

Additional PDS Disclosure

LAKEHOUSE SMALL COMPANIES FUND

1 July 2020

IMPORTANT INFORMATION

This document provides information incorporated by reference in the Lakehouse Small Companies Fund ARSN 615 265 864 Product Disclosure Statement (PDS) dated 1 July 2020, and forms part of the PDS. A copy of the PDS and this document can be obtained at no cost by calling One Managed Investment Funds Limited on (02) 8277 0000 or by downloading it from the websites www.lakehousecapital.com.au/lscf/ or www.oneinvestment.com.au/lakehouse-smallcaps/. You should read both the PDS and all incorporated information before making a decision about whether to invest in the Fund.

The information provided in the PDS and this Additional PDS Disclosure document is general in nature and does not take into account your personal financial situation or needs. You should seek independent financial advice tailored to your own needs before making a decision about whether to invest in the Fund.

All dollar amounts are in Australian dollars unless otherwise indicated. The PDS does not constitute an offer or invitation in any jurisdiction other than in Australia or New Zealand and the offer under the PDS may only be accepted in Australia and New Zealand. Applications from outside Australia or New Zealand will not be accepted through the PDS. Units are not intended to be sold to US Persons as defined under Regulation S of the US federal securities laws.

Lakehouse Small Companies Fund

ARSN 615 265 864
APIR OMF6696 AU

Issued

1 July 2020

Issued By

One Managed Investment Funds Limited ACN 117 400 987
AFS licence 297042 (**Responsible Entity**)

Investment Manager

Lakehouse Capital Pty Ltd
ACN 614 957 603 (**Investment Manager**)

Website

In this Additional PDS Disclosure, reference to the Website is to each of the following sites www.lakehousecapital.com.au/lscf/ or www.oneinvestment.com.au/lakehouse-smallcaps/.

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1. Features and benefits

1.1 Fund overview

The Fund's investment objective is to outperform the S&P/ASX Small Ordinaries Accumulation Index (**Benchmark**) over rolling five year periods (after fees and expenses but before taxes) by focusing on listed shares of smaller companies in Australia and New Zealand.

Up to 10 percent of the Fund may be invested in unlisted companies expected to IPO within 12 months.

The Fund will not invest in derivatives, sell-short or borrow money to invest.

1.2 Investment strategy

The Investment Manager's strategy for the Fund is to invest in a high conviction portfolio of 15 to 30 small companies listed in Australia and New Zealand. The Fund will typically hold 5% to 15% of its capital in cash, depending on the Investment Manager's opinion of the prevailing opportunity set, and may hold up to 10% of its capital in unlisted companies expected to IPO within 12 months.

Investee companies typically hold the following attributes:

- (a) Strong positions in growing markets.
- (b) Pricing power with customers and suppliers.
- (c) Durable competitive advantages grounded in: scale, strong brands, network effects, or high customer switching costs.
- (d) Aligned and experienced management teams with strong track records of capital allocation.
- (e) Conservative balance sheets.
- (f) Attractive valuations that afford upside to the Investment Manager's estimate of fair value.

The Fund will not automatically sell an investment that has grown into the inclusion in the S&P/ASX 100 provided the investee company continues to meet the criteria above as the long-term holding of successful investments is part of the Investment Manager's strategy.

The Investment Manager filters potential investments through a checklist of qualitative and quantitative factors before proceeding with a deeper exploration of the company's history, business model, leadership, supply chain, competition, financials, risks, and valuation.

Derivatives and hedging: The Fund will not invest in derivatives.

Gearing: The Fund will not borrow to invest.

Ethical Policy: Considerations regarding environmental, social, corporate governance, and other ethical matters (**ESG considerations**) form part of our core investment process. While the investment process for the Fund does not involve the use of positive or negative screens on these matters, our proprietary research process does take into consideration risks regarding matters relating to ESG considerations while evaluating the overall risk profile of a potential investment. Further, we routinely seek to engage with companies on a broad range of issues including ethical considerations as appropriate. This includes the exercise of voting rights as an important aspect of our investment management process and ability to positively influence corporate governance.

2. Risks of managed investment schemes

In addition to the significant risks for the Fund set out in Section 4 of the PDS, the following risks are specific to the Fund.

