



Henry Morgan

“Aut pax aut bellum”

PROSPECTUS

HENRY MORGAN LIMITED ACN 602 041 770

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APP SECURITIES PTY
LTD – LEAD BROKER

For the offer of 14,000,000 Shares at an Offer Price of \$1.00 per Share to raise a minimum of \$14,000,000 with attaching Options on a 1 for 1 basis.

Oversubscriptions for up to a further 20,000,000 Shares with attaching Options on a 1 for 1 basis may be accepted.

Directory

THE COMPANY

Henry Morgan Limited
144 Union Street
SPRING HILL QLD 4000
Tel 1300 155 396
www.henrymorgan.com.au

DIRECTORS

John McAuliffe, Chairman
Stuart McAuliffe, Non-Independent Director
Simon Richardson, Non-Independent Director

COMPANY SECRETARY

Mary-Anne Greaves

MANAGER

John Bridgeman Limited
ACN 603 477 185
144 Union Street
SPRING HILL QLD 4000
Tel 1300 155 396

REGISTRY

Link Market Services Limited
Level 15, 324 Queen Street
BRISBANE QLD 4000
www.linkmarketservices.com.au

LAWYERS TO THE COMPANY

Mills Oakley Lawyers
Level 14, 145 Ann Street
BRISBANE QLD 4000
www.millsoakley.com.au

AUDITOR

KPMG
Riparian Plaza
Level 16, 71 Eagle Street
BRISBANE QLD 4000
www.kpmg.com.au

LEAD BROKER

APP Securities Pty Ltd
ABN 45 112 871 842 AFSL 307706
Level 17, 60 Margaret Street
SYDNEY NSW 2000
www.appsecurities.com.au

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IMPORTANT NOTICES

LODGEMENT AND LISTING

This replacement Prospectus is dated 5 November 2015 and a copy of this Prospectus was lodged with ASIC on that date. It replaces the Original Prospectus lodged with ASIC on 26 October 2015. The Company applied to the official list of the ASX and for the quotation of its Shares and Options on ASX within seven days of the Original Prospectus. No securities will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus. This Prospectus has been issued primarily to include further clarification around the termination, performance and brokerage fees and the role of APP Securities Pty Ltd as the Lead Broker.

Neither ASIC or ASX take any responsibility as to the contents of the Prospectus. Admission to the Official List is in no way an indication of the merits of the Offer or of the Company.

OFFER

This Prospectus contains an invitation to apply for Shares (together with one Option for every one Share issued). The Options are issued for nil consideration and are exercisable at \$1.00 each. The Company reserves the right to accept subscriptions for Shares and Options to raise up to \$34 million. No Shares and Options will be issued until the Minimum Subscription amount of \$14 million has been received.

No person is authorised to provide any information, or to make any representation, about the Company or the Offer that is not contained in this Prospectus. Potential investors should only rely on the information contained in this Prospectus. Any information or representation not contained in the Prospectus may not be relied on as having been authorised by the Company in connection with the Offer. Except as required by law, and only to the extent required by such law, neither the Company nor any person named in this Prospectus or any other person guarantees the performance of the Company, the repayment of capital or the payment of dividends on the Shares.

Before deciding to invest in the Company, investors should read the entire Prospectus. The information contained in individual sections is not intended to and does not provide a comprehensive review of the business and the financial affairs of the Company or the Shares or Options offered under this Prospectus. The Offer does not take into account the investment objectives, financial situation or particular needs of individual investors. An investment in the Company should be considered speculative. You should carefully consider the risks (including those set out in Section 6) that impact on the Company in the context of your personal requirements (including your financial and taxation position) and, if required, seek professional guidance from your stockbroker, solicitor, accountant or other professional advisor prior to deciding to invest in the Company. No cooling-off regime (whether provided by law or otherwise) applies in respect of the acquisition of Shares or Options under this Prospectus.

FOREIGN INVESTMENTS

The Offer is being made in Australia. No offer will be made in any overseas jurisdiction where it would not be lawful to do so.

ELECTRONIC PROSPECTUS

The Offer pursuant to this Prospectus is available to persons receiving an electronic version of this Prospectus within Australia via the Company's website at www.henrymorgan.com.au. The Company is entitled to refuse an application for Securities under this Prospectus if it believes the Applicant received the Offer outside Australia in non-compliance with the laws of the relevant foreign jurisdiction.

Any person accessing the electronic version of this Prospectus, for the purpose of making an investment in the Company, must only access the Prospectus from within Australia, or any jurisdiction outside Australia where distribution of the electronic version of this Prospectus is not restricted by law.

Persons may obtain additional paper copies of the Prospectus (free of charge) during the life of this Prospectus by contacting the Manager. Securities to which this Prospectus relates will only be issued on receipt of an Application Form issued together with the Prospectus. Applications for Securities may only be made on the



Application Form attached to the Prospectus in its paper copy form or as downloaded in its entirety from www.henrymorgan.com.au.

The Corporations Act prohibits any person from passing on to another person the Application Form unless it is attached to a hard copy of this Prospectus or accompanies the complete and unaltered electronic version of this Prospectus.

Exposure Period

Pursuant to the Corporations Act, this Prospectus is subject to an exposure period of 7 days after the date of lodgement with ASIC of this Prospectus, which period may be extended by ASIC by a further period of 7 days. The Exposure Period enables this Prospectus to be examined by market participants prior to the raising of funds. The examination may result in the identification of deficiencies in this Prospectus. If deficiencies are detected, the Company will:

- return any Application Monies that the Company has received; or
- provide each Applicant with a supplementary or replacement Prospectus that corrects the deficiency, and give each Applicant the option to withdraw the Application within 1 month and be repaid the subscription amount. If an Application is not withdrawn Shares and Options will be issued to each respective Applicant.

Application Forms received prior to the expiration of the Exposure Period will not be processed until after the Exposure Period. No preference will be conferred on Application Forms received during the Exposure Period and all Application Forms received during the Exposure Period will be treated as if they were simultaneously received on the Opening Date.

Information about the Manager

This Prospectus contains certain information about the Manager, its directors, senior executives and business. It also contains details of its investment approach, strategy and philosophy. To the extent that the Prospectus includes statements by the Manager or includes statements based on any statement of, or information provided by, the Manager, the Manager consents to each such statement being included in the Prospectus in the form and context in which it is included and has not withdrawn that consent at any time prior to the lodgement of this Prospectus.

Privacy

By completing an Application Form, you are providing personal information to the Company and Link Market Services Limited, as the Registry, which is contracted by the Company to manage Applications, and you consent to the collection and use of that personal information in accordance with these terms. That personal information will be collected, held and used both in and outside of Australia by the Company, and the Registry on its behalf, to process your Application, service your needs as a security holder, provide facilities and services that you request and carry out appropriate administration of your investment. If you do not wish to provide this information, the Company may not be able to process your Application.

Once you become a security holder, the Corporations Act requires information about you (including your name, address and details of the Shares and Options you hold) to be included in the Company's public Share and Option registers. This information must continue to be included in the Company's public Share and Option registers even if you cease to be a security holder.

The Company and the Registry on its behalf may disclose your personal information for purposes related to your investment to their agents and service providers (which may be located outside of Australia) including those listed below or as otherwise authorised under the Privacy Act 1988 (Cth) (Privacy Act):

- the Registry for ongoing administration of the Company's public Share and Option registers;
- printers and other companies for the purposes of preparation and distribution of documents and for handling mail;
- market research companies for the purpose of analysing the Company's Shareholder base; and



- legal and accounting firms, auditors, management consultants and other advisers for the purpose of administering and advising on the Securities and for associated actions.

Under the Privacy Act, you may request access to your personal information that is held by, or on behalf of, the Company. You can request access to your personal information or obtain further information about the Company's privacy practices by contacting the Company or its Registry, details of which are set out elsewhere in the Prospectus. The Company aims to ensure that the personal information it retains about you is accurate, complete and up to date. To assist with this, please contact the Manager or the Registry if any of the details you have provided change.

In accordance with the requirements of the Corporations Act, information on the Shareholder and Option holder registers will be accessible by the public.

Interpretation

A number of terms and abbreviations used in this Prospectus have defined meanings, which are explained in the Glossary in section 10. Currency, as expressed in this Prospectus, is in Australian Dollars, unless indicated otherwise.

Diagrams

Diagrams used in this Prospectus are illustrative only.

Applications

By lodging an Application Form, you declare that you were given access to the entire Prospectus, together with an Application Form. The Company will not accept a completed Application Form if it has reason to believe that an Application Form lodged by an Applicant was not accompanied by, or attached to, the Prospectus or if it has reason to believe that the Application Form has been altered or tampered with in any way.

Detailed instructions on completing the Application Form can be found on the back of the Application Form. The acceptance of an Application Form and the allocation of Shares and Options are at the discretion of the Company.

Company website

<http://www.henrymorgan.com.au>

This Prospectus can be downloaded from the Company's website.

Any references to documents included on this website are provided for convenience only, and none of the documents or other information on the website is incorporated by reference into this Prospectus.



Key Dates

Opening Date for receipt of Applications	12 November 2015
Closing Date for receipt of Applications	7 December 2015
Allotment Date for Shares and Options	14 December 2015
Expected date for despatch of Securities holding statements	18 December 2015
Expected date of Official Quotation of Securities on ASX	24 December 2015
Exercise period for Options	The period from the date of issue of the Options to 31 August 2018

All dates are subject to change and, accordingly, are indicative only. In particular, the Company has the right to vary the dates of the Offer, without prior notice. Investors are encouraged to submit their Application Forms as soon as possible.

Offer Summary

Company	Henry Morgan Limited ACN 602 041 770
Securities offered	Fully paid Shares with one Option for nil consideration for every Share allotted
Issue Price of Shares	\$1.00 per Share
Exercise Price per Option	\$1.00 per Option
Minimum number of Shares and Options available under the Offer	14,000,000 Shares 14,000,000 Options
Maximum number of shares and Options available under the Offer	34,000,000 Shares 34,000,000 Options
Minimum Offer Size	\$14 million (before exercise of any Options)
Maximum Offer Size	\$34 million (before exercise of any Options)
Minimum Application Size	\$2,000 based on the \$1.00 Offer Price (excluding the exercise of any Options)



Henry Morgan

Chairman's Letter

HENRY MORGAN LIMITED

ACN 602 041 770

144 Union Street

SPRING HILL QLD 4000

Dear Investor

On behalf of the Board, it gives me great pleasure to offer you this opportunity to invest in Henry Morgan Limited (Company) which will apply to become a listed investment company on the Australian Stock Exchange (ASX).

Investing in the Company will enable investors to gain exposure to an investment portfolio (Portfolio) which is actively managed by an experienced Manager, John Bridgeman Limited (Manager). The Managing Director and Chief Investment Officer of the Manager, Stuart McAuliffe, has experience in achieving above average returns for investors in other entities that have not been dependent on the performance of traditional ASX-linked investments and the broader Australian property market.

The Company will trade both long and short positions in global markets across exchange traded futures contracts such as equity market indices, fixed income, currencies and commodities through a managed futures strategy.

The Company's investment strategy is to utilise tools to target above average returns for investors while limiting drawdowns where possible. The goal is to both identify market direction and to capture daily, weekly and monthly volatility to enhance returns. To achieve this, the Company will use a staged investment process which focuses on the identification of value based on fundamental analysis, existing trends, prevailing market conditions, analysis of international money flow and analysis of the actions of policy makers.

The Board believes an investment in the Company provides investors with advantages that are not available to investors of many other listed investment companies, including:

- a Chief Investment Officer with a successful track record of investing in global markets;
- the ability to earn returns that are not correlated to traditional ASX-linked investments which dominate the strategies of many current listed investment companies;
- the ability to earn returns in both bull and bear markets across a variety of exchange traded futures contracts;
- investments limited to deeply liquid/high volume markets enabling scalable investments and the entry and exit of positions without significant impact on market flows; and
- strong risk management oversight.

The Manager's role is to advise, implement and actively manage the Portfolio for the Company. The Manager is entitled to a management fee of 2.0% per annum plus GST based on the net tangible assets of the Company, payable monthly in arrears.

The Manager is also entitled to a performance fee of 23% of the investment return calculated and payable quarterly in arrears and will be subject to high water mark hurdles. The method of calculating this fee as well as an explanation of investment return and high water mark hurdles is outlined in Section 8.2 of this Prospectus.

The founder and Managing Director of the Company, is Stuart McAuliffe. As noted above, Stuart is also the Managing Director and Chief Investment Officer of the Manager.

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Henry Morgan

Stuart brings multistrand skills in investment strategy, systems development, valuation and forecasting modelling and high level trading techniques to the Company. Stuart has an academic background specialising in index design and assessment and the development of complex short and medium term valuation and forecasting models and indicators.

Through this Prospectus, the Company is inviting investors to subscribe for a minimum of 14,000,000 Shares with attaching Options on a 1 for 1 basis, at an Offer Price of \$1.00 per Share (Offer). Additionally, under the terms of a Subscription Agreement between the Manager and the Company, the Manager has agreed to invest a minimum of \$1,600,000 to subscribe for Shares in the Company.

If the minimum amount is raised, the value of all Shares on issue at the Offer Price will be \$15,309,007 on completion of the Offer (after deducting the anticipated expenses of the Offer).

The funds raised by the Offer will be used for working capital and investment purposes of the Company.

This Prospectus contains detailed information about the Company's operations, financial performance, experienced management team and future plans. It also outlines the potential risks associated with the Offer. Investors should regard an investment in the Company as a long term proposition.

I encourage you to read this Prospectus carefully before making your investment decision.

I look forward to welcoming you as a shareholder.

Yours sincerely

John McAuliffe
Chairman

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INVESTMENT SUMMERY



1 Investment summary

1.1 Introduction and overview of the Company

Question	Answer	Section
Who is the Issuer of this Prospectus?	Henry Morgan Limited ACN 602 041 770	Sections 3 and 4
The Company and its business model	<p>Henry Morgan Limited is a newly formed Australian company which has not yet commenced operations. It was formed specifically for the purposes of the Offer. On successful completion of the Offer and admission to the Official List, the Company will be a listed investment company seeking to achieve moderate to high portfolio returns over the medium to long-term. The Company's Investment strategy will seek to take advantage of imbalances in global market valuations through the active management of investments predominantly in global exchange traded futures contracts including equity market indices, fixed income, currencies and commodities and fixed income futures.</p> <p>Whilst the Company's investment strategy will primarily be executed through investments in exchange traded futures contracts, the Company may also invest in listed equities as well as exchange traded futures options (for hedging purposes only).</p> <p>The Company's investments will be limited to deeply liquid, high volume global markets to enable ease of entry and exit of positions.</p> <p>For further information on futures, types of futures that may be invested in and the strategy to be employed by the Manager, refer to section 3.3.</p>	Section 3
Who will be responsible for managing the investments of the Company?	The Company has appointed John Bridgeman Limited, the Manager, to be its investment manager. The Manager will manage the Portfolio in accordance with the terms and conditions of the Management Services Agreement.	Section 8.2
What are the key terms of the Management Services Agreement?	<p>Under the Management Services Agreement, the Manager will provide investment management, as well as accounting and company secretarial services to the Company. The primary services of the Manager include:</p> <ul style="list-style-type: none"> ▪ managing the investment of the Portfolio and complying with the investment policy of the Company; ▪ providing investment performance reporting and investor relationship services. <p>The Manager is entitled to a management fee of 2.0% per annum plus GST based on the net tangible assets of the</p>	Section 8.2



Question	Answer	Section
	<p>Company, payable monthly in arrears.</p> <p>The Manager is also entitled to a performance fee of 23% of the investment return calculated and payable quarterly in arrears and will be subject to high water mark hurdles. The method of calculating this fee as well as an explanation of investment return and high water mark hurdles is outlined in Section 8.2 of this Prospectus.</p> <p>The initial term of the Management Services Agreement is five years unless terminated earlier in accordance with its terms, with further renewals of five years.</p> <p>If the Management Services Agreement is terminated, then in certain circumstances, the Manager will be entitled to a termination payment. This is summarised in Section 8.2 of this Prospectus.</p>	
Does the Board approve investments?	Board approval by the Company is not required for investments undertaken by the Manager in accordance with the Company's investment objectives, strategies and guidelines, which are detailed in the Management Services Agreement.	Section 8.2
The Manager	The Company's investment Portfolio will be managed by John Bridgeman Limited ACN 603 477 185 (Manager).	Sections 3.1, 3.7, 3.8, 3.11 and 3.12
Investment objective	The investment objective of the Company is to provide Shareholders with moderate to high Portfolio appreciation over the long-term through active management of the Portfolio.	Section 3.2
Investment Strategy	<p>The Company's investment strategy seeks to take advantage of imbalances in global market valuations through the active management of investments in global exchange traded futures contracts including equity market indices, currency and interest rate futures.</p> <p>While the Company's investment strategy will primarily be executed through investments in exchange traded futures contracts, the Company may on occasions also invest in listed equities as well as exchange traded futures options (for hedging purposes only).</p> <p>The timing of individual investments by the Company will depend on prevailing market conditions. However, it is anticipated that the funds raised under this Prospectus will be substantially invested within eight weeks of the Closing Date of the Offer.</p>	Sections 3.1 and 3.3-3.9
What are the key strengths of the Company?	<p>The key strengths of the Company may be summarised as follows:</p> <ul style="list-style-type: none"> the Manager and the Managing Director of the Company (Stuart McAuliffe) have extensive experience in Australian and global markets. Stuart McAuliffe will 	Section 3



Question	Answer	Section
	<p>be able to apply his experience and skills as he will be responsible for the investment management strategies and services to be provided to the Company;</p> <ul style="list-style-type: none"> ▪ the strategy used by the Manager is very scalable given the deep liquidity in the markets in which the Company intends to invest. Deeply liquid markets are characterised by high volumes allowing the Manager to enter and exit positions without significant impact on market flows and most investments can be executed within seconds of giving the order; ▪ by investing in global markets as well as having the ability to take long and short positions in exchange traded futures, provides potential for returns that are not correlated to traditional equity market investments; ▪ the Managing Director and senior management have a strong focus on risk management. See section 3.7 of this Prospectus for further details; and ▪ a Board which consists of experienced individuals with previous skills and experience obtained through investment and funds management. 	
<p>What risks are involved with an investment in the Company?</p>	<p>An investment in the Company is subject to certain risks, both general and specific, including stock market and economic conditions, and specific risks associated with trading futures contracts. Key risks associated with an investment in the Company are described in detail in section 6. Prospective investors should read this entire Prospectus, including section 6, before deciding whether or not to invest.</p> <p>Key risks specific to the Company's business model include:</p> <p>Dependence on key personnel</p> <p>The Company depends on the talent and experience of its key management personnel as its primary asset. Should any of its key personnel leave, this may have a negative impact on the Company's performance.</p> <p>Financial market volatility</p> <p>A fall in global or local equity markets, global or local bond markets or a lack of change in the value of the Australian dollar against other major currencies may discourage investors from moving money in and out of equity markets. This may have a negative effect on the price at which the Company's securities trade.</p> <p>No operating or performance history of the Company</p> <p>The Company has only recently been incorporated and to date has undertaken little business activity. There is a risk that the Company's investment objectives will not be achieved.</p>	<p>Section 6</p>



Question	Answer	Section
	<p>Strategy, model and research risk</p> <p>The Company's investment approach is based on the experience of its Manager, research into past data, and the application of that research to the development of mathematical models that attempt to forecast returns, risk, correlation and transaction costs. There is a risk that the investment management systems implemented by the Company may not be profitable and the Company may suffer a loss.</p> <p>Derivatives, short selling and market risk</p> <p>There are various risks associated with investing via instruments such as exchange traded futures contracts. Risks associated with investing in futures contracts include the potential gains or losses may be larger than traditional investments due to the inherent leverage associated with futures contracts (refer section 3.3 for details of leverage inherent in futures contracts), potential illiquidity of the futures contract, failure of the Company to meet payment obligations as they arrive, regulatory and counter-party risk.</p> <p>In relation to short-selling, though the Company does not engage in short selling physical assets, it may hold short futures positions. In taking short positions, the Company bears the risk of an increase in price of the underlying investment under which the short position is taken. Such an increase could lead to a substantial loss.</p> <p>Changes in the prices of futures positions held by the Company may result in loss of principal or large movements in the share price of the Company within short or long periods of time.</p> <p>Risks associated with the Manager</p> <p>The success and profitability of the Company will significantly depend on the ability of the Manager to manage the Portfolio and make investments that increase in value over time. The engagement of the Manager and its key personnel is an investment risk.</p> <p>Further, the historic performance of various other entities previously managed by the Chief Investment Officer of the Manager cannot be relied on as a guide to the future performance of the Company. Investment underperformance by the Manager is a significant risk of investing in the Company.</p>	
Directors and key personnel	<p>The Board consists of:</p> <ul style="list-style-type: none"> ▪ John McAuliffe (Chairman and Non-Executive Director) ▪ Stuart McAuliffe (Managing Director) ▪ Simon Richardson (Executive Director) <p>Each member of the Board has experience in the funds</p>	Section 4



