



FolioMandate™ - An Individually Managed Account

PRODUCT DISCLOSURE STATEMENT PART 1 OF 2

Dated 16 October 2014



CHIMAERA CAPITAL LIMITED

ABN 66 074 577 647

AFSL 246542

This Part 1 must be read in conjunction with Part 2 of this PDS

ABOUT THIS PRODUCT DISCLOSURE STATEMENT

This document is a Product Disclosure Statement (PDS) dated 16 October 2014 and consists of two parts, which are to be read together. Part 1 describes the features of FolioMandate, such as the investment structure, the various transactions that may form part of the investment strategy, the fees and costs and other important information. There is a selection of Model Folios available through FolioMandate, the terms and conditions of which are set out in the second part of the PDS and vary according to which Model Folio you select. Part 2 of this PDS provides information in relation to a specific Model Folio available through FolioMandate, the respective Folio Manager and the Application Form. Therefore, each Part 2 available through FolioMandate will vary depending upon the Model Folio you select (hereafter referred to as 'the Relevant Part 2').

The information contained in both parts of the PDS is general advice only and does not take into account your specific needs including your financial objectives, history, expertise or peculiar financial circumstances. Before acting on this information, you should consider whether the investments offered in the PDS are appropriate for you after taking into consideration your specific needs. To assist you in making your decision you should consult your Financial Adviser who may assist you to:

- assess whether FolioMandate meets your specific needs; and
- compare FolioMandate with other investment products you may be considering.

You must carefully read and consider Part 1 of this PDS with the Relevant Part 2 (with accompanying Application Form) before making a decision to invest in one or more Model Folios under FolioMandate, as completion and execution of the relevant Application Form will be taken as conclusive confirmation that you understand all aspects of the PDS. If you have not received both parts of the PDS or if you wish to be provided with the PDS of other Model Folios, contact the Chimaera Client Services Group on 1300 799 459 or your Financial Adviser before proceeding further, so you may receive and understand all aspects of the PDS applicable to your chosen Model Folio before making your investment decision

If you are printing an electronic copy of the PDS (inclusive of Parts 1 and 2), 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.

A printed copy of the PDS can also be obtained free of charge by contacting the Chimaera Client Services Group on 1300 799 459 or your Financial Adviser.

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UPDATED INFORMATION

Information in the PDS is subject to change from time to time. If the change is not materially adverse to your interests the information may be updated by us unilaterally. You can view the updated information on our website www.chimaeracapital.com. A paper copy of the PDS and updated information will be available free of charge upon request. We will, however, issue a supplementary or replacement PDS in respect of changes that are materially adverse to your interests and that may impact on your decision to invest in FolioMandate.

ELIGIBILITY

The offer to which this PDS relates is only available to persons who reside in Australia and receive a copy (printed copy or otherwise) of the PDS (both Part 1 and Part 2). 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.

Neither Chimaera Capital Limited nor any company in the Chimaera Financial Group nor any Folio Manager 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 FolioMandate is subject to investment risk, including possible delays in repayment and loss of income and capital invested. Investment in any investment class carries with it an element of market risk, and no-one can assure you of the future performance of a particular Model Folio. The risks associated with investing through FolioMandate are explained in greater detail later in this PDS. You should direct any queries regarding the nature and extent of these risks with your Financial Adviser, and ensure you understand and accept those risks before investing.

Unless otherwise stated, all amounts in this PDS are quoted in Australian dollars and include GST and are net of any input tax credits or reduced input tax credits, where available.

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FolioMandate at a Glance

Summary of Key Features

Investing

Choice of Model Folios¹	A list of Model Folio's comprising portfolio's of securities managed by a Folio Manager can be found on our website www.chimaeracapital.com . (See Relevant Part 2 of this PDS for more information about a specific Model Folio)
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Minimums

Initial investment per Model Folio	\$50,000
Additional investment per Model Folio	\$1,000
Account Balance per Model Folio ³	\$10,000
Withdrawals	\$1,000
Switching	\$10,000
Conditions apply – refer section 'Transacting on your Model Folio Account' in Part 1 of this PDS	
Regular Savings Plan	\$1,000

Features

Share transfers	Yes
Distributions ¹	Yes
Leverage ¹	Optional depending on Model Folio
Hedging Facility ¹	Optional depending on Model Folio
Cash Account	Yes

Fees and Costs²

Establishment fees	Nil
Termination fees¹	
Model Folio administered < 12 months	\$1,100
Model Folio administered > 12 months	\$550 Other termination fees may also apply to a Model Folio
Management costs¹	Up to 1.5% per annum
Performance fees¹	Up to 25% of the benchmarked outperformance per annum
Audit and Reporting fees¹	\$20 per month
Transaction costs¹	Up to 0.30% per transaction

Information About Your Investment

- Online Account Access to your account
- Daily, weekly or monthly performance information
- Monthly Activity Statements
- Annual Tax statement
- Add additional Model Folio accounts
- Manage your asset allocation between cash and Model Folio's

¹Refer to the Relevant Part 2 of this PDS

²Other fees and costs may apply (see section 'Fees and Other Costs' in Part 1 of this PDS)

³Minimum Account Balance does not apply to Cash Account

FOLIOMANDATE AT A GLANCE

About the Chimaera Group

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 ASX CHESS settlement participant and an approved issuer of ASX Exchange Traded Products.

Chimaera Private in Melbourne, in conjunction with Chimaera Capital Management 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 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.

More Information Can Be Found at:

www.chimaeracapital.com

What is FolioMandate?

FolioMandate is a unique Individual Managed Account (IMA) service structured in the form of a registered managed investment scheme.

FolioMandate provides exposure to global securities via a selection of Model Folios, each of which offers unique features and benefits.

Folio Mandate provides each investor with a dedicated Cash Account (IMA) which allows investment flows between Model Folios to be controlled by you.

Model Folios may be structured to track or approximate major indices or sector exposures across Global stock and bond markets, or alternatively to provide more actively managed or strategy based solutions. Model Folios may also be offered as specialist mandates provided by external professional money managers, or Folio Managers.

An appointed manager will constantly assess and determine the investments to be made on your account. However, unlike managed funds, the assets within an IMA are not pooled with those of other investors and then valued periodically to calculate the price of an investor's allotment of units in that fund. Instead, particular assets are selected according to the terms and conditions of your chosen Model Folio and then bought, sold or held directly on your behalf. In this way, you may assess at any time the value of assets held on your account, rather than awaiting the repricing of units you hold in a fund.

This distinction provides you with an individualised cost base for tax purposes and the ability to customise the investment features of your Account to better reflect your individual preferences. IMAs combine the benefits of securing professional money management with the flexibility, portability, controls and potential tax advantages of direct entitlements in respect of individual securities.

What are the Key Attributes of FolioMandate?

The principal attributes of investing in FolioMandate, and therefore also the benefits of utilising Chimaera Capital's expertise in the management of your FolioMandate investment, are set out below.

Customisation

- Portfolio may be customised based on your specific financial goals and targets
- Significant choice available to you including selection of a particular security, industry or sector
- Choice of investment objective or Model Folio

Facilitates Tax Planning

- Securities can be traded consistently according to your individual tax planning strategy
- Capital gain realisations can be managed and losses harvested
- Maximisation of franking credits through our targeted franked dividend acquisition strategies

Market Entry and Exit Management

- Selection of security purchase and sale points
- Management of timing of profit and losses

Diversification

- Investments may be allocated across asset classes
- Broad exposure that mitigates value fluctuations over the course of market cycles

Transparency

- Total fee disclosure
- Reporting of all transactions and account movements
- Comprehensive tax reporting
- Secure and direct online access to all account details and forms

Investment Flows

- Investment flows are controlled by you
- Control your asset allocation mix with a dedicated Cash Account

Personal and Social Preference Consideration

- You are able to request and establish screening that allows the portfolio to be constructed according to your social and personal preferences

What Model Folios are available?

All investors are provided with a Cash Account (IMA)

A list of other Model Folio's comprising portfolios of securities managed by a Folio Manager can be found on our website www.chimaeracapital.com.