Operational risk

There is a risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. Adverse impacts may arise internally through human

error, technology, or infrastructure changes, or through external events such as third party failures or crisis events. The Responsible Entity has procedures in place to manage these risks, and as much as possible, monitor the controls within these procedures to ensure operational risks are adequately managed.

Regulatory risk

Changes in laws, or their interpretation, including taxation and corporate regulatory laws, practice and policy could have a negative impact on the operation of the Fund and return to Investors. For example, any changes in relation to how income of the Fund is taxed or in relation to the deductibility of expenses, or changes to stamp duty law might adversely impact the Fund and Investors' returns.

General

The risks noted in the PDS and this Additional PDS Disclosure do not take into account your personal circumstances. Before deciding to invest or reinvest in the Fund, you should do the following:

- Obtain professional advice to determine if the Fund suits your investment objectives, financial situation and particular needs.
- Read the PDS and this Additional PDS Disclosure document in full.
- Consider the suggested minimum investment timeframe for the Fund, as set out in Section 5.2 of the PDS.
- Regularly review your investments in light of your investment objectives, financial situation and particular needs.

3. Fees and costs

3.1 Additional explanation of Fees and Costs

Management Costs and Indirect Costs

Management costs represent the total investment and administration related costs of operating a Fund. It includes the management fees, an estimate of performance fees (if any), custody fees and may also include the normal expenses in relation to a Fund (such as fund accounting, unit registry, audit costs, postage and preparation of tax returns, etc.) which the Responsible Entity is entitled to recover.

Fees payable to the Investment Manager

Management fee: The management fee of 1.3% is charged by the Investment Manager to provide investment management services to the Fund. The fee will accrue as frequently as Unit pricing occurs and is payable monthly in arrears out of the assets of the Fund. For example, if the value of the Fund is constant at \$10 million for a year, then the Investment Manager will be entitled to a fee of \$130,000 for that year.

Performance fee: The Investment Manager may also be entitled to receive a performance fee out of the assets of the Fund, calculated and payable during the Performance Period. The **Performance Period** means the period between the current Performance Testing Date and the last Performance Entitlement Date every year during the continuance of the Investment Management Agreement.

The performance fee amount will be calculated as 15% of the lower of:

- (a) the amount by which the percentage change in the net asset value per Unit in the Fund (including any distributions paid during the Performance Period) over the Performance Period exceeds the percentage change in the Benchmark over that period, multiplied by the High Watermark, and
- (b) the amount by which the net asset value per Unit (including any distributions paid during the Performance Period) as at the Performance Testing Date exceeds the High Watermark,

multiplied by the number of Units on issue as at the current Performance Testing Date.

A performance fee will be payable to the Investment Manager if:

- (a) movements in the net asset value per Unit (including any distributions paid during the Performance Period) outperform the Benchmark during the period since the last Performance Fee Entitlement Date, and
- (b) the net asset value per Unit (adjusted for any distributions paid since the last performance fee was earned) exceeds the High Watermark.

Benchmark: The benchmark for the purposes of calculating the performance fee is the daily S&P/ASX Small Ordinaries Accumulation Index. The percentage change in the Benchmark over the Performance Period is taken by dividing the Benchmark as at the last day of the Performance Period by the Benchmark as at the last Performance Entitlement Date, then subtracting 1.

High Watermark: The High Watermark for a Unit means the net asset value of a Unit (adjusted for any performance fee and distributions paid in respect of the Unit) at the end of the last Performance Entitlement Date.

Performance Entitlement Date: A Performance Testing Date in respect of which Lakehouse is determined to be entitled to a Performance Fee.

Performance Period: The period between the current Performance Testing Date and the last Performance Entitlement Date.

Performance Testing Date:

- (a) each 30 June during the continuance of the Investment Management Agreement; and
- (b) the date on which the Investment Management Agreement is terminated or the Trust is wound up (whichever is earlier).

An example of how the performance fee is calculated is set out below.