Question	Answer	Section
	<p>management/investment industry. In particular, Stuart McAuliffe, the Managing Director, has significant experience in investing in global markets.</p> <p>In addition to the Board, key executives include:</p> <ul style="list-style-type: none"> ▪ Mary-Anne Greaves (Company Secretary) 	
<p>Interests, key benefits and related party transactions</p>	<p>The Company has agreements with each of its Directors and key personnel.</p> <p>Further information on material agreements and related parties are set out in sections 8 and 7.</p> <p>The Company has entered into a Subscription Agreement whereby the Manager has agreed to invest a minimum of \$1,600,000 by subscribing for shares in the Company.</p> <p>The Company has entered into a Management Services Agreement with the Manager for the provision of investment management services to the Company.</p> <p>Stuart McAuliffe is a director and shareholder of both the Manager and the Company. Simon Richardson is a director of both the Manager and the Company.</p> <p>Simon Richardson is a director of Aliom Pty Ltd. Aliom Pty Ltd may provide broker services to the Company on arms' length, commercial terms.</p> <p>John McAuliffe is a director of both the Company and the Manager and is also a shareholder of the Manager.</p> <p>Further details about these related party agreements are set out in section 8.2 and 8.3.</p>	<p>Sections 8 and 7</p>
<p>What is the financial position of the Company?</p>	<p>The Company is yet to commence trading. However, Pro Forma Statements of Financial Position as at 30 June 2015 and as at completion of the Offer (assuming Minimum Subscription and Maximum Subscription are reached), are set out in Section 5.</p>	
<p>Pro-forma Statements of Financial Position</p>	<p>The Pro-forma Statements of Financial Position have been prepared for illustrative purposes only to show the financial position of the Company following completion of the Offer and may not actually reflect the position of the Company as at the date of the Prospectus or at the conclusion of the Offer.</p>	



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		Unaudited Pro-Forma Statements of Financial Position as at 30 June 2015		
		Unaudited historical Statement of Financial Position as at 30 June 2015	Minimum Subscription \$14,000,000	Maximum Subscription \$34,000,000
	Assets			
	Receivable / Cash	\$1,000	\$13,709,007	\$33,672,417
	Other assets	-	-	-
	Liabilities	-	-	-
	Net assets	\$1,000	\$13,709,007	\$33,672,417
	Equity	\$1,000	\$13,709,007	\$33,672,417
How is income of the Company derived?	The Company's principal business is an investment company. The Company expects to receive trading income from investment of its own capital.			Section 3
Borrowings	The Directors do not intend to use borrowings.			Section 5.5
Dividends	<p>The Company intends to pay dividends out of available cash flow and subject to franking credits. The quantum of dividend to be paid will be subject to the Board's discretion however is expected to be above 50% of net operating profit after tax. The dividend will be paid at the end of the Company's first financial year and then annually thereafter. Any dividend paid will be franked to the maximum extent possible.</p> <p>The Company gives no assurances about the payment of dividends or the extent of payout ratios.</p>			Section 5.6
Options	Applicants during the initial Offer Period will receive one Option for nil consideration for every Share allotted to them. The exercise period for the Options is the period from the date of issue of the Options to 31 August 2018.			Sections 7.5 to 7.7



1.2 Overview of the Offer

Topic	Summary	For more information
What is the Offer?	The Company is offering Shares (and the same number of Options) for issue to raise a minimum of \$14 million and up to a maximum of \$34 million (prior to the exercise of any Options).	Section 2.1
Who is the issuer?	Henry Morgan Limited, a public limited liability company registered in Queensland.	Section 3
Why is the Offer being conducted?	The Company is offering the Securities to raise funds to undertake investments consistent with the investment objectives and guidelines outlined in this Prospectus, to pay the costs of the Offer and to be admitted to the Official List of the ASX.	Section 3
What is the minimum application size?	\$2,000 for 2,000 Shares and the same number of Options, with incremental multiples of 100 Shares and Options (i.e. in incremental multiples of at least 100).	Section 2.5
How can I apply?	You may apply for Shares under the Offer by completing the Application Form accompanying or included in this Prospectus.	Section 2.5
How will the funds raised under the Offer be used?	The funds raised under the Offer will be used to pay the expenses of the Offer, and to invest in accordance with the Company's business plan and investment strategy.	Sections 2.7 and 3

Topic	Summary	For more information									
What is the capital structure of the Company following completion of the Offer?	<p>On completion of the Offer, the capital structure of the Company, before exercise of any Options, will be as set out below:</p> <table border="1"> <thead> <tr> <th></th> <th>Minimum Subscription (\$14,000,000)</th> <th>Maximum Subscription (\$34,000,000)</th> </tr> </thead> <tbody> <tr> <td>Shares</td> <td>14,001,000</td> <td>34,001,000</td> </tr> <tr> <td>Options</td> <td>14,000,000</td> <td>34,000,000</td> </tr> </tbody> </table> <p>In addition to the above Shares and Options, the Manager will subscribe a minimum of \$1,600,000 pursuant to the Subscription Agreement (refer to section 8.3). Following closure of the Offer and the subscription by the Manager the capital structure of the Company, before exercise of any Options, will be as set out below:</p>		Minimum Subscription (\$14,000,000)	Maximum Subscription (\$34,000,000)	Shares	14,001,000	34,001,000	Options	14,000,000	34,000,000	Section 5.3
	Minimum Subscription (\$14,000,000)	Maximum Subscription (\$34,000,000)									
Shares	14,001,000	34,001,000									
Options	14,000,000	34,000,000									



Topic	Summary			For more information
		Minimum Subscription (\$14,000,000)	Maximum Subscription (\$34,000,000)	
	Shares	15,601,000	35,601,000	
	Options	15,600,000	35,600,000	
Who can participate in the Offer?	Any person to whom it would be lawful to make such an offer or invitation.			Section 2.2
Is the Offer underwritten?	The Offer is not underwritten.			Section 2.4
What do Applicants pay when applying under the Offer?	Applicants under the Offer will pay an Application Amount of \$1.00 per Share.			Section 2
What is the allocation policy?	In allocating the Securities, it is the intention of the Board to ensure that the Company has an adequate spread of Shareholders in order to meet Listing Rules requirements. The allocation of the Securities is at the absolute discretion of the Directors.			Sections 2.5 and 2.6
What fees and costs are payable to the brokers?	The Company may use external brokers to assist with the raising of funds under this Offer. Any brokerage fees payable to external brokers will range from 0%-4% of the Application Amount and will be paid by the Manager, John Bridgeman Limited. The Company will not incur any brokerage costs.			Section 2.10
Will the Shares and Options be listed?	The Company will make an application to be admitted to the Official List and will seek Official Quotation of the Shares and Options on the ASX. There is no guarantee that the ASX will admit the Shares and Options of the Company to the Official List of ASX.			Section 2.8
What are the terms that attach to the Options?	The terms of the Options are set out in section 7.5 of this Prospectus.			Section 7.5
What rights and liabilities attach to the Shares?	The Shares will rank equally in all respects with the shares held by the existing shareholder in the Company. The rights and liabilities attaching to all shares are detailed in the Company's constitution.			Section 7.2
What are the tax implications of investing in Shares and	The tax consequence for an investor of any investment in the Shares and Options will depend upon the investor's particular circumstances. Applicants should obtain their own tax advice before deciding whether to invest.			Section 9.3

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Topic	Summary	For more information
Options?		
Can the Company issue additional Shares and Options or other securities?	Yes, the Company may decide to accept oversubscriptions but only after the issue of a supplementary prospectus.	Section 9.3.2
When will I receive confirmation that my Application has been successful?	The Company anticipates that holding statements will be sent by standard post on or around 18 December 2015.	Not applicable
Can the Offer be withdrawn?	The Company reserves the right not to proceed with the Offer at any time before the issue of Shares and Options to successful Applicants. If the Offer does not proceed, Application Monies will be refunded. No interest will be paid on any refunded Application Monies.	Section 2.2
Is there a cooling-off period?	There is no cooling-off period.	Important Notices
How can I obtain further information?	If you would like more information or have any questions relating to the Offer, please contact the Manager on 1300 155 396. If you are uncertain as to whether an investment in the Company is suitable for you, please contact your stockbroker, financial adviser, lawyer, accountant or other professional adviser.	Important Notices



1.3 Key information on the Directors and the Manager

Topic	Summary	For more information
Who are the Directors?	The Directors of the Company are: <ul style="list-style-type: none"> ▪ John McAuliffe ▪ Stuart McAuliffe ▪ Simon Richardson. 	Section 4
What are the Directors to be paid?	The Directors will receive the following amounts by way of directors' fees for the first year: <ul style="list-style-type: none"> ▪ John McAuliffe - \$58,000 ▪ Stuart McAuliffe - \$52,000 ▪ Simon Richardson - \$52,000 	Section 4.15
Who is the Manager?	John Bridgeman Limited ACN 603 477 185.	Section 3.10

1.4 ASIC Regulatory Guide 240 – Benchmarks

In relation to derivatives, these are used by the Manager for the dominant purpose of more efficiently gaining or reducing an economic exposure, through the use of exchange-traded derivatives, to the underlying reference assets of those derivatives. The Manager's practice is to use derivatives only on a temporary basis, so that they are generally closed out within a 90 day period. Long positions may be held at certain times.

It is the aim of the Company to provide a mixture of capital growth with income. This aim is not a forecast. It is merely an indication of what the Company aims to achieve on the assumption that markets remain relatively stable through the term of the investment. The Company may not be successful in meeting this objective. Returns are not guaranteed.

The Company is classified as a 'hedge fund' in accordance with ASIC's Regulatory Guide 240. The Company reports below on the benchmarks set out in ASIC's Regulatory Guide 240.

The following table sets out a summary of the disclosure ASIC requires for hedge funds, the key features of the Company and a guide to where more detailed information can be found in this Prospectus. A copy of ASIC Regulatory Guide 240 dated October 2013 (as may be amended, supplemented or replaced from time to time) is available from www.asic.gov.au.

ASIC Regulatory Guide 240 – Benchmarks	
Valuation of non-exchange traded assets	This benchmark addresses whether valuations of the Company's non-exchange traded assets are provided by an independent administrator or an independent valuation service provider. This benchmark is not relevant to the Company as all of its assets will be either exchange traded or cash.
Periodic reporting	This benchmark addresses whether the Company provides periodic disclosure of certain key information on an annual and monthly basis. This benchmark is not met as the Company is not able to provide all the information specified by this benchmark. The table in Section 4.18 of this document sets out the information that will be provided, how often it is available and where it can be accessed and



ASIC Regulatory Guide 240 – Benchmarks

	<p>also the information that will not be provided.</p> <p>For the purposes of ASIC Regulatory Guide 240:</p> <p>The Company will provide the following information to investors on an annual basis:</p> <ul style="list-style-type: none"> the derivatives counterparties engaged by the Company. <p>The Company will provide the following information to investors on a monthly basis:</p> <ul style="list-style-type: none"> current total net asset value of the Company (subject to indicative tax estimates); any changes (including changes in related party status) to any of the Company's key service providers; and any material change in the Company's risk profile, strategy and any change in the individuals playing a key role.
Investment strategy	<p>Company objective</p> <p>The Company aims to generate long-term total returns from a specialised managed futures strategy.</p> <p>Investment strategy</p> <p>The Company's investment strategy seeks to take advantage of imbalances in global market valuations through the active management of investments in global exchange traded futures contracts including equity market indices, currency and commodities and fixed income futures.</p> <p>While the Company's investment strategy will primarily be executed through investments in exchange traded futures contracts, the Company may on occasion also invest in listed equities as well as exchange traded futures options (for hedging purposes only).</p> <p>The Company will take both long and short positions in futures contracts.</p> <p>There are various risks associated with the Company's investment strategy, including potential volatility associated with a lack of diversity within the Portfolio and potential magnified loss of capital due to the inherent leverage contained in futures contracts if there are adverse market movements. The Company will endeavour to manage these risks through a sound investment and risk management process. See section 3.7.</p> <p>The Company's Portfolio will be managed in accordance with certain investment guidelines. Refer to section 1.1 of this Prospectus for further information.</p>
Investment Manager	<p>John Bridgeman Limited has been appointed as Manager for the Company to manage the Company's Portfolio.</p> <p>Refer to sections 3.10 and 1.1 of this Prospectus for further information.</p>
Company structure	<p>The Company may appoint service providers to assist in the ongoing operation, management and administration of the Company.</p> <p>The key service providers to the Company are:</p> <ul style="list-style-type: none"> Stuart McAuliffe, the managing director and Chief Investment Officer of the Manager;



ASIC Regulatory Guide 240 – Benchmarks

	<ul style="list-style-type: none"> ▪ John Bridgeman Limited, the Manager; ▪ ABN AMRO Clearing (or similar clearing company), clearer for investments; and ▪ KPMG Australia, the auditor of the Company. <p>Refer to sections 8.2 and 9.6 of this Prospectus for further information.</p>
Valuation, location and custody of assets	<p>Valuation of the Company's assets</p> <p>The Company's assets will normally be valued at their most recent market settlement price, using independent pricing sources where available for the particular asset type and in accordance with industry standards. Cash balances are valued at Australian dollar equivalent of its face value with the addition of accrued interest.</p> <p>Location and custody of the Company's material assets</p> <p>The Company will invest in futures and cash. The Company intends to trade in global futures markets worldwide, across categories such as equity market indices, fixed income, currencies and commodities. The material assets of the Company may be located in any jurisdiction worldwide.</p> <p>The cash holdings of the Company may only be invested in bank accounts with Australian authorised deposit taking institutions or such other cash or cash equivalent investments as determined by the Company from time to time.</p> <p>Westpac Banking Corporation will be the Company's banking partner.</p>
Liquidity of assets	<p>As at the date of this Prospectus, the Company reasonably expects that, once the Portfolio has been established it will be able to realise at least 90% of the Portfolio's assets under normal market conditions, at the value ascribed to those assets in calculating the Company's net asset value, within 5 trading days.</p> <p>Refer to section 1.1 of this Prospectus for further information.</p>
Leverage	<p>Trading in futures is key to the Company's investment strategy. Leverage is inherent in futures trading as futures contracts generally provide a much larger exposure to the underlying assets with a relatively small initial outlay. The buyer and seller of a futures contract is only required to pay an initial cash deposit, known as initial margin when entering into a futures contract. The amount of the initial margin is generally set by the futures exchange, and may vary from time to time according to the volatility of the market. Variation margin is an amount that is paid to cover an unfavourable move in the futures position, or an amount that is received for a favourable move in the futures position.</p> <p>The Company does not have a maximum anticipated or allowed level of leverage. The Manager will manage risk by analysing volatility across markets, ensuring margins used remain below 50% of capital, diversifying across futures markets and by taking a mixture of long and short positions.</p> <p>Investors should note that there are risks associated with the use of leverage similar to those set out in section 6. Refer to section 6 of this Prospectus for further information.</p>
Derivatives	<p>The derivatives used by the Company will be limited to exchange-traded futures contracts and exchange-traded options contracts. No over the counter (OTC)</p>



ASIC Regulatory Guide 240 – Benchmarks

	<p>derivatives will be traded.</p> <p>All of the Company's derivatives counterparties will be subjected to regulations governed by relevant exchanges. However, investments made by the Company will be subject to counterparty risks. For example, if a counterparty to a contract with the Company fails to perform its contractual obligations, then the Company may suffer a loss that will reduce the net asset value of the Company. The Company will seek to minimise counterparty risk by selecting counterparties that in the Company's reasonable opinion are appropriate for the transactions being undertaken.</p>
Short-selling	<p>The Company will not engage in short-selling physical assets but may hold short futures positions. Long and short positions in futures are key to the Company's investment strategy.</p> <p>In taking short positions, the Company bears the risk of an increase in price of the underlying investment over which the short position is taken. Such an increase could lead to a substantial loss.</p> <p>The Company will manage the risks of short positions by:</p> <ul style="list-style-type: none"> ▪ controlling the futures position sizes in each market; ▪ diversifying across futures markets; and ▪ taking a mixture of long and short positions. <p>Refer to section 6.18 of this Prospectus for further information.</p>
Withdrawals and redemptions	<p>This benchmark is not relevant to the Company as the Constitution of the Company does not provide for Shareholders to withdraw from the Company or redeem their Shares.</p>

1.5 Purpose of the Offer and utilisation of funds

Funds raised under this Prospectus will be used for working capital and investment purposes of the Company.

The expenses of the Offer will be paid from the funds raised under this Prospectus. These expenses include legal, accounting and advisory fees and other costs associated with the marketing of the Offer and the production of Offer documentation.

The expenses to be paid by the Company have been estimated at \$291,993 assuming the minimum subscription is achieved, and \$328,583 assuming the maximum subscription is achieved. A breakdown of these expenses for both the minimum subscription of \$14,000,000 and the maximum subscription of \$34,000,000 is provided below (excluding GST):



	Minimum Subscription \$14,000,000	Maximum Subscription \$34,000,000
Expenses of the Offer		
Legal fees	\$25,000	\$25,000
ASX Fees	\$106,180	\$139,444
ASIC Lodgement fees	\$2,320	\$2,320
Corporate Advisory fees	\$115,000	\$115,000
Estimated other expenses	\$25,000	\$25,000
Estimated non-recoverable GST	\$18,493	\$21,819
Total estimated expenses of the Offer	\$291,993	\$328,583
Total Funds raised	\$14,000,000	\$34,000,000
Receivable/Cash on Hand	\$1,000	\$1,000
After Expenses of the Offer	\$13,709,007	\$33,672,417
Minimum subscription from the Manager	\$1,600,000	\$1,600,000
Working capital available for investment purposes of the Company	\$15,309,007	\$35,272,417

The Company has sufficient working capital to carry out its objectives.



1.6 Shareholding structure

In addition to the Shares and Options to be issued pursuant to this Prospectus, the Manager, will subscribe a minimum of \$1,600,000 pursuant to the Subscription Agreement (refer to section 8.3). The following table shows the shareholding structure of the Company at the date of this Prospectus and on completion of the Offer including the subscription by the Manager:

Shareholder	Current Shares	Post Offer Shares		Post Offer %	
		Minimum subscription	Maximum subscription	Minimum subscription	Maximum subscription
Stuart McAuliffe	1,000	1,000	1,000	0.01%	0.01%
Offer Shares					
		14,000,000	34,000,000		
The Manager's subscription		1,600,000	1,600,000		
Total	1,000	15,601,000	35,601,000	100%	100%
Options		15,600,000	35,600,000		
Total Shares on a fully diluted basis**		31,201,000	71,201,000		

**The fully diluted number of Shares on issue following the Offer assumes that all Options have been exercised for the maximum number of Shares which can be issued under those Options.

All current Shareholders have entered into voluntary restriction agreements with the Company restricting them from dealing in the Shares and Options held by them at the date of this Prospectus, until the second anniversary of the date of admission of the Company to the Official List of the ASX. Details of these arrangements are set out in section 8.4.