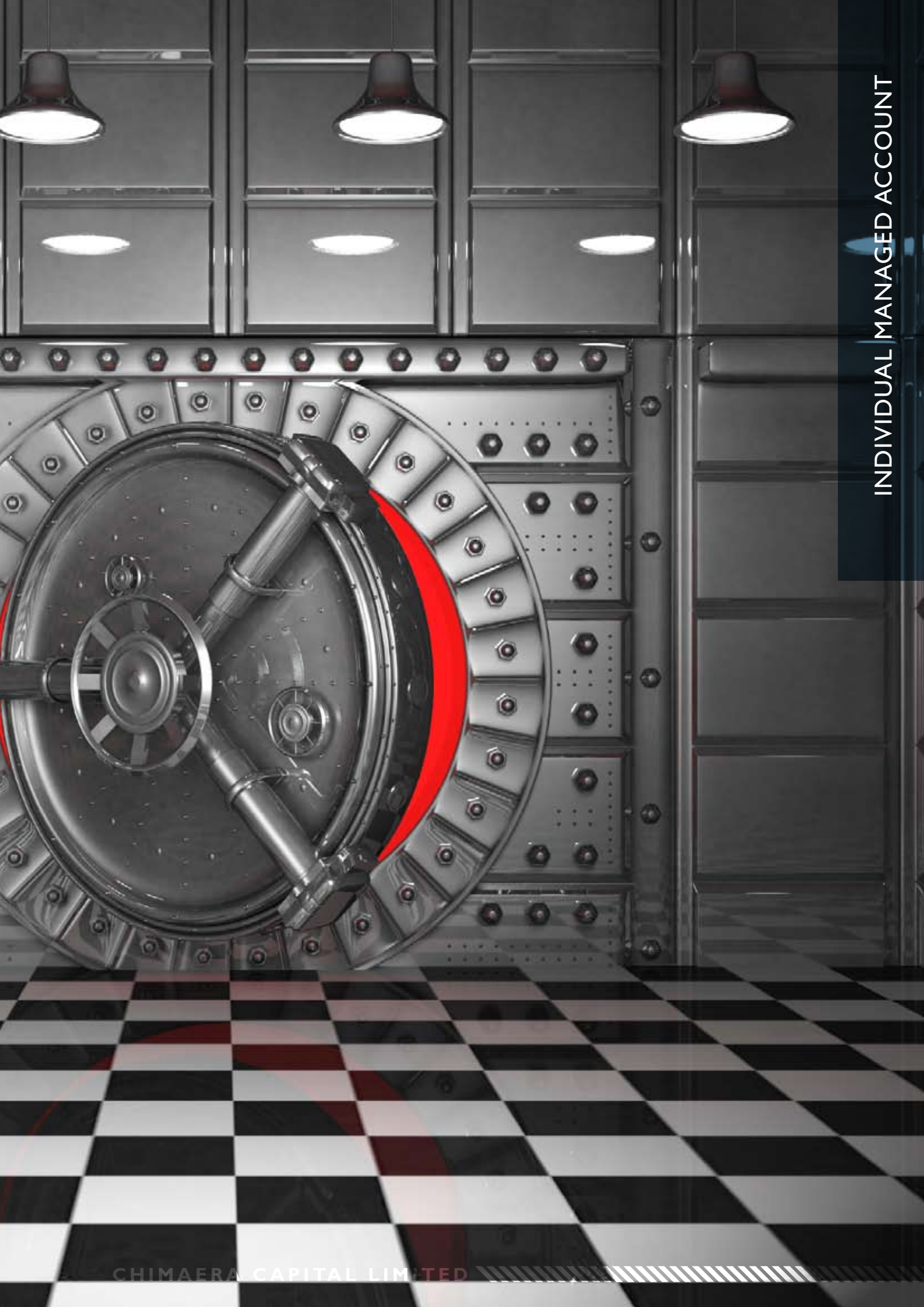
(See Relevant Part 2 of this PDS for more information about a specific Model Folio)

We recommend you consult your Financial Adviser before making any investment decisions or selecting a particular Model Folio or Model Folios. In particular your Financial Adviser may assist you in developing a tailored plan that suits your specific needs including objectives and financial circumstances and determine your attitude to risk and general risk profile.

Chimaera Capital's management of Model Folios may utilise various investment and risk management strategies, such as the purchase or sale derivatives (including options, futures, swaps or Contracts for Difference), leverage and short selling.

Our use of leverage in respect to a Model Folio would, where the benefits of the capital movements in the value of a larger asset base outweigh the costs incurred to finance the greater exposure, enhance the returns that would otherwise be obtained if no gearing strategy was employed. The use of borrowing, hedging and/or derivatives strategies does however significantly raise an investors' risk as the interests of any chosen financier will rank ahead of those of investors. These risks are explained in greater detail later in this PDS.

From time to time, we may change aspects of FolioMandate or a Model Folio that is not considered to be materially adverse to you. You will be notified of these changes as soon as practicable after the change but within 90 days of the change occurring. Accordingly we invite you to consult that website periodically to determine if any changes have been made to the terms of that PDS. In respect of an increase in fees, we will give you 30 days prior notice of any changes.



INDIVIDUAL MANAGED ACCOUNT

The Risks of Investing



The principal risks of investing in FolioMandate and a Model Folio are outlined below.

Risks may vary depending on the relevant investment strategy. Please refer to the relevant Part 2 of this PDS.

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 its business environment. These can also impact on the company's ability to repay its debts or maintain its dividend payments and hence the perceived value of the company in the opinion of the marketplace may be adversely affected

Stock Selection Risk

The Folio Manager may make investment decisions that result in sub-standard returns, eg. where securities are chosen that significantly underperform relative to others. This risk is mitigated to some extent by the knowledge and experience of the Folio Manager.

Market Risk

Risk that markets may fluctuate materially and unpredictably according to a host of factors, including economic conditions, government regulations, market sentiment, currency variations, local and internal political events and environmental and technological issues. Market risk may have different impacts on each investment and investment style.

Counterparty Risk

Risk that the party with whom we contract, on your behalf, such as a hedge provider or financier that may provide hedging services or funding to support the investment activities of the Model Folio, defaults on their respective obligations pursuant to that arrangement.

We will use our best endeavours to contract only with financially sound financiers with proven experience and expertise in securities lending and borrowing and equity finance.

In the case of financing through the use of securities lending and borrowing, where clear title to the financed securities is transferred to the financier to support the financial accommodation, the interests of investors in those shares will rank behind the interests of the financier. A loss could be sustained by affected investors should the financier be unable to pay its own debts to enable it to reconvey all of the securities transferred.

We may change financiers from time to time, in the ordinary course of the management of our counterparty relationships. We will contract only with financiers which are appropriately licensed to operate within the relevant jurisdiction.

THE RISKS OF INVESTING

Interest Rate Risk

Risk that changes in interest rates can have a direct or indirect impact on the investment value of all types of assets. Interest rates may directly or indirectly affect the cost of borrowings of a company in which the Folio Manager has invested and hence affect that company's ability to repay its debts or sustain its dividend payments. Variances in comparative and international interest rates may also affect the domestic value of profits generated by a company overseas when converted to the investor's local currency.

Changes in interest rates may also affect potential income returns and capital values from investments in money market and debt securities.

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.

Liquidity risk may also refer to the risk that a company may be unable to access sufficient funds in a timely fashion in order to repay or service its debts, despite having a balance sheet that notionally demonstrates that company's solvency.

Regulatory Risk

Risk that government or regulatory bodies may introduce new regulations or tax changes that may affect the value of securities within your Model Folio, either directly or indirectly.

Derivative Risk

Risk that derivatives do not accurately match the valuations of the underlying physical securities on which they are based, potential illiquidity of derivative positions held or sought to be acquired, and the risk a counterparty may fail to deliver on its contractual obligations.

When certain options are sold, there may be a requirement for some or all securities held on your behalf to be lodged with the Australian Clearing House as security for performance of the underlying obligation, should you ever be obliged to fulfil it.

Leverage Risk (including margin call risk)

Risk of magnifying the gains and also the losses, and also the volatility, of the investment, e.g. if you invested \$100,000 and you elect to borrow an additional 75% of your initial investment, securities to the value of \$175,000 would be acquired on your behalf. A 10% decrease in value would mean a loss of \$17,500 which translates to a loss of 17.5% of your investment, conversely a 10% increase in value would mean a gain of \$17,500 which translates to a 17.5% gain on your investment. In order to satisfy any margin calls made following a breach of the loan to value ratios applicable to a Model Folio, you may be forced to sell at an unfavourable price and your loss may exceed your original investment. In these circumstances you may be additionally liable for repayment of any outstanding loan amount after your securities have been realised.

