. Unless a Constituent is able to realise value from its projects, it is likely to incur ongoing operating losses which is likely to affect its trading price.

**Development Risk:** The future development of a viable mining operation on any of the tenements in which a Constituent has an interest is dependent on a number of factors, including, but not limited to:

- the acquisition and/or delineation of economically recoverable mineral resources;
- favourable geological and technical conditions;
- obtaining the necessary approvals from all relevant authorities and parties; and
- the acquisition of adequate funding.

In the event that a Constituent commences production at a particular site its operations may be disrupted by a variety of risks and hazards, including those highlighted within this PDS. No assurance can be given that any one or more Constituents will achieve financial viability through the development and/or mining of projects on its tenements.

**Operating Risk:** Operating activities are subject to numerous risks, many of which are beyond the control of a Constituent. A Constituent's operations may be curtailed, delayed or cancelled as a result of factors such as adverse weather conditions, mechanical difficulties, shortages in or increases in the costs of labour, consumables, spare parts, plant and equipment, technical and other difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, compliance with governmental requirements and difficulties in reaching agreement with joint venture participants or operators of jointly held mining tenements. Hazards incident to the exploration and development of mineral properties such as unusual or unexpected geological formations may be encountered by a Constituent. Industrial and environmental accidents could lead to substantial claims against a Fund for injury or loss of life, and damage or destruction to property, as well as regulatory investigations, clean up responsibilities, penalties and the suspension of operations.

**Title Risk:** Interests in tenements in Australia are governed by respective State laws and are evidenced by the granting of licences or leases. Each licence or lease is granted for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, a Constituent could lose title or its interest in tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments unless a total or partial exemption is granted. Furthermore, there is no guarantee that current or future applications, extensions or renewals of the tenements in which a Constituent has an interest will be granted, extended or renewed.

**Native Title Risk:** The effect of the present laws in respect of native title that apply in Australia is that mining tenement applications and existing tenements may be affected by native title claims and procedures. This may preclude or delay the granting of exploration and mining tenements and considerable expenses may be incurred negotiating and resolving issues. The presence of Aboriginal heritage and sacred sites on tenements held by a Constituent may limit or preclude exploration or mining activity within those sites and delays and expenses may be experienced in obtaining or attempting to obtain clearances or agreements.

**Environmental Risk:** A Constituent's operations are subject to the environmental risks which are inherent in the mineral exploration and development industry, including the risk of significant claims as a result of environmental accidents or damage. A Constituent may require approval from relevant authorities before it can undertake activities that are likely to have an impact on the environment. Failure to obtain such approvals on commercially-acceptable terms could prevent the Constituent from undertaking its desired activities. The Investment Manager is unable to predict the effect of additional environmental laws and regulations that may be adopted in the future, including whether any such laws or regulations would materially increase any given Constituent's cost of doing business or adversely affect its operations in any area.

**Quantifiable Reserve Estimation Risk:** Resource and reserve estimates are expressions of judgement based on knowledge,

# Product Disclosure Statement

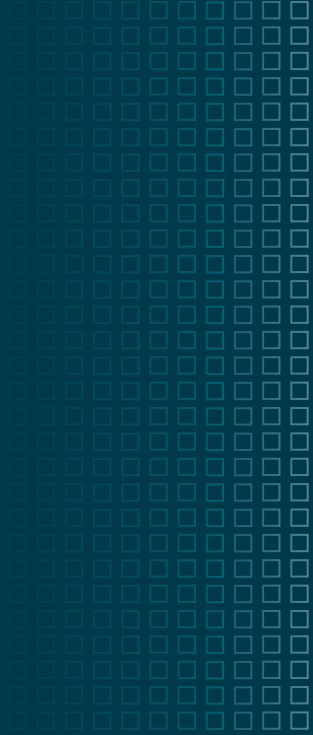
experience and industry practice. Estimates which are valid when originally calculated may alter significantly when new information and techniques become available. In addition, by their very nature, resource and reserve estimates are imprecise and depend to some extent on interpretations which may prove to be inaccurate. As further information becomes available through additional drilling, analysis and interpretation, estimates are likely to change. This may result in alteration to exploration, evaluation and development and production plans which may adversely affect a Constituent's operations.

**Commodity and Currency Risk:** If a Constituent is able, or currently, mines minerals for commercial sale, the revenue it derives through the sale of commodities exposes it to commodity price and exchange rate risks. Commodity prices fluctuate, are difficult to forecast and are affected by a number of factors beyond the control of the Fund, including world demand, forward selling by producers and production costs of major commodity-producing regions. International prices for commodities are generally denominated in United States dollars, whereas the cost base of many Constituents will be in Australian dollars. As a result, the Fund is exposed to the risk of adverse fluctuations in commodity prices and exchange rates, which could have a materially adverse effect on a Constituent's operations, financial position, and performance.

**Capital Risk:** Depending on a Constituent's ability to generate income from its existing projects, the Constituent may require further funding from debt and/or capital markets. Any additional equity financing may dilute the holdings of a Constituent's shareholders, and debt financing, if available, may involve restrictions on financing and operating activities. If a Constituent is unable to obtain additional financing as needed, it may not be able to further develop its projects and there may be an impact on the Constituent's ability to continue as a going concern.

**Counterparty Risk:** Constituents will invariably contract with third parties for the performance of certain works and/or services relating to the evaluation and extraction of resources. The risk that such third parties may be unable to fulfil those contracted obligations as a result of their own issues and/or claim that they are contractually no longer obliged to perform those services may require a Constituent to incur cost and expense in enforcing its rights and/or seek performance of those works and services by other parties at a potentially greater cost and time delay.

To manage your risks, you should obtain professional investment advice that specifically takes into consideration your investment objectives, financial situation and particular needs.



DIFFERENCES BETWEEN ASX LISTING  
RULES AND ASX AQUA RULES



## Differences between ASX Listing Rules & ASX AQUA Rules

Units in the Fund will be quoted on the ASX under the AQUA Rules. The AQUA Rules have been designed to offer greater flexibility and are specifically designed for managed funds, ETFs and structured products.

Certain requirements in the Corporations Act 2001 and the ASX Listing Rules in relation to matters such as takeover bids, buy-backs, change of capital, new issuers, restricted securities, disclosure of directors' interests and substantial shareholdings that apply to companies and listed schemes, do not apply to products quoted under the AQUA Rules.

Other differences between the ASX Listing Rules and the ASX AQUA Rules are highlighted as follows;

### Control

#### The Equity Issuer

- Controls the value of its own securities and the business it runs;
- The value of those securities is directly influenced by the equity issuer's performance and conduct.

eg: BHP management and Board generally control the fate of BHP's business and, therefore, have direct influence over BHP's share price.

#### The Product Issuer

- Does not control the value of the assets underlying its products but;
- Offers products that give investors exposure to the underlying assets – such as shares, indices, currencies or commodities. The value (or price) of products quoted under the AQUA Rules is dependent upon the performance of the underlying assets rather than the financial performance of the issuer itself.

eg: A managed fund issuer does not control the value of the shares it invests in.

### Continuous Disclosure

#### Listing Rules:

Products under the Listing Rules are subject to the continuous disclosure requirements under Listing Rule 3.1 and section 674 of the Corporations Act.

#### AQUA Rules

Issuers of products quoted under the AQUA Rules are not subject to the continuous disclosure requirements under ASX Listing Rule 3.1 and section 674 of the Corporations Act 2001 but must disclose information about:

- the net tangible assets (NTA) or the NAV of the Fund;
- dividends, distributions and other disbursements; and
- any other information that is required to be disclosed to ASIC under section 675 of the Corporations Act 2001 must be disclosed to ASX via the ASX Company Announcement Platform at the same time it is disclosed to ASIC.

### Periodic Disclosure

#### Listing Rules

Products under the Listing Rules are required to disclose half yearly and annual financial information or annual reports under Chapter 4 of the Listing Rules.

# Product Disclosure Statement

## AQUA Rules

Products under the AQUA Rules are not required to disclose half yearly and annual financial information or annual reports.

However, because the Fund is a registered managed investment scheme, we are still required to prepare financial reports under Chapter 2M of the Corporations Act 2001.

## Corporate Control

### Listing Rules

Requirements in the Corporations Act and the Listing Rules in relation to matters such as takeover bids, share buy-backs, change of capital, new issues, restricted securities, disclosure of directors' interests and substantial shareholdings apply to companies and listed schemes.

### AQUA Rules

Certain requirements in the Corporations Act and the Listing Rules in relation to matters such as takeover bids, buy-backs, change of capital, new issues, restricted securities, disclosure of directors' interests and substantial shareholdings that apply to companies and listed schemes do not apply to products quoted under the AQUA Rules.