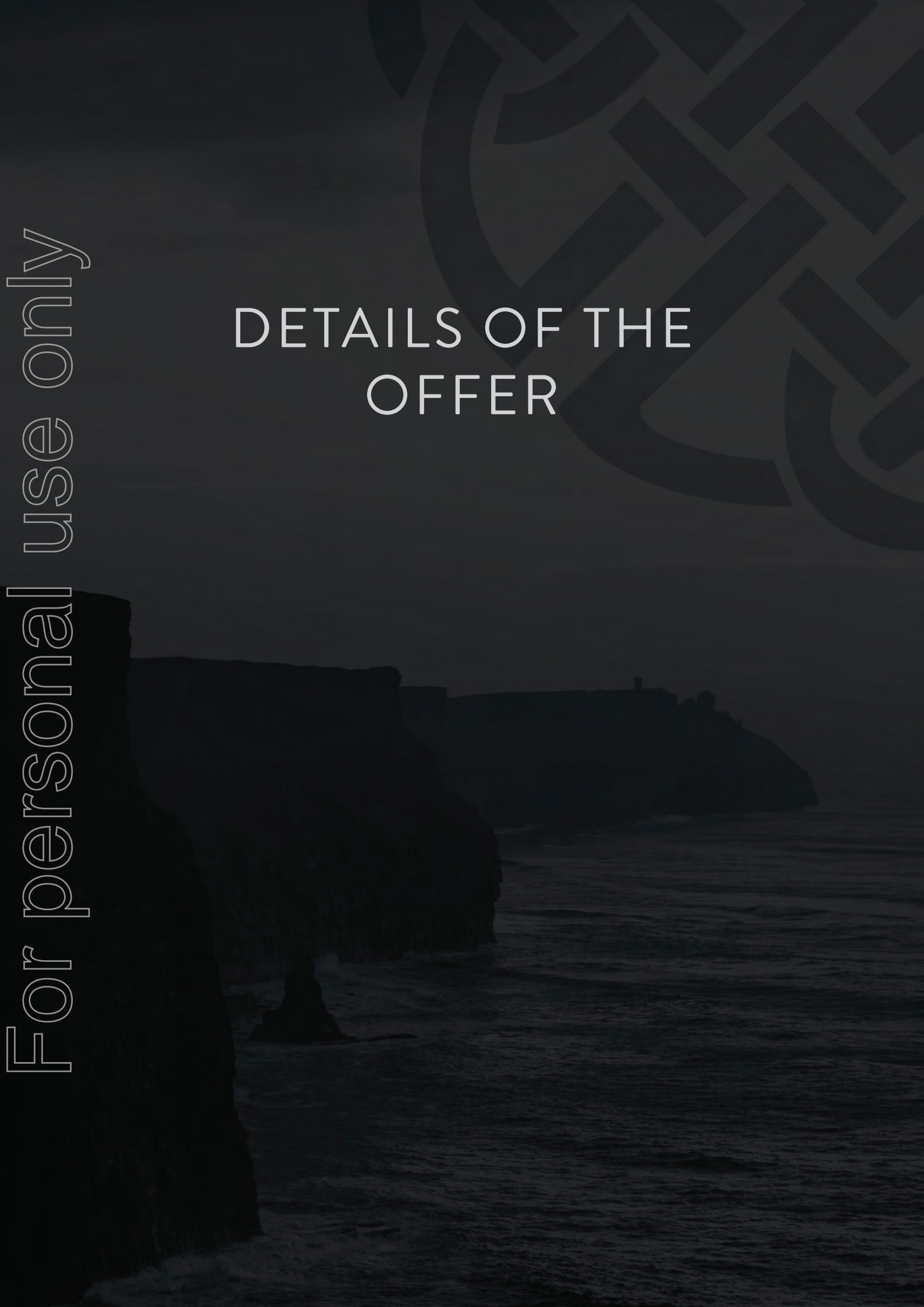
1.7 Summary only

This summary is not intended to provide full details of the investment opportunity. Investors must read this Prospectus in full to make an informed investment decision.

If you have questions in relation to the Offer, please contact Stuart McAuliffe on 1300 155 396.

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DETAILS OF THE OFFER





2 Details of Offer

2.1 What is the Offer?

The Company is offering Shares for issue (together with one Option to acquire one Share for every Share issued) to raise up to \$34 million. The Options will be issued for nil consideration and are exercisable at \$1.00 each for the period from the date of issue of the Options to 31 August 2018.

The rights attaching to the Shares are set out in section 7.2 and the terms and conditions of the Options are set out in section 7.7.

Applicants under the Offer will be required to pay an Application Amount of \$1.00 per Share comprising solely **the subscription price of \$1.00 per Share payable to the Company.**

2.2 Discretion under the Offer

The Company reserves the right not to proceed with the Offer at any time before the allotment of Securities under the Offer. If the Offer does not proceed, Application Monies received by the Company will be refunded in full (without interest). The Company takes no responsibility for Application Monies paid to the Manager or brokers until these are received by the Company.

The Company reserves the right to decline any Applications in whole or in part without giving any reason. An Application may be accepted by the Company in respect of the full number of Shares and Options specified in the Application or any lesser amount without further notice to the Applicant. Acceptance of an Application will give rise to a binding contract.

The Company also reserves the right to close the Offer early, to accept late Applications or extend the Offer without notifying any recipient of this Prospectus or any Applicant.

2.3 Minimum Subscription

The Minimum Subscription required for the Offer to proceed is \$14 million.

If the Minimum Subscription is not obtained within 4 months after the date of this Prospectus, the Company will either repay all Application Monies in full without interest as soon as practicable or issue a supplementary or replacement prospectus. In the event a supplementary prospectus is issued, the Company will allow Applicants one month in which to withdraw their Applications and be repaid their Application Monies in full without interest or otherwise proceed under the terms of the supplementary prospectus.

2.4 Is the Offer Underwritten?

No, the Offer is not underwritten.

2.5 How do I apply under the Offer?

What is the minimum and maximum application under the Offer?

Applications must be for a minimum of 2,000 Shares and the same number of Options. Applications for more than 2,000 Shares must be in multiples of 100 Shares.

There is no maximum amount that may be applied for under the Offer. The Company reserves the right to aggregate any Applications under the Offer which it believes may be multiple Applications from the same person.

The Company reserves the right to reject any Application or to allocate a lesser number of Securities.

Applications can be made in the following manner:



- by completing and returning an Application Form which is attached to this Prospectus in accordance with the Application Form instructions and on the Application Form itself.
- by obtaining a copy of the Prospectus at www.henrymorgan.com.au and completing and returning a copy of the Application Form in accordance with the instructions set out below and on the Application Form itself.

Completed Application Forms, together with Application Monies should be sent to the Company so that they are received no later than 5.00pm (AEST) on the Closing Date.

Completed Application Form(s) and Application Monies should be dealt with in accordance with the instructions on the Application Form and information guide attached to this Prospectus and sent as soon as possible after the Offer opens. The Directors reserve the right to close the Offer early without prior notice and to vary any of the dates relating to the Offer, including those set out in the 'Key Dates' section of this Prospectus.

2.6 Fees, costs and timing for applications

When does the Offer open?

The Offer is expected to open for Applications on 12 November 2015. However, this may be delayed if ASIC extends the Exposure Period for the Prospectus.

What is the deadline to submit an Application under the Offer?

It is your responsibility to ensure that your Application Form and Application Monies are received by the Company before 5.00pm (AEST) on the Closing Date.

The Company takes no responsibility in respect of an Application Form or Application Monies in connection with your Application until such time as your Application Form and Application Monies are received by the Company.

When will I receive my Securities and when can I trade my Securities?

The Company will proceed to allot Shares and Options as soon as possible after the Closing Date and receiving ASX permission for Official Quotation of the Securities. The Company reserves the right to allot to any Applicant a lesser number of Securities than that applied for, or to decline any Application. Where no allotment is made to a particular Applicant or the number of Securities allotted is less than the number applied for by the Applicant, surplus Application Monies will be returned to that Applicant within 30 days of the Closing Date. Interest will not be paid on refunded Application Monies.

Successful Applicants will be notified in writing of the number of Securities allotted to them as soon as possible following the allotment being made after the Closing Date.

It is the responsibility of Applicants to confirm the number of Securities allotted to them prior to trading in Securities. Applicants who sell Securities before they receive notice of the number of Securities allotted to them do so at their own risk. No Securities will be allotted or issued on the basis of this Prospectus later than 13 months after the date of issue of this Prospectus. Shares will be allotted and issued pursuant to the exercise of Options on the terms and conditions on which the Options are issued (see section 7).

If admission to the ASX is denied, or for any reason the Offer does not proceed, all Application Monies will be refunded in full without interest.

2.7 Expenses of the Offer

What are the costs of the Offer and who is paying them?

The expenses of the Offer will be paid by the Company from the funds raised in the Initial Offer Period. These expenses will include legal, accounting and advisory fees and other costs associated with the marketing of the Offer and the production of Offer documentation.

The expenses to be paid by the Company have been estimated at \$291,993 assuming the Minimum Subscription is achieved, and \$328,583 assuming the Maximum Subscription is achieved. A breakdown of



these expenses for both the Minimum Subscription of \$14,000,000 and the Maximum Subscription of \$34,000,000 is provided below:

	Minimum Subscription \$14,000,000	Maximum Subscription \$34,000,000
Expenses of the Offer		
Legal fees	\$25,000	\$25,000
ASX Fees	\$106,180	\$139,444
ASIC Lodgement fees	\$2,320	\$2,320
Corporate Advisory fees	\$115,000	\$115,000
Estimated other expenses	\$25,000	\$25,000
Estimated non-recoverable GST	\$18,493	\$21,819
Total estimated expenses of the Offer	\$291,993	\$328,583
Total Funds raised	\$14,000,000	\$34,000,000
Receivable/Cash on Hand	\$1,000	\$1,000
After Expenses of the Offer	\$13,709,007	\$33,672,417
Minimum subscription from the Manager	\$1,600,000	\$1,600,000
Working capital available for investment purposes of the Company	\$15,309,007	\$35,272,417

The Company has sufficient working capital to carry out its objectives, detailed in this Prospectus. The Company does not currently intend to raise additional funds within the first two years following quotation of the Company's Shares on ASX.

The estimated other expenses include printing and distribution of the Prospectus, investor presentations and travel expenses.

No stamp duty is payable by Applicants on the acquisition of Securities under the Offer.

2.8 ASX Listing

The Company has made application for listing and Official Quotation of its Securities on the ASX within seven days of the date of the Original Prospectus. Assuming that it is granted, quotation of the Securities will commence as soon as practicable after allotment of Securities to Applicants.

2.9 CHES

The Company has applied to the ASX to participate in the Securities Clearing House Electronic Subregister System, known as CHES. CHES is operated by ASX Settlement Pty Ltd (a wholly owned subsidiary of the ASX) in accordance with the ASX Listing Rules and ASX Operating Rules. The Company will operate an electronic issuer-sponsored sub-register and an electronic CHES sub-register. The two sub-registers together



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will make up the principal register of securities. Under CHESS the Company will not be issuing certificates to successful investors following allotment, the Company will provide each Shareholder with a holding statement (similar to a bank account statement) which sets out the number of Shares allotted and Options granted to each Shareholder pursuant to this Prospectus. If applicable, the holding statement will also advise Shareholders of their Holder Identification Number (**HIN**) or Sponsoring Issuer Number (**SRN**).

If a Shareholding changes during a month, the Shareholder will receive a statement at the end of that month. Shareholders may also request statements at any other time (although the Company may charge an administration fee). It is the responsibility of Applicants to determine their allocation prior to the trading of the Shares and Options. Applicants who sell Shares or Options before they receive notice of their allocation do so at their own risk.

2.10 Broker Fees

APP Securities Pty Ltd ('APP') has been appointed lead broker in relation to the Offer. APP has not underwritten any quantum of funds to be raised under the Offer. APP will be entitled to a brokerage fee in relation to any funds raised under the Offer. These fees will be payable by the Manager, John Bridgeman Limited.

The Company may also use other external brokers to assist with the raising of funds under this Offer.

Any brokerage fees payable to external brokers (including the lead broker) will range from 0%-4% of the Application Amount and will be paid by the Manager, John Bridgeman Limited. The Company will not incur any brokerage costs.

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LIMITED
THE BUSINESS





3 Henry Morgan Limited – the business

3.1 Investment overview

This section provides a summary of the investment objectives, strategy and processes of the Company, and the way in which the Manager will implement active Portfolio management.

The Company seeks to provide investors with the opportunity to gain exposure to an investment Portfolio which is actively managed by a Manager with experienced and skilled personnel.

The Company was established in September 2014 and is currently an unlisted investment company which seeks to become a Listed Investment Company on the ASX.

The Company will focus on investing in global markets primarily through exchange traded futures contracts (refer to section 3.3 for full details on futures contracts) including equity market indices, fixed income, currencies and commodities with the aim of achieving above average returns over the medium to long term, as compared to the Barclay's Global Macro Hedge Fund Index.

The Company has entered into a Management Services Agreement with the Manager in relation to the provision of investment management services to the Company. Further details in relation to the Management Services Agreement and the fees that the Company is required to pay to the Manager are set out in section 8.2 of this Prospectus.

The Company and the Manager have common directors being Simon Richardson, John McAuliffe and Stuart McAuliffe.

The Manager will assist the Company to identify and invest in both long and short exchange traded futures where the Manager believes significant valuation discrepancies exist between current trading prices and the underlying intrinsic value of the asset class. All markets invested in will be characterised by deep liquidity, exchange regulation and limited counter-party credit risk due to centralised clearing of contracts.

The Company will actively manage investments in exchange traded futures contracts with a diversification across types of futures contracts and across global markets.

What are Futures Contracts

Futures contracts are legally binding agreements to buy or sell a commodity or financial instrument in a designated future month at a price agreed upon at the initiation of the contract by the buyer and seller. Futures contracts are standardized according to the quality, quantity, and delivery time and location for each commodity. A futures contract differs from an option in that an option gives one of the counterparties a right and the other an obligation to buy or sell if that right is exercised. A futures contract however represents an obligation to both counter parties, one to deliver and the other to accept delivery. A futures contract is part of a class of securities called derivatives, so named because such securities derive their value from the worth of an underlying investment.

Futures contracts are traded on futures exchanges. Futures exchanges depend on clearing members to manage the payments between buyer and seller. They are usually large banks and financial services companies with strict capital adequacy requirements. Clearing members guarantee each trade and thus require traders to make good-faith deposits (called margins) in order to ensure that the trader has sufficient funds to handle potential losses and will not default on the trade. The risk borne by clearing members lends further support to the strict quality, quantity and delivery specifications of futures contracts.

What Futures Contracts will the Company Invest in?

The Company will invest in exchange traded futures contracts across Global markets. There are four key categories of futures contracts that the company will invest in being equity indices futures, fixed income futures, currency futures and commodities futures. Outlined below are further explanations of these futures



contracts as well as specific examples of the exchange traded futures contracts that the Company is likely to invest in within each of these categories:

Equity Indices Futures

Stock market index futures are futures contracts used to replicate the performance of an underlying equity index futures. They can be used for hedging against an existing equity position or speculating on future movements of the index. Some well established equities index futures include indices such as S&P 500, FTSE 100, DAX, CAC 40 and other G12 country indices. Examples of potential Equity Indices Futures that the Company may invest in include:

S&P 500

S&P 500 futures are based on the underlying Standard & Poor's 500 stock index. Made up of 500 individual stocks representing the market capitalizations of large companies and is therefore the leading indicator of large-cap U.S. equities.

NASDAQ 100

Based on the underlying Nasdaq 100 stock index, NASDAQ 100 futures offer liquid benchmark contracts to manage exposure to the 100 leading non-financial U.S. large-cap companies that make up the Nasdaq 100. The index is frequently used to manage technology exposure due to its heavy technology sector weighting.

Nikkei 225

Nikkei 225 includes the top 225 blue-chip companies listed on the Tokyo Stock Exchange.

Euro-Stoxx 50

This index comprises the 50 largest companies by way of market capitalisation from the Eurozone region.

DAX

The German equity index comprises 30 blue chip shares which are incorporated into the index based on their trading volume and market capitalisation.

FTSE 100

The FTSE 100 is a market-capitalisation weighted index of 100 UK-listed blue chip companies.

Hang Seng China Enterprises Index

The Hang Seng China Enterprises Index ("HSCEI") is the major index that tracks the performance of China enterprises listed in Hong Kong in the form of H shares.

Currency Futures

A Currency Futures Contract is a contract to exchange a certain amount of a particular currency at a specific exchange rate on a specified date. Currency futures are standard contracts often used by international traders to hedge against currency risk. The Company may make long or short positions in a variety of currencies including Australian Dollar, Euro, US Dollar, Canadian Dollar, Japanese Yen and British Pound.

Interest Rate Futures

Interest Rate Futures are based on a basket of deliverable bonds (bonds are debt instruments issued generally by Governments with a fixed maturity and interest rate). Interest rate futures contracts contain bonds with a range of different coupon levels and maturity dates.

Examples of types of interest rate futures that the Company may invest in include:

Eurodollar

Eurodollar futures are a cash-settled futures contract based on the 3-month LIBOR rate.



10-Year T-Note

U.S. Treasury notes with a remaining term to maturity of at least six and a half years but not more than 10 years.

Euro-Bund

Euro-bund is a government bond issued by the Federal Republic of Germany with 8.5-10.5 years to maturity and a (notional) 6% coupon.

Commodity Futures

Commodity futures are futures contracts with the underlying assets being a range of different commodities. Common commodity futures include oil, gold, electricity, natural gas and beef. Examples of types of commodity futures contracts that the Company may invest in include:

West Texas Intermediate (WTI) Crude Oil

WTI Crude oil is the most liquid benchmark oil futures contract. WTI crude oil is a blend of several U.S. domestic streams of light sweet crude oil and will be the main oil futures contract traded by the Company.

Gold

Price of a gold futures contract is quoted in US Dollars and represents 100 troy ounces of Gold (Troy ounce is a unit of measure for precious metals equivalent to approximately 31 grams)

Other Investments

As outlined above, the Company's primary investment strategy is based on investing in exchange traded futures contracts however the Company may at times invest in individual listed equities and futures options.

Any investment in individual listed equities will be limited to companies listed on exchanges including Australia, United States and European exchanges. The Company does not anticipate investments in individual listed equities to make up a material percentage of the overall investment Portfolio.

Similarly, the Company may also have limited investments in futures options. A futures option is a contract giving the holder the right (but not the obligation) to buy (if a call) or sell (if a put) a futures contract. In other words, the underlying asset of a futures option is a futures contract (which itself has a separate underlying asset). The main fundamental difference between options and futures lies in the obligations they put on their buyers and sellers. A futures contract gives the buyer the obligation to purchase a specific asset, and the seller to sell and deliver that asset at a specific future date, unless the holder's position is closed prior to expiration.

The Company will invest in futures options primarily as a hedge to other investments and will not make up a material percentage of the overall investment Portfolio of the Company.

3.2 Investment objective

The Company's key investment objectives are outlined below:

- provide investors with moderate to high Portfolio appreciation over the medium to long-term through active management of exchange traded futures targeting above average returns as compared to the Barclays Global Macro Hedge Fund Index;
- provide investors with exposure to global markets where returns are not necessarily correlated to traditional ASX equity markets where many Listed Investment Companies focus;
- maintain diversity of investments in deeply liquid markets to minimise risk and variability of returns.

There is no guarantee that the Company will achieve its performance objectives, produce returns that are positive, or compare favourably against its peers.

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3.3 Investment strategy

The Company's investment strategy seeks to take advantage of imbalances in global market valuations through the active management of investments in global exchange traded futures contracts including equity market indices, currency and interest rate futures.

While the Company's investment strategy will primarily be executed through investments in exchange traded futures contracts, the Company may on occasion also invest in listed equities as well as exchange traded futures options (for hedging purposes only).

The Company's investment strategy is to seek imbalances in valuations of specific futures contracts across global markets. The valuation of a futures contract is represented by the price it is traded at on the relevant exchange on which the futures contract is listed.

Where the Company believes the price level that the relevant futures contract is trading at undervalues the underlying asset, the Company may buy a futures contract. This is known as taking a 'long' position in the relevant futures contract. Under this scenario, profits are generated where the price of the exchange traded futures contract increases and the futures contract is then sold at the higher price.

Similarly, where the Company believes the traded price of the relevant futures contracts overvalues the underlying asset, the Company may sell a futures contract. This is known as taking a 'short' position in the relevant futures contract. Under this scenario, profits are generated where the price of the exchange traded futures contract falls and the futures contract is then bought back at the lower price.

Rationale for Global Focus of Investment Strategy

The Manager believes that the most effective way to generate returns, remain liquid and protect downside risk is to employ a global macro investment strategy.