The table below summarises gain and loss scenarios with various amounts of leverage;

Gain and Loss scenarios with increasing leverage				
Initial Investment	\$100,000	\$100,000	\$100,000	\$100,000
Borrowing	\$0	\$25,000	\$50,000	\$75,000
Total Portfolio Size	\$100,000	\$125,000	\$150,000	\$175,000
Gains: +10% market rise	\$10,000	\$12,500	\$15,000	\$17,500
% Gain of Initial Investment	10.0%	12.5%	15.0%	17.5%
Losses: -10% market fall	(\$10,000)	(\$12,500)	(\$15,000)	(\$17,500)
% loss of initial Investment	(10%)	(12.5%)	(15%)	(17.5%)

Short Selling Risk (including securities lending risk)

Profits are made by short selling a security that is subsequently bought back at a lower price. There is a risk in this process that if the value of the security sold short on your behalf rises, rather than falls, you will suffer a loss on the investment equal to the difference between the sale price and the purchase price of those securities. If the security lender recalls their security before a trade has reached its targeted lower price, you may be forced to purchase the securities to redeliver to the security lender. In this event you may be forced to buy the security at an unfavourable price, resulting in a loss on the short sale transaction.

Short selling risks also include the circumstances where the security lender defaults on its obligations to return the cash (or other securities) posted as collateral against the securities borrowed, or return collateral amounts in the event of the diminution in value of the securities borrowed. The investor is unable to reinvest proceeds or the lender having to cover its losses by looking to its rights under contract, whereupon counterparty risk will again be prevalent.

Scheme Risk

As with all managed funds, there are risks particular to the Scheme including that it could terminate, the fees and expenses could change, and Chimaera Capital as the Responsible Entity may be replaced.

Key Personnel Risk

The Folio Manager is dependent on the expertise of its existing management team - the performance of a Model Folio could be adversely affected if key members of the team do not continue to provide their services.

Transfer of Title

We may elect to utilise funding sources that require, as a condition of the finance arrangements, clear legal and beneficial title to the underlying shares be transferred to the financier or its nominee pursuant to a document based on the standard Australian Master Securities Lending Agreement.

Should a counterparty with which we contract enter administration or otherwise become unable to pay its debts when due, there is a risk that the assets transferred to it pursuant to such financing arrangements may be realised to reduce debts unrelated to your Model Folio, and your investment may therefore be prejudiced.

There will invariably be a level of risk of fluctuations in the value of an investment, whatever its nature. Investment risk can be managed professionally and even minimised, but it cannot be completely eliminated. It is important to understand that not all risks are foreseeable. There is always the possibility that you may lose your capital contribution on any investment you make.

While we cannot completely eliminate risk for a Model Folio, the appointed Folio Manager aims to manage risks through the use of consistent and carefully considered investment guidelines as outlined in the Relevant Part 2 of this PDS.



How We Manage Your Money



Investment Management

Each Folio Manager will perform the investment management services for your Model Folio 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 Model Folios' 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.

Your Model Folio will be monitored by the Folio Manager and subjected to regular reviews and rebalancing. These reviews are generally undertaken monthly.

In the event of significant market movements, changes in security weightings or as a required by your chosen strategy, your Model Folio may be reviewed and re-balanced more frequently. Rebalancing is the process by which the Folio Manager's decision regarding investment opportunities and asset selection are implemented for the Model Folio. It involves comparing the market weights of each of the investments in the Model Folio with the Model Folio construction weights as provided by the Folio Manager and the Model Folio's cash weighting.

In order to minimise the amount of brokerage paid, a Folio Manager will generally use a single execution-only broker of its choosing. However, a Folio Manager may use other brokers if market conditions and stock-specific factors warrant it.

It may be necessary to execute individual trades for your Model Folio, which may result in higher brokerage and other costs than if a decision was taken by a Folio Manager to adjust holdings across the entire investor base in the relevant Model Folio, eg. investments may need to be sold in your particular Model Folio to pay a withdrawal request.

Use of Specialist Folio Managers

By appointing specialist Folio Managers to manage particular assets or asset types, we aim to provide you with a choice of Model Folios matched with Folio Managers with the appropriate experience and expertise. Refer to the Relevant Part 2 of this PDS for details of the particular Folio Manager responsible.

The Folio manager for the Cash Account IMA is Chimaera Private Limited.

Selecting a Specialist Folio Manager

Our selection process takes into account:

- the proficiency and experience of the Folio Manager;
- the Folio Manager's investment style and processes;
- the consistency with which this investment style and process is applied;
- past performance; and
- potential to add value over the long term.

HOW WE MANAGE YOUR MONEY

The Review Process

We continuously monitor the Folio Manager by conducting regular reviews. We review them on a number of levels to ensure that the Folio Manager continues to:

- adhere to the Model Folio mandate;
- perform to our investment expectations; and
- manage their investment allocation according to the agreed investment style and process of the relevant Model Folio.

We may change a Folio Manager without prior notice to you.

Investment Policy

The Constitution allows the borrowing or raising of monies. Folio Managers may use derivatives (including options), leveraging, and short selling as part of the management of your Model Folio. These investment and risk management strategies are outlined below.

(a) Derivatives

A Folio Manager may invest in derivatives in order to more efficiently manage your Model Folio. There may be occasions where derivatives are used in order to help protect your Model Folio against possible changes in the market value of your investment, or to achieve a desired investment outcome where it is more efficient or cost effective to use derivatives without actually buying or selling the physical asset. Losses as well as gains are possible on these derivative contracts. A Folio Manager may also use derivatives to leverage a Model Folio as an alternative to borrowing.

Refer to the Relevant Part 2 of this PDS for details of the use of leverage.

(b) Leverage

By borrowing money to increase the available amount for investment, leveraging can magnify the gains and losses from investments compared to the returns on a corresponding unleveraged investment. Leveraged investments are regarded as higher risk investments compared with unleveraged investments, and may magnify the fluctuations in your returns. The leverage ratio may change daily as the value of assets and other market conditions change.

Should you select leverage when investing in a Model Folio, fluctuations in your Model Folio's asset value and/or your ability to service the periodic interest payments required, may force you to sell at an unfavourable price and your loss may exceed your original investment. In these circumstances you may be liable to repay the loan amount that exceeds the proceeds realised from the sale of your investment.

You have an option of which leverage ratio you wish to apply to your investment in a Model Folio. Please contact us for a range of leverage options that you may select for your investment.

The degree of leverage you elect to assume in respect of a Model Folio is separate and distinct from the borrowing that may be undertaken in respect of the Model Folio's assets by a Folio Manager.

Refer to the Relevant Part 2 of this PDS for details of the use of leverage.

(c) Short Selling

Short selling is the practice of selling a security, which is not at the time of sale owned by the investor. To facilitate the transaction the Folio Manager on your behalf borrows the security to effect settlement of the short sale and may buy the security back in the market at a time and price it believes to be suitable in the circumstances. You may be charged a borrowing fee.

A Folio Manager may enter into short positions as part of the investment and risk management strategies of your Model Folio. The extent to which short selling is used will be determined by market conditions and the Folio Manager's assessment of suitable opportunities from time to time.

If the share price has fallen since the stock was sold short, you may have to pay less to purchase the shares than the amount they received for originally selling it, thus potentially making a profit on the trade. The amount of such profit (and indeed whether a profit is made) may also depend on the amount of transaction costs incurred, including the expenses

levied by the chosen stock lender to enable the shares to be borrowed. This cost is a function of the length of time for which the shares are borrowed and the security borrowing fee, which may vary according to the identity and volatility of the share and market conditions at the time. However, a Model Folio may incur a loss if a share price rises after the stock is sold short and the shares need to be purchased at a higher price than that obtained on the sale.

Refer to the Relevant Part 2 of this PDS for details of the use of short selling.

We recommend you consult your Financial Adviser regarding the impact of these investment and risk management strategies on your overall investment, noting that while the utilisation of derivatives, leverage and short selling are common tools used in modern portfolio management, market conditions and the expertise of the Folio Manager will be decisive in the profitability of the strategies

For further information on the risks of the above investment and risk management strategies refer section 'The Risks of Investing' in Part 1 of this PDS for details on the risks associated with investing in a Model Folio.

Valuation of Assets

Generally, the assets held in your Model Folio are valued at their market value in accordance with the terms of the Constitution. In respect of securities quoted on the ASX the market value is the closing price of the relevant security as at the date of valuation. However, where a closing price is not available or unable to be obtained for a particular day, we are entitled to rely on the most recent traded price or other such price the Folio Manager determines from the available information.

Environmental, Social and Ethical Factors and Labour Standards Considerations

Neither Chimaera Capital nor the Folio Managers take into account environmental, social or ethical factors and labour standards considerations when selecting, retaining or realising investments unless otherwise stated.