Assumptions:

- (a) Performance Period: 1 July 2018 to 30 June 2019.
- (b) High Watermark as at 1 July 2018: \$1.00.
- (c) Fund Unit Price as at 30 June 2019 (inclusive of distribution/s, but after 1.3% Management Fee): \$1.1640 (or a 16.40% return)
- (d) S&P/ASX Small Ordinaries Accumulation Index return over the Performance Period: 4.0%.

In this scenario, the Investment Manager would be entitled to receive a performance fee of \$0.0186 per Unit, calculated as follows:

$$15\% \times ((16.40\% - 4\%) \times \$1.00) = \$0.0186 \text{ per Unit}$$

It is not possible to estimate the amount of performance fees which would be payable in a year. This example is hypothetical only and is not a forecast or simulation of the Fund's returns, nor is it a reference to past performance. The actual Fund returns may be materially different from what is shown in the example. The example may help Investors decide if the Fund is a suitable investment. No content in this section or elsewhere in the PDS or this Additional PDS Disclosure is investment advice. Investors should speak to their financial adviser before investing in the Fund.

Operating costs and expenses

It is intended the 1.3% management fee payable to the Investment Manager will cover the day-to-day fees and expenses of the Fund, being the fees payable to the responsible entity, including the custody fee, administration fees, costs of preparation of annual tax statements, registry fees and fees for the audit of Fund's financial reports and compliance plan (**Ordinary Expenses**). To the extent the management fee is insufficient to cover the Fund's Ordinary Expenses, then the Investment Manager will cover any Ordinary Expenses out of its own funds.

However, if the Investment Manager does not pay any Ordinary Expenses, then under the Constitution we are entitled to, and we will, collect them from the assets of the Fund. We will be entitled to be reimbursed out of the assets of the Fund for all other miscellaneous Fund-related expenses, for example legal fees, taxation advice and costs of members' meetings.

Investors should be aware that in such circumstances the expenses charged to the Fund may fluctuate from time to time. Generally, operating costs and expenses are paid as and when incurred or reimbursed to the Responsible Entity or the Investment Manager, as appropriate.

Fees payable to the Responsible Entity

Under the Constitution, we are entitled to receive a removal fee if we retire as the responsible entity of the Fund at the request of the Investment Manager within four years from 17 November 2016, other than for gross negligence or for a material breach of a fiduciary duty to Investors which has or could have a materially adverse effect on the rights or interests of Investors. The amount of the removal fee is based on the following fees from the Investment Manager:

- (a) An ongoing responsible entity fee equivalent to 0.07315% per annum of the gross value of the Fund's assets whilst the gross value of the Fund's assets exceed \$94.3 million (**RE Fee**). The fee accrues daily and is payable monthly in arrears.
- (b) A custody fee equivalent to 0.0205% per annum of the gross value of the Fund's assets whilst the gross value of the Fund's assets exceed \$108 million (**Custody Fee**).
- (c) A removal fee equal to the balance of the responsible entity fee plus the balance of the custody fee we would have received had we remained the responsible entity of the Fund for four years until 17 November 2020 if –
 - (i) we are removed as responsible entity of the Fund before 17 November 2020, other than for gross negligence or for a material breach of a fiduciary duty to Investors which has or could have a materially adverse effect on the rights or interests of investors, or
 - (ii) we retire as responsible entity of the Fund before 17 November 2020 at the request of the Investment Manager in accordance with the Investment Management Agreement.
- (d) The amount of the removal fee is determined based on the gross value of the assets of the Fund at the time the removal fee becomes payable and is payable out of the assets of the Fund.

An example of the removal fee is as follows:

In this example it is assumed the removal fee becomes payable 18 months after 17 November 2016, the fee has increased by 2.5% being the CPI and at that time the gross value of the assets of the Fund is \$100 million. Here, the Responsible Entity would be entitled to a removal fee of \$239,608.75. The removal fee would be calculated as follows: $(\$100,000,000 \times (0.07315\%) \times (30/12) + (\$22,140 \times 1.025 \times (30/12))) = \$239,608.75$.

The example above is provided for illustrative purposes only, and does not represent any actual or prospective removal fee amount. You should not rely on this example in determining whether to invest in the Fund.