Global macro investment strategies utilise fundamental information and economic theory on key inputs including economic growth, inflation, interest rates, currency movements, global imbalances and changes in commodity prices to formulate forecasts and trends for different investment markets. The Manager believes that an effective investment strategy requires a global approach because markets are interdependent with the actions of investors, central bankers, consumers and policy makers in one market having flow on effects, actions and reactions across many markets.

A global macro strategy utilising exchange traded futures contracts can be a very effective strategy providing the following benefits:

- a more effective means of identifying both opportunity and risk on a global basis as markets are interrelated with changes often flowing from currency and bond markets to equities and commodities;
- allows for a fundamental view of a market to be expressed broadly through a range of futures contracts including equity market indices, fixed income, currencies and commodities;
- allows for speed of action as investments are made in deeply liquid markets. Speed is critical in a volatile market when news is moving swiftly around the globe and sentiment can change quickly;
- allows the investment strategy to utilise market volatility to attempt to capture greater profits by entering and exiting positions over short time frames as markets move up and down around a trend;
- enabling diversity for investor portfolios largely limited to Australian markets due to difficulty in accessing global markets;
- returns from traditional investment classes in Australia are trending downwards reflected in lower bond yields and lower average equity market returns. A global macro strategy seeks to benefit from market inefficiency in investment classes not readily available to Australian investors; and
- the investment strategy is very scalable and liquid as themes are expressed in deeply liquid markets including equity market indices, fixed income, currencies and commodities.



Investment Process

The Manager undertakes a detailed process when assessing investments to include in the Company's investment portfolio. The key elements of this process are outlined below:

Investment Process	
Identification of Value based upon fundamental analysis	The Managers fundamental analysis utilizes an assessment of macroeconomic trends covering key economic measures including inflation, economic growth, employment, international money flow, credit spreads and business and consumer sentiment. The fundamental analysis also uses assessment of valuation using comparisons of valuations over similar historical periods including price earnings ratios, price to book ratios, purchasing power parity, inflation adjusted commodity prices and the relationship between bond prices and inflationary expectations.
Identification of Existing Trends	Identifying trends involves a technical approach that looks at all markets to identify where clear bull and bear market trends appear. The Manager then identifies situations where a fundamental under-valuation or over-valuation exists and a trend is also favourable.
Identification of prevailing conditions and the actions of policy makers	The Manager considers prevailing conditions including importantly the actions of key policy makers. In recent times the primary influences over prevailing market conditions have been either or both central bank action or government reforms.
Analysis of International Money Flow	International money flow refers to the movement of funds or capital from one country to another in what are usually short to medium term profit seeking ventures. The flow of funds are usually based upon differentials in exchange and interest rates as well as perceived levels of risk between markets. Quite often these flows can cause instability and have drastic impacts on markets and their underlying values.

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Investment Process	
Portfolio Allocation	Capital will be allocated to assets where the Manager believes there is a clear imbalance between the underlying valuation of the asset and the current market price. Portfolios will generally be spread across different geographical markets as well as asset types creating diversity and a natural hedge against adverse movements in any particular investment.

Portfolio Management

Once investments are made, the Manager undertakes detailed monitoring of the Company's investments to determine whether to maintain, allocate further capital to or exit the investment. This includes consideration of the following factors:

Assessment of Changes in Market Dynamics	<p>The Company recognises that the investing landscape is changing and will continue to be very different from historical dynamics. The long credit cycle and expanding populations have been replaced with contracting credit and ageing / contractionary demographics in key markets.</p> <p>This has significantly changed the risk reward profile across equities, fixed income, currencies and commodities.</p>
Consideration of Key Events	<p>Markets are often driven by investor expectations leading into anticipated important events. From monetary policy changes to manufacturing ata, how markets are positioned before, during and after a key event can result in large moves in all asset classes. By monitoring these events and the markets positioning, investments may be impacted if the markets response differs significantly from the Managers own fundamental view.</p>
Changes in leading indicators	<p>Over time global markets will respond differently and place varying importance on economic releases and other fundamental and technical data. The Manager believes that changes in leading market indicators and the markets weighting of these will provide warning signs of market stress and risk appetite.</p>
Market extremes	<p>During market extremes where high levels of volatility are displayed, the Manager seeks to hedge risk by exiting positions or alternatively hedging core positions.</p>



3.4 Investment guidelines

The key investment guidelines for the Manager in implementing the Company's investment strategy are contained in the Management Services Agreement and include:

Objective	To provide investors with moderate to high Portfolio appreciation over the long-term through active management of the Portfolio.
Portfolio Investments	To include the following potential exchange traded futures contracts: <ul style="list-style-type: none"> ▪ fixed income; ▪ commodities; ▪ currencies; and ▪ cash.
Currency Hedging	As required.
Unlisted Securities	The Company may not hold unlisted securities.
Borrowings	Borrowings are not a planned element of the Company's investment strategy.
Percentage of Capital Invested	No investment to be placed by the Manager that will result in greater than 50% of the Company's total capital invested in futures products.

3.5 Scalability

The investment strategy is scalable for two key reasons. Firstly, the investment strategy is expressed through the most liquid exchange traded futures contracts globally including equity market indices, fixed income, currencies and commodities. In the event that total capital of \$34 million is raised under this Prospectus, the estimated volumes traded by the Company would be less than 0.001% of total market volumes.

Secondly, the investment strategy is low frequency with futures contracts held for time periods that may extend for months and years. Exchange traded futures contracts that the Company will invest in are generally short-dated contracts that relate to a particular quarter or month depending on the contract and therefore, in order for a longer position to be held, the futures contracts need to be 'rolled over' at the end of each quarter or month. For example, the S&P 500 Dc-15 contract is a quarterly contract that expires at the end of December 2015 and 'rolls over' to the S&P 500 Mar-16 contract. Additional brokerage costs are incurred in 'rolling over' futures contracts into the next quarterly or monthly contract. These costs annually are generally less than 0.01% of the value of the contract. The investment strategy is not dependent on the speed of the transaction.

In addition the Company will gain significant reductions in trading costs as funds under management grow through lower brokerage and exchange fee rebates.

3.6 Use of Leverage in the Investment Strategy

Trading in futures is key to the Company's investment strategy. Leverage is inherent in futures trading as futures contracts generally provide a much larger exposure to the underlying assets with a relatively small initial outlay. The buyer and seller of a futures contract is only required to pay an initial cash deposit, known as initial margin when entering into a futures contract. The amount of the initial margin is generally set by the futures exchange, and may vary from time to time according to the volatility of the market. Variation



margin is an amount that is paid to cover an unfavourable move in the futures position, or an amount that is received for a favourable move in the futures position.

The Company will not have a maximum anticipated or allowed level of leverage. The Company will manage risk by analysing volatility across markets, ensuring margin used remains below 50% of capital, diversifying across futures markets and by taking a mixture of long and short positions.

Investors should note that there are risks associated with the use of leverage similar to those set out in section 6. Refer to section 6 of this Prospectus for further information.

Outlined below are examples of how leverage inherent in a futures contract can impact on investment decisions.

Example 1

Assumptions

The example below uses the E-Mini S&P 500 futures contract. The E-Mini S&P 500 is the futures contract that represents the widely quoted S&P 500. A US stock market index that is derived from 500 listed companies based upon their market capitalisation. This example assumes the following:

- The Company's net asset value (NAV) is US\$1,000,000
- The Company wishes to allocate 10% of its NAV as margin to purchase an E-mini S&P 500 position.
 - Therefore US\$100,000 of the funds US\$1,000,000 will be used as margin to purchase E-mini S&P 500 contracts which expire in December 2015
 - The initial margin for a December E-mini S&P 500 contract is US\$5,060
 - Therefore 19 contracts will need to be purchased to satisfy the funds desired allocation (100,000 / 5,060)
 - Each point in the E-mini S&P 500 is worth US\$50.
 - The December E-Mini S&P 500 contract is trading at 1950
 - Therefore the notional value of each contract is worth US\$97,500 (1950 x US\$50) and the total notional value of the position is US\$1,852,500 which exceeds the fund's total NAV.

Impact of leverage on the Company from an increase in the Price of the S&P 500

Assume that the Company fulfilled its portfolio allocation to the S&P 500 by purchasing 19 December E-mini S&P 500 contracts at the current market price of 1950. The following week the December contract has risen in line with the Manager's expectation and is now trading at 1969.5 (1% increase).

The Company's profit on this position would be US\$18,525 (1969.5 – 1950 = 19.5 x 19 contracts x US\$50).

This represents a 1.8525% return on the Company's NAV.

Impact of not using leverage on the Company from an increase in the Price of the S&P 500

If the Company was not able to utilise leverage, the maximum position that could be held would be 10 contracts (1,000,000 USD / US\$97,500).

Following the same example but with no leverage the profit on the position would be US\$9,750 (1969.5 – 1950 = 19.5 x 10 contracts x US\$50) which represents a return of 0.975%.

Impact of leverage if the price of the S&P 500 decreases.

If instead of the increase in the price of the S&P 500 as shown above, the price fell to 1930.5 (1% decrease) over the following week the Company would have made a loss of US\$18,525 (1930.5 – 1950 = -19.5 x 19 contracts x US\$50) on the leveraged position. This would represent a loss of 1.8525% on the Company's NAV.



If the same negative scenario is followed with the un-leveraged position the Company's loss would be US\$9,750 ($1930.5 - 1950 = -19.5 \times 10 \text{ contracts} \times \text{US\$}50$) representing a 0.975% loss.

Example 2

Assumptions

- The example below uses the Australian Dollar futures contract. The Price of the contract represents the amount of US dollars required to purchase an Australian dollar.
- The Company's net asset value (NAV) is US\$1,000,000
- The Company wishes to allocate 10% of its NAV as margin to sell the Australian Dollar against the US Dollar (AUD/USD rate)
 - Therefore US\$100,000 of the Company's US\$1,000,000 will be used as margin to sell Australian Dollar futures contracts which expire in December 2015
 - The initial margin for a December Australian Dollar contract is US\$2,200
 - Therefore 45 contracts will need to be sold to satisfy the funds desired allocation ($100,000 / 2,200$)
 - Each Australian dollar futures contract represents the cost in USD of AUD\$100,000 and the minimum price move is US\$10 per .0001 increment in price
 - The December Australian dollar contract is trading at .7100
 - Therefore the notional value of each contract is worth US\$71,000 ($.7100 / .0001 \times \text{US\$}10$) making the total notional value of the position is US\$3,195,000 ($\text{US\$}71,000 \times 45$).

Impact of leverage from a decrease in the price of the AUD against the USD

Assume that the Company fulfilled its portfolio allocation by selling 45 December Australian Dollar contracts at the current market price of .7100. The following week the December contract has fallen in line with the Manager's expectation and is now trading at .7050.

The Company's profit on this position would be US\$22,500 ($.7100 - .7050 = .0050 / .0001 = 50 \times 45 \text{ contracts} \times \text{US\$}10$).

This represents a 2.25% return on the Company's NAV.

Impact of not using leverage from a decrease in the price of the AUD against the USD

If the Company was not able to utilise leverage, the maximum position that could be held would be 14 contracts ($\text{US\$}1,000,000 / \text{US\$}71,000$).

Following the same example but with no leverage the profit on the position would be US\$7,000 ($.7100 - .7050 = .0050 / .0001 = 50 \times 14 \text{ contracts} \times \text{US\$}10$) which represents a return of 0.7%.

Impact of leverage from an increase in the price of the AUD against the USD

If instead of the decrease in the price of the Australian Dollar against the USD as shown above, the price rose to .7150 over the following week the Company would have made a loss of US\$7,000 ($.7100 - .7150 = -.0050 / .0001 = -50 \times 45 \text{ contracts} \times \text{US\$}10$) on the leveraged position. This would represent a loss of 2.25% on the Company's NAV.

If the same negative scenario is followed with the un-leveraged position the funds loss would be US\$7,000 ($.7100 - .7150 = -.0050 / .0001 = -50 \times 14 \text{ contracts} \times \text{US\$}10$) representing a 0.7% loss.

As the examples above demonstrate the use of leverage that is available when trading futures contracts can magnify the potential gains and losses of any positions the Company may hold.

The examples given are for illustrative purposes only and do not reflect any trades or position sizing used by the Company.



Leverage risks arises when the Company takes on positions that are greater in size than its assets. The Company may employ significant leverage which may result in notional value of the investments exceeding the size of the Company's net assets. This process may result in gains or losses and may result in a loss of some or all of the Company's assets.

3.7 Risk Management

The Manager appointed by the Company, has robust systems and processes in place to manage the business' operational risks, including those related to investments in global markets.

The Manager will manage the risk of its futures trading through a number of measures including:

- diversifying across differing futures markets;
- investing in a mixture of long and short positions;
- controlling the futures positions in each market to reflect the Company's assessment of volatility risk;
- all markets invested are deeply liquid generally allowing efficient entry and exit levels;
- 24 hour monitoring of positions;
- maintaining no more than 50% capital balance invested in the futures market; and
- use of external brokers reducing the Manager's execution risk (note, some execution may be performed directly by the Manager).

There is no guarantee the above measures will mitigate all of the risks associated with futures trading. Refer to section 6 for other specific risks related to the business of the Company.

Along with the risk measures outlined in above, a significant aspect of the risk management strategy comes from the Manager's philosophy. This philosophy is based on understanding, in great detail, an investment opportunity's investment metrics, a thorough understanding of the operating market and the risk associated with the investment. This information is cross checked via unlisted and listed market participants, competitors and industry experts, to gain a thorough and diverse information base for informed and well timed decisions. Effective risk management depends on a range of factors including diversification of investments and other factors as outlined above.

Many factors can negatively impact on the Manager's ability to generate returns from its investment process (for example, loss of key personnel). There is significant competition among quantitative investment managers (i.e. those that use mathematical models to attempt to identify attractive investment opportunities) and the Manager's ability to deliver returns that have a low correlation with global aggregate equity markets and other market participants is dependent on its ability to employ an investment system that is simultaneously profitable and differentiated from those employed by other managers.

To the extent that the Manager is not able to develop a sufficiently differentiated investment system, the Company's investment objective may not be met. The growth in assets managed in accordance with similar investment strategies may result in the Company and other market participants inadvertently buying and selling the same or similar investments simultaneously, which may reduce liquidity and exacerbate market movements. The Company may then be subject to an increased risk of suffering substantial losses.

3.8 Clearing Services

The Company and the Manager plan to use ABN AMRO Clearing for its clearing services. ABN AMRO Clearing has its head office in the Netherlands and is one of the world's largest clearers with over 16 million trades a day cleared and finalised and cover over 85 of the world's leading exchanges. A portion of the Company's funds will be held in ABN AMRO at any point in time to cover margin requirements.

In the event that ABN AMRO does not become the clearer, the Manager will use a similar clearing participant regulated under various exchanges.



3.9 The Listed Investment Company Industry

It is intended that the Company will qualify as a Listed Investment Company ('LIC') under Australian Tax Law.

An LIC is an Australian closed-end investment that is listed on the Australian Stock Exchange allowing investors to buy and sell existing shares. An LIC focussed on global markets may provide diversification and access to international markets that may provide attractive risk adjusted returns. An LIC may also provide stability of funds under management allowing the investment manager to take a long-term approach to investment performance.

The ASX has 65 LICs with \$27.5 billion under management including equities, private equity and absolute return strategies. The rapid growth in superannuation and increased savings rates in Australia has supported growth in LICs. Investors have typically bought LICs for both capital growth and dividend income. LICs range in size from \$1 million to \$6.7 billion. Many LICs concentrate on Australian equities (85.7%), with exposure to international shares under-represented at 11.1%. Absolute return strategies have 1% of total funds under management in LICs.

Strategies vary from passive index following strategies to active management. By buying shares in an LIC, an investor gains exposure to a strategy for what can be a small capital outlay. By investing in a variety of LICs an investor gains exposure to multiple strategies and is able to diversify their portfolio. Further, shares can be purchased or sold through a broker on the ASX, allowing an investor to vary their portfolio quickly and at low cost.

3.10 Experience of the Manager

As noted above, the Manager has been engaged by the Company as the investment manager of the Portfolio.

The Managing Director of the Company, Stuart McAuliffe, is also the Managing Director and Chief Investment Officer of the Manager.

Through his own personal entity, Stuart McAuliffe was previously the manager of the Aliom Managed Futures Fund No 1. The Manager is the current manager of the Aliom Managed Futures Fund No 1 under the direction of its Managing Director and Chief Investment Officer, Stuart McAuliffe.

Stuart McAuliffe brings multistrand skills in investment strategy, systems development, valuation and forecasting modelling and high level trading techniques. Stuart has an academic background specializing in index design and assessment, and in the development of complex short and medium term valuation and forecasting models and indicators.

The Aliom Managed Futures Fund No 1 is a wholesale fund targeted at sophisticated investors such as institutional and professional investors. The objective of the Aliom Managed Futures Fund No 1 is to outperform the Barclay Global Macro Index utilising developed equity market indices, currency and fixed-income derivatives. The Aliom Managed Futures Fund No 1 seeks to take advantage of imbalances in global market valuations where the expectations of the market differ from the underlying fundamentals.

Stuart McAuliffe has been the investment manager of the Aliom Managed Futures Fund No 1 for the past 3 years and has achieved annualised returns of approximately 99% over this period.

The value of investments may go up and down. Past performance is not necessarily indicative of future performance.



The table below summarises the performance of the Aliom Managed Futures Fund No 1 (AMFF).

	AMFF ¹
2012/13*	178%
2013/14	126%
2014/15	19%
From 01/08/2012 to 30/06/15	650%
Annualised	99%

¹ Average funds under management over the investment period of approximately \$1 million

* Since 01/08/12

The Company will utilise the same strategy as that used by the Manager for the AMFF.

It is possible that increasing the fund size to over \$15 million may limit returns. However, current trading is a very small amount of daily turnover (less than 0.001% of total daily turnover) in the deeply liquid futures markets that are invested in. The Manager believes that even with a large increase in funds under management it would not have a material impact on the Manager's ability to implement the trading strategy outlined above.

Of note, the Manager has negotiated a significant reduction in brokerage costs so scale will have an advantage in cost reduction.

3.11 Capital Management Policy

The Company intends to pay dividends out of available cash flow and subject to franking credits. The quantum of dividend to be paid will be subject to the Board's discretion however is expected to be above 50% of net operating profit after tax. The dividend will be paid at the end of the Company's first financial year and then annually thereafter. Any dividend paid will be franked to the maximum extent possible.

The Company gives no assurances about the payment of dividends or the extent of payout ratios.

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OWNERSHIP, MANAGEMENT AND CORPORATE GOVERNANCE





4 Ownership, management and corporate governance

4.1 Board

Stuart McAuliffe BA MEd Grad Dip Legal Studies

Managing Director

Mr Stuart McAuliffe was appointed as Managing Director in September 2014.

Stuart has over 25 years' experience investing in global equity, bond, currency and commodity markets. He has pioneered innovative research into the correlation and causation between different global equity and currency markets over short, medium and long term time periods. As the senior executive responsible for investments, he uses a 'layered' approach combining multiple time frame fundamental analysis with short term technical trading patterns to maximise returns while managing risk.

In 2012, Stuart was the founding investment manager for the Aliom Managed Futures Fund No 1, a wholesale investor fund, targeting absolute returns above average equity returns. He has since achieved an average annual return over the period of 99% after fees, with average fees 2% of capital and 23% of performance. Refer to section 3.10.

However, it is important to note that the value of investments can go up and down. Past performance is not necessarily indicative of future performance. The fact that relatively high returns have been achieved in the past does not guarantee that the same or similar returns will be achieved in the future.

Using both contrarian strategies and traditional trend following methods, Stuart correctly identified directional trend and timing for entry into many recent key investment themes including the Japanese equity bull market, the high point for the Australian dollar, the multi-year upward trend in technology stocks and the 2014 surge in Chinese stocks out of their long term bear market. High returns were achieved with tight risk control, a willingness to hold cash while awaiting key opportunities and active management of investments over the holding period to maximise returns.

Stuart is of the belief that great investment decisions are derived from an in depth understanding of historical forces. Stuart's Bachelor Degree was a Bachelor of Arts from University of Queensland earning a double major in Modern History and a Major in Ancient History. Courses focused on military strategy including the campaigns of Julius Caesar, Napoleon and General George Patton and he credits this early training as the basis for his innovative future strategies and tactics in investment markets.