For products quoted under the AQUA rules, a Responsible Entity may only be removed by the passing of an extraordinary resolution. That is, the resolution must be passed by at least 50% of the votes that may be cast by the members entitled to vote. The Responsible Entity and its associates are not entitled to vote on this resolution.

## Related Party Transactions

### Listing Rules

Chapter 10 of the Listing Rules, which relates to transactions between an entity and persons in a position to influence the entity, specifies controls over related party transactions.

### AQUA Rules

Chapter 10 of the Listing Rules does not apply to AQUA Products. Products quoted under the AQUA Rules which are registered Managed Investment Schemes remain subject to the related party requirements in Part 5C.7 and Chapter 2E of the Corporations Act.

## Auditor Rotation

### Listing Rules

There are specific requirements in relation to auditor rotation under Part 2M.4 Division 5 of the Corporations Act.

### AQUA Rules

Issuers of products under the AQUA Rules are not subject to the requirements under Part 2M.4 Division 5 of the Corporations Act 2001. Responsible entities of registered Managed Investment Schemes will continue to be required to undertake an independent audit of its compliance with the scheme's compliance plan in accordance with section 601HG of the Corporations Act and the auditor must not be the auditor of the scheme's financial statements (though they may be from the same firm).

## Product Disclosure

### Listing Rules

Entities admitted under the Listing Rules are subject to the requirements of the Corporations Act in relation to the issue of a Prospectus or PDS.

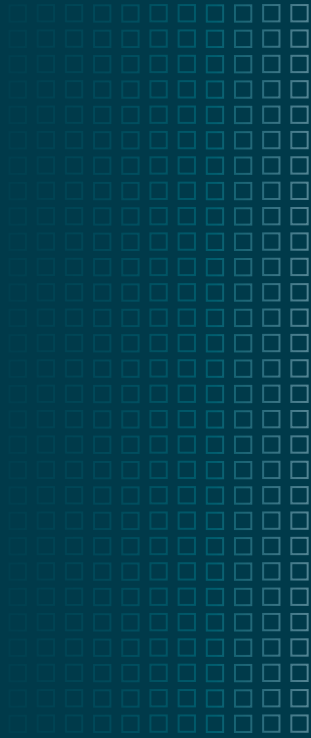
The Corporations Act requires the Prospectus or PDS to include information on the risks associated with an investment in a product, which would be expected to cover risks arising from the trading strategies of the Issuer and the gearing employed.

### AQUA Rules

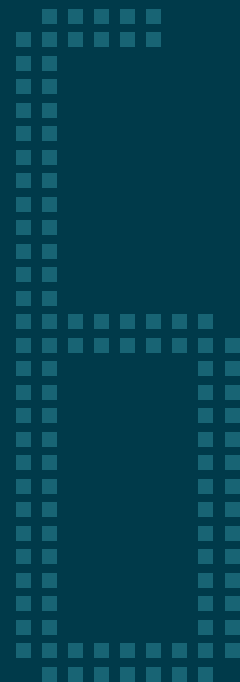
Products quoted under the AQUA Rules will also be subject to these requirements of the Corporations Act. Investors should read the PDS carefully before investing in an AQUA Product to fully understand the risks involved in investing in these types of products.

Source: ASX Rules Framework 2011





## TAXATION OF UNITS



# Product Disclosure Statement

## General

Investing in the Fund could affect your current or future tax position. The following information is a general summary only, and has been prepared based on Australian tax laws and administrative interpretations available at the date of this PDS. An independent taxation adviser should be consulted before making an investment decision which should take into account your particular circumstances.

The Government is currently reviewing the law as it relates to the taxation of trusts. Changes in the law and the administrative practice of the ATO may impact the tax treatment of the Fund and its investors.

## Australian Resident Investors

The distributable income of the Fund for each financial year is allocated to investors during the financial year. You should be assessed on the taxable income of the Fund based on the share of the distributable income of the Fund to which you become presently entitled during a financial year (including reinvested income). This is the case regardless of whether payment of the distributable income you have become presently entitled may not occur until some time later.

If you receive a distribution of the distributable income of the Fund for a distribution period, this should result in you becoming presently entitled to the distributable income of the Fund. The tax impact of receiving such a distribution for you depends upon what makes up the components of the distribution.

## Non-Resident Investors

It is particularly important that non-resident investors seek independent tax advice before investing, taking into account their particular circumstances and the provisions of the Double Tax Agreement between Australia and their country of residence. The Fund may be required to withhold tax from distributions of distributable income that are made to non-resident investors.

## Franking Credits

It is expected that the Fund will derive franking credits from the receipt of franked dividends on its investments. These franking credits, subject to the required conditions being met, may be distributed to investors. If franking credits are distributed to Australian resident investors, then Australian resident investors should be required to include the credits in their assessable income but may be able to claim a credit against their Australian tax payable for the amount of the franking credits if the relevant requirements are satisfied. Certain types of Australian resident investors (such as individuals or complying superannuation Fund) may be able to obtain a refund of any franking credits to the extent that the franking credits they receive exceed their Australian tax liability for the year.

If you are considering investing in the Fund, then we recommend that you obtain independent professional tax advice regarding the availability of franking credits.

## Capital Gains

Unitholders may also be assessed on capital gains which arise from capital gains that are realised by the Fund on the disposal of its investments.

The Australian tax laws were recently amended to allow certain types of trusts, called "managed investment trusts" to make an irrevocable choice for capital gains tax (CGT) treatment to apply to the disposal of certain assets, such as shares in companies and units in unit trusts.

It is expected that the Fund would be eligible to make this choice for deemed CGT treatment. If the Fund is eligible to make the choice, the Responsible Entity intends to make the relevant election.

Where units in the Fund are redeemed by Authorised Participants, the Constitution for the Fund provides for the realised capital gains (if any) arising from in-specie transfers of assets on the redemption of Units to be allocated to the redeeming Authorised Participant (discussed below). The balance of the capital gains will generally be distributed to Unitholders via the periodic distributions that are made by the Fund each distribution period.

There is currently some uncertainty regarding certain aspects of the taxation of trusts, including the ability of trust deeds to allocate particular types of taxable income to unitholders on the redemption of units. The developments in the tax law in the area are discussed below under "In specie redemptions" and "Proposed managed investment trust regime".

## Acquisition and Disposal of Units on the ASX AQUA market

Australian resident investors who are assessed under the capital gains tax rules on gains and losses on the disposal of Units in the Fund may realise a capital gain or loss when they dispose of Units in the Fund on market. Individuals, trusts and complying superannuation entities who realise a net capital gain on the disposal of their Units (after any capital losses are applied) may be entitled to a capital gains tax discount in relation to the net capital gain where the Units have been held continuously for at least 12 months. The discount rate applicable to trusts and individuals is 50%, and to complying superannuation entities is 33 1/3%. Companies are not entitled to any discount.

The receipt of certain non-assessable amounts (if any) from a Fund may give rise to cost base adjustments to your Units for capital gains tax purposes. Such cost base adjustments may result in either an increased capital gain or a reduced capital loss on the subsequent disposal of Units in the Fund.

Australian resident investors who are assessed on the disposal of Units in the Fund otherwise than under the capital gains tax rules (for example, those Australian resident investors who hold Units in the Fund as trading stock) may realise assessable income or deductions on the disposal of their Units in the Fund, depending on whether they make a gain or loss on the disposal of Units.

### Application and redemption of Units by Authorised Participants

It is assumed for the purposes of the subsequent information that any Authorised Participants who apply for or redeem Units in the Fund, are assessed on the application basket and any Units in the Fund otherwise than under the capital gains tax provisions.

#### In-specie applications

The consideration for the application of Units will be made by an in-specie transfer of a specified basket of equity securities (the application basket). The transfer will represent a disposal of the securities by the stockbroker for an amount equal to the market value of the Units received, adjusted for any Purchase Cash Component.

Any profits on the disposal of the application basket would be assessable as ordinary income, and any losses would be deductible.

#### In-specie redemptions

In respect of a redemption of Units, the total proceeds received (or the 'Redemption Amount') may include a distribution of income (a 'Redemption Income Entitlement'). The balance of the Redemption Amount is the 'Redemption Price'.

In calculating the Unitholder's profit or loss on disposal of the Units for tax purposes, the proceeds on disposal of the Units should be the Redemption Price. The assessable profit or deductible loss on disposal of the Units should be equal to the Redemption Price less the cost of the Units.

The Redemption Income Entitlement (if any) may, depending on the circumstances, include a distribution of realised capital gains and other realised gains of the Fund.