Model Folio Fees and Costs

Refer to the Model Folio Profile in the Relevant Part 2 of this PDS for fees and costs specific to the Model Folio you select.

Your Cash Account attracts a management Fee of 0.25% p.a.

Recommended Investment Timeframe

Folio Managers will have differing views about the investment timeframe you should hold your investment in order to assess properly the performance of the Model Folio and its achievement or otherwise of your particular expectations.

There is a recommended investment timeframe for each Model Folio, however, which is set out in Part 2 of the PDS for each Model Folio and you should regularly review your investment decision because your investment needs or market conditions may change over time.

We recommend you consult your Financial Adviser regarding the impact of the recommended investment timeframe on your overall investment strategy.



INDIVIDUAL MANAGED ACCOUNT

Investing in the FolioMandate



Under the FolioMandate structure you appoint us to perform investment administration services for your Model Folio in accordance with the terms of this document and the Constitution.

By appointing specialist Folio Managers to manage the assets of the Model Folios, we aim to provide you with a choice of Model Folios and investment strategies that suits your particular needs. Refer to the Relevant Part 2 of this PDS for further details on the Folio Manager who presently manages the Model Folio you select

Cash Account

When you invest in FolioMandate a cash account will be established for you. Your cash account is a Model Folio IMA designed to facilitate your asset allocation requirements between your Model Folio accounts. Your cash account is professionally managed by a Folio Manager and may contain a mix of term deposits and money market products offering high levels of liquidity and capital security.

Key Details at a glance are as follows:

Investment Objective

The Cash Account aims to provide regular income and an extremely high level of liquidity and capital security.

The IMA is designed to facilitate an investor's tactical asset allocation between asset classes and as such remains highly liquid at all times.

Folio Manager

Chimaera Private Limited

Fees and Costs

Management Costs; 0.25% p.a. calculated daily and paid monthly on the account balance.

Liquidity

T+1 liquidity when switching within Model Folios, T+3 liquidity for cash withdrawals.

Permitted Investments

Cash, Term deposits, Australian Government Treasury Bills, Bank Bills, Negotiable Certificates of Deposit, listed cash equivalents which invest in money market products issued by Authorised Deposit-taking Institutions (ADI's) as defined by APRA.

More details of the Cash Account can be found on our website; www.chimaeracapital.com

Settlement and Clearing of Transactions

Based on the Model Folio selected, the Folio Manager will make investment decisions in relation to your Model Folio and Chimaera Capital as custodian will take responsibility for the settlement and clearing of all transactions on your behalf or to pay you cash or transfer securities if you make a withdrawal.

INVESTING IN THE FOLIOMANDATE

Custody of Assets

As custodian Chimaera Capital will hold your assets on your behalf, maintain records of your holdings, keep track of your exposure in leveraged transactions and settle the purchases and sales of securities investments in your Model Folio. We may delegate our custody responsibilities to a sub-custodian where we consider it appropriate, or enter into securities lending transactions regarding the securities acquired on your behalf.

Any cash held within your Model Folio will be invested in an interest bearing trust account, earning interest at commercial rates calculated daily. Interest on the cash account is credited to your Account monthly in arrears.

Corporate Actions and Voting

As custodian of FolioMandate, Chimaera Capital will not contact you to exercise voting rights relating to assets acquired under your Model Folio. The Relevant Folio Manager has authority to instruct the custodian on corporate action events and voting rights relating to assets in your Model Folio Account.

Distributions

Distributions are made up of the net income earned on the Model Folio. It may include items such as option premiums, dividend income and franking credits. The distributions are calculated and in the ordinary course payable in arrears once determined by us in consultation with the Folio Manager.

Distributions are generally paid 15 days after each relevant distribution period in arrears. Withdrawals are not accepted outside this time period. Refer to the Relevant Part 2 of this PDS for those Model Folios, which may pay distributions.

How Do You Establish Your Model Folio?

How to Establish your Model Folio

To establish your Model Folio Account, forward your completed Application Form (accompanying the Relevant Part 2 of this PDS) together with completed transfer forms (if applicable) and your payment to Chimaera Capital.

You may invest with cash and/or by transferring any existing securities into your Model Folio Account.

You may transfer your existing securities into (and out of) FolioMandate while retaining beneficial ownership of them and without triggering a capital gains tax event.

The consideration to be paid for your investment in a Model Folio will be equal to the market value of your Model Folio Account as at the date of issue of your application adjusted for any transaction costs incurred (if any).

If we are unable to process an application because the Application Form is not completed correctly or signed, the transaction will not be processed until the correct documentation or payment is received. We reserve the right to reject an application in whole or in part for any reason (including if valid documentation is not received) and return to you all application monies or securities to you less taxes or bank fees (if any) in connection with the application. We will contact you or your Financial Adviser as soon as practicable if an application is rejected in whole or part.

Upon your application being approved, your chosen Model Folio account will be established for you as well as a Cash Account. You will be granted secure online access to your accounts. For further details please see "Keeping you Informed"

Minimum Application Amount and Minimum Model Folio Account Balance

The minimum initial application amount is \$50,000 in any one Model Folio.

We will only apply your investment amount to the Model Folio you have selected upon confirmation of receipt of all cash and/or securities envisaged to be lodged. A Model Folio Account must maintain a minimum Account Balance of \$10,000 at all times.

The Cash Account is not required to satisfy the minimum Account Balance requirement, provided your chosen Model Folio does so.

We will give you 30 days' prior notice if we vary the minimum investment amounts.

Transferring Securities into your Model Folio

An attractive feature of FolioMandate is that your existing holdings of securities may be transferred into your Model Folio as long as a tax cost history is provided and the securities are presently held in precisely the same name as the applicant. Please contact the Chimaera Client Services Group to assist you with this process.

The value of a transfer of securities as part of application monies is the value determined by us in accordance with the Constitution with effect from the date of the contribution.

Payment Methods

(a) Electronic Funds Transfer (EFT)

You may also use EFT to make initial and additional investments. EFT to CBA BSB: 063010 Account Number: 11972007 with the original Application Form to follow via mail or fax to (03) 8614 8410. Please ensure reference to your name or investor code is included in the account name.

(b) Cheque

If paying by cheque please make the cheque payable to Chimaera Capital – FolioMandate and cross the cheque 'Not Negotiable' and send with the completed Application Form. The cheque must be from an account held in your name or name of an Australian regulated financial institution. Cheques from third party accounts will not be accepted.

(c) Direct Debit

Please complete the financial institution account details in Section D of the Application Form attached to the Relevant Part 2 of this PDS if you would like to establish a Regular Savings Plan. Cleared funds should be available at all times.

Please note that cash cannot be accepted.

Cooling-off Period

You have a 14 day cooling-off period to during which you may verify that the investment you have made meets your needs.

This cooling-off period applies only to your initial application into FolioMandate. The 14 day cooling-off period commences on the **earlier** of:

- the time we confirm acceptance of your application; or
- the end of the fifth business day after your Model Folio is established.

You may exercise your cooling-off rights by sending a letter to Chimaera Capital or sending an email to clientservices@chimaeracapital.com.

Your request should include your personal details, your investor number and the date of your initial investment application.

If you choose to exercise your cooling-off rights, the amount you receive back may be greater or less than the amount you initially invested. This may be because the value of your investment is likely to have changed over the period due to market movements. We may also deduct any tax or duty incurred by us and reasonable administrative and transaction costs. You will be paid by cash and/or a transfer of securities.

Cooling-off rights will not apply to switches or additional investments including those made under the Regular Savings Plan. The cooling-off period will lapse if you transact on your Account within 14 days after the period commences. Under normal circumstances refunds are made within seven Business Days of you notifying us of your desire to exercise your rights under the cooling-off period.

Sophisticated, professional and wholesale investors (within the meaning of the Corporations Act) do not receive the benefit of the cooling-off period.

Should we not confirm acceptance of your application within 30 days of having received the funds and/or securities transferred to commence the Model Folio, we will return those funds and/or securities to you and a new application will need to be submitted.



Transacting Your Model Folio Account



Additional Investments

If you are an existing FolioMandate investor and adding additional funds to your Model Folio or wish to invest in a new Model Folio, after reviewing the latest version of this PDS and satisfying yourself as to its contents you need simply to complete the Application Form attached to the Relevant Part 2 of this PDS and effect your additional investment by utilising one or more of the following payment methods:

- with an accompanying cheque payment; or
- EFT/Direct Debt.

The value of any additional investment to an existing Model Folio must be at least \$1,000. Any additional investments will be invested in or applied to your selected Model Folio.