As an Associate Professor at Bond University, Stuart has lectured nationally and internationally in the fields of economic forecasting, valuation modelling, financial structures and risk management. His specialisations included the short to long term effects of central bank policy and the pricing of extreme valuations at market peaks and troughs. He has designed and developed proprietary indices measuring economic leading indicators and their probable effects on equity and real estate markets.



John McAuliffe AM, LAPI, FAIB, ACTCB

Chairman

Mr John McAuliffe was appointed as Chairman of the Board in October 2015.

John was awarded the Order of Australia in June 2007 for service to the community particularly through executive roles in the areas of health care and public housing management, and to the property valuation industry.

John has a strong relationship with both Federal and State Governments and Secretaries and Directors General. He was a senior bureaucrat in the Federal Government until 2000 and was also called upon to provide advice on a range of issues. As Chairman of the Brisbane Housing Company he regularly meets with both Federal and State Ministers on housing issues and has provided advice to Andrew Fraser when he was the Treasurer, on stock transfer of the Government's Housing portfolio. John is also working on a range of other confidential matters with the Government.

In 1989 John was awarded the Kenneth Campbell Memorial Award for professional excellence and outstanding service to The Australian Institute of Valuers and Land Economists.

Since 1966 John has been a senior lecturer (part-time) at the Queensland University of Technology for Land Valuation, Investment Theory and Land Studies in the Built Environment and the Surveying School. Those lectures involve students in the degree courses in Building, Quantity Surveying and Land Surveying. John has also lectured for 15 years at the University of Queensland on Property Valuation and during this period also lectured to valuation students in the degree course at the Gatton Agricultural College and to Diploma students in Brisbane. John wrote the correspondence papers for the final year valuation students.

John was previously the Chairman of the board at the Holy Spirit Hospital, Brisbane and the Mater Health Services, Brisbane. He is a former member of the board of the Mount Olivet Hospital and is chairman of Brisbane Housing Company, Multicap, Catholic Property, Brisbane and Freedom Aged Care and a director of Holy Cross Laundry and Lady Bowen Trust.

John's other qualifications include:

- Life Fellow of the Australian Institute of Valuers and Land Economists;
- Fellow of the Australian Institute of Building – Chartered Builder;
- Associate Papua New Guinea Institute of Valuers and Land Administrators;
- Registered Valuer, Queensland and New South Wales;
- Registered Valuer, Papua New Guinea;
- Associate Central Technical College Brisbane – Diploma in Building and Diploma in Quantity Surveying; and
- Member Real Estate Institute of Queensland.



Simon Richardson BEcon, BComm

Executive Director

Mr Simon Richardson was appointed as an executive director in September 2014.

Simon is responsible for overseeing business operations, risk management and compliance across the Henry Morgan Limited group.

Simon has had over 20 years of diverse national and international business experience across a range of industries including financial services, property and media. He commenced his career in Brisbane with KPMG Chartered Accountants where he gained experience in audit and business advisory roles across a range of national and multi-national companies. While at KPMG he successfully attained membership into the Institute of Chartered Accountants and also completed a secondment to KPMG's operations in the United Kingdom.

Simon continued his career overseas where he joined a major international investment and education group listed on the London Stock Exchange. He served in a broad range of commercial and financial roles gaining experience in most major European and Asian markets while spending time living in London and Hong Kong. Upon returning to Australia he served in roles with Lend Lease Australia as well as a leading structured finance & investment firm.

In 2006, Simon was a founding partner in establishing the Sydney based Aliom group, which has become one of the leading proprietary futures trading business in Australia and includes trading academies in Sydney and Melbourne providing opportunities for the next generation of traders. The Aliom group also consists of broking and funds management operations providing 24 hour global access for traders and clients. He has overall responsibility for business operations and strategy, compliance and risk management functions across the Aliom group and has extensive experience with regulatory requirements of the ASX, ASIC and other regulatory authorities.

Simon has a number of private investments including interests in a Queensland based hotel group and is a Director of GravityFit Pty Ltd ACN 130 293 793 which provides educational training courses and equipment to the Physiotherapy and personal training markets in Australia, Asia and Europe.

He attended Brisbane Grammar School and holds Bachelor of Commerce and Economic degrees from the University of Queensland.

4.2 Executive team

In addition to the Managing Director, Stuart McAuliffe and the Executive Director, Simon Richardson is the Company Secretary. Information on each of Stuart McAuliffe and Simon Richardson are set out in section 4.1.

Mrs Mary-Anne Greaves, LLB, ACIS, AGIA

Company Secretary

Mrs Greaves was appointed as Company Secretary in September 2014.

She is Executive Director/General Counsel and Company Secretary of Wellington Capital Limited, a boutique funds management and corporate advisory firm. She has experience in funds management, capital raisings and listing of public companies on various stock exchanges including the ASX and the NSX.

Mary-Anne is a Lawyer and has a particular focus in the property and finance industries. She is also a Real Estate Agent and has 16 years of experience in finance and property in various roles with Bendigo Bank Limited and Northern Building Society Limited.

Mary-Anne has led numerous due diligence assignments and has a strong interest in the area of corporate governance. She is a Chartered Secretary and is an Associate of Chartered Secretaries and Administrators Australia.



4.3 Responsibility of the Board

The Board is responsible for the overall operation and stewardship of the Company and is responsible for its overall success and long-term growth and corporate governance. The Board will act in the best interests of Shareholders to ensure the business of the Company is properly managed.

The Board has formally adopted corporate governance policies which are designed to encourage Directors to focus their attention on accountability, risk management and ethical conduct.

The Board has adopted a number of corporate governance policies (to take effect upon commencement of trading on the ASX), each having been prepared having regard to the ASX Recommendations and which are available on the Company's website at www.henrymorgan.com.au.

4.4 Board of Directors

The Board is responsible for the corporate governance of the Company. The Board develops strategies for the Group, reviews strategic objectives and monitors performance against those objectives. The goals of the corporate governance process are to:

- (a) maintain and increase Shareholder value;
- (b) ensure a prudential and ethical basis for the Group's conduct and activities; and
- (c) ensure compliance with the Group's legal and regulatory objectives.

Consistent with these goals, the Board assumes the following responsibilities:

- (a) developing initiatives for profit and asset growth;
- (b) reviewing the corporate, commercial and financial performance of the Group on a regular basis;
- (c) acting on behalf of, and being accountable to, the Shareholders; and
- (d) identifying business risks and implementing actions to manage those risks and corporate systems to assure quality.

The Company is committed to the circulation of relevant materials to Directors in a timely manner to facilitate Directors' participation in the Board discussions on a fully informed basis.

4.5 Composition of Board

The election of Board members is subject primarily to the wishes of Shareholders in general meeting. However, subject to that consideration, the Company is committed to the following principles:

- (a) the Board is to comprise Directors with a blend of skills, experience and attributes appropriate for the Group and its business; and
- (b) the principal criterion for the appointment of new Directors is their ability to add value to the Group and its business.

No formal nomination committee or procedures have been adopted for the identification, appointment and review of the Board membership. However, an informal assessment process, facilitated by the Chairman in consultation with the Company's professional advisors, has been committed to by the Board.

Independent professional advice

Subject to the Chairman's approval (not to be unreasonably withheld), the Directors, at the Company's expense, may obtain independent professional advice on issues arising in the course of their duties.



Remuneration arrangements

The remuneration of an executive Director will be decided by the Board, without the affected executive Director participating in that decision making process.

The total maximum remuneration of non-executive Directors is the subject of a Shareholder resolution in accordance with the Company's Constitution, the Corporations Act and the Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Group of the respective contributions by each non-executive Director.

The Board may award additional remuneration to non-executive Directors who are called upon to perform extra services or make special exertions on behalf of the Company.

In addition, a Director may be paid fees or other amounts (i.e. subject to any necessary Shareholder approval, non-cash performance incentives such as Options) as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director.

Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

4.6 External audit

The Company in general meeting is responsible for the appointment of the external auditors of the Group, and the Board from time to time will review the scope, performance and fees of those external auditors.

4.7 Audit and risk management committee

The Company has adopted an audit committee charter. Due to the size and nature of activities, the function of the audit and risk management committee will be undertaken by the full Board.

4.8 Identification and management of risk

The Board's collective experience will enable accurate identification of the principal risks that may affect the Group's business. Key operational risks and their management will be recurring items for deliberation at Board meetings.

4.9 Ethical standards

The Board is committed to the establishment and maintenance of appropriate ethical standards.

4.10 Trading Policy

The Board has adopted a policy which sets out the circumstances in which Directors and employees of the Company may deal in:

- (a) the Company securities, which includes any Shares in the Company, debentures (including convertible notes) issued by the Company, units of Shares in the Company and options to acquire or subscribe for Shares in the Company; and
- (b) other financial products, which includes any shares, options, derivatives (including market index derivatives), debentures any other financial product able to be traded of any company, trust or other organisation, local domestic and international, in which the Company invests or proposes to invest,

with the objective that no Director or employee will contravene the requirements of the Corporations Act, the ASX Listing Rules or any other applicable law.

The purpose of this policy is designed to protect the reputation of the Company and to ensure that such reputation is maintained or perceived to be maintained by persons external to the Company.



An overriding principle of the policy is that following ASX listing, Directors and employees who possess non-public price sensitive information must not deal in the Company's securities.

4.11 Shareholder Communication Policy – Continuous disclosure

The Company's objective is to promote effective communication with its Shareholders at all times. The Company is committed to:

- (a) ensuring that Shareholders and the financial markets are provided with full and timely information;
- (b) complying with continuous disclosure obligations contained in the Listing Rules and the Corporations Act in Australia; and
- (c) communicating effectively with its Shareholders and making it easier for Shareholders to communicate with the Company.

To promote effective communication with Shareholders and encourage effective participation at general meetings, information will be communicated to Shareholders:

- (a) through the release of information to the market via the ASX;
- (b) through the distribution of the annual report and notices of annual general meeting;
- (c) through Shareholder meetings and investor relations presentations;
- (d) through letters and other forms of communications directly to Shareholders; and
- (e) by posting relevant information on the Company's website at www.henrymorgan.com.au.

Refer to section 4.18 for further information on how the Company will keep investors informed.

4.12 ASX Corporate Governance Principles and Recommendations

The Company is seeking listing and quotation of its Shares and Options on the ASX. The ASX Corporate Governance council has developed and released its ASX Corporate Governance Principles and Recommendations (ASX Recommendations) for Australian listed entities in order to promote investor confidence and to assist companies in meeting stakeholder expectations. The recommendations are not prescriptions, but guidelines.

However, under the ASX Listing Rules, the Company will be required to provide a statement in its annual report disclosing the extent to which it has followed the recommendations during each reporting period. Where the Company does not follow a recommendation, it must identify the recommendation that has not been followed and give reasons for not following it.

The Company intends to comply with the ASX Recommendations from the time of its Listing, with the following exceptions.

Recommendation	Reason
2.1 – Nomination Committee	Due to the size of the Board the Company has not established a Nomination Committee at this stage. The Company has adopted processes to address Board succession issues and to ensure that the Board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively (as set out in the Company's Corporate Governance Statement and any other relevant policies).
2.4 – Majority independent directors	The Board does not have a majority of independent



Recommendation	Reason
	directors. The Chairman is independent and two directors are executive directors. The Board will consider the composition of the Board annually.
4.1 – Audit Committee	<p>The Company has adopted an Audit and Risk Management Committee Charter prior to listing of the Company on the Official List. However, due to the size of the Board, the Company has not established an Audit Committee at this stage. Rather, the functions of the Audit Committee will be exercised by the full Board.</p> <p>The Company has established processes to independently verify and safeguard the integrity of its corporate reporting (as set out in the Audit and Risk Management Committee Charter).</p>
7.1 – Risk Management Committee	<p>The Company has adopted an Audit and Risk Management Committee Charter. However, due to the size of the Board, the Company has not established a Risk Management Committee at this stage. Rather, the functions of the Risk Management Committee will be exercised by the full Board.</p> <p>The Company has established rigorous processes for overseeing the Company's risk management framework (as set out in the Audit and Risk Management Committee Charter).</p>
7.3 – Internal Audit	Due to the size of the Company the Board has not established an internal audit function.
8.1 – Remuneration Committee	<p>The Company has adopted a Remuneration Committee Charter. However, due to the size of the Board, the Company has not established a Remuneration Committee at this stage. Rather, the functions of the Remuneration Committee will be exercised by the full Board.</p> <p>The Company has established processes for setting the level and composition of remuneration for Directors and senior executives and ensuring that the remuneration is appropriate and not excessive (as set out in the Remuneration Committee Charter).</p>

4.13 Standards

The Board will endeavour to ensure that the Directors, officers and employees of the Company perform their duties with integrity and observe the highest standards of behaviour and business ethics in relation to their corporate activities. All are expected to:

- comply with the law;
- act in the best interests of the Shareholders;

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- act in the best interest of the Company;
- be responsible and accountable for their actions; and
- observe the ethical principles of fairness, honesty and truthfulness, including disclosure of potential conflicts of interest.

4.14 Business Risk Management

The Board considers that the frequent review of the Manager's performance provides an effective review of investment strategies. The Board is aware of the disclosure requirements of the ASX and any major changes in its investment strategy will be first put to Shareholders for their approval.

The Board is also responsible for identifying and monitoring areas of significant business risk through internal control measures such as quarterly financial and operational reporting to the Board and regular reporting by the Manager and/or independent advisers.

4.15 Directors' Fees and Expenses

The Directors will be entitled to receive the following benefits:

- the maximum total remuneration of the Directors has been set at \$200,000 per annum to be divided amongst them in such proportions as they agree; and
- the Director's current remuneration is \$58,000 for the Chairman and \$52,000 each for the executive Directors.

In addition, the Directors will be reimbursed for reasonable travelling and other expenses.

Except as set out in this Prospectus there are no interests that exist at the date of this Prospectus and there were no interests that existed within two years before the date of this Prospectus that are or were, interests of a Director or a proposed Director in the promotion of the Company or in any property proposed to be acquired by the Company in connection with its formation or promotion. Further, except as set out in this Prospectus, there have been no amounts paid or agreed to be paid to a Director in cash or Securities or otherwise by any persons either to induce him to become or qualify him as a Director or otherwise for services rendered by him in connection with the promotion or formation of the Company.

4.16 Independent Professional Advice

In fulfilling their duties, each Director dealing with corporate governance matters may obtain independent professional advice at the expense of the Company subject to the prior approval of the Chairman, which will not be unreasonably withheld.

4.17 Potential Conflicts of Interest

The Board is not aware of any actual or potential conflicts of interest which may impact on the Directors' abilities to carry out their duties in the best interest of investors other than as set out below:

- (a) Simon Richardson is a director of the Manager and is also a director of the Company. He is also a director of Aliom Pty Ltd. Aliom Pty Ltd may provide broker services to the Company;
- (b) Stuart McAuliffe is managing director and Chief Investment Officer of the Manager and is also a director of the Company; and
- (c) John McAuliffe is a director of the Company and is a director and shareholder of the Manager.

4.18 Keeping you informed

To keep you up to date on your investment in the Company, the Company will provide or make available:

- transaction confirmations;
- transaction statements at least annually;



- an annual tax statement for Australian resident investors to assist in completing tax returns; and
- an annual financial report.

For the purposes of ASIC Regulatory Guide 240, the following will be made available or distributed to Shareholders:

Type of information	Is the information available?	How often this information will be available?	Where can this information be accessed?
The actual allocation to each asset type	The actual allocation to each asset type will be available (for example currencies, equity indices, cash bond allocations). The allocation to each product within an asset class is considered proprietary to the Company and public disclosure of such information could adversely impact the performance of the Company. Accordingly, it will not be made publicly available.	Monthly	The Company website www.henrymorgan.com.au
The liquidity profile of the Company's assets (that is, the estimated time required to sell an asset at the value ascribed to that asset in the Company's most recently calculated net asset value)	The liquidity profile will not be available. The liquidity profile of the Company's assets is considered proprietary to the Company. The Company expects to realise at least 90% of the Portfolio's assets under normal market conditions at the value ascribed to those assets within 5 trading days.	Not applicable	Not applicable
The maturity profile of the Company's liabilities	Not applicable.	Not applicable	Not applicable
The Company's leverage ratio (after taking into account the leverage embedded in the assets of the Company)	The leverage ratio will not be available. The margin to equity ratio will be made available to investors.	Monthly	The Company website www.henrymorgan.com.au
The derivatives counterparties engaged by the	Yes	Annually	The Company annual financial statements.

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Type of information	Is the information available?	How often this information will be available?	Where can this information be accessed?
Company			
Any changes (including changes in related party status) to any of the Company's key service providers	Yes	Monthly	The Company website www.henrymorgan.com.au
The Company's current total net asset value (indicative pending finalisation of annual tax advice)	Yes	Monthly	The Company website www.henrymorgan.com.au Any material change in Net Asset Value will be updated on the Company's website.
The redemption value of a Share in the Company	Not applicable.	Not applicable	Not applicable.
The net return of the Company's assets after fees, costs and taxes (indicative pending annual tax advice)	Yes	Monthly	The Company website www.henrymorgan.com.au
Any material change in the Company's risk profile, strategy and change in the individuals playing a key role	Yes	Monthly	The Company website www.henrymorgan.com.au and ASX

4.19 Shareholder Communication Policy – Continuous disclosure

The Company's objective is to promote effective communication with its Shareholders at all times. The Company is committed to:

- ensuring that Shareholders and the financial markets are provided with full and timely information;
- complying with continuous disclosure obligations contained in the Listing Rules and the Corporations Act in Australia; and
- communicating effectively with its Shareholders and making it easier for Shareholders to communicate with the Company.

To promote effective communication with Shareholders and encourage effective participation at general meetings, information will be communicated to Shareholders:

- through the release of information to the market via the ASX;



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- (b) through the distribution of the annual report and notices of annual general meeting;
- (c) through Shareholder meetings and investor relations presentations;
- (d) through letters and other forms of communications directly to Shareholders; and
- (e) by posting relevant information on the Company's website at www.henrymorgan.com.au.

Refer to section 4.18 for further information on how the Company will keep investors informed.

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FINANCIAL INFORMATION



5 Financial Information

5.1 Proceeds of the Offer

The proceeds of the Offer (net of the Offer costs) will be used for investment opportunities that meet the Company's investment objectives as set out in section 3.2 of this Prospectus and in accordance with the Manager's investment strategy as described in section 3.3.

The Company will have relatively low ongoing operational costs. Its major expenditure will be the management fees payable to the Manager as summarised in section 8.2.

The Company's ongoing expenditure (excluding management fees) will include printing costs associated with the annual report, annual audit fees, Directors' fees, administration fees, share registry services fees, accounting fees and legal fees. The Company will also incur minor office expenses including stationery and postage costs. The Company does not expect that these costs will vary or increase significantly from year to year as these costs relate mainly to fulfilling its ongoing compliance and reporting obligations.

The Company has, and will have, enough working capital to carry out its stated objectives.

5.2 Pro-Forma Statements of Financial Position

The Pro-forma Statements of Financial Position have been prepared for illustrative purposes only to show the financial position of the Company following completion of the Offer and may not actually reflect the position of the Company as at the date of the Prospectus or at the conclusion of the Offer.

	Unaudited historical Statement of Financial Position as at 30 June 2015	Unaudited Pro-Forma Statements of Financial Position as at 30 June 2015	
		Minimum Subscription \$14 million	Maximum Subscription \$34 million
Assets			
Receivable/Cash	\$1,000	\$13,709,007	\$33,672,417
Other assets	-	-	-
Liabilities	-	-	-
Net assets	\$1,000	\$13,709,007	\$33,672,417
Equity	\$1,000	\$13,709,007	\$33,672,417



A reconciliation of the Pro-forma Statements of Financial Position for cash is as follows:

	Minimum Subscription \$14 million	Maximum Subscription \$34 million
Proceeds of Offer	\$14,000,000	\$34,000,000
Expenses of Offer	\$291,993	\$328,583
Cash on Hand	\$1,000	\$1,000
Estimated net cash position	\$13,709,007	\$33,672,417

These Pro-forma Statements of Financial Position have been prepared on the basis of the following assumptions:

1. Application of the proposed accounting policies and notes to the accounts set out in this Section.
2. In the Pro-forma Statement of Financial position entitled 'Minimum Subscription', reference is to subscription of 14,000,000 Securities by Applicants under this Prospectus.
3. In the Pro-forma Statement of Financial Position entitled 'Maximum Subscription \$34 million', reference is to subscription of 34,000,000 Securities by Applicants under this Prospectus.
4. Expenses of the Offer have been paid and recognised as a reduction to the proceeds of the Offer. Details of the costs of the Offer are shown in section 2.7.
5. No oversubscriptions are accepted by the Company.
6. The funds to be subscribed by the Manager of \$1,600,000 have not been received.