Indirect Costs

Management costs may also comprise an indirect cost component. In general, indirect costs are any amounts that directly or indirectly reduce the returns on the Units that is paid from, or the amount or value of, the income or assets of the Fund (including an underlying investment of the Fund). Indirect costs are reflected in the Unit price of your investment in the Fund. If indirect costs are included in the fee table in the PDS, they will be based on the indirect costs incurred for a 12 month period, as a percentage of the average net asset value of the Fund during that period.

Indirect costs are generally embedded in assets in which a Fund invests indirectly, such as through an interposed vehicle or in the cost of a derivative acquired by the Fund to gain market exposure, rather than directly by the Fund. As at the date of the PDS, the Responsible Entity estimates the indirect costs for the Fund for the period to 30 June 2021 will be nil, however this may change if, for example, the Fund invests in an interposed vehicle.

Management costs do not include transactional and operational costs and these are further explained below.

Abnormal Operating Expenses

These are costs which are not generally incurred in the day-to-day running of the Fund (**Abnormal Operating Expenses**). The Fund's Constitution allows for the recovery of these expenses if incurred by the Responsible Entity in connection with the performance of its duties and obligations in operating the Fund and does not set a maximum limit on the amount that can be recovered. Abnormal Operating Expenses are not borne by the Investment Manager, but are met from the assets of the Fund.

Abnormal Operating Expenses include events such as the costs of a meeting of Unit holders or legal costs incurred in legal proceedings.

Abnormal Operating Expenses are deducted from the Fund and so are accounted for in the Unit price of the Fund and are not an explicit cost paid by you. Abnormal Operating Expenses are deducted as and when they arise.

As at the date of the PDS, the Responsible Entity estimates Abnormal Operating Expenses for the Fund for the period to 30 June 2021 will be nil, however this may change if, for example, a members' meeting is called.

3.2 Transactional and operational costs

The Fund incurs transactional and operational costs when dealing with the Fund's investments.

Transactional and operational costs include buy/sell spread, brokerage, investment settlement fees, custody transaction fees and applicable stamp duty charged when underlying assets are bought or sold. These costs are generally incurred as a result of investment decisions made by the Investment Manager or applications or redemptions from the Fund.

The Responsible Entity and Investment Manager have engaged a selection of brokers and will elect which broker to use on a range of factors including costs. Each broker charges fees differently but we expect the average brokerage fees to be in the range of 0.10% and 0.30% of the value of the securities acquired or disposed (as applicable).

Transactional and operational costs will differ depending on the type of assets and will be paid out of the Fund's assets. We estimate the Fund's gross transactional and operational costs will be approximately 0.17% of the net asset value of the Fund. We estimate the Fund's net transactional costs will be approximately 0.08% of the net asset value of the Fund.

Total transactional and operational costs (% p.a.)^	Minus: Buy/sell spread recovery: (% p.a.)	Equals: Net transactional and operational costs: (% p.a.)
0.17	0.09	0.08

The Investment Manager may, however, review the Fund's portfolio of investments and recommend it be rebalanced to secure the best return for Investors. While the Investment Manager and Responsible Entity may align the purchase and sale of portfolio investments with investor applications and redemptions it is possible that a proportion of the transactional and operational costs incurred by the Fund in these circumstances will not be covered by the buy/sell spread.

Transactional and operational costs which are incurred other than in connection with applications and redemptions arise through the day-to-day trading of the Fund's assets and are reflected in the Fund's Unit price.

Buy/sell spread

The buy/sell spread reflects our estimate of the transactional and operational costs expected to be incurred in buying and selling underlying financial products as a result of investments in, and withdrawals from, the Fund.

The purpose of the buy/sell spread is to ensure those Investors transacting in Units at a particular time bear the costs of buying and selling the Fund's assets as a consequence of their transaction.

Any buy or sell spread applicable at the time an investor enters or leaves the Fund is a cost in addition to the fees and costs noted in Table 1 of the PDS, and is reflected in the Unit price. The buy and sell spreads are retained within the Fund, as assets of the Fund and are not fees paid to the Responsible Entity or the Investment Manager.