We will give you 30 days' prior notice if we vary the minimum investment amounts.

Switching

You can switch the whole or part of your investment in a Model Folio into one or more other Model Folios as long as, in the absence of our agreement to the contrary, the new Model Folio meets the minimum Account Balance requirement of \$10,000 and by completing Section C of the Application Form attached to the Relevant Part 2 of this PDS. The value of any investment switch must be at least \$10,000. Model Folio reviews undertaken by the Folio Manager generally take place on a monthly basis. Securities may or may not be sold and reinvested for the purpose of a switch by you.

Your Cash Account is not required to satisfy the minimum Account Balance requirement provided your chosen Model Folio does so.

Withdrawals

You may withdraw from your Model Folio by providing written or emailed instructions to us at Chimaera Capital. The minimum withdrawal amount is \$1,000 per Model Folio.

Should you wish to change your previously nominated bank account details you must provide us with a written or emailed instruction. You may not cancel a withdrawal request without our consent.

TRANSACTING YOUR MODEL FOLIO ACCOUNT

(a) Sale of Securities

Sale of your securities investments will commence at the next Model Folio review following receipt of your instruction request.

Unless you instruct us to sell specific securities or securities from one Model Folio only (subject to any minimum withdrawal or balance requirements) securities will generally be sold proportionately across all your Model Folios (if you have more than one). This may vary depending on the size of your holdings and other factors. We may sell specific types of securities in some cases where we think this is more practical. The proceeds from the sale of securities will be paid to your nominated account net of taxes, fees, charges and expenses including transaction costs such as brokerage.

(b) Transfer of Securities

If you wish to have securities held on your behalf transferred to you as part of your withdrawal request, you must provide the name and number of securities to be transferred, the broker's name (if relevant) and the nominated account number into which they are to be transferred to. In addition to an in-specie transfer fee, all stamp duty, taxes and costs of the transfer on or prior to the transfer will be payable by you.

(c) Regular Withdrawals

If you request, regular withdrawals may be made from your Model Folio Account on fixed dates. You will need to complete Section C of the Application Form in the Relevant Part 2 of this PDS and submit that with the other parts of the Application Form.

(d) Full Withdrawals

Should you request a full withdrawal of all securities and cash held in your Account, your Model Folio will upon that request being actioned be treated as having been terminated and your Account will be closed. You must give us 60 days notice in writing if you require a full withdrawal of your Account balance. In certain circumstances we may waive this requirement.

At termination we will:

- sell your holdings and transfer the funds into your nominated financial institution account; and/ or
- in specie transfer part or all of your holdings.

We will provide you with a complete tax summary of the trading and investment activity on your account at the end of each financial year, after deducting applicable fees, charges, expenses and taxes, once Chimaera Capital external auditors have completed their annual audit of FolioMandate.

The Constitution allows us to terminate your investment in a Model Folio on 60 days written notice in the event that the terms and conditions of your investment in FolioMandate are not fulfilled.

(e) Satisfaction of Withdrawal Request

It is anticipated that the proceeds of the sale of securities will generally be made available within 10 Business Days of settlement of the sale of securities. If we cannot sell sufficient securities to satisfy a withdrawal request within 10 Business Days of the request having been received (otherwise than for reasons that give rise to our ability to suspend withdrawals) we may choose to transfer the securities to you.

Unless an instruction relates to the entire balance of your Model Folio, we are not required to comply with a withdrawal instruction that is less than the minimum withdrawal amount of \$1,000 in relation to the Model Folio (as the case requires) or that would leave less than the applicable minimum Model Folio Account balance of \$10,000.

We are not required to comply with a withdrawal instruction if fees are not paid or if, in our discretion, we believe it may not be practicable to do so.

(f) Suspension of Withdrawals

We may suspend withdrawals from FolioMandate or extend the period for payment for such periods as we determine in the circumstances such as, for example, the closure or disruption of a relevant stock exchange. Any withdrawal requests unsatisfied when the suspension commenced or received during the period of suspension will be taken to have been received on the first Business Day after cessation of suspension.

A disposal or transfer of securities will be undertaken at the market values applicable when the sale is affected.

Withdrawal forms are available from our website www.chimaeracapital.com.

Invalid Transaction Requests

Application, withdrawal and other transaction requests may be invalid for various reasons (eg. Each applicant not signing the appropriate form or not including all required information on the form). In such cases the transaction will not be processed unless valid documentation is received. In cases where documentation is invalid, we will contact you or your Financial Adviser to request the required information

Keeping You Informed

(a) Reporting

By investing in FolioMandate you agree to access all investor reports, trade information, securities and cash balances via your secure online account facility. Any correspondence by us will occur through your to your nominated email address (this includes daily, weekly or monthly performance updates and your annual tax statement).

Your login details will be provided to you within your initial Account confirmation letter. You will be requested to change your password the first time you log in.

For each of your model Folios including your Cash Account, the following reports will be available online

Daily Transactions and Balances

Trade confirmations, outstanding settlements, securities and cash balances

Activity Statements

Monthly service. Covers all security transactions for the period including buys and sells, dividends and franking, interest payments and receipts and any other cash and securities movements.

Taxation Reporting

Provided annually. These reports include a comprehensive statement of the tax position of the Model Folio and comprise a transaction summary of all relevant income and expenses and the tracking of the holding period rules for franking and Capital Gains Tax purposes. For each financial year-end an annual statement will also be provided.

*Also available by email –your choice of daily, weekly or monthly performance reporting for your Model Folio including:

Value of securities and cash, Financial Year to date dividends and franking credits received and other tax information, plus your Model Folio's performance versus selected market indices.

The various forms required to undertake switches, make additional investments or withdrawals will also be available online.

(b) Additional Disclosure Information

FolioMandate is a disclosing entity as defined in the Corporations Act and is subject to additional regular reporting and disclosure obligations. Copies of documents lodged with the Australian Securities and Investments Commission (ASIC) to comply with these requirements may be obtained from or inspected at any ASIC office.

You may request us to provide you with our most recent annual financial report, half yearly financial report and any continuous disclosure notice lodged with ASIC at no additional cost.



TOP 1,000 STOCKS

SYM	CLOSE	NET CHG
BHP	65.63	-1.34
BBL	55.47	-1.41
BAC	19.56	-0.27
BK	38.26	-0.28
BK	24.24	-1.15
BK	26	-0.58
BK	26	-1.26
BK	0.25	0.02
BK	17.82	0.02
BK	18.42	0.02
BK	47.50	0.02
BK	23.03	0.02
BK	54.81	0.02
BK	16.43	0.02
BK	40.73	0.02
BK	17.50	-0.12
BK	18.39	-0.22
BK	50.26	-0.33
BK	29.55	-0.33
BK	44.68	-0.33
BK	24	-0.33
BK	78.56	-0.33
BK	36.53	-0.33
BK	56.79	-0.33

FUND	NAV	NET CHG	YTD %RET
IntlBdA p	6.51	...	13.0
StrIncA p	3.89	...	18.1
OppenheimerRochester	15.92	0.06	44.9
RoMuA p	...	...	...

FUND	NAV	NET CHG	YTD %RET
PIMCO Fds Admin	10.89	0.01	12.1
TotRtAd p	...	...	...
PIMCO Fds Instl	...	...	...
AllAsset	7.57	-0.09	...
CommodtyRR	11.16	0.03	...
InvGrdCorp	10.20	0.01	...
LowDur	10.69	0.02	...
RealRtnl	10.89	0.01	...

FUND	NAV	NET CHG	YTD %RET
CoreBond	11.13	0.01	8.3
JanusFds J Shrs	24.54	-0.23	28.2
JanusFds J	41.09	-0.33	71.6
...	19.14	-0.18	25.0
...	38.8	...	...

INDIVIDUAL MANAGED ACCOUNT

Fees and Other Costs



Consumer Advisory Warning

Did You Know?

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns. For example, total annual fees and costs of 2% of your 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 fees based on your own circumstances, the Australian Securities and Investments Commission (ASIC) website (www.moneysmart.gov.au) has a managed investment fee calculator to help you check out different fee options.

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

Taxes are set out in another part of this document. Refer section 'Taxation' in Part I of this PDS.