5.3 Capital structure

The anticipated capital structure of the Company on completion of the Offer before the exercise of Options is set out below

	As at 30 June 2015	Minimum Subscription \$14 million	Maximum Subscription \$34 million
Number of Shares	1,000	14,001,000	34,001,000
Number of Options		14,000,000	34,000,000
Equity per Share		\$0.98	\$0.99

5.4 Proposed accounting policies

A summary of significant accounting policies, which have been adopted in the preparation of the Pro-forma Statements of Financial Position, as set out in section 5.2, and will be adopted and applied in preparation of the Financial Statement of the Company for the year ended 30 June 2015 and subsequent years, is set out below:

Basis of preparation of accounts

The financial statements are general purpose financial statements prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Board and the *Corporations Act 2001*.



Australian Accounting Standards include Australian Equivalents to International Financial Reporting Standards. Compliance with AIFRS will ensure that the financial report of the Company complies with International Financial Reporting Standards.

The Statements are prepared from the records of the Company on an accrual basis. They are based on historical costs and do not take into account changing money values.

Investments

Classification

The company classifies financial assets and financial liabilities into the following categories:

Financial assets at fair value through profit or loss (FVTPL)

- Held for trading: derivative financial instruments
- Financial liabilities at FVTPL
- Held for trading: derivative financial instruments
- A financial instrument is classified as held for trading if:
 - It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
 - On initial recognition, it is part of a portfolio that is managed together and for which there is evidence of a recent pattern of short-term profit taking; or
 - It is a derivative.

The Company designates all debt and equity instruments at FVTPL on initial recognition because it manages these securities on a fair value basis in accordance with its documented investment strategy. Internal reporting and performance measurement of these securities are on a fair value basis.

Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date.

When available, the Company measures the fair value of an instrument using the quoted market bid price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The Company measures instruments quoted in an active market based upon the market settlement price at the period end.

Net gain or loss from financial instruments at fair value through profit or loss

Net gain or loss from financial instruments at FVTPL includes all realised and unrealised fair value changes including foreign exchange gains or losses.

- Investments are valued as follows:
 - **Securities and rights to them listed on a financial market** – valued at the market value as quoted on relevant exchange.
 - **Derivative financial instruments** – all derivatives are brought to account at market value and the resulting profit or loss is recognised in the Statement of Financial Performance.

Revenue recognition

- Trading income – profits and losses realised from the sale of investments and unrealised gains and losses on investments held at market value are included in the Statement of Financial Performance in the year they are incurred.



- Dividend income – dividends and distributions are brought to account on the date that the shares or units are traded 'ex-dividend'.
- Interest income – interest income is recognised as it accrues, taking into account the effective yield on the financial asset.
- Other income – other revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and when the revenue can be reliably measured.
- Realised foreign exchange gain or losses - Realised foreign exchange gains or losses will be recognised in the Statement of Financial Performance as incurred.

5.5 Capital Structure Policy and Capital Management

The Directors do not intend to use borrowings.

5.6 Dividend Policy

The Company intends to pay dividends out of available cash flow and subject to franking credits. The quantum of dividend to be paid will be subject to the Board's discretion however is expected to be above 50% of net operating profit after tax. The dividend will be paid at the end of the Company's first financial year and then annually thereafter. Any dividend paid will be franked to the maximum extent possible.

The Company gives no assurances about the payment of dividends or the extent of payout ratios.

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RISK FACTORS



6 Risks

6.1 Introduction

This section identifies the risks that the Board considers the major risks associated with an investment in the Company.

The Company's business is subject to a high degree of risk due to a number of factors, both specific to its business activities, and risks of a general nature. Individually, or in combination, these might affect the future operating performance of the Company and the value of an investment in the Company.

There can be no guarantee that the Company will achieve its stated objectives. An investment in the Company should be considered in light of relevant risks, both general and specific. Each of the risks set out below could, if it eventuates, have a material adverse impact on the Company's operating performance and profits, and the market price of the Shares and Options. **This could result in you losing all or part of your investment in the Company.**

The investment strategy of the Company is based on the majority of the Portfolio being predominantly Australian and global securities. Accordingly, the Company's risk profile should be considered high risk compared to fixed interest or cash assets. The Company and the Manager **do not guarantee the return of capital, any rate of return in terms of income or capital or the investment performance of the Company.**

Before deciding to invest in the Company, potential investors should:

- read the entire Prospectus;
- consider their tolerance for risk and whether this investment and the risks outlined in this section are understood by them;
- review these factors in light of their personal circumstances; and
- seek professional advice from their accountant, stockbroker, lawyer or other professional adviser before deciding whether to invest.

Investors should regard an investment in the Company as a **long term proposition.**

6.2 Specific Risks

These are risks specific to the Company and the Offer. The list is not exhaustive and there may be other risks which have not been identified.

6.2.1 Risks associated with investment strategy

The investment strategy to be used by the Manager for the Company includes inherent risks, including but not limited to the following:

- the investment strategy relies on the ability of the Manager to devise and maintain a Portfolio which complies with the Company's investment objectives, strategies and guidelines;
- the investment strategy may prove to be unsuccessful if market and economic conditions change in a manner which is not anticipated by the Company or the Manager; and
- the diversity of the Portfolio may not be sufficient to sustain any losses.



6.2.2 Risks associated with the Manager

The success and profitability of the Company will significantly depend upon the ability of the Manager to make investments that increase in value over time. The engagement of the Manager (including its Chief Investment Officer) as Manager of the Portfolio is a risk.

Further, the historic performance of various other entities previously managed by the Chief Investment Officer of the Manager cannot be relied on as a guide to the future performance of the Company. Investment underperformance by the Manager is a significant risk of investing in the Company.

In addition, if the Management Services Agreement is terminated, the Company will need to identify and engage a suitable replacement either externally or employ appropriately qualified investment professionals internally.

The capacity of the Company and the Manager to terminate the Management Services Agreement, and the consequences of termination are summarised in section 8.2 of the Prospectus.

6.3 Liquidity risk

This is the risk the Portfolio's underlying investments may not be easily sold when the Manager decides it is an appropriate time for them to be sold. This lack of liquidity could result in a loss if the delay in the sale of the investment results in the decline in value of the investment.

Liquidity risk also applies to the ability of a Shareholder or Option holder to sell their Securities on the ASX in a timely manner. The ability of a Shareholder (or Option holder) to sell Securities on ASX will be a function of the turnover or liquidity of the Securities at the time of sale. Turnover is impacted by a range of factors including the size of the Company and the number of securities on issue and the depth of the pool of buyers and seller.

If the Company is able to achieve only the Minimum Subscription, it is likely that there will be a low level of liquidity in trading of Securities. As a result, Shareholders (and Option holders) may not be able to sell their Securities at the time and in the volumes or at a price they desire.

6.4 Currency risk

For investments in global assets, which have currency exposure, there is potential for adverse movements in exchange rates to reduce their Australian dollar value and, therefore, the value of the Company's Portfolio.

6.5 Foreign jurisdiction risk

For investments in global assets, the Company may be exposed to risks relating to its investment in the securities of entities located in foreign jurisdictions, where the laws of those foreign jurisdictions offer less legal rights and protections to security holders from other jurisdictions, compared to laws in Australia.

6.6 Investment risk

There is a risk that the Securities and/or the Company's investments will fall in value over the short or long term. Individual security prices may fluctuate and under perform other asset classes over time. Shareholders are exposed to this risk through both their holding in the Securities and through the Company's investments.

6.7 Performance incentive

As explained in Section 8.2 of this Prospectus, the Manager is entitled to be paid both a Management Fee and a Performance Fee.

The Performance Fee payable to the Manager, which is based on the market value of the Portfolio at the end of each financial quarter, may create an incentive for the Manager to make investments on behalf of the Company that are riskier and more speculative than would be the case in the absence of such a fee.

The payment of the Performance Fee to the Manager, may therefore add to the risk and volatility of the Portfolio's underlying investments.



6.8 Concentration Risk

Concentration risk is the risk that poor performance in a particular market may significantly affect the Company because of a lack of diversity within the Portfolio.

Although the Company has the ability to invest in many markets at any given time, it may in fact be invested in only a small number of markets from time to time. Generally, the fewer markets in which the Company invests, the greater the overall volatility of the Portfolio. This may result in large movements in the Share price of the Company within short periods of time.

6.9 Price: NTA risk

There is a risk of loss associated with the Share price not trading on the ASX at the NTA backing. The Shares may trade at a premium or discount to its NTA backing and the level of any premium or discount will likely fluctuate over time.

6.10 Market risk

Investment returns are influenced by market factors such as changes in economic conditions, the legislative and political environment, investor sentiment, natural disasters and acts of terrorism.

As a result no guarantee can be given in respect of the future earnings of the Company or the earnings and capital appreciation of the Company's investments.

6.11 Interest rate risk

Changes in interest rates may have a negative impact either directly or indirectly on investment returns.

6.12 No operating or performance history of the Company

The Company is a new entity with no financial, operating or performance history and no track record. The information in this Prospectus about the investment objectives of the Company are not forecasts, projections or the result of any simulation of future performance. There is a risk that the Company's investment objectives will not be achieved.

6.13 Risk of conflicts of interest

The Manager also acts as investment manager for other entities. It is possible that the Manager may, in the course of its business, have potential conflicts of interest which may not be managed effectively and may be detrimental to the Company and its Shareholders.

6.14 Derivatives Risk

Risks associated with using derivatives include the value of the derivative failing to move in line with the underlying asset, potential illiquidity of the derivative, the Company not being able to meet payment obligations as they arise, regulatory risk and counterparty risk (this is where the counterparty to the derivative contract cannot meet its obligations under the contract). The Company employs derivatives for investment, hedging, leverage and investment implementation and exit purposes.

General risks such as liquidity and counterparty or market risks can be magnified by the use of derivatives because of the leverage effect they exert on the Company. The Company manages this risk by maintaining adequate cash and physical asset cover for derivative positions and also by regularly monitoring derivative positions and only entering into transactions with reputable counterparties via recognised exchanges where possible. If the Company enters into any derivative transaction with any other counterparty, it will seek to ensure the counterparty is creditworthy and viable.



6.15 Leverage risk

The use of leverage may magnify the gains and losses achieved by the Company.

Leverage risks arises when the Company takes on positions that are greater in size than its assets. The Company will employ significant leverage up to five times the size of its funds through long and short positions. This process may result in gains or losses and may result in a loss of some or all of the Company's assets.

6.16 Counterparty risk

A loss may occur if the other party to a contract, such as a derivatives counterparty or a custodian, defaults on their obligations under the contract. The success of the Portfolio's investments relies on the performance of other parties to contracts entered into by the Company. The Company could be exposed to the risk of loss if a contractual counterparty does not meet its obligations and defaults.

6.17 Dividend risk

The Company's ability to pay dividends depends on it achieving profitable returns on investments. There is no guarantee that the Company will achieve future earnings and/or capital appreciation. The Manager may make inappropriate investment decisions, which may result in the poor performance of the Portfolio, and insufficient returns to pay dividends to Shareholders.

6.18 Short Selling Risk

The Company does not engage in short-selling physical assets but may hold short futures positions. In taking short positions, the Company bears the risk of an increase in price of the underlying investment over which the short position is taken. Such an increase could lead to a substantial loss.

Refer to section 3.7 on how the Manager manages risk.

6.19 General Risks

6.19.1 Changes in global or domestic economic conditions

This is the risk that returns may be adversely affected by instability in local or global market conditions. The following economic conditions may impact the performance of the Company and the Portfolio:

- national economic growth;
- industry change;
- interest rates;
- inflation;
- exchange rates; and
- changes to government economic policy.

6.19.2 Change in political and regulatory environment

The following international or domestic political conditions (as well as others that are not listed here) may adversely affect the Company, or its Portfolio:

- legislative changes;
- regulatory changes;
- taxation changes; and
- foreign policy changes (including the status of trade agreements).

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SECURITIES

7 Securities

7.1 Issue of Securities

For every one Share allotted to an investor, one Option for nil consideration will also be allotted.

Detailed provisions relating to the rights attaching to Shares are set out in the Constitution, the Corporations Act and are summarised below. A copy of the Constitution can be inspected during office hours at the registered office of the Company.

7.2 Rights attaching to the Shares

Subscribers under this Prospectus will receive Securities consisting of a Share and an Option. The terms of those Options are set out in section 7.5 of this Prospectus.

The detailed provisions relating to the rights attaching to Shares under the Constitution and the Corporations Act are summarised below:

- the right to vote at a general meeting of Shareholders (whether present in person or by any representative, proxy or attorney) on a show of hands (one vote per Shareholder) and on a poll (one vote per Share on which there is no money due and payable) subject to the rights and restrictions on voting which may attach to or be imposed on Shares (at present there are none);
- the right to receive notice of and to attend general meetings; and
- the right to receive dividends. The Directors may fix the amount of the dividend and the method or time for payment of the dividend.

Subject to any special rights for the time being attached to any class of Share, if, on a winding-up of the Company, there remains a surplus, the Shareholders will be entitled to that surplus.

Subject to the Corporations Act and the Listing Rules, the Securities are fully transferable.

The rights attaching to Shares may be varied with the approval of Shareholders in general meeting by special resolution.

7.3 Reduction in Share Capital

Subject to the Corporations Act and the Listing Rules, the Company may reduce its share capital if the reduction is fair and reasonable to the Shareholders, and does not materially prejudice the Company's ability to pay its creditors and is approved by its Shareholders.

The Constitution does not preclude the Company from buying back its own Shares or impose restrictions on the exercise of the Company's power to buy back its own Shares under the Corporations Act.

The Directors may allot, issue or otherwise dispose of Shares subject to any restrictions on the allotment of Shares imposed by the Constitution, the Listing Rules or the Corporations Act.

7.4 Alteration of Constitution

The Constitution may only be altered by special resolution at a general meeting. The Company must give at least 28 days' written notice of any general meeting.

7.5 Entitlement to Options

The Company will issue Options at the same time as the issue of Shares under the Prospectus to each allottee of Shares in the amount of one Option for every Share allotted to that allottee.



Subject to these terms, each Option entitles the Option holder to subscribe for and be allotted and credited for fully paid one Share at an exercise price of \$1.00.

The Company will issue Shares on the exercise of an Option. These will be listed on the ASX and governed in accordance with the Listing Rules of the ASX.

Shares issued on the exercise of the Option will rank pari passu with all existing ordinary Shares in the capital of the Company from the date of issue.

7.6 Register of Options

Following granting of the Options, the Company will establish and maintain a register of Options in accordance with the Corporations Act (Register).

The Register will be altered accordingly on receipt of details of any change of name and address of an Option holder notified in writing to the Registry and accompanied in the case of a change of name by any evidence which may reasonably be required.

Notice of any trust expressed or implied or constructive will be entered in the Register.

The Company may delegate any of its powers and obligations in respect of the Register.

7.7 Terms and Conditions of Options

The terms and conditions of an Option are as follows:

Expiry Date

The Options expire on 31 August 2018.

Option Period

The period from the date of issue of the Options to 31 August 2018.

Shares Issued on Option Exercise

Shares issued on the exercise of the Options rank equally in all respects with the then existing issued shares in the capital of the Company. From the date of issue, Shares are subject to the provisions of the Constitution.

Exercise Price

The Exercise Price is \$1.00 for each Option.

Exercise of Options

The Options are exercisable wholly or in part by execution and lodgement with the Company of a notice of exercise and payment of the Exercise Price during the Option Period.

The notice of exercise must set out the number of Options which the Option holder wishes to exercise.

Quotation

The Options will be quoted on ASX.

Transferability

The Options may be transferred at any time in accordance with the *Corporations Act*, the Listing Rules, ASX Market Rules and ASTC Settlement Rules.

Holding Statement

A holding statement will be issued for the Options and a copy of the terms and conditions will be forwarded to the Option holder. On the reverse side of the terms and conditions there will be a notice of exercise that is to be completed when exercising the Options. If there is more than one Option on a holding statement and those Options are exercised in part, the Company will issue another holding statement for the balance of the Options held and not yet exercised.

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No Participation in New Issues

An Option holder does not have the right to participate in new issues of securities offered to Shareholders prior to the exercise of the Options.

Reorganisation

In the event of any reconstruction of the issued capital of the Company the number of Options or the Exercise Price or both are to be reconstructed (as appropriate) in accordance with the Listing Rules and in a manner which does not result in any benefits being conferred on Option holders which are not conferred on Shareholders and (subject to the provisions with respect to rounding of entitlements as sanctioned by a meeting of the Shareholders approving the reconstruction of capital) in all other respects the terms for the exercise of Options remain unchanged.

Non-Recognition of Equitable Interests

The Company is entitled to treat the registered holder of an Option as the absolute holder of that Option and is not bound to recognise any equitable or other claim to, or interest in, that Option on the part of any person other than the registered holder, except as ordered by a Court of competent jurisdiction or as required by statute.

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MATERIAL CONTRACTS





8 Material Contracts

8.1 Overview

The Directors consider that the material contracts described below and elsewhere in this Prospectus are the contracts which an investor would reasonably regard as material and which an investor and their professional advisors would reasonably expect to find described in this Prospectus for the purpose of making an informed assessment of the Offer.

This section only contains a summary of the material contracts and their substantive terms. To obtain a complete understanding of the contracts it is necessary to read them in full.

Full copies of material contracts will be available for inspection without charge during normal office hours at the Company at 144 Union Street, Spring Hill Queensland for a period of 12 months after the lodgement of this Prospectus with ASIC.

8.2 Management Services Agreement

Overview

The Company has appointed the Manager to manage the Company and the Portfolio for a term of five years. Subject to the parties agreeing to the management fee for a further term, the Agreement will continue for a further period of five years.

The agreement includes the capacity for the initial five-year term to be extended subject to the ASX granting an appropriate waiver.

Services to be provided by the Manager

Subject to the terms of the agreement, the Manager is empowered and required to do all things it reasonably considers necessary or desirable for the administration, management and conduct of the Company.

The primary services that the Manager will provide are:

- managing the investment of the Portfolio, including reviewing the investments on a regular basis;
- ensuring investments by the Company are only made in authorised investments as part of the Manager's investment mandate;
- complying with the investment policy of the Company;
- identifying, evaluating and implementing the acquisition and disposal of authorised investments;
- providing the Company with quarterly investment performance reporting;
- promoting investment in the Company by the general investment community; and
- providing investor relationship services.
- Other services which the Manager may elect to provide in the future include:
- financial accounting; and
- company secretarial.

The Manager may not subcontract the provision of the services to be provided under the Management Services Agreement at any time for any reason whatsoever without the prior consent of the Board.



Termination

The Company may terminate the Management Services Agreement by written notice to the Manager in the event of any material and substantial breach of the Agreement by the Manager, provided that before termination the Manager has failed to remedy the breach within 14 days of receiving notice from the Company.

The Manager may terminate the Agreement on three months' notice in the event of any material and substantial breach of the Agreement by the Company, provided that before termination the Company has failed to remedy the breach within 14 days of receiving notice from the Manager.

After the initial term, the Company at general meeting may resolve by ordinary resolution to terminate the Agreement at any time.

The Agreement automatically terminates if either party ceases to carry on business, goes into liquidation, passes a resolution to voluntarily wind up or a receiver is appointed.

If the Management Services Agreement is terminated, other than because of those circumstances set out above, the Manager is entitled to a termination payment. The termination payment will be equal to 5% of the net tangible asset backing of each share in each class of shares in the Company as calculated under the Listing Rules multiplied by the number of shares on issue in that class of shares as at the termination date:

The above percentage of net tangible asset backing in respect of the calculation of the termination payment will be reduced on a pro-rata basis in accordance with the length of time served under the agreement on the following basis:

- (i) reduced by $(1/Y)$ for each whole calendar month that has elapsed between the commencement of the agreement and the termination date during the initial term (where Y is the number of calendar months in the initial term); or
- (ii) reduced by $(1/Y)$ for each whole calendar month that has elapsed between the commencement of the extended term of the agreement and the termination date during the period after the end of the initial term (where Y is the number of calendar months in the extended term),

whichever is applicable.