The Redemption Income Entitlement is satisfied through the provisions of the proceeds on the redemption of Units. The components of the taxable income on which an Authorised Participant may be assessed on the redemption of Units in the Fund will be advised to the Unitholder after 30 June, in the annual tax statement, once the final tax calculations for the Fund for that year have been completed.

There is currently some uncertainty regarding certain aspects of the tax treatment of trusts, including how provisions in trust deeds that seek to allocate particular types of taxable income of a trust to a unitholder on the redemption of units in the trust.

There has been a recent decision of the Federal Court of Australia that addressed a number of issues that are relevant to the allocation of the taxable income of a unit trust to unitholders on redemption. Following this decision, legislation has been passed to allow trustees to stream capital gains and franked distributions in certain circumstances. On the basis that the Fund is a "managed investment trust" for tax purposes and has elected for these new rules to apply to it, this legislation should provide greater certainty regarding the ability of the provisions in the Constitution of the Fund to allocate capital gains of the Fund to Authorised Participants on the redemption of their units in the Fund.

It is anticipated that the provisions in the Constitutions of the Fund should be effective to allocate any capital gains that arise on the transfer of the redemption basket to an Authorised Participant on the redemption of Units in the Fund to the redeeming unitholder. These provisions seek to ensure that unitholders are not disadvantaged as a result of the realisation of gains, as a result of the redemption of Units in the Fund by Authorised Participants.

If an Authorised Participant redeems units in the Fund and the Authorised Participant is a foreign resident for tax purposes, the Authorised Participant and the Fund may be exposed to withholding tax obligations in respect of the Redemption Income Entitlement component (if any) of the Redemption Amount provided on redemption. Authorised Participants that fall within this category are strongly recommended to seek independent Australian tax advice regarding the Australian tax treatment of the redemption of units in these circumstances.

#### Annual Tax Statement

An Annual Tax Statement will be provided to you at the end of August each year or shortly thereafter, indicating the taxable and/or non-taxable components of your distributions. The information provided in your Annual Tax Statement is designed to help you complete your annual Australian income tax return.

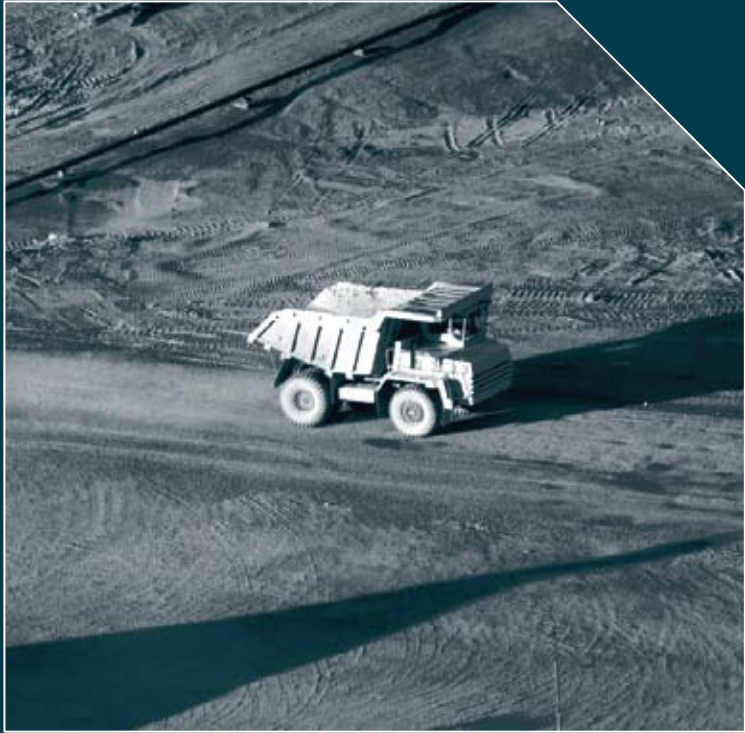
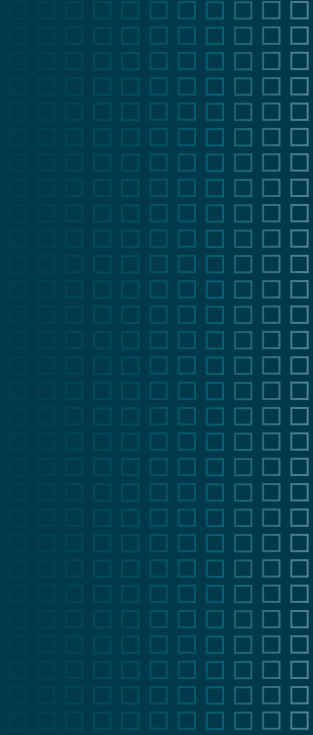
In addition, your Annual Tax Statement will indicate the extent to which TFN withholding tax, or non-resident withholding tax amounts have been deducted from your distribution entitlements during the year (if applicable).

#### Quoting your Tax File Number (TFN) or Australian Business Number (ABN)

Providing your TFN is not compulsory. However, if you do not provide your TFN or appropriate exemption information, we are required to withhold tax from your distributions at the highest marginal tax rate (plus Medicare levy) until your TFN or exemption is provided.

You may quote your ABN instead of TFN if you are making this investment in the course of a business or an enterprise carried on by you.

Collection of your TFN in connection with your investment in a Fund is authorised and the tax laws and the Privacy Act strictly regulate its use and disclosure.



## FEEES AND 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 where applicable. Ask the Fund or your financial adviser.

## To Find Out More

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

## Fees and other costs

This document sets out the various 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 Fund assets as a whole. Taxes are set out in another part of this PDS.

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

Type of Fee or Cost	Amount	How and when Paid
<b>Fees when you move money in or out of a Fund</b>		
<b>Establishment fee:</b> The fee to set up your investment	Nil	Not applicable
<b>Contribution fee:</b> The fee on each amount contributed to your investment	Nil	Not applicable
<b>Withdrawal fee:</b> The fee on each amount you take out of your investment	Nil	Not applicable
<b>Termination fee:</b> The fee to close your investment	Nil	Not applicable

## Product Disclosure Statement

Type of Fee or Cost	Amount	How and when Paid
<b>Management costs</b>		
The fees and costs for managing your investment	1.00% p.a.	The management costs are estimated and are paid directly from the assets of the Fund and reflected in the daily Unit price. The estimated management costs are quoted on a GST inclusive basis and are payable monthly or as otherwise incurred by the Fund.  The amount of this fee can be negotiated; See page 21 under ' <b>Differential Fees</b> '.

<b>Service Fees</b>		
<b>Switching fee:</b> The fee charged for changing investment options	Nil	Not applicable

### Example of Annual Fees and Costs for a Balanced Investment Option

This table gives an example of how the fees and costs for this 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: DIGGA Australian Mining Fund - Balance of \$250 000 with a Contribution Of \$5 000 During The Year

Contribution fee:	Nil	For every \$5,000 you put in, you will be charged \$0.
<b>PLUS</b> Management costs*:	1.0%	And, for every \$250,000 you have in the fund you will be charged \$2,500 each year.
<b>EQUALS</b> Cost of fund		If you had an investment of \$250 000 at the beginning of the year and you put in an additional \$5 000 during that year, you would be charged fees of:  <b>\$2,500**</b>  What it costs you will depend on the investment option you choose and the fees you negotiate with your fund or financial adviser.

\* Additional fees may apply. There is a transaction fee charged on every application for Units and each redemption of Units by Authorised Participants.

Please refer to page 21 under '**Transaction Fees for Authorised Participants**'.

\*\* Certain investors may negotiate the amount of management costs payable. Please see page 21 '**Differential Fees**'.

## Additional Explanation of Fees and Costs

### Management Fee

The Investment Manager, Chimaera Private Limited, receives a management fee for managing your investments in the Fund. The management fee that is paid forms part of the management costs, which are currently 1.0%.

### Expense Recoveries (including taxes)

Any expenses relating to the proper performance of the Responsible Entity's duties in relation to a Fund are recoverable from the Fund. This may include but is not limited to; market making, custody, administration, registry, GST (less any reduced input tax credits), reporting, legal and audit expenses.

As the actual expenses will vary and some are not payable until year end, estimated expense recoveries for the Fund are included in the management costs for that Fund. Amounts disclosed are inclusive of GST.

### Transaction Fees for Authorised Participants

Transaction fees are payable with every application or redemption of Units. This fee represents the custody, administration costs and transaction fees associated with the in specie nature of the transaction.