The buy spread is taken out of application amounts. The sell spread is taken out of withdrawal amounts. As at the date of this Additional PDS Disclosure, the maximum buy/sell spread is +/-0.25%. No buy spread is applied to reinvested distributions. The actual buy and/or sell spreads may be higher or lower. We will provide notification of the current buy/sell spread for the Fund on the [Website](#).

An example of how this is calculated is set out below.

Based on the buy and sell spreads noted above, an investment of \$100,000 would incur a buy spread of \$250, and a withdrawal of \$100,000 would incur a sell spread of \$250. This is an example only and not an estimate or forecast.

The transactional and operational costs disclosed in this section are based on reasonable estimates at the date of this Additional PDS Disclosure. Please refer to the [Website](#) for any updates which are not materially adverse from time to time.

3.3 Bid/ask spread

Given the nature of the Fund's assets, we estimate the bid/ask spread will be nil.

3.4 Waiver or deferral of fees

We may, at our discretion, accept lower fees and expenses than we are entitled to receive, or may defer payment of those fees and expenses for any time. If payment is deferred, then the fee will accrue until paid.

3.5 Goods and services tax

Unless otherwise stated, all fees and costs in this section and in Section 6 of the PDS which are payable out of the assets of the Fund are quoted inclusive of any GST and net of any input tax credits (ITCs) or reduced input tax credits (RITCs) that are expected to be available to the Fund. Where RITCs are available, the prescribed rate is currently 55% or 75%, depending on the nature of the fee or cost incurred. In the event that legislative amendments to the current GST regime have the effect of reducing the ability of the Fund to claim ITCs on some of these management fees and costs, the net cost to investors will increase. Again, we will give you at least 30 days' written notice of any change to the fees payable.

4. Tax

Taxation treatment of your investment

This tax information is intended to be a brief guide only for Australian resident investors who hold their units in the Fund on capital account. It does not take into account specific circumstances. It should also not be relied upon as a complete statement of the Australian income tax laws.

Discussion of Australian tax law is current as at the date of preparation of the PDS. As Australian tax law is complex and may change and, as the tax treatment applicable to particular investors may differ, all potential investors should satisfy themselves of possible consequences by consulting their own tax advisers.

Australian investors

Distributions

The Fund's assessable income may include distributions from securities, capital gains and interest income. This assessable income will be reduced by any available deductions.

Under existing tax law, provided the Fund distributes all net taxable income of the Fund to investors, the Fund should generally not be liable to pay tax in respect of the Fund. Each Australian resident investor will be required to include in their assessable income the proportionate share of the distribution income which can be made up of:

- (a) assessable income, such as dividends, foreign income and interest;
- (b) net capital gains, including discount and concessional components;
- (c) tax credits, such as franking credits attached to dividend income and credits for tax paid on foreign income; and
- (d) non-assessable income, which may not need to be included in your tax return but will generally reduce the cost base of your investments for capital gains tax (CGT) purposes.

The Fund has made the managed investment trust (MIT) capital gains tax (CGT) election, and subject to continuing to satisfy the eligibility requirements to be a MIT for an income year, will hold its eligible assets (primarily shares, units and real property) on capital account. Whilst the Fund continues to satisfy the MIT eligibility requirements, certain investors may obtain the benefit of the CGT discount and other tax concessions (where applicable) on distributions of capital gains they may receive.

The Responsible Entity has made the irrevocable election to apply the Attribution Managed Investment Trust (AMIT) regime from 1 July 2017.

The AMIT regime includes the following measures:

- (a) an attribution method for allocating taxable income to investors, which is independent of the amount of income distributed to them;
- (b) clarification that income distributed to investors retains the tax character it had in the hands of the Fund;
- (c) an ability for under-estimations and over-estimations of amounts at the trust level to be carried forward and dealt with in the year in which they are discovered;
- (d) both upwards and downwards adjustments to investors' cost base for CGT purposes and cost for revenue purposes in specified circumstances;
- (e) clarification of the treatment of tax deferred distributions; and
- (f) deemed fixed trust treatment.

Investors should seek their own tax advice on the potential impact of the Responsible Entity choosing for the AMIT regime to apply to the Fund.