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

FEES AND OTHER COSTS

Type of fee or cost	Amount	How and when paid
Fees when your money moves in or out of FolioMandate¹		
Establishment fee The fee to open your investment	Nil	Not applicable
Contribution fee The fee on each amount contributed to your investment	Nil	Not applicable
Withdrawal fee The fee on each amount you take out of your investment	Nil	Not applicable
Termination fee² The fee to close your investment		Fees debited to the Model Folio Account prior to final payment of benefits
Model Folio Account administered >12 months	\$550	
Model Folio Account administered <12 months	\$1,100	
Other Termination Fees may also apply depending on the Model Folio selected. Please see the Relevant Part 2 of this PDS if other termination fees apply to the Model Folio you select.		
Management costs²		
Management Costs The fees for managing, operating and administering your Model Folio Account	Up to 1.5% per annum – depending on the Model Folio selected	The maximum amount you pay for a Model Folio is shown in the Relevant Part 2 of this PDS Your Cash Account management fee is 0.25%p.a based on any balance within the account Calculated daily and deducted from your account in arrears on the last day of the month based on the total Model Folio Account's gross value and deducted monthly This fee may be negotiated by certain investors ³

Type of fee or cost	Amount	How and when paid
Audit and Reporting Fee per Model Folio Account (Not charged on your Cash Account)	\$240 per annum	\$20 per month fee is deducted after the end of each month.
<p>Performance fee A fee may be charged by the Folio Manager based on the Model Folio's performance.</p> <p>This fee may vary depending on the Model Folio selected. Please see the Relevant Part 2 of this PDS if a performance fee applies to the Model Folio you select</p>	Up to 25% of the amount that the Model Folio return exceeds the relevant benchmark	Accrued monthly in relation to your Model Folio Account. If a performance fee is payable it is deducted from your Model Folio Account at the end of each financial year (although if you withdraw from your Model Folio Account during the year the accrued amount is deducted from your Model Folio Account - see comment in the 'Additional Explanation of Fees and Costs' in Part I of this PDS)
Service fees⁴		
<p>Switching fee The fee for changing Model Folios</p>	Nil	Not applicable

¹You can incur transaction costs when your money moves in or out of your Model Folio Account – see information under the heading 'Transaction Costs' in section Additional Explanation of Fees and Costs in Part I of this PDS

²These fees are inclusive of GST and net of the Reduced Input Tax Credits (RITCs) applicable

³For further information see 'Additional Explanation of Fees and Costs' in Part I of this PDS

⁴Additional service fees may apply. See under 'Additional Explanation of Fees and Costs' in Part I of this PDS.

FEES AND COSTS

Example of Annual Fees and Costs

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

Example		Balance of \$50,000 with total contributions of \$5,000 during year
Contribution fees ¹	Nil	Not applicable
Plus Management costs		
Management and Administration fees	1.5% per annum + \$240 per annum	And , for every \$50,000 you have in the Model Folio Account you will be charged \$750 per annum plus \$240 in Audit and reporting fees regardless of your balance
Equals Cost of Fund		If you had an investment of \$50,000 at the beginning of the year and you put in \$5,000 during that year, you would be charged fees of \$990 ² What it costs you will depend on the Model Folio you choose and whether a performance fee is payable in connection with the Model Folio and the fees you negotiate with the Scheme or your Financial Adviser

¹You may incur transaction costs when your money moves in or out of your Model Folio Account – see information under the heading 'Transaction Costs' in section 'Additional Explanation of Fees and Costs' in Part 1 of this PDS.

²This figure assumes a constant investment value of \$50,000 through the year. Management costs will also be payable in respect of the additional contribution of \$5,000 and any other contributions you make. The amount you pay will vary depending on the proportion of the year that such additional contributions are invested. Additional fees may also apply - see section 'Additional Explanation of Fees and Costs' in Part 1 of this PDS. In particular; a Termination fee or penalty may apply if you close your Model Folio Account within a specific time period. Further; Performance fees may be payable to the Folio Manager and these are not included in the above example - see the Relevant Part 2 of this PDS.

Additional Explanation of Fees and Other Costs

Management Costs

Management Costs include the Management, Administration, and Custodian Fees and any other recoverable expenses reclaimed. These fees are a necessary part of any professional portfolio management, administration and taxation reporting service.

Management Costs are accrued daily and charged as a single fee calculated on the daily closing value of your Model Folio, and levied monthly in arrears on the last day of the month. This fee is deducted from your Model Folio Account within seven days of the end of each calendar month.

If your Model Folio Account is terminated during the year, the balance of these fees is deducted at the time of its termination, as well as any other outstanding payments.

Management Fee

A fee charged by the Folio Manager for managing the assets within your Model Folio.

Administration Fee

A fee charged for operating and administering your Model Folio. These responsibilities include our attendance to the Model Folio's compliance, client services and distribution requirements.

Custodian Fees

Fees are charged for the safe-keeping of securities and cash held within your Model Folio.

Expense Recoveries

Expense recoveries represent a reimbursement to us from the Scheme to cover the normal operating expenses incurred by us in connection with the proper performance of our duties and obligations in the day-to-day operation of the Scheme such as printing, custody, registry, preparation and audit of accounts, stationery and postage costs.

As the actual expenses will vary and some are not payable until year end, estimated expense recoveries (other than abnormal costs as stated below) are included within the Management Costs.

Performance Fee

The performance fee rewards superior Model Folio performance and is not payable should the agreed benchmark rate of return not be achieved for a given period.

The Folio Manager may charge a performance fee for its 'out-performance' in respect of a Model Folio. The total return (net of applications and withdrawals and fees and expenses but before performance fees) of a Model Folio that is above a defined benchmark is its 'out-performance'. Where applicable, the Performance fee is an additional cost to you, but naturally will only apply when your investment has outperformed the agreed benchmark.

The Performance fee is calculated and accrued monthly, and is paid yearly. The fee is paid after the end of each financial year. If a Model Folio is fully withdrawn prior to the end of a financial year, the fee is calculated pro rata for the portion of the calculation period that a Model Folio was invested. Please refer to the Relevant Part 2 of this PDS for further information.

Audit and Model Folio Reporting Fees

Fees are charged for audit and reporting of your Model Folio. These fees are deducted monthly from your Model Folio Account after the end of each month. If your Model Folio Account is terminated during the year, the balance of these fees is deducted at the time of its termination and will comprise the sum of monthly payments remaining to the end of the financial year.

Abnormal Costs

We also reserve the right to charge to your Account the attributable abnormal costs incurred, though those expenses are difficult to predict as they are by their very nature unpredictable, eg. convening and holding meetings of members, any court proceedings and changes to the Constitution resulting from legislative changes. These costs are expected to be incurred infrequently.

FEES AND COSTS

Transaction Costs

Transaction costs relate to the buying and selling of securities in your Model Folio, mainly brokerage, including other costs associated with corporate actions. These costs are an additional cost to you. Generally, a brokerage rate can be up to 0.30% of the value of the trade applied for most market transactions.

Transaction Cost Example

If you made a \$10,000 contribution into your Model Folio and that amount is being fully invested in securities at a brokerage rate of 0.30%, the brokerage cost you would pay is \$30.

In Specie Transfer Fee

A transaction fee for transferring your existing securities in or out of your Model Folio. We currently charge a fee of \$24 per tax parcel of securities in or out of your Model Folio. In addition to this fee, any taxes and other costs that may arise in connection with the transfer may also be applied and deducted from your Model Folio Account.

Leverage Costs

If you select a leverage option in Section C of the Application Form in the relevant Part 2 of this PDS, we will arrange leverage, as your agent, with approved financiers. This arrangement is known as a securities lending arrangement. Financiers may also be related entities of Chimaera Capital. A borrowing/collateral fee is calculated and paid monthly in arrears. As financing charges fluctuate with market based interest rates, please contact us for current financing costs.

Incidental Fees and Costs

Additional fees and costs may be charged, such as standard government fees, duties and bank charges (including dishonour fees and conversion costs). These charges are paid by you. Also, interest and financing costs including, agency fees, legal costs, lender fees, account and transaction fees for gearing and short selling will be payable by you. These financing costs are not included in the Management Cost calculations

Special Request Fee

Where you make special administrative requests to the Scheme we reserve the right to specify a special and reasonably calculated fee deductible to your Model Folio Account. Please call the Chimaera Client Services Group on 1 300 799 459 or your Financial Adviser for further information.

Adviser Remuneration

(a) Initial Commission

Your Financial Adviser may charge you an initial commission up to a maximum of 2.5% (GST inclusive) of your initial investment in relation to the placement of your investment in FolioMandate. This initial commission is payable by you and is deducted out of the initial investment. Your Financial Adviser may separately provide a Financial Services Guide or a Statement of Advice to you, which will detail their remuneration and other benefits.