The transaction fees vary according to the multiple of creation or redemption unit amounts in an application or redemption request. The transaction fees for one creation or redemption unit amount is \$350. Any additional creation or redemption unit amounts will incur transaction fees of \$350 for each whole creation or redemption unit amount (for example, if you apply or request a redemption of two creation/redemption unit amounts, the transaction fees will be \$700). If you apply for creation/redemption units in a multiple of more than 1 but less than a whole integer, the transaction fees will be based on the fraction of the creation/redemption unit amount - for example, if you apply or request a redemption of 1.5 creation/redemption unit amounts, you will incur transaction fees of \$525.

Transaction fees are payable to the Fund by the Authorised Participant at the time of application or redemption of Units.

For an application for Units, the transaction fee is payable in addition to the minimum application unit amount, in effect increasing the cash amount paid as part of the application. For a redemption of Units, the transaction fee will be deducted from the redemption proceeds.

The transaction fee is GST inclusive.

Notwithstanding the above, we do not currently intend to charge transaction fees to the Market Maker in respect of its application or redemption of units.

### Alteration to Fees Charged

Amendments to the fees and charges payable are governed by the Fund constitution. Whilst there is no intention to alter the fees as at the date of this PDS, any changes will be documented in writing and Unitholders will be given at least 30 days notice of any such change.

### Differential Fees

We may individually negotiate our fees with certain wholesale clients as the law or ASIC policy allows. There is no prescribed method of negotiating fees. Please call the Chimaera Client Services Group on +61 3 8614 8400 or your Financial Adviser for further information.

### Commissions and Non-Monetary Benefits Received

We, or other related entities of the Chimaera Group, may receive commissions or non-monetary benefits from brokers effecting trades for the Fund. Any payment of commission that is referable to a Fund shall be paid to and shall constitute an asset of the Fund. Any non-monetary benefits (such as research) received will, to the extent applicable, be applied to the benefit of the Fund, other funds managed by us and our clients. We trade only with brokers who will provide best execution to the Fund, regardless of benefits to any other party, or whether these trades are placed with brokers related to us or not.

### Brokerage Fees

Investors who buy or sell Units on the ASX will usually be charged brokerage fees and commissions by their respective stock broker. The buying and selling of Units on the ASX is not covered by this PDS.

### Transaction Costs

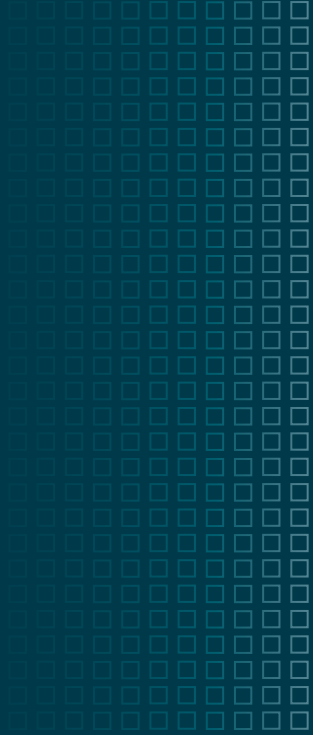
Transaction costs including brokerage, bank and other transaction charges, financing charges for borrowings, government taxes/duties, such as stamp duty and GST and settlement costs (including custody costs) are also incurred when buying or selling investments to meet the investment objectives of a Fund. These costs are deducted from the assets of the Fund as they are incurred and are reflected in the Unit price of the Fund.

### Related Party Payments

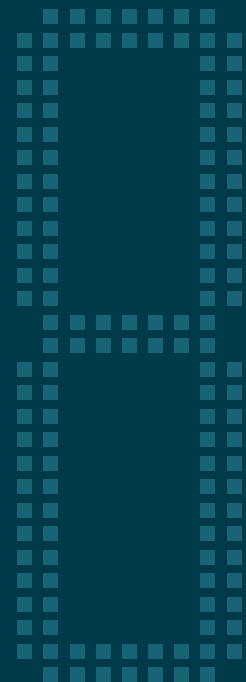
Members and affiliates of Chimaera Group may receive fees on arm's length commercial terms for providing services to the Fund. In particular, Chimaera Index Advisors Pty Ltd will receive fees for granting us a licence to use the index. The cost of any payment to affiliates will form part of the management costs of the Fund. It does not represent any additional cost to you.

### Alternative Remuneration Register

Occasionally, we may provide alternative forms of remuneration to Australian Financial Services Licensees and/or their representatives who recommend our Fund to investors. The cost of any alternative remuneration will form part of the management costs of the Fund. It does not represent any additional cost to you.



## OTHER IMPORTANT INFORMATION





# Product Disclosure Statement

## Chimaera Capital Limited as the Responsible Entity

Chimaera Capital Limited holds an Australian Financial Services Licence (AFSL 246542) that authorises it to act as the Responsible Entity of the Fund. Chimaera Capital Limited, as the Responsible Entity, is responsible for the management, custody and administration of the Fund and has delegated the investment management functions to Chimaera Private Limited, as described in:

### Section 3.4 – Investment Policy.

The Australian financial services licensing regime requires that a licensee meet various financial conditions including minimum net tangible asset levels, adequate working capital and projected cash levels. The Australian financial services regime also requires that a licensee nominate responsible managers for the purposes of the license. The responsible managers for the purposes of Chimaera Capital Limited's Australian financial services licence at the date of this PDS are:

#### Sal Catalano

Sal has over 18 years experience in financial markets. He is a joint founder of the Chimaera Group and has extensive experience in global asset management, the management of alternative investments and the application of overlay enhancements including leverage, derivatives and taxation. Formerly the Head of Donaldson, Lufkin and Jenrette in Australia, and the Asia Pacific Securities Financing Division of Paloma Partners. Following the acquisition of Donaldson, Lufkin and Jenrette by Credit Suisse First Boston he was appointed a Director of the Alternative Capital Group of Credit Suisse First Boston International, London. Sal's experience also includes prime brokerage, international execution and clearance and systems development.

He holds a Bachelor of Jurisprudence and a Bachelor of Laws from Monash University, Victoria.

#### Ian Pattison

Ian has over 15 years experience in financial markets. He is a joint founder of the Chimaera Group, and has extensive experience in international asset management, prime brokerage and equity arbitrage. He was formerly a senior executive in Australia for Paloma Partners and Donaldson, Lufkin and Jenrette where he had regional responsibilities (including the major markets of Japan and South East Asia) for operations for the securities financing divisions. Ian's experience also includes the advising of superannuation funds and high net worth individuals and systems design and development.

He holds a Bachelor of Laws and a Bachelor of Commerce from Melbourne University, Victoria, and a Graduate Diploma in Applied Finance and Investment from the Securities Institute Australia.

## The Constitution of the Fund

The Fund and the appointment of the Responsible Entity are governed by the constitution, together with the Corporations Act and this PDS, which also set out the rights, liabilities, duties and obligations of investors.

Some of the terms of the Constitution are described in other sections of this PDS. The Constitution also includes the following:

- broad powers and discretions to deal with the assets of the Fund, including powers to borrow or raise money and enter into arrangements such as securities lending and derivatives.
- the Responsible Entity's discretion to reject applications and redemptions;
- the manner in which Unitholder meetings are convened and conducted;
- the powers of the Responsible Entity to terminate and wind up the Fund;
- the circumstances in which the Responsible Entity may retire.

We may vary or amend the Constitution without the approval of investors where we reasonably consider the change will not adversely affect investors' rights and it is in investors' best interests. Otherwise, the Constitution can only be amended if the amendment is approved at a Unitholder's meeting in accordance with the provisions of the Constitution and the Corporations Act.

If you wish to inspect a copy of the Constitution, please contact the Chimaera Client Services Group on +61 3 8614 8400.

## Classes

The constitution of the Fund allows the Fund to offer Units in one or more classes as determined by the Responsible Entity. As Responsible Entity, we will have discretion from time to time to issue new classes of Units. Rights of Unitholders in each class of Units will be identical, however the rights and obligations of Unitholders may vary between classes. We will treat members of the same class equally, and members of different classes fairly.

## Fund Distributions

Under the constitution for the Fund, the Fund is required to distribute any income each distribution period of the Fund. A Unitholder's entitlement to these periodic income distributions is determined based on how many Units are held at the end of the distribution period.

The constitution for the Fund provides that there will be at least one distribution period each financial year, with the discretion to determine more distribution periods. The distribution periods will generally be annually. The amount of income which may be distributed to Unitholders will depend on the amount of distributable income of the Fund, less any amounts that have been distributed to Unitholders during the financial year to date (including on the redemption of units in the Fund earlier in the year).