Disposal of units

A taxable capital gain or loss may be realised in the event that units in the Fund are withdrawn or otherwise disposed of. Resident individuals, trusts or complying superannuation entities, who have held units for at least 12 months prior to disposal or redemption, may be entitled to discount capital gains treatment. The CGT discount is 50% for an investor that is a resident individual or trust, and 33½% for an investor that is a complying superannuation fund.

Foreign income

The Fund may derive income from sources in New Zealand or other foreign countries. An investor's share of the gross foreign income will be treated as foreign income in the investor's hands. The investor may be entitled to a foreign income tax offset for foreign tax paid by the Fund in respect of the foreign income received by the Fund.

Controlled foreign companies (CFC) regime

Should the Fund invest in foreign entities, it may become subject to Australia's current or proposed CFC regime. The Fund may also invest in other entities which could hold interests in foreign entities that may also mean the Fund becomes subject to that regime.

Where the CFC regime applies, the Fund will determine the income to be recognised under the CFC rules. Generally, all attributable income will be included within the taxable income of the Fund (even if unrealised) and will be taxed in the hands of investors.

However, it is not expected that the Fund's interest in any foreign entity will be subject to the CFC regime.

Taxation of Financial Arrangements (TOFA) regime

The TOFA rules may apply to certain "financial arrangements" held by the Fund. In broad terms, in calculating the net (taxable) income of the Fund, returns on certain financial arrangements may be recognised on an accruals basis rather than a realisation basis, and on revenue account. The administrator of the Fund will assist the Responsible Entity with compliance with the TOFA rules, as required by the tax legislation.

Investors should seek their own advice on the potential impact of the above announcement and should monitor the progress of all relevant legislation introduced as a result of the announcement.

Foreign Account Tax Compliance Act

The Responsible Entity may be required under Australian tax legislation to request investors to provide additional information in order to comply with US Foreign Account Tax Compliance Act (FATCA) compliance obligations.

FATCA is a US tax law that requires Foreign Financial Institutions (FFIs) to comply with a number of additional compliance obligations in order to ensure that 30% FATCA withholding tax is not deducted from certain US sourced income, gross proceeds from the sale of securities giving rise to such income and "passthru" payments.

The Responsible Entity and the Fund will be FFIs for FATCA purposes.

GST

The acquisition, withdrawal or other disposal of units in the Fund by investors is not subject to GST. The Fund generally incurs GST in respect of its various fees and expenses, but may not be entitled to input tax credits or may only be entitled to a partial input tax credit in respect of GST incurred.

Stamp duty

The transfer, issue or redemption of units should not attract any stamp duty (assuming no landholder duty applies). Investors should confirm the stamp duty consequences of transferring units with their taxation adviser.

Non-resident investors

In the event that a non-resident investor becomes entitled to a share of the net income of the Fund, tax will be withheld from certain Australian sourced income or capital gains. The amounts withheld will depend on the type of income and the country of residence of the particular investor.

Generally, if the Fund qualifies as a MIT under the current rules, distributions of amounts from the taxable income of the Fund, other than dividends, interest, royalties (each of which may be subject to withholding tax), foreign sourced income and capital gains on assets which are not 'taxable Australian property', will be subject to a final withholding tax. The rate of final withholding tax will be 15% if the investor is a resident of a country which has an information exchange agreement with Australia, and 30% in other cases.

Non-residents and temporary residents are generally not subject to tax on capital gains arising on assets which are not 'taxable Australian property'. Generally, a unit will not be taxable Australian property for this purpose, unless the investor has (with associates) a 10% or more interest in the Fund and more than 50% of the market value of the Fund's assets are attributable to Australian real property.

A non-final withholding tax on acquisitions of certain 'taxable Australian property' from non-residents and persons taken to be non-residents applies. Broadly, the purchaser of the relevant 'taxable Australian property' is required to pay 12.5% of the purchase price to the ATO on or before the settlement date unless an exemption applies or the ATO agrees to vary the amount.

We recommend that non-resident and temporary resident investors consult their tax adviser.

Providing a Tax File Number (TFN)

If you do not provide a TFN, exemption code or Australian Business Number (ABN) when you complete an application to invest or reinvest in the Fund, we will be required to deduct tax, at the highest marginal tax rate, plus the Medicare levy, from most of your distributions, including where those distributions are reinvested. You may be able to claim a credit in your tax return for any TFN/ABN tax withheld.