For example, if you invest \$50,000 in a Model Folio, and select no gearing, your Financial Adviser is paid an initial commission of 1%, so you will pay your Financial Adviser \$500 and that amount will be deducted from the \$50,000 deposited, meaning that only \$49,500 will be applied towards that Model Folio.

Some Financial Advisers have a practice of waiving (or rebating) part or all of their initial commission, but they are under no obligation to do so.

The initial commission is calculated on the total of your initial investment in FolioMandate and is paid to the Financial Adviser in accordance with Section B of the Application Form in the Relevant Part 2 of this PDS. This amount will appear on your statement as the Adviser Commission.

(b) Adviser Service Fee

Your Financial Adviser may charge an Adviser Service Fee in relation to ongoing advice in connection with your investment in FolioMandate. The Adviser Service Fee relates to the advice you receive for your total investment and is additional to all the other fees and costs payable by you.

You should determine the amount of the ongoing Adviser Service Fee (GST inclusive) in consultation with your Financial Adviser. The agreed Adviser Service Fee is to be completed on the Application Form. You may choose that this amount be deducted from your Model Folio Account in one of two ways:

- a flat percentage per annum of your total Model Folio Account value; or
- a flat dollar amount.

The Adviser Service Fee is deducted monthly from your Model Folio Account and paid to your Financial Adviser on your behalf in accordance with Section B of the Application Form in the Relevant Part 2 of this PDS. This amount will appear on your statement as the Adviser Service Fee.

Commissions

We may pay commissions at our discretion to third parties approved by us (including dealer groups and other licensees). Dealer groups and other licensees may receive remuneration from us for promoting FolioMandate. This remuneration may be up to 1.50% per annum of the gross funds invested through the relevant dealer group or licensee. These payments are paid by us from our fees **and are not an additional cost to you.**

Differential Fees

We may individually negotiate our fees with certain wholesale and professional investors so far as the law or ASIC policy allows. There is no prescribed method of negotiating fees. Please call the Chimaera Client Services Group on 1300 799 459 or your Financial Adviser for further information.

Maximum Fees

The maximum fees allowed under the Constitution are set out below.

Fee charged	Maximum allowed
Management fee	10% per annum of the value of the Model Folio Account. Includes maximum Administration Fee 5%, and maximum Management Fees 5%
Performance fee	Up to 30% of the out-performance of the Model Folio Account – varying for some Model Folios. Refer to the Relevant Part 2 of this PDS

Variation of Fees

Under the Constitution we may vary the fees specified without your approval up to any maximum amounts specified in the Constitution. If the variation results in an increase in fees or costs, we will give you 30 days' prior notice of any changes.



INDIVIDUAL MANAGED ACCOUNT

Taxation

Investing in a Model Folio of FolioMandate could affect your current or future tax position. The following information is a general summary only in relation to Australian resident investors. An independent taxation adviser should be consulted before making an investment decision.

Where tax reports are provided, it is important that they be reviewed by your tax adviser to ensure that the reporting is appropriate for your requirements.

Tax on Income

FolioMandate adopts a custody structure for the holding of your assets and accordingly, income from the investments held in your Model Folio in respect of a financial year will be included in your assessable income for that financial year. Any capital gains on disposal of investments will also be included and any capital losses should be available to be offset against your capital gains.

In Specie Transfer Treatment

Transfers of direct securities to or from Chimaera Capital do not crystallise an unrealised gain or loss on that security unless there is also a change of beneficial ownership. The capital gains history of each tax parcel transferred is recorded within the Scheme.

Imputation Credits

Income from Australian share investments may include imputation credits. Australian resident investors are entitled to receive a credit equal to the amount of the imputation credit, which represents a portion of the tax already paid by the company.

If imputation credits exceed the tax payable by you (including Medicare levy), you may be entitled to a cash refund, of the amount of the excess imputation credits. Where you hold shares or an interest in shares for less than 45 days (or 90 days for preference shares), you may not be entitled to any credits associated with imputation credits.

In determining the time you 'hold' shares or an interest in shares for the purpose of Australian tax laws, the days for which the risk of loss or opportunity for profit are materially diminished are ignored.

The 45 day holding period rules do not apply to individual investors who receive less than \$5,000 in franking rebates during the year from all sources.

Taxation on Options

Options may give rise to either a realised capital gain or loss when the position is closed. Since options generally have a life of less than 12 months, gains and losses are not usually subject to any discount.

Capital Gains Tax (CGT)

Generally, capital gains arising from the disposal of an underlying investment will be subject to CGT and net capital losses should be available to be offset against capital gains from other investments.

This may occur when there is a withdrawal, switching or transfer between underlying Model Folios. Capital losses may only be offset against your capital gains in the same year or future years and may not be offset against other types of assessable income.

Tax Accounting Methods

The choice of tax accounting method, with respect to investment parcel selection, will depend on your specific circumstances. FolioMandate uses the "First in First Out" tax accounting method when selecting between multiple parcels of the same security. That is, the earliest holding will be recorded as sold each time all or part of an asset is sold.

We recommend you consult your tax adviser regarding your own circumstances.

In some cases gains and losses on disposal of investments may not be subject to CGT, but rather they may instead be taxed on revenue account. Gains and losses are taxed on revenue account if you are in the business of trading in shares. There are unclear guidelines as to what precisely is the threshold for establishing whether an investor can be classified as a trader under taxation laws, so we recommend that you seek independent, professional tax advice on the implications if you are unsure of your position.

Goods and Services Tax (GST)

GST of 10% is generally applicable to the fees, costs, expenses and commissions payable by you or the Scheme, including management costs and other fees payable to us. Generally, the Scheme cannot claim full input tax credits in relation to GST applicable to expenses incurred by the Scheme.

However, the Scheme being a registered managed investment scheme, may be entitled to claim RITCs, which represent 75% of the GST applicable to management costs and other expenses incurred by the Scheme

Non Residents Investors

If you are not an Australian resident we are required to withhold tax from income paid to you for the year.

However, if you subsequently become a non-resident, tax at the prescribed rates will be withheld from Australian sourced income and certain capital gains. Refer Section A of the Application Form in the Relevant Part 2 of this PDS.

Tax File Number (TFN) or Australian Business Number (ABN) Notification

You are not obliged to provide your TFN or ABN, but if you provide neither, and do not claim an exemption, we are required to deduct tax from income at the highest marginal tax rate plus the Medicare levy to meet Australian Taxation Office requirements.





INDIVIDUAL MANAGED ACCOUNT

Other Important Information



The Constitution of FolioMandate

As the Responsible Entity, Chimaera Capital is responsible for the management, custody and administration of the scheme and holds an Australian Financial Services Licence (AFSL 246542) that authorises it to act as the Responsible Entity.

The Constitution sets out both the terms and conditions under which it operates, and the rights, liabilities, duties and obligations of members. In particular, the Responsible Entity is granted broad powers and discretions to deal with the assets of the Scheme and assets in your Model Folio Account including powers to borrow or raise money and enter into arrangements such as securities lending and derivatives on your behalf.

The Responsible Entity is also entitled to deduct any taxes, fees, charges or expenses relating to your Model Folio account or any unpaid monies due by you to the Responsible Entity or in respect of the Scheme.

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

- the Responsible Entity's discretion to reject applications and transfers;
- the manner in which Scheme member meetings are convened and conducted;
- the powers of the Responsible Entity to terminate and wind up the Scheme; and
- the circumstances in which the Responsibility Entity may retire (it can agree with a new responsible entity to receive a fee or benefit from the new responsible entity provided such fee or benefit is not met from the Scheme).

We may vary or amend the Constitution without the approval of Scheme members where we reasonably consider the change will not adversely affect Scheme members' rights. Amendments to the law governing managed investment schemes and relevant ASIC policy and class order relief can also affect the provisions of the Constitution.

If you wish to inspect a copy of the Constitution, please contact the Chimaera Client Services Group on (03) 8614 8400.

OTHER IMPORTANT INFORMATION

Compliance Plan and Compliance Committee

The Scheme has a compliance plan, which sets out how we will ensure compliance with both the Corporations Act and the Constitution when operating your Account. 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 may be entitled to be indemnified from the assets of the Scheme if the Responsible Entity permits.

Your Rights and Liabilities

Under the terms of the Constitution, you are entitled to your Model Folio and all income and amounts standing to the credit of your Model Folio's Account but have no interest in any assets or amounts forming part of any other investor's Model Folio.

You are liable to indemnify the Responsible Entity for any duties, taxes and charges referable to you. Your liability in respect of fees, charges and expenses referable to the Scheme is limited by the Constitution to your investment in the Scheme. However, because the courts have not finally determined this matter, we cannot give absolute assurance in this regard.