There is no guarantee that any income will be available for distribution and the amount of the income distributed each distribution period will vary in different periods.

Information in relation to distributions by the Fund will be disclosed to the ASX via the ASX Company Announcement Platform.

# Product Disclosure Statement

## Compliance Plan and Compliance Committee

The Fund has a compliance plan, which sets out how we will ensure compliance with both the Corporations Act and the constitution when operating the Fund. An independent compliance committee monitors our compliance with the compliance plan. A member of the compliance committee who incurs a liability in that capacity in good faith is entitled to be indemnified from the assets of the Fund to the extent permitted by the Corporations Act.

## Your Rights

A Unit in the Fund confers a beneficial interest on an investor in the assets of that Fund but not an entitlement or an interest in any particular part of any Fund or any asset. The terms and conditions of the constitution are binding on each investor in the Fund and all persons claiming through them respectively as if the investor or person were a party to the relevant constitution.

## Limitation of Liability of Investors

The constitution provides that the liability of each Unitholder is limited to the value of their Units in the Fund and that a Unitholder is not required to indemnify the Responsible Entity or a creditor of the Responsible Entity against any liability of the Responsible Entity in respect of the Fund, except that an Authorised Participant agrees to indemnify the Responsible Entity against any liability which may arise in respect of an application or redemption of Units and for any tax liability or 'user pays' fees. However, because the courts have not finally determined this matter, we cannot give absolute assurance in this regard.

The Responsible Entity is also entitled to deduct from any amount to be paid to, or received from, a Unitholder any taxes or any unpaid monies due by you to the Responsible Entity or to any other person or entity (for example, the Australian Tax Office), which the Responsible Entity is required or authorised to deduct by law or the constitution, or which the Responsible Entity considers should be deducted.

## Liability and Indemnity of Responsible Entity

Subject to the Corporations Act, the constitution provides for the Responsible Entity to be indemnified out of the assets of the Fund for all liabilities incurred by it to the extent they are incurred in the proper performance of its duties. The constitution also specifies the fees that may be charged by the Responsible Entity and these are set out in Section 7 – **Fees and Costs**.

The constitution also provides that the Responsible Entity will not be liable in contract, tort or otherwise to you or any other investor for any loss suffered in any way relating to a Fund except to the extent the Corporations Act imposes such liability.

Subject to the Corporations Act, the Responsible Entity is entitled to rely on legal advice and advice by other persons it believes in good faith to be experts in relation to the matters on which they are advising, and will not be liable for anything done, or omitted by it in good faith in reliance on any advice.

## Market Maker

Under the AQUA Rules, Chimaera Capital Limited must meet certain market making requirements in respect of the Fund, to facilitate an orderly and liquid market for trading of the Units on the ASX.

The role of the market maker is to provide continuous two-way quotes for the Units for at least the minimum percentage of the time indicated for the Units where:

- (a) the spread for the Units entered into the Trading Platform by, or on behalf of, the market maker is no greater than a pre-determined maximum bid/offer spread for a Unit Class; and
- (b) the quantity of Units in respect of which a bid and an offer are entered into the Trading Platform by, or on behalf of, the market maker is no less than a pre-determined amount for a Unit Class.

A market maker may also apply for and redeem Units as required.

Chimaera Capital Limited selects market makers that have detailed trading experience in Australian markets. Market makers are also required to have agreements in place with the ASX, which provides financial incentives for the market maker to continue to act in its capacity to provide continuous two way quotes for the Units. Subject to the AQUA Rules, Chimaera Capital Limited may replace a market maker appointed in respect of the Fund or appoint additional market makers.

Separately to the quoted prices for the Units, investors and market participants are able to access an estimated intraday NAV (EIN), which is also quoted on the ASX and calculated in real time. To calculate the EIN, the underlying holdings of the Fund are provided to the ASX on a daily basis. These holdings are then used to calculate an EIN for the Fund, which are then quoted via the ASX Trade system.

## Index Provider

The Chimaera Australian Mining Index was designed and constructed by Chimaera Index Advisors, a related body corporate of Chimaera Capital Limited. The role of Chimaera Index Advisors, as index provider, is performed independently of the investment management division of the Chimaera Group.

Chimaera Index Advisors offers index based investment solutions with specific expertise in identifying, managing and monitoring investment themes which are emerging and not particularly well understood or represented within the current market place. It also undertakes financial market research.

The Index has broad global distribution and wide usage amongst private investors, institutions, research houses and mining sector practitioners. The Index was first publically disseminated through global information providers in July 2010, and today continues to offer an objective and real time snapshot, of the performance of base metals and bulk commodities companies within the ASX listed equity universe.

# Product Disclosure Statement

The Index is a modified market capitalisation based index constructed from an objective set of selection criteria encompassed in a quantitative model. Importantly, constituent selection decisions outside of the quantitative model output are generally limited to individual security corporate action events that are not fully accommodated within the quantitative model. The index methodology was also used by Standard and Poor's to calculate historical back tested index values as and from December 2004.

Chimaera Index Advisors has no influence over the price or value of the underlying securities that constitute the index, which is calculated, maintained, published and continuously quoted by independent parties including Standard and Poor's and the Chicago Mercantile Exchange.

In particular,

- (a) Standard and Poor's maintains, and is the sole calculation agent for the Index. It is responsible for the calculation of index prices, adjustment of constituent weightings between rebalancing dates, and the consistent treatment of corporate actions. Therefore, Standard and Poor's approach to index calculation and maintenance means that the standardised methodology applied to the Index is substantially similar to that applied to any other index calculated by Standard and Poor's. Chimaera Index Advisors has an agreement with Standard and Poor's to provide the monthly data set of constituent securities derived from its quantitative model, but otherwise has no association with Standard and Poor's.
- (b) The Chicago Mercantile Exchange is responsible for the distribution of the continuous real time quotation of the Index price from its global platform. Chimaera Index Advisors and has no association with the Chicago Mercantile Exchange which receives all data for the purposes of distributing continuous real time Index pricing from Standard and Poor's.

More information on the Chimaera Australian Mining Index can be found in Section 3.2 – **Index Details and Characteristics**.

The Responsible Entity of the Fund may substitute the Index with another without notice to Unitholders. However, if to do so would significantly change the Fund's investment objective as described in this PDS, the Responsible Entity will require Unitholders to approve this change as described in section 3.4 - **Investment Policy**.

If the Index is changed, the Fund intends to make an announcement to the ASX and take such steps as required by law.

Similarly, any material change to the methodology of the Index, will require notification of such amendments to the ASX.

## Index Maintenance and Calculation Agent

Standard and Poor's Financial Service LLC maintains the Chimaera Australian Mining Index on a day to day basis and calculates real time index prices.

The DIGGA Australian Mining Fund is not sponsored, endorsed, sold or promoted by Standard & Poor's Financial Services LLC (S&P), its affiliates or its third party licensors. Neither S&P, its affiliates nor their third party licensors make any representation or warranty, express or implied, to the owners of the DIGGA Australian Mining Fund or any member of the public regarding the advisability of investing in securities generally or in the DIGGA Australian Mining Fund particularly or the ability of the Chimaera Australian Mining Index (the Index) to track general stock market performance. S&P's and its third party licensor's only relationship to Chimaera Capital Limited is the licensing of certain trademarks, service marks and trade names of S&P and/or its third party licensors and for the providing of calculation and maintenance services related to the Index. Neither S&P, its affiliates nor their third party licensors is responsible for and has not participated in the determination of the prices and amount of the DIGGA Australian Mining Fund or the timing of the issuance or sale of the DIGGA Australian Mining Fund or in the determination or calculation of the equation by which the DIGGA Australian Mining Fund is to be converted into cash. S&P has no obligation or liability in connection with the administration, marketing or trading of the DIGGA Australian Mining Fund.

Neither S&P, its affiliates nor their third party licensors guarantee the adequacy, accuracy, timeliness or completeness of the index or any data included therein or any communications, including but not limited to, oral or written communications (including electronic communications) with respect thereto. S&P, its affiliates and their third party licensors shall not be subject to any damages or liability for any errors, omissions or delays therein. S&P makes no express or implied warranties, and expressly disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to its trademarks, the index or any data included therein. without limiting any of the foregoing, in no event whatsoever shall S&P, its affiliates or their third party licensors be liable for any indirect, special, incidental, punitive or consequential damages, including but not limited to, loss of profits, trading losses, lost time or goodwill, even if they have been advised of the possibility of such damages, whether in contract, tort, strict liability or otherwise.

Standard & Poor's® and S&P® are registered trademarks of Standard & Poor's Financial Services LLC "Calculated by S&P Custom Indices" and its related stylized mark are service marks of Standard & Poor's Financial Services LLC and have been licensed for use by Chimaera Capital Limited.