Examples of how the Termination fee would be calculated:

Example 1

Based on the following assumptions:

Initial term of the agreement is 5 years (equivalent of 60 months)

Management Agreement is terminated at end of Year 1 (12 months) for any reason apart from a breach of the Management Agreement by the Manager outlined in clauses 11.1-11.3 of the Management Agreement

Net Tangible Assets at end of Year 1 is \$20m

The termination fee would be calculated at 5% of the Net Tangible Assets reduced by $1/5$ (being one year served out of the 5 year term) as follows:

$$(5\% - (12/60 \times 5\%)) \times \$20,000,000 = \$800,000$$

Example 2

Based on the following assumptions:

Initial term of the agreement is 5 years (equivalent of 60 months)

Management Agreement is terminated at end of Year 3 (36 months) for any reason apart from a breach of the Management Agreement by the Manager outlined in clauses 11.1-11.3 of the Management Agreement

Net Tangible Assets at end of Year 3 is \$20m

The termination fee would be calculated at 5% of the Net Tangible Assets reduced by $3/5$ (being 3 year served out of the 5 year term) as follows:



$(5\% - (36/60 \times 5\%)) \times \$20,000,000 = \$400,000$

Example 3

Based on the following assumptions:

Initial term of the agreement is 5 years (equivalent of 60 months)

Management Agreement is terminated at end of Year 5 (60 months) for any reason apart from a breach of the Management Agreement by the Manager outlined in clauses 11.1-11.3 of the Management Agreement

Net Tangible Assets at end of Year 5 is \$20m

The termination fee would be calculated at 5% of the Net Tangible Assets reduced to nil given the full 5 year term had been served as follows:

$(5\% - (60/60 \times 5\%)) \times \$20,000,000 = \$0$

Management Fee

The Manager will be paid a Management Fee of 2% per annum (plus GST) calculated and paid monthly in arrears based on the net tangible assets of the Company on the last day of the month in which the monthly instalments of the Management Fee is paid.

The Net Tangible Assets of the Company will be calculated based on the net liquidation value of the Company's trading and bank accounts on the last day of the month adjusted for known items not yet paid or received including GST, professional fees, performance fees, any other Portfolio costs that may arise. Any open trading positions are marked to market on the last day of the month to calculate the net liquidation value.

Performance Fee

The Manager will be entitled to receive a performance fee (**Performance Fee**) of 23% of the investment return (represented by an increase in Net Tangible Assets subject to adjustments as noted below) at the end of the last day of the relevant quarter from the Company. The payment of a Performance Fee in any quarter is subject to the Company achieving a high water mark hurdle. That is, the Net Tangible Assets of the Company on the last business day of the quarter must exceed the previous highest Net Tangible Assets achieved by the Company before any Performance Fee becomes payable.

The terms of the Performance Fee are outlined below:

The Performance Fee is calculated and accrued quarterly using the following formula and is payable quarterly in arrears:

$.23 \times [\text{CNTA} - \text{ONTA} + \text{D} - \text{NC}]$

Where:

'CNTA' is the Net Tangible Assets of the Company on the last Business day of the relevant quarter;

'ONTA' is the higher of:

- (a) the Net Tangible Assets of the Company on the last Business Day of the quarter immediately preceding the relevant quarter (and the period from and including that day to and excluding the last Business Day of the relevant quarter is referred to in this formula as the **Relevant Period**); and
- (b) the previous highest Net Tangible Assets of the Company calculated under this formula;

'D' is the aggregate of all dividends or other distributions in respect of all Shares paid or payable to Shareholders, or the value of entitlements other than cash dividends or distributions where those other entitlements are given or due to Shareholders, on a pre-tax basis, where the Shares were quoted 'ex' dividend, distribution or other entitlement on the ASX in respect of such dividend, distribution or other entitlement at any time during the Relevant Period;

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'NC' is the aggregate dollar value of any new capital subscribed for Shares during the Relevant Period (including dividend reinvestments and exercise of options), calculated at the subscription price for that new capital less the costs incurred in raising that new capital less the aggregate dollar value of any buy-back of Shares or capital reduction or capital return during the Relevant Period.

Below are some examples of how the Performance Fee would be calculated under various scenarios. These examples are indicative only and the Performance Fee and Management Fee to be paid in the future are not known. These are hypothetical figures provided to assist you to understand how the Performance Fee and Management Fee are calculated and paid. The Company has no trading history. These figures are not forecasts or representations in relation to the Net Tangible Assets of the Company, its distributable profits or dividends or any future capital raising by the Company.

Scenario 1

Assuming:

- (a) the Company commences operations on the last Business Day of September 2015 with Net Tangible Assets of \$20,000,000;
- (b) the Company does not pay any dividends or raise any new capital during the quarter; and
- (c) on the last Business Day of December 2015 the net tangible assets of the Company has increased to \$20,500,000.

The Performance Fee for December Quarter 2015 is calculated as follows:

$$.23 \times [(20,500,000) - (20,000,000)] = \$115,000$$

The Management Fee for December 2015 is:

$$.02 \times [20,500,000] \times 31/365 = \$34,822$$

Scenario 2

Assuming:

- (a) on the last Business Day of December 2015, the Company's Net Tangible Assets were \$20,500,000;
- (b) the Company pays a dividend of \$500,000 during the quarter; and
- (c) on the last Business Day of March 2016 the Company's Net Tangible Assets were \$19,500,000;

The Performance Fee for March Quarter 2016 is:

$$.23 \times [19,500,000 - 20,500,000 + 500,000] = \$0^*$$

*The Performance Fee is \$0 because the investment return was a negative number (minus 500,000).

The Management Fee for March 2016 is:

$$.02 \times [19,500,000] \times 31/365 = \$33,123$$

Scenario 3

Assuming:

- (a) on the last Business Day of March 2016, the Company's Net Tangible Assets were \$19,500,000;
- (b) the Company raises new capital (net of costs) of \$1,000,000 from the issue of Shares and exercise of options and does not pay any dividends during the quarter; and
- (c) on the last Business Day of June 2016 the Company's Net Tangible Assets were \$22,000,000;

Given the Company's high water mark was in December 2015 at \$20,500,000, the Performance Fee for June Quarter 2016 is calculated as:

$$.23 \times [22,000,000 - 20,500,000 - 1,000,000] = \$115,000$$

The Management Fee for June 2016 is:



$.02 \times [22,000,000] \times 30/365 = \$36,164$

Portfolio Costs

The direct costs payable by the Company in relation to the Portfolio such as distribution, registry, custody, accounting and audit fees, will be paid by the Company.

Indemnity

The Company indemnifies the Manager against any losses, liabilities, costs, charges and expenses reasonably incurred by the Manager (including without limitation, all reasonable legal costs incurred on a solicitor and own client basis) arising out of, or in connection with the Manager, its officers or any supervised agents which it has properly appointed in accordance with its authority under the Management Services Agreement acting under, and in accordance with, the agreement, except insofar as any loss, liability, cost, charge or expense is caused by the gross negligence, wilful default, bad faith, recklessness, wilful misconduct, fraud or dishonesty of the Manager or its officers or supervised agents or material breach of the agreement by the Manager.

The Manager indemnifies the Company against any losses, liabilities, costs, charges or expenses reasonably incurred by the Company (including without limitation all reasonable legal costs incurred on a solicitor and own client basis) arising out of, or in connection with any negligence, default, fraud or dishonesty of the Manager or its officers or employees or supervised agents or any breach of the Management Services Agreement by the Manager.

A Deed of Variation to the Management Services Agreement was entered into on 23 September 2015 whereby the Management Services Agreement was varied to allow for the Manager to terminate the agreement on at least three months written notice to the Company.

8.3 Subscription Agreement

Pursuant to a Subscription Agreement dated 10 March 2015 (**Subscription Agreement**), the Company and the Manager have agreed that the Manager will invest a minimum \$1,600,000 of the funds raised under the Manager's replacement prospectus dated 31 March 2015 (**John Bridgeman Limited Replacement Prospectus**) to subscribe for securities in the Company. The Subscription Agreement was conditional on the Manager achieving the minimum subscription of \$3,200,000 under the terms of the John Bridgeman Limited Replacement Prospectus and any Supplementary Prospectus issued by the Manager. The offer closed on 23 July 2015 with the minimum subscription being achieved.

Therefore, in accordance with the Subscription Agreement the Manager will invest \$1,600,000 to subscribe for Securities in the Company.

All directors of the Manager and the Company are the same, being Simon Richardson, John McAuliffe and Stuart McAuliffe and as such this is a related party transaction. The Subscription Agreement is based on arms-length commercial terms.

8.4 Voluntary Restriction Agreements

ASX Listing Rules require certain holders of Shares and Options as at the date of this Prospectus to enter into restriction agreements in a form consistent with the Listing Rules, which restrict the ability of those Shareholders to dispose of, create any security interest in or transfer effective ownership or control of, the restricted Shares.



A summary of the anticipated restriction arrangements is set out below:

Holder	No. of Shares subject to escrow (estimated)	% of escrowed Shares after completion of the Offer at Minimum Subscription	No. of Options subject to escrow (estimated)	% of fully diluted Securities after completion of the Offer at Minimum Subscription
Stuart McAuliffe	1,000	0.01%	-	0.01%
TOTAL	1,000	0.01%	-	0.01%

If oversubscriptions are received and accepted, the escrowed Shares and Securities will represent a lower percentage of total Shares and fully diluted Securities than the percentages shown in the above table.

These restrictions will terminate on the second anniversary of the date of admission of the Company to the Official List of the ASX. However, these restrictions may be released early to enable a Shareholder to accept an offer under a takeover bid in relation to their Shares, provided holders of not less than 50% of the Shares not subject to the restrictions then on issue have accepted the takeover bid or to enable the Shares of the Shareholder to be transferred or cancelled as part of a merger by scheme of arrangement under Part 5.1 of the Corporations Act.

The execution of the restriction agreement may give the Company a 'relevant interest' in these Shares for the purposes of the Corporations Act. ASIC has made a declaration modifying Chapter 6 of the Corporations Act so that the voluntary escrow arrangements described above do not give rise to a relevant interest for the Company in respect of the escrowed Shares for the purposes of the takeover provisions in Chapter 6.

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ADDITIONAL INFORMATION



9 Additional Information

9.1 Incorporation

Henry Morgan Limited was incorporated in Queensland on 26 September 2014.

9.2 Balance Date

The financial statements of the Company will be made up to 30 June annually.

9.3 Taxation

The Company is not licensed under the tax agent services regime and cannot provide tax advice to investors. The following taxation discussion is based on the law in place at the date of this Prospectus and is intended to be a general guide only. It is not intended to be definitive advice, nor relied upon as such and (unless otherwise noted), is only relevant for Australian resident investors who hold their Shares and Options on capital account for investment purposes. It does not purport to be a complete analysis of all potential tax effects relevant to the Offer or to a holder of Shares or Options.

As the taxation outcomes will depend on individual investors' personal circumstances, all Applicants (and in particular, corporations and trustees) should satisfy themselves of possible tax consequences of the Offer by consulting their own professional tax advisers.

9.3.1 Company Tax Status

The Company will be taxed as a public company.

It is anticipated that the Company's income will be derived from dividends received from its investments and capital gains on the sale of investment assets from time to time. In the event that any income derived by the Company is taxed in a foreign jurisdiction, the Company may be entitled to a credit for any foreign tax paid.

It is also anticipated that the Company will generally be entitled to claim income tax deductions for expenses incurred in gaining investment income.

The Company also intends to comply with the Listed Investment Company provisions for income tax purposes. The impact of this for shareholders of the Company is discussed further below (at section 9.3.5).

9.3.2 Issue of Shares and Options

The issue of Shares and Options will result in each Applicant acquiring two capital gains tax assets:

- a Share at a cost price of \$1.00; and
- an Option for nil consideration (excluding incidental costs).

9.3.3 Disposal of Shares or Options

Shareholders who dispose of their Shares or Options at a price in excess of their cost base may be subject to capital gains tax on the disposal.

Certain shareholders (i.e. Australian resident individuals, complying superannuation funds, trusts and partnerships) who hold their Shares or Options held for more than 12 months will be eligible for a discount on any capital gain made on the sale of their Shares and Options. Shareholders that are Australian resident individuals, the trustees of trusts or partnerships will be entitled to reduce their capital gain by 50%. Shareholders that are the trustees of complying superannuation funds will be eligible for a 33¹/₃% discount.

Any remaining capital gain (after applying the discount, if applicable, and capital losses) should be included in the Shareholder's assessable income for the year of disposal.



Australian resident Shareholders who dispose of their Shares or Options at a price which is less than their cost base may incur a capital loss. A capital loss may not be offset against ordinary income (but may be carried forward for use in future years).

Gains realised by shareholders who do not hold their Shares and Options on capital account (such as share traders) may be taxed as ordinary income rather than capital gains.

9.3.4 Exercise of Options

Any capital gain or capital loss made on exercise of an Option should be disregarded (i.e. no tax liability should arise).

The cost base of Shares acquired by the Option holders on exercise of their Options will have a cost base equal to the consideration paid to exercise the Options, plus any incidental costs.

9.3.5 Taxation of Dividends

Australian resident shareholders

Dividends received by Shareholders should be included in the assessable income of Shareholders. Generally, Shareholders will be taxed on the dividends at their relevant marginal rate. If the Shareholder is a company, the Shareholder will be taxed at the prevailing company tax rate (currently 30%).

A franked dividend is one which is paid out of profits in respect of which the Company has paid income tax.

Generally, to the extent that the dividends paid by the Company are franked, the Shareholder should include both the dividend and the franking credit in their assessable income. Shareholders will generally be entitled to a tax offset equal to the amount of the franking credits on the dividend although the availability of this rebate may be restricted in certain circumstances.

Effectively this means that, where eligible, Shareholders will receive a tax credit for the corporate tax paid in respect of the dividends. Certain Shareholders (including individuals and complying superannuation funds) may be entitled to a refund of 'excess franking credits' where their tax offset in respect of the franked dividends exceeds their tax liability.

The amount of any imputation credit attached to dividends paid by the Company will be shown separately on the dividend statement provided by the Company to each Shareholder.

In the event that the Company declares an unfranked dividend, the entire amount of the dividend should be included in the Shareholder's assessable income. No tax offset will be available.

Non-resident shareholders

Fully franked dividends paid by the Company to non-residents of Australia for tax purposes should not be subject to any further tax in Australia. To the extent that dividends paid by the Company are unfranked (or partly franked), the Company may be required to withhold tax from the dividend paid.

Tax implications on dividends paid by Listed Investment Company

The Company's compliance with the listed investment company provisions for income tax purposes means that eligible Shareholders (i.e. Australian resident individuals, complying superannuation funds, trust and partnerships) should be entitled to benefits similar to the CGT discount concession where the Company pays a dividend which is reasonably attributable to certain capital gains (i.e. 'LIC capital gains') which have been reflected in the taxable income of the company for the year in which the capital gain is made.

Broadly, a 'LIC capital gain' is a capital gain that is made by a listed investment company that:

- arises in respect of certain permitted investments (including shares in listed and unlisted companies, derivatives and other securities such as managed investment schemes and unlisted securities); and
- would have given rise to the CGT discount concession had it been derived by an entity that was not the listed investment company.

Where the Company makes a LIC capital gain and pays a dividend which is reasonably attributable to that LIC capital gain, the Company will advise Shareholders of the proportion (if any) of the dividend which is attributable to the LIC capital gain.



Australian resident Shareholders, will then be entitled to a deduction for the part of the dividend which is attributable to the LIC capital gain. The deduction will be equal to the relevant discount percentage applicable to the Shareholder (50% in respect of individuals, trusts or partnerships or 33¹/₃% for trustees of complying superannuation funds).

9.4 Indemnity

The Company has entered a Deed of Access and Indemnity with each Director and the Company Secretary.

The Deed sets out the basis for the Company to indemnify the Directors and the Company Secretary for personal liability and associated legal costs which result from their role as a Director or Company Secretary.

The Company, to the extent permitted by law, indemnifies every person who is, or has been a Director or Company Secretary of the Company against a liability incurred by that person in their capacity as such a Director, secretary or officer of the Company, to another person (including but not limited to, liability for costs and expenses incurred in defending proceedings in which judgement is given in favour of the person or in which the person is acquitted) provided that the liability does not arise out of conduct involving a lack of good faith or prohibited under the Corporations Act.

The Deed also deals with matters such as access to documents and insurance.

9.5 Other Documents

The Company will make available at its registered office during normal business hours a copy of any of the following documents free of charge during the period of 12 months from the date of issue of this Prospectus:

- the Constitution of the Company;
- the material contracts referred to in section 8; and
- the consents of each of the parties referred to in section 9.9.

9.6 Experts and Advisers

Except for the fees and amounts paid or agreed to be paid relating to the interests set out in this section, no expert or firm in which any expert is a partner has, or has had in the two years before lodgement of this Prospectus, any interest in the promotion of, or in any property proposed to be acquired by, the Company and no amounts whether in cash or shares or otherwise, have been paid or agreed to be paid to any expert or to any firm in which he or she is or was a partner for services rendered by the expert or the firm in connection with the promotion or for the formation of the Company.

No form of payment of any kind will be made, or be agreed to be made, to any such expert or firm other than in cash.

Mills Oakley Lawyers

Mills Oakley Lawyers has acted as legal advisor to the Company in relation to the Offer. The Company has paid or agreed to pay Mills Oakley Lawyers approximately \$25,000 (GST exclusive) for those services to the date of this Prospectus. Subsequently, fees will be charged in accordance with normal charge-out rates.

KPMG

KPMG has acted as Independent Auditor to the Company. KPMG will be paid an estimated fee of \$10,000 (GST exclusive) in respect of the audit of the pro-forma financial report for the year ended 2015. Further amounts may be paid to KPMG in accordance with their normal time-based charges.

Wellington Capital Limited

Wellington Capital Limited has acted as Corporate Adviser to the Company. Wellington Capital Limited will be paid an estimated fee of \$105,000 (GST exclusive) in respect of the provision of corporate advisory services.



APP Securities Pty Ltd

APP Securities Pty Ltd has acted as the Lead Broker for the Offer. APP will be entitled to a brokerage fee (not exceeding 4% of the Application Amount) which will be paid by the Manager, John Bridgeman Limited. The Company will not incur any brokerage costs.

9.7 ASX Listing

An application has been made to ASX within seven days after the date of the Original Prospectus for the Company to be admitted to ASX, and for official quotation of the Shares and Options. Acceptance of the application by ASX is not a representation by ASX about the merits of the Company, the Shares or Options. Official quotation of Shares and Options, if granted, will commence as soon as practicable after the issue of initial shareholding statements to successful Applicants.

9.8 Litigation and Claims

To the knowledge of the Directors, there is no material current, pending or threatened legal proceedings with which the Company is directly or indirectly involved.

9.9 Consents

The Directors have authorised and caused the issue of this Prospectus.

The following persons have given, and have not, before the issue of this Prospectus, withdrawn their written consent to be named in this Prospectus in the form and context in which they are named. Those persons have not authorised or caused the issue of this Prospectus and do not make, or purport to make, any statement in this Prospectus save for the references to its name.

Person	Capacity
KPMG	Auditor
Mills Oakley Lawyers	Lawyers
Link Market Services Limited	Registry
Wellington Capital Limited	Corporate Adviser
John Bridgeman Limited	Manager
APP Securities Pty Ltd	Lead Broker

Except as noted above, each person named in this Section, to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name.

9.10 Interests of Directors

Other than set out below or elsewhere in this Prospectus:

- (a) no Director or proposed Director of the Company has, or has had in the two years before lodgement of this Prospectus, any interest in the formation or promotion of the Company, or the Offer of Shares, or in any property proposed to be acquired by the Company in connection with information or promotion of the Offer of the Shares; and
- (b) no amounts have been paid or agreed to be paid and no benefit has been given or agreed to be given, to any Director or proposed Director of the Company either to induce him to become, or to qualify him as a Director, or otherwise for services rendered by him in connection with the promotion or formation of the Company or the Offer of Shares.