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 Scheme 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 the 'Fees and Other Costs' section of Part 1 of this PDS.

The Constitution provides that in the absence of negligence by the Responsible Entity and provided it believes in good faith that it is acting in accordance with the Constitution and the law, the Responsible Entity and its directors and officers are not liable to you or any other person in connection with the office of Responsible Entity, trustee, director or officer of the Responsible Entity. The Responsible Entity is entitled to rely on legal advice and

advice by other persons it believes in good faith to be experts. It will not be liable for failing to take any act if prevented by law. Nor is it liable to account for any payment or retention of monies made in good faith or to meet a liability to a duly empowered fiscal authority.

Protecting your Privacy

We collect sufficient personal information to manage and administer your Model Folio. We disclose your information when dealing with some external parties, such as the bank, credit rating agency or to any complaints body to which a complaint may relate. We may copy information to your Financial Adviser, solicitor or accountant.

You may request access at any time to the personal information held by us about you and ask us to correct if you believe it is incorrect or out of date. We do not charge a fee for an access request but we may charge you a fee related to processing your request such as photocopying charges.

We may also use your personal information or give access or receive personal about you to or from any member of the Chimaera Financial Group of companies to perform advisory and administrative services and/or inform you of products and services provided by any member of the Chimaera Financial Group or by preferred providers which we think may be of value or interest to you, unless you tell us not to.

Internet access is secured by password. We rely on your written authorisation to make changes to your personal details. Please ensure you do not disclose your password to anyone whom you do not wish to be able to access your account details.

By signing the Application Form you consent to us and any other person who is at any time a member of the Chimaera Financial Group to collect, maintain, use and disclose your personal information in the manner as set out in this section.

Financial Crimes Monitoring

You must not initiate, engage in or effect a transaction that may be in breach of Australian Law, or the law of any other country.

To meet our regulatory and compliance obligations pursuant to anti-money laundering legislation and to counter the financing of terrorism, we have increased the levels of control and monitoring we perform. You should be aware that as part of our compliance with these laws:

- transactions may be delayed, blocked or refused; and
- we may from time to time require additional information from you.

Where legally obliged to do so, we may disclose the information gathered to the regulatory and/or law enforcement agencies.

Related Party Transactions and Conflicts of Interest

Subject to the Constitution, we may appoint any of our related parties/entities to provide services or perform functions in relation to the Scheme, including acting as our delegate. We may also enter into financial or other transactions with related parties/entities in relation to the assets of your Model Folio. 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.

We may perform similar investment administration services for other persons. You acknowledge that we have no obligation to purchase or sell, for your account, any investment that we purchase or sell for our own account or the account of any other investor.

We may perform services for related parties in relation to services that those related parties perform in relation to your investment. We may receive a fee from such related parties in relation to such services.

We and any of our related parties/entities may engage in transactions for and on behalf of you notwithstanding that we, or the related party/entity, is also acting as principal in respect of that transaction, provided such dealings are authorised by you. In the course of operating the Scheme, we may face conflicts in respect of our duties owed to the Scheme and our own interests. We have policies and procedures in place to ensure that we manage these conflicts of interests through either controlling, avoiding or disclosing the conflict. We will resolve such conflicts fairly and reasonably in accordance with the law, ASIC policy and our own policies.

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 (see below for further details). 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 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 the reasonable control of us. We have the right not to comply with an instruction if that instruction is inconsistent with the Constitution or any applicable law.

OTHER IMPORTANT INFORMATION

Authorised Representative

You may wish to appoint a person (including your Financial Adviser), partnership or company as your authorised representative if you provide their details in Section A of the Application Form in the Relevant Part 2 of this PDS. Your authorised representative will be empowered to act on your behalf on all matters relating to your holdings in the Model Folio (including receipt of payments). You can cancel the appointment of your representative at any time by advising us in writing.

If you instruct us to accept instructions from your authorised representative, you release us from any claims and indemnify us from any loss and liability arising from any payment or action we make based on instructions (even if not genuine) that we receive and reasonably believe are genuine. You also agree that neither you, nor anyone claiming through you, have any claim against us as the Responsible Entity or the Scheme in relation to these payments or actions.

Contact Details

It is important that you provide us with any changes in your contact details as soon as possible. If we are not advised of a change and are not able to locate you, we may deduct the costs of locating or attempting to locate you from your investment. If we are unable to locate you, we may reinvest distributions on your investments. If we are unable to locate you, we may be required to pay some or all of your investment to a government authority.

Complaints

You should notify us in writing if you have a complaint. We will acknowledge receipt of your complaint within 14 days. We must write to you within 45 days to tell you of progress, explain our decision and tell you of any further avenues of recourse.

If your complaint remains unresolved after 45 days you may refer the matter to the Financial Ombudsman Service Limited (FOS) of which Chimaera Capital is a member. FOS is an external dispute resolution scheme, which provides free advice and assistance to consumers to help resolve complaints relating to financial service providers. The contact details are:

Financial Ombudsman Service Limited

GPO Box 3
Melbourne VIC 3001
Phone: 1 300 780 808
Fax: 03 9613 6399
Email: info@fos.org.au

Before you contact FOS we recommend that you first try to resolve your concern with us.





Direct Debit Request



Our Commitment to You

Drawing Arrangements

1. By completing the Direct Debit Authority in Section D of the Application Form attached to the Relevant Part 2 of this PDS you acknowledge the details of the Chimaera Capital Limited drawing arrangements.
2. We will not change the amount or frequency of drawing arrangements without your prior approval.
3. We reserve the right to cancel the drawing arrangements if three or more drawings are returned unpaid by your nominated financial institution and to arrange with you an alternate payment method. Please note that we will pass on any charges incurred for failed transactions to your portfolio.
4. We will keep all information pertaining to your nominated account at the financial institution, private and confidential.
3. You may request a change to the drawing amount by contacting us and advising your requirements no less than 14 Business Days prior to the due date.
4. Where you consider that a drawing has been initiated incorrectly you should take the matter up directly with us, or lodge a Direct Debit Claim through your nominated financial institution.

Your Rights

1. You may terminate the drawing arrangements at any time by giving written notice to us. Such notice should be received by us at least 14 Business Days prior to the due date.
2. You may stop payment of a drawing by giving written notice to us. We should receive such notice at least 14 Business Days prior to the due date.

Your Commitment to Us

Your Responsibilities

1. It is your responsibility to ensure that sufficient funds are available in the nominated account to meet a drawing on its due date.
2. It is your responsibility to ensure that the authorisation given to draw on the nominated account is identical to the account signing instruction held by the financial institution where the account is based.
3. It is your responsibility to advise us if the account nominated by you to receive the drawings is transferred or closed.
4. It is your responsibility to arrange with us a suitable alternate payment method if the drawing arrangements are cancelled either by you or the nominated financial institution.

GLOSSARY

Account means an account in relation to cash and securities held on behalf of a member of FolioMandate in relation to one or more Model Folios

Application Form means the application form attached to the Relevant Part 2 of this PDS

ASX means the ASX Limited

Business Day means a day, other than a Saturday, Sunday, Victorian or national public holiday, on which banks are open for general banking business in Melbourne

Constitution means the constitution for the Scheme

Corporations Act means the Corporations Act 2001 (Cwth)

Financial Adviser means a licensed financial adviser or other persons approved by Chimaera Capital

Folio Manager means a Folio Manager appointed to manage a Model Folio in accordance with its investment objectives and investment strategy as set out in the Relevant Part 2 to this PDS

Model Folio means an investment strategy comprising a portfolio of securities selected and managed by a Folio Manager appointed by us in writing and described in the Relevant Part 2 to this PDS

Part 1 means Product Disclosure Statement Part 1 – Investment Features

Relevant Part 2 means Product Disclosure Statement Part 2 – Folio Manager and Application Form

Responsible Entity means Chimaera Capital Limited

Scheme means the registered managed investment scheme known as FolioMandate ARSN 122 844 679

Securities means shares in companies or units in trusts that are listed or to be listed on the ASX and may include other forms of investments that give exposure to such securities (eg. options)

we, our, us or Chimaera Capital means Chimaera Capital Limited, the Responsible Entity and custodian of FolioMandate

DIRECTORY

If you need more information or have any questions you should contact Chimaera Client Services, your Financial Adviser or the Folio Manager:

Chimaera Client Services

Telephone

Telephone: +61 3 8614 8400
or 1300 799 459
8.30 am to 5.30 pm
Monday to Friday (EST)
Facsimile: +61 3 8614 8410

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Mail

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