# Product Disclosure Statement

## Registrar

We have appointed Computershare Investor Services Pty Limited to maintain Unitholder records such as quantity of securities held and tax file number. The registrar can be contacted at:

<b>Melbourne</b>	Yarra Falls / Abbotsford (Head Office)
<b>Call Centre</b>	1300 559 428 (Within Australia) +61 3 9415 4603 (Outside Australia)
<b>Fax</b>	+61 2 8235 8209 (all investor related faxes should be sent to this number)
<b>Post</b>	GPO Box 2975EE Melbourne, Victoria 3000
<b>Street Address</b>	Yarra Falls 452 Johnston Street Abbotsford, Victoria 3067

## Auditors

The Fund and the compliance plan for the Fund are required to be audited annually. We have appointed Hayes Knight as auditor of the Fund and of the compliance plan.

## Consents in Relation to Statements Made

Computershare Investor Services Pty Limited consents to being named in the PDS as the Registrar in the form and context in which it is named in this PDS and the statements made by it or based on statements made by it.

Chimaera Index Advisors Pty Limited consents to being named in this PDS as the index provider in the form and context in which it is named in this PDS and the statements made by it or based on statements made by it.

Chimaera Private Limited consents to being named in this PDS as the Investment Manager in the form and context in which it is named in this PDS and the statements made by it or based on statements made by it.

Standard and Poor's Financial Services LLC consents to being named in this PDS as index calculation agent in the form and context in which it is named in this PDS and the statements made by it or based on statements made by it.

Hayes Knight Auditors Pty Limited consents to being named in this PDS as auditor to the fund in the form and context in which it is named in this PDS and the statements made by it or based on statements made by it.

## Related Party Transactions and Conflicts of Interests

Subject to the Fund's constitution, we may appoint any of our related parties/entities to provide services or perform functions in relation to the Fund, including acting as our delegate. We may also enter into financial or other transactions with related parties/

entities in relation to the assets of the Fund. A related party/entity is entitled to earn fees, commissions or other benefits in relation to any such appointment or transaction and to retain them for its own account. Such arrangements will be based on arm's length commercial terms and these amounts will be paid by the Fund.

## Disclosure Obligations

The Responsible Entity is subject to regular reporting and disclosure obligations in respect of the Fund. If the Responsible Entity becomes aware of any material information that is not generally available, a notice will be lodged with ASIC as soon as practicable. The Responsible Entity will lodge all continuous disclosure notices in relation to the Fund with ASIC. Any documents lodged with ASIC in relation to the Fund may be obtained from, or inspected at an ASIC office. Unitholders also have a right to obtain a copy of any continuous disclosure notices given for the Fund.

## Annual Report

A copy of the annual financial report, the annual directors' report and the auditor's report on the annual financial report (Annual Reports) for the Fund for each financial year will be available on Chimaera's website [www.chimaeracapital.com](http://www.chimaeracapital.com) by 30th September in each year. Alternatively, Unitholders can elect to receive a copy of the Annual Reports by email or post, free of charge, by completing the relevant section of the Application and Redemption Form or by notifying Chimaera in writing.

## Interest on Amounts Awaiting Investment or Withdrawal

Amounts paid to the Fund may accrue interest in the Fund's trust account pending the issue of Units or the return of application monies to you. Similarly, amounts made available to satisfy a redemption request may also accrue interest pending payment to you. Any such interest will be retained by the Fund.

## Investor identification and verification

In making an application for Units under this PDS, applicants must provide and we must verify, specified proofs of identity before processing an application. Chimaera's Client ID Form contains further details of the information and identification that is required. The Client ID Form can be obtained by contacting Chimaera Capital Limited.

The Responsible Entity is bound by laws about the prevention of money laundering and the financing of terrorism, including the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (the **AML/CTF Laws**). By completing an application form, you agree that:

- you do not subscribe to the Fund under an assumed name;
- any money used by you to invest in Unit is not derived from or related to any criminal activities;
- any proceeds of your investment will not be used in relation to any criminal activities;
- if we ask, you will provide us with additional information we reasonably require for the purposes of AML/CTF Laws (including information about a holder Units, any beneficial interest in Units, or the source of Fund used to invest);
- we may obtain information about you or any beneficial owner of

# Product Disclosure Statement

Units from third parties if we believe this is necessary to comply with AML/CTF Law; and

- in order to comply with AML/CTF Laws we may be required to take action, including:
  - delaying or refusing the processing of any application or withdrawal, or
  - disclosing information that we hold about you or any beneficial owner of Units to our related bodies corporate or service providers, or relevant regulators of AML/CTF Laws (whether in or outside of Australia).

In addition, under AML/CTF Laws, we have a duty to:

- implement processes designed to identify, mitigate and manage the risks we may reasonably have, that the provision of designated services by us, might (whether inadvertently or otherwise) involve or facilitate money laundering or financing of terrorism;
- implement applicable customer identification procedures for our customers;
- conduct appropriate employee due diligence;
- comply with national AML/CTF Laws in the countries in which we may operate, and have regard to international best practice; and
- work in conjunction with the Australian Government, and the governments of any country in which we may operate, and support these governments' objectives in relation to prevention, detection and control of financial crime.

## Instructions

We may assume the genuineness and authenticity of any instructions given to us orally or in writing (whether in the original form, by facsimile or by email) by you or any person authorised to act on your behalf, including your authorised representative. We will not enquire into those instructions. You authorise us to act on those instructions believed by us to be genuine or to be given by the person authorised to give them.

Instructions may be designated expressly as standing instructions by you at any time or from time to time but otherwise will not be construed as standing instructions.

You may vary an instruction by giving us a new instruction identifying the instruction it replaces. We will act only on the new instruction given to the extent that the existing instruction is not already affected. If an instruction is, in our opinion, ambiguous or unclear in any respect, we will clarify the instruction with you or your authorised representative within a reasonable time.

We are not liable to you in respect of any action taken in accordance with an instruction or any delay in effecting an instruction due to unclear instructions or for any other reason beyond our reasonable control. We have the right not to comply with an instruction if that instruction is inconsistent with the constitution, this PDS (as may be amended from time to time) or any applicable law.

## Complaints

You should notify us in writing if you have a complaint. We will acknowledge receipt of your complaint within 14 days. We must communicate with you as soon as practicable (and in any event not more than 45 days after receipt of your complaint), the determination in relation to the complaint, any remedies available to you and information regarding any further avenues for complaint.

If you are not satisfied with the outcome of your complaint, you may refer the matter to an external complaints resolution scheme. Chimaera is a member of the Financial Ombudsman Service (**FOS**). For more information, Unitholders can contact FOS on 1300 780 808.

## Privacy

Chimaera Capital Limited respects your privacy and is totally committed to respecting and upholding your rights to privacy protection under the National Privacy Principles (NPPs). Chimaera Capital Limited has implemented a program to ensure compliance with the NPPs and its Privacy Policy forms part of that compliance program and outlines how we deal with your Personal Information.

We are obliged pursuant to the Corporations Act to maintain certain transaction records and make those records available for inspection by the Australian Securities and Investments Commission (ASIC).

We may also disclose your personal information if the law permits us to do so, if you consent, or to those proposing to acquire an interest in our business.

Unless you inform us or have previously told us not to, we may also disclose your personal information to our associated companies to inform you of their products and services.

We will endeavour to ensure that, at all times, the personal information we hold about you is up to date, complete and accurate. In the event that you become aware, or believe, that any personal information which we hold about you is inaccurate, incomplete or outdated, you may contact us and provide evidence of the inaccuracy or incompleteness. We will, if we agree that the information requires correcting, take all reasonable steps to correct the information.

To obtain a copy of our Privacy Policy please contact:

### Chimaera Capital Limited

349 Collins Street  
Melbourne, Victoria 3000  
Australia

**Telephone** +61 3 8614 8400  
**Fax** +61 3 8614 8410  
**Email** [clientservices@chimaeracapital.com](mailto:clientservices@chimaeracapital.com)

### Cooling Off Rights

Cooling off rights do not apply for an investment in this Fund.

### ASIC Relief

#### Redemption Facility – Relevant Interest in Fund Assets

ASIC has granted relief under section 655A(1) and 673(1) of the Corporations Act by modifying section 609 of the Corporations Act so that a redemption request under the redemption facility offered by the Fund does not by itself give Unit holders a relevant interest in the securities held by the Fund. The instrument of relief clarifies that those relevant interests do not need to be taken into account by investors in relation to their obligations under the takeover and substantial holder notices regimes in the Corporations Act. The relief will not apply once the relevant Units are redeemed.