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The Directors will be entitled to receive the following benefits:

- the maximum total remuneration of the Directors has been set at \$200,000 per annum to be divided amongst them in such proportions as they agree; and
- the Director's current remuneration is \$58,000 for the Chairman and \$52,000 each for the executive Directors.

In addition, the Directors will be reimbursed for reasonable travelling and other expenses.

9.10.1 Shareholdings

The Directors of the Company or their associates have a beneficial interest in the following Shares and Options in the Company at the date of this Prospectus:

Director	Shareholder	Shares	Options
Stuart McAuliffe	Stuart McAuliffe	1,000	-

The Directors intend to apply for further Shares under the Offer.

9.11 Transactions with related parties

The Directors are entitled to receive the fees and benefits set out above, or elsewhere in this Prospectus. In addition, the Company has agreed to provide the indemnity referred to in section 9.4 and have entered into the Subscription Agreement as set out in section 8.3 and the Management Services Agreement as set out in section 8.2.

Both the Management Services Agreement and the Subscription Agreement are agreements between related parties as:

- (a) Simon Richardson is a director of the Manager and is also a director of the Company;
- (b) Stuart McAuliffe is managing director of the Manager and is also a director of the Company; and
- (c) John McAuliffe is a director and shareholder of the Manager and is also a director of the Company.

Aliom Pty Ltd ACN 123 876 291 may be engaged by the Company as a broker. Simon Richardson is a director of both the Company and Aliom Pty Ltd.

9.12 Expenses of the Offer

The total estimated expenses of the Offer payable by the Company including ASX and ASIC fees, accounting fees, legal fees, share registry fees, printing costs, public relations costs and other miscellaneous expenses are estimated to be approximately \$291,993 at the minimum subscription level, and \$328,583 at the maximum subscription level.

9.13 Directors' Statement

Each Director has authorised the issue of this Prospectus. Each Director has consented (and not withdrawn their consent) to the lodgement of this Prospectus with ASIC.

The Directors believe that, on completion of the Offer, the Company will have sufficient working capital to carry out its objectives as stated in this Prospectus.

John McAuliffe, Chairman, has signed this Prospectus on behalf of the Directors.

John McAuliffe
Chairman

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GLOSSARY



10 Glossary

Terms and abbreviations used in this Prospectus have the following meanings:

Term	Definition
AEST	means Australian Eastern Standard Time.
Allotment Date	means the date in which Shares and Options under the Offer are allotted.
Applicant	means a person who submits an Application.
Application	means an application for Shares and Options under this Prospectus.
Application Form	means an application form in the form attached to this Prospectus.
Application Monies	means the Application Amount multiplied by the number of Securities applied for during the Initial Offer Period.
Application Amount	\$1.00 for each Share applied for.
ASIC	means the Australian Securities and Investments Commission.
Associate	has the meaning given by Division 2 of the Corporations Act.
ASX	ASX Limited ACN 008 624 691 or the securities exchange operated by it (as the case required).
Board	means the Board of Directors of the Company.
Business Day	means a day, other than a Saturday or Sunday or declared public holiday in Brisbane.
Chief Investment Officer	means initially Stuart McAuliffe, or the Chief Investment Officer appointed by the Manager from time to time.
Closing Date	means the date by which valid acceptances must be received by the Company being 7 December 2015 or such other date as determined by the Company.
Company	means Henry Morgan Limited ACN 602 041 770.
Director	means a person appointed as a director of the Company from time to time.
Exposure Period	seven days after the date of lodgement of the Prospectus or if that period is extended by ASIC by notice in writing 14 days after the date of lodgement.
Initial Offer Period	means the period between the opening of the Prospectus public offer

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Term	Definition
	on 12 November 2015 and the Closing Date.
Issue	means the initial issue of Securities consisting of Shares and Options in accordance with this Prospectus.
Listed Investment Company	means an Australian closed-end investment that is listed on the Australian Stock Exchange allowing investors to buy and sell existing shares.
Listing Rules	means the official listing rules of ASX.
Management Services Agreement	means the Management Services Agreement between the Company and the Manager.
Manager	means John Bridgeman Limited ACN 603 477 185.
Maximum Subscription	\$34 million.
Minimum Application	2,000 Securities.
Minimum Subscription	\$14 million.
NTA or Net Tangible Assets	means net tangible assets as defined in section 8.2.
Offer or initial offer	means an offer of up to 34,000,000 Securities under the Prospectus.
Offer Price	means the price at which Shares are being offered under this Prospectus, being \$1.00 per Share.
Official List	means the official list of entities that ASX has admitted and not removed.
Official Quotation	means quotation on the Official List.
Online Prospectus	means the online version of this Prospectus which may be viewed at www.henrymorgan.com.au .
Opening Date	means the date the Offer opens, expected to be 12 November 2015.
Option Expiry Date	means the date by which the Options must be exercised, being 31 August 2018.
Options	means options to subscribe for Shares in the Company.
Original Prospectus	means the original prospectus issued by the Company and lodged with ASIC on 26 October 2015.
Performance Fee	means the fee described in section 8.12.1.
Portfolio	means the portfolio of investments of the Company which will consist of actively managed exchange traded futures contracts and cash.

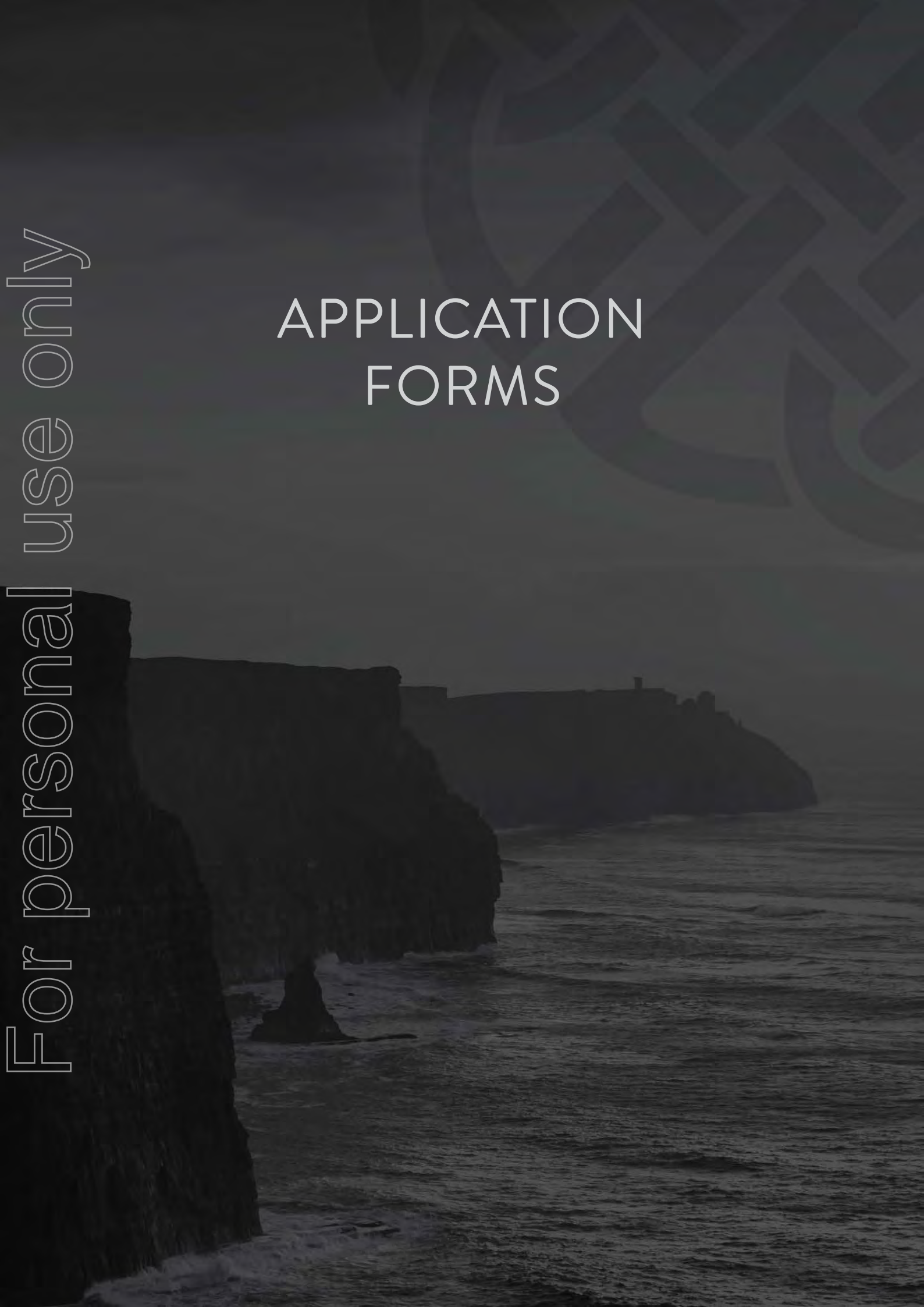
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Term	Definition
Prospectus	means this replacement Prospectus dated 5 November 2015 as modified or varied by any supplementary prospectus made by the Company and lodged with ASIC from time to time and any electronic copy of this Prospectus.
Register	means the company register of the Company.
Registry	means Link Market Services Limited ACN 083 214 537.
Securities	means the Shares and Options offered under this Prospectus.
Shares	means Ordinary shares in the capital of the Company.
Shareholders	means the shareholders of the Company.
Subscription Agreement	means the agreement between the Company and the Manager dated 12 March 2015, whereby the Manager agrees to subscribe for a minimum of \$1,600,000 in Shares in the Company.

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APPLICATION FORMS



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Application Form

HENRY MORGAN LIMITED ACN 602 041 770

This is an Application Form for Shares (and free attaching Options) in Henry Morgan Limited (**Company**) on the terms set out in the replacement Prospectus dated 5 November 2015. Defined terms in the Prospectus have the same meaning in this Application Form. You may apply for a minimum of 2,000 Shares and multiples of 100 Shares thereafter. This Application Form and your cheque or bank draft must be received by **5.00pm (AEST) on 7 December 2015**.

This Application Form is important. If you are in doubt as to how to deal with this Application Form, please contact your accountant, lawyer, stockbroker or other professional adviser. The replacement Prospectus dated 5 November 2015 contains information relevant to a decision to invest in the Securities of the Company and you should read the entire Prospectus carefully before applying for Securities.

The Company's Privacy Policy (**Privacy Policy**) also sets out important information relating to the collection, use and disclosure of all personal information that you provide to the Company. Please ensure that you and all relevant individuals have read the Privacy Policy carefully before submitting the Application Form. The Privacy Policy can be found on our website www.henrymorgan.com.au.

To meet the requirements of the *Corporations Act 2001* (Cth), this Application Form must not be distributed to another person unless included in, or accompanied by the replacement Prospectus dated 5 November 2015. A person who gives another person access to this Application Form must, at the same time and by the same means, give the other person access to the Prospectus. The Company will send you a free paper copy of the Prospectus if you have received an electronic prospectus and you ask for a paper copy before the Prospectus expires 13 months from the date of the Prospectus.

PLEASE FOLLOW THE INSTRUCTIONS TO COMPLETE THIS APPLICATION FORM (SEE REVERSE) AND PRINT CLEARLY IN CAPITAL LETTERS USING BLACK OR BLUE PEN.

A	Number Of Shares you are applying for		B	Total amount payable
	<input type="text"/>	X \$1.00 per Share	=	\$ <input type="text"/>
<i>Minimum of 2,000 Shares to be applied for and thereafter in multiples of 100 Shares</i>				

C	Write the name(s) you wish to register the Securities in (see reverse for instructions)
	Applicant # 1 <input type="text"/>
	Applicant # 2 or <Account Designation> <input type="text"/>
	Applicant # 3 or <Account Designation> <input type="text"/>

D	Write your postal address her
	Number/Street <input type="text"/>
	<input type="text"/>
	Suburb/Town <input type="text"/>
	State <input type="text"/>
	Postcode <input type="text"/>

E	Enter your Tax File Number(s), ABN, or exemption category
	Applicant # 1 <input type="text"/>
	Applicant # 2 <input type="text"/>
	Applicant # 3 <input type="text"/>

F	Cheque payment details - ✎ PIN CHEQUE(S) HERE	<i>Please ENTER details of the cheque(s) that accompany this application</i>
	Name of drawer of cheque	Cheque no.
		BSB no.
		Account no.
		Cheque Amount A\$
	<input type="text"/>	<input type="text"/>
	<input type="text"/>	<input type="text"/>

G	Contact telephone number (daytime/work/mobile)
	<input type="text"/>

H	Email address
	<input type="text"/>

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Henry Morgan

Declaration

- ✓ Have read the prospectus in full;
- ✓ Have read the Privacy Policy (available at www.henrymorgan.com.au in full);
- ✓ Have received a copy of the electronic Prospectus or a print out of it;
- ✓ Have this Application Form in accordance with the Prospectus and the instructions on the reverse of the Application Form and declare that all details and statements made by me/us are complete and accurate;

By submitting this Application Form with your Application Amount, I/we declare that I/we:

- ✓ Agree and consent to the Company collecting, holding, using and disclosing my/our personal information in accordance with the Privacy Policy (available at www.henrymorgan.com.au;
- ✓ Where I/we have been provided information about another individual, warrant that I/we have obtained that individual's consent to the transfer of their information to the Company and have provided that individual with a copy of, or details as to where to obtain, the Privacy Policy;
- ✓ Acknowledge that once the Company accepts my/our Application Form, I/we may not withdraw it;
- ✓ Apply for the number of Shares that I/we apply for (or a lower number allocated in a manner allowed under the prospectus);
- ✓ Acknowledge that my/our application may be rejected by the Company in consultation with the Manager in its absolute discretion;
- ✓ Authorise the Company and their respective officers and agents to do anything on my/our behalf necessary (including the completion and execution of document) to enable the Securities to be allocated to me/us;
- ✓ Am/are over 18 years of age;
- ✓ Agree to be bound by the constitution of the Company;
- ✓ Acknowledge that neither the Company nor any person or entity guarantees any particular rate of return on the Securities, nor do they guarantee the repayment of capital;
- ✓ Represent, warrant and agree that I/we am/are not in the United States or a US Person and am/are not acting for the account or benefit of a US Person; and
- ✓ Represent, warrant and agree that I/we have not received this Prospectus outside Australia and am/are not acting on behalf of a person resident outside Australia unless the Securities may be offered in my/our jurisdiction without contravention of the security laws of the jurisdiction or any need to register the Prospectus, the Securities or the Offer.

Guide to the Application Form

YOU SHOULD READ THE PROSPECTUS CAREFULLY BEFORE COMPLETING THIS APPLICATION FORM.

Please complete all relevant sections of the appropriate Application Form using BLOCK LETTERS. These instructions are cross-referenced to each section of the Application Form.

Instructions

- A If applying for Shares insert the **number** of Share for which you wish to subscribe at Item A (not less than 2,000 Shares and then in multiples of 100 Shares). Multiply by A\$1.00 to calculate the total Application Amount for Shares and enter the **A\$amount** at Item B.
- C Write your **full name**. Initials are not acceptable for first names.
- D Enter your **postal address** for all correspondence. All communications to you from the Company will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.
- E Enter your Australian **tax file number** (TFN) or ABN or exemption category, if you are an Australian resident. Where applicable, please enter the TFN/ABN of each joint Applicant. Collection of TFN's is authorised by taxation laws. Quotation of your TFN is not compulsory and will not affect your Application Form.
- F Complete **cheque details** as requested. Make your cheque payable Henry Morgan Limited – OFFER. Cross it and mark it 'Not negotiable'. Cheques must be in Australian currency, and cheques must be drawn on an Australian bank.
- G Enter your **contact details** so we may contact you regarding your Application Form or Application Monies.
- H Enter your **email address** so we may contact you regarding your Application Form or Application Amount or other correspondence.

Correct Form of Registrable Title

Note that ONLY legal entities can hold the Shares. The Application must be in the name of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and surname is required for each natural person. Examples of the correct form of registrable title are set out below.

Type of Investor	Correct Form of Registrable Title	Incorrect Form of Registrable Title
Individual	Mr John David Smith	J D Smith
Company	ABC Pty Ltd	ABC P/L or ABC Co
Joint Holdings	Mr John David Smith & Mrs Mary Jane Smith	John David & Mary Jane Smith
Trusts	Mr John David Smith <JD Smith Family A/C>	John Smith Family Trust
Deceased Estates	Mr Michael Peter Smith <Est Lte John Smith A/C>	John Smith (deceased)
Partnerships	Mr John David Smith & Mr Ian Lee Smith	John Smith & Son
Clubs/Unincorporated Bodies	Mr John David Smith <Smith Investment A/C>	Smith Investment Club
Superannuation Funds	John Smith Pty Limited <J Smith Super Fund A/C>	John Smith Superannuation Fund

Lodgement

Mail your completed Application Form with your cheque(s) or bank draft attached to the following address:

Mailing and delivery address:

Henry Morgan Limited
144 Union Street
SPRING HILL QLD 4000

The Offer closes at 5.00pm (AEST) 7 December 2015

It is not necessary to sign or otherwise execute the Application Form.

If you have any questions as to how to complete the Application Form, please contact Stuart McAuliffe on 1300 155 396.

Privacy Statement

Henry Morgan Limited advises that Chapter 2C of the Corporations Act requires information about you as a shareholder (including your name, address and details of the shares you hold) to be included in the public register of the entity in which you hold Shares. Information is collected to administer your shareholding and if some or all of the information is not collected then it might not be possible to administer your shareholding. Your personal information may be disclosed to the entity in which you hold shares. You can obtain access to your personal information by contacting us at the address or telephone number shown on the Application Form. Our privacy policy is available on our website (<http://www.henrymorgan.com.au>).

The Corporations Act requires some of this information to be included in the Company's Shareholder and Option holder register, which will be accessible by the public. The Company will collect, use, hold, and disclose your personal information in accordance with the Privacy Policy. For more detail on how the Company collects, stores, uses and discloses your information, please refer to our Privacy Policy. Alternatively contact the Company and the Company will send you a copy. It is recommended that you obtain a copy of the Privacy Policy and read it carefully.

For personal use only



Application Form

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A	Number Of Shares you are applying for		B	Total amount payable
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<i>Minimum of 2,000 Shares to be applied for and thereafter in multiples of 100 Shares</i>				

C Write the name(s) you wish to register the Securities in (see reverse for instructions)

Applicant # 1

Applicant # 2 or <Account Designation>

Applicant # 3 or <Account Designation>

D Write your postal address her

Number/Street

Suburb/Town

State

Postcode

E Enter your Tax File Number(s), ABN, or exemption category

Applicant # 1

Applicant # 2

Applicant # 3

F Cheque payment details - PIN CHEQUE(S) HERE *Please ENTER details of the cheque(s) that accompany this application*

Name of drawer of cheque

Cheque no.

BSB no.

Account no.

Cheque Amount A\$

G Contact telephone number (daytime/work/mobile)

H Email address

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Henry Morgan

Declaration

- ✓ Have read the prospectus in full;
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- ✓ Agree and consent to the Company collecting, holding, using and disclosing my/our personal information in accordance with the Privacy Policy (available at www.henrymorgan.com.au;
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- ✓ Acknowledge that my/our application may be rejected by the Company in consultation with the Manager in its absolute discretion;
- ✓ Authorise the Company and their respective officers and agents to do anything on my/our behalf necessary (including the completion and execution of document) to enable the Securities to be allocated to me/us;
- ✓ Am/are over 18 years of age;
- ✓ Agree to be bound by the constitution of the Company;
- ✓ Acknowledge that neither the Company nor any person or entity guarantees any particular rate of return on the Securities, nor do they guarantee the repayment of capital;
- ✓ Represent, warrant and agree that I/we am/are not in the United States or a US Person and am/are not acting for the account or benefit of a US Person; and
- ✓ Represent, warrant and agree that I/we have not received this Prospectus outside Australia and am/are not acting on behalf of a person resident outside Australia unless the Securities may be offered in my/our jurisdiction without contravention of the security laws of the jurisdiction or any need to register the Prospectus, the Securities or the Offer.

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Trusts	Mr John David Smith <JD Smith Family A/C>	John Smith Family Trust
Deceased Estates	Mr Michael Peter Smith <Est Lte John Smith A/C>	John Smith (deceased)
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Henry Morgan