#### Continuous Offering of Units

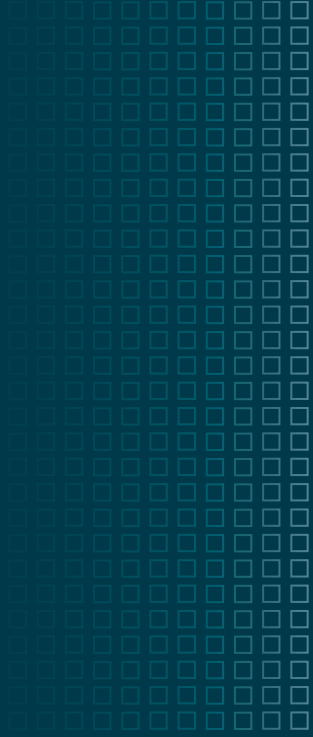
ASIC has granted relief under section 1020F(1)(c) of the Corporations Act from the requirements in section 1016D and 1016E to allow for the continuous offering of units in the Fund.

#### Ongoing Disclosure Relief

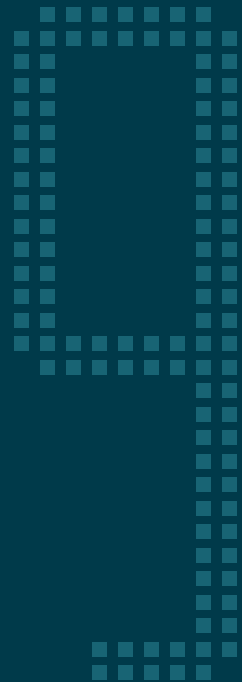
ASIC has granted relief under section 1020F of the Corporations Act from the ongoing disclosure requirements in section 1017B on condition that Chimaera Capital Limited complies with the continuous disclosure requirements of the Corporations Act as if the Fund was an unlisted disclosing entity.

#### Equal Treatment Relief

ASIC has granted relief under section 601QA of the Corporations Act from the equal treatment requirement in section 601FC(1)(d), to the extent necessary to allow the responsible entity to restrict eligibility to submit redemption requests in relation to units to those investors who are Authorised Participants as defined in the constitution for the Fund.



## HOW TO TRANSACT WITH US





## How to Transact With Us

You may purchase Units on the ASX. There is no minimum investment amount for transactions made on the ASX and the purchase of Units on the ASX is not governed by the application and redemption provisions set out below.

### Authorised Participants

Applications for and redemptions of Units may only be made by an Authorised Participant. To become an Authorised Participant please complete an Authorised Participant Agreement, and agree to the terms and requirements of that Agreement. For a copy please contact;

**Chimaera Capital Limited**  
349 Collins Street  
Melbourne, Victoria 3000  
Australia

**Telephone** +61 3 8614 8400  
**Fax** +61 3 8614 8410  
**Email** clientservices@chimaeracapital.com

The application / redemption form is attached to this PDS. Authorised Participants must complete and send the Application/ Redemption Form to us by the relevant 'cut off time'.

The Application Procedure and Redemption Procedure in the Authorised Participant Agreement provides detailed instructions and contact details to be used when sending the Application/ Redemption Form to Chimaera Capital Limited.

The standard application and redemption basket will be made available on a daily basis to Authorised Participants prior to commencement of trading, via fax, email or other means by agreement.

Acknowledgement of successful application / redemption requests will be provided as per the Authorised Participant Agreement. We may however, refuse or accept applications or redemptions in our sole discretion. If we decide not to accept a redemption request, we will notify you as soon as practicable and in any event, by 4pm the business day following receipt of the request. There may also be certain circumstances that require us to suspend the payment of a redemption request that we have accepted if it is not possible, or not in the best interests of Unitholders to make the payment due to one or more circumstances outside our control (such as restricted or suspended trading or extreme price fluctuation or uncertainty in the market for an asset).

### Minimum Creation/ Redemption Unit Amount

The minimum creation and redemption unit amount for the DIGGA Australian Mining Fund is the number of Units (at the time

the application or redemption request is accepted by us) which is equivalent to A\$250,000. However, we may, in our discretion, accept application or redemption requests for lesser amounts.

### Application/Redemption Basket

Prior to the opening of trade for each Business Day, we will determine the relevant application and redemption basket of securities. This basket is calculated according to the composition of the relevant index but may differ due to liquidity and other considerations.

The application and redemption basket will be available to Authorised Participants, who have signed the necessary Authorised Participant Agreement, prior to the opening of trading for each business day. The name and number of shares of each security which comprise an application or redemption basket that is to be transferred to or from an Authorised Participant through CHESS, will be available to Authorised Participants on our website; [www.chimaeracapital.com](http://www.chimaeracapital.com). Also contained on the website, will be the Fund's NAV, the Fund's NAV per Unit and the amount of Units that comprise the creation or redemption unit amount, (minimum creation/redemption unit divided by the current NAV per Unit), as well as details of any cash component.

The standard application/redemption basket of the Fund is provided to the ASX on a daily basis. The basket constituents and cash component are used to calculate an Estimated Intraday NAV (EIN) using the ASX Trade system.

### Applications

The minimum number of Units that can be acquired by an Authorised Participant is calculated by reference to a minimum creation unit amount for the Fund as set out above. Authorised Participants may apply for or redeem multiples of creation and redemption unit amounts - for example, an Authorised Participant may apply for 1.5 creation unit amounts. Providing the minimum creation unit or redemption unit amount is met, the multiple need not be a whole number.

To apply for Units, an Authorised Participant must transfer to us an application basket through CHESS, and provide us with the specified cash component (if applicable). The amount of the cash component will vary depending on the value of securities transferred to us. For example, we will accept a higher cash component in lieu of securities, where there is a relevant trading restriction of a security that forms part of the application basket. We may also accept applications in cash only.



# Product Disclosure Statement

On receipt of the application basket, we will issue the Authorised Participant with the number of ETF Units that represents the relevant multiple of the creation unit amount, based on the prevailing Unit price at the time the application is accepted by us, as set out in the constitution.

We reserve the right to refuse any application for Units. We will notify you if your application is refused.

Pursuant to the Constitution of the Fund, an Authorised Participant agrees to indemnify us for any liability arising out of a failure to pay for a Unit where payment is made by an in-specie transfer of securities and a specified cash component (if applicable).

Units issued pursuant to an application will be quoted in accordance with the AQUA Rules on the ASX with effect from the settlement of the issue of the relevant Units through CHES.

We will announce to the ASX via the ASX Company Announcements Platform the Fund's total Units on issue and other information in accordance with the AQUA Rules.

## Redemptions

The minimum number of Units that can be redeemed by an Authorised Participant is calculated by reference to a minimum redemption unit amount for the Fund, as set out above.

Redemption of Units will be in the form of a specified parcel of quoted securities transferred to the Authorised Participant through CHES (the redemption basket) and a cash component (if applicable). The amount of the cash component will vary depending on the value of securities transferred by us.

To redeem Units, an Authorised Participant must lodge a redemption request in accordance with the constitution. If accepted, the Authorised Participant must deliver the Units to us and, in return, we will transfer a redemption basket to the Authorised Participant through CHES and provide the cash component (if applicable).

Pursuant to the Constitution of the Fund, an Authorised Participant agrees to indemnify us for any liability arising out of redemption price being paid to the Authorised Participant in cash (rather than by way of the redemption basket and cash component (if applicable)).

We may, pursuant to the Fund's constitution or by law, deduct or withhold amounts relating to tax and other amounts from the redemption proceeds that would otherwise be payable to a Unitholder. We may deduct such amounts (if any) from the cash component and/or the redemption basket that would otherwise be payable to the relevant Unitholder in respect of the redemption.

The redemption amount paid to a Unitholder on the redemption of Units in a Fund will include an entitlement to the income of the Fund. For further details please see; Section 6 – **Taxation of Units**.

We reserve the right to refuse any request for redemption of Units.

## Non-Standard Application Baskets and Cash Only Applications

If an Authorised Participant is not able to provide us with an application basket that comprises the securities specified by us (a **standard basket**), it may provide us with a non-standard basket with our prior consent or the consent of the Investment Manager. In respect of a non-standard basket, we may require the Authorised Participant to provide us with an increased cash component in lieu of specified securities. We may also accept applications in cash only.

The Authorised Participant must notify us of any non-standard baskets or cash only applications as soon as possible but in any event by 2pm AEST time. Our approval of any non-standard basket or cash only application is required before any CHES instruction can occur. The Application Procedure set out in the Authorised Participant Agreement describes how to provide us with notification of non-standard baskets or cash only application.

## Non-Standard Redemption Baskets and Cash Only Redemptions

We may provide you with a non-standard redemption basket, or accept a cash only redemption in our discretion.

The Authorised Participant must notify us of any non-standard baskets or cash only redemptions as soon as possible but in any event by 2pm AEST time. Our approval of any non-standard basket or cash only redemption is required before any CHES instruction can occur. The Redemption Procedure set out in the Authorised Participant Agreement describes how to provide us with notification of non-standard baskets or cash only redemption.

## Cash Component

The residual cash amount is the difference between the minimum value of the creation or redemption unit amount, and the aggregate market value of the securities which comprise the application or redemption basket.

The cash amount will be calculated at the end of each business day and will vary depending on the market value of the securities to be transferred, and whether the basket that is to be delivered by or to the Authorised Participant (as applicable) is deemed to be standard or non-standard.

## 'Cut off' Times and Processing

If the Responsible Entity receives your completed Application/Redemption Form by the 'cut off time', the Responsible Entity will generally process your application or redemption using the issue or redemption price calculated as at the close of trading on that Business Day.

The 'cut off time' is 4.00pm on each Business Day (except in the case of non-standard baskets or cash only applications/redemptions where it is 2.00pm on each Business Day).

If your completed Application/Redemption Form is received after the 'cut off time', or on a non-Business Day, we will generally process your application or redemption using the issue price or redemption

# Product Disclosure Statement

price calculated at the close of trading on the next Business Day after it has been received.

Settlement of any applications or redemptions generally occurs through CHESS on T+3 in accordance with the relevant ASX rules.

## Valuations and Pricing

The application price and redemption price for the Fund is determined as at the close of trading for each Business Day.

The application price and redemption price is calculated as the NAV of the Fund, divided by the number of Units of the Fund (Fund's NAV per Unit), adjusted for transaction costs.

Assets are valued at current market value in accordance with our unit pricing discretions policy. The policy covers the types of discretions that Chimaera Capital Limited may exercise in calculating the application price and redemption price, as permitted under the Fund's constitution. These discretions include where applicable:

- estimating an allowance for transaction costs;
- selecting a valuation method (where there is no market value of an instrument);
- determining entry, exit or switching fees if applicable;
- determining the net asset value of the Fund;
- rounding unit prices;
- determining a time at which unit prices are calculated; and
- determining a time at which assets and liabilities are valued.

A copy of our unit pricing discretions policy, is available on our website: [www.chimaeracapital.com](http://www.chimaeracapital.com)

## When the Fund is not 'Liquid'

If the Fund is not 'liquid' (this is defined in the Corporations Act 2001 (Cth)) Unitholders can only request a redemption where we have made a withdrawal offer in accordance with Part 5C.6 of the Corporations Act.

We are not obliged to make such a withdrawal offer. Where no such offer is made, Unitholders have no right to redeem from the Fund.

The Fund will be 'Liquid' if at least 80% of its assets are liquid assets (as defined in section 601KA of the Corporations Act).

## Transferring Units

Transfer of Units is subject to the constitution of the Fund and relevant ASX requirements. A Unit may also be transferred by any other method of transfer which is required or permitted by the Corporations Act and ASX.

# Application / Redemption Form

Please complete the Application Form in full using BLOCK LETTERS  
 Please print this document with the completed fields, sign it in the places indicated and send to us. If you wish to retain an electronic copy with completed fields, click the 'Save Form' Button.

**Chimaera Capital Limited**  
 349 Collins Street Melbourne, Victoria 3000

**PID (Participant ID):** 22123  
**HIN (Holder Identification Number):** X0037908592  
**AFS Licence Number:** 246542

**Section A – Participant Details**

Name:

ACN/ABN:

Email:

Postal Address:

Suburb:  State  Postcode

Phone: (  )   Fax: (  )

Participant ID (PID):

Tax File Number, Australian Business Number or exemption information:

Providing your TFN is not compulsory. However, if you do not provide your TFN or appropriate exemption information, we are required to withhold tax from your distributions at the highest marginal tax rate (plus Medicare levy) until your TFN or exemption is provided. You may quote your ABN instead of TFN if you are making this investment in the course of a business or an enterprise carried on by you. Collection of your TFN in connection with your investment in a Fund is authorised and the tax laws and the Privacy Act strictly regulate its use and disclosure.

**Section B - Number of Creation / Redemption Units Applied / Redeemed**

The applicant applies to Chimaera Capital Limited in its capacity as responsible entity of the DIGGA Australian Mining Fund for the issue/ redemption of units in the DIGGA Australian Mining Fund specified below.

<p><b>Application for Units</b></p> <p><input type="checkbox"/> Standard Basket</p> <p><input type="checkbox"/> Non Standard Basket*</p> <p><input type="checkbox"/> Cash Application*</p>	<p><b>Redemption for Units</b></p> <p><input type="checkbox"/> Standard Basket</p> <p><input type="checkbox"/> Non Standard Basket*</p> <p><input type="checkbox"/> Cash Redemption*</p>
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\* (Subject to agreement of the Responsible Entity – forms to be received prior to cut off time of 2pm AEST. In respect of non-standard baskets, please complete the Non-Standard basket Security List below)

ETF	ASX Code	Application Amount Minimum: A\$250,000	Redemption Amount Minimum: \$A250,000
DIGGA Australian Mining Fund	DGA	<input type="text"/>	<input type="text"/>

# Application / Redemption Form

## Section C - In Specie Transfer Security List

For "Standard Baskets" please sign and attach the standard basket workbook provided  
 For "Non Standard Baskets" please complete the section below;

Ticker	Quantity (Shares)
<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>

## Section D – Annual Report

You may obtain a copy of the Fund's annual report on our website [www.chimaeracapital.com](http://www.chimaeracapital.com) from 30 September each year.  
 If you would like to receive a copy by post please check the box

## Section E - Declaration and Signature

I/We: confirm that I/we have received the PDS (in electronic or hard copy version) and I/we are completing the form attached to that PDS;

- (a) confirm that I/we have read the PDS to which this form relates, including Section 4 – **The Risks of Investing**;
- (b) acknowledge that all information provided on this form is true and correct;
- (c) agree to be bound by the terms and conditions of the PDS and the Fund's constitution, as amended from time to time;
- (d) acknowledge that the repayment of investment capital and the payment of any income is not guaranteed;
- (e) consent to the use of my/our personal information in accordance with the 'Privacy' Section of the PDS; Section 8 – **Other Important Information**.
- (f) in respect of an application, agree to execute an Authorised Participant Agreement;
- (g) in respect to an application, confirm that I/we are authorised as participants under the Australian Securities Exchange (ASX) Operating Rules and are acting as principal;
- (h) acknowledge that the law prohibits a person from giving another person this form (either electronically or otherwise) without also giving them a copy of the PDS. Paper copies of the PDS are available free of charge;
- (i) confirm that I/we have notified Chimaera Capital Limited of any non-standard baskets by completing Sections B and C on the Application/Redemption Form.

This form must be signed by the applicant, or all applicants if it is a joint application. If signed under power of attorney, the attorney verifies that no notice of revocation of power has been received. A certified copy of the power of attorney must be forwarded with the form. Corporate applications must be signed in accordance with the corporation's constitution and the Corporations Act 2001. Joint applicants will be treated as joint tenants.

# Application / Redemption Form

### Authorised signatory 1

Name

Position

Date (DD/MM/YYYY)

### Authorised signatory 2

Name

Position

Date (DD/MM/YYYY)

Please send the completed form to: Settlements Chimaera Capital Limited  
349 Collins Street  
Melbourne, Victoria 3000

or

Fax to +61 3 8614 8410 (Australia)  
+852 2166 9510 (Hong Kong)  
+65 6594 3810 (Singapore)

or

Email signed form to [settlements@chimaeracapital.com](mailto:settlements@chimaeracapital.com)

#### Australia

349 Collins Street  
Melbourne Victoria  
Australia 3000

Telephone: +61 3 8614 8400  
Facsimile: +61 3 8614 8410

#### Singapore

1 North Bridge Road  
#10 - 08 High Street Centre  
Singapore 179094

Telephone: +65 6594 3800  
Facsimile: +65 6594 3810

#### Hong Kong

Level 12  
6 Duddell Street, Central  
Hong Kong

Telephone: +852 2166 9500  
Facsimile: +852 2166 9510

[www.chimaeraindexseries.com](http://www.chimaeraindexseries.com)  
[www.chimaeracapital.com](http://www.chimaeracapital.com)