5. Distributions

Unit prices will normally fall after the end of each distribution period. Consequently, if you invest just before the end of a distribution period, some of your capital may be returned to you as income in the form of a distribution.

Any distributions you receive may affect the social security benefits to which you are or may be entitled, and you should consider discussing this with your financial adviser, Centrelink or the Department of Veterans' Affairs before investing.

Reinvestment

The Unit price for reinvested distributions is determined by the net asset value (adjusted by any distribution payable) and the number of Units on issue in the Unit class as at the last day of the distribution period. No buy spread is applied to reinvested distributions (see Section 3.2 of this document).

6. Investing in the Fund

Terms and conditions of investing

The offer to invest in the Fund is subject to the terms and conditions described in the PDS, this Additional PDS Disclosure and as set out in the Constitution (see Section 7 'Other important information' of this document). We reserve the right to change the terms and conditions (see below) and to refuse or reject an application.

We may decline to extend, or may withdraw, an invitation to invest in the Fund at any time. The Responsible Entity reserves the right to accept or reject any applications in its absolute discretion. None of the Responsible Entity, the Investment Manager nor any other person accepts any liability to any recipient of this Additional Information Booklet for costs incurred or losses suffered if an invitation is withdrawn for any reason or if an application is refused in whole or in part.

Unit price

The Unit price is calculated under the Constitution by reference to the net asset value and transaction costs pertaining to the relevant class of Units, and the number of Units on issue in that Unit class.

The market value and net asset value of the Fund are normally determined at least each week, using the market prices and unit prices of the assets in which the Fund is invested.

The Responsible Entity may exercise certain discretions in determining the Unit price (see 'Unit Pricing Policy' in Section 7.3 of this document).

Current unit prices of the Fund are available on Lakehouse's website at www.lakehousecapital.com.au.

Processing applications

The cut-off time for receiving direct applications is 2pm (Sydney time) on each Wednesday (that is a Business Day). The cut-off times for investors investing through an IDPS provider may differ from the cut-off time for direct applications. Completed applications received and accepted by Registry before the cut-off time will be processed using the application price applicable for that week. Applications received and accepted by Registry after this time will be taken to have been received before the cut-off time on the next Wednesday (that is a Business Day) and will be processed on that day. Confirmation of an investment will normally be issued within five Business Days of the investment being processed.

Applications will not be processed until valid documentation is received and will be processed using the Unit price that applies on the Wednesday after the correct documentation is received. Interest will not be paid on your application money and will not form part of the assets of the Fund. Instead, interest earned on application money will be retained by the Responsible Entity.

Processing withdrawals

The Fund's processing cut-off time for direct withdrawals is 2pm (Sydney time) on each Wednesday (that is a Business Day). Please note that for investors withdrawing through an IDPS provider, the cut-off times may differ.

Withdrawal requests received and accepted by Registry before 2pm (Sydney time) on a Wednesday (that is a Business Day) or the relevant cut-off time for an IDPS provider will generally be processed using the withdrawal price applicable for that week. Withdrawal requests received and accepted by Registry after this time will generally be processed using the withdrawal price applicable for the following week calculated on the following Wednesday (that is a Business Day).

Withdrawal proceeds are usually paid within 10 Business Days following the Wednesday (that is a Business Day) on which your withdrawal request is processed, although the Fund's constitution allows up to 60 days to decide to accept a request and a further 21 days to pay the proceeds.

In certain circumstances, such as a freeze on withdrawals or where the Fund is illiquid (as defined in the Corporations Act), you may not be able to withdraw your investment during the usual period.

Investing in the Fund through an IDPS provider

We have authorised the use of this PDS as disclosure to direct investors and investors of an IDPS (commonly known as a master trust or wrap account). If you invest through an IDPS provider, your rights and liabilities will be governed by the terms and conditions of the disclosure document provided by them. Investors should carefully read those terms and conditions before investing. If you have a complaint about us or the Fund, you may contact us in the manner described in section 8.2 of the PDS 'Complaints'.

7. Other important information

7.1 Summary of important documents

The following is a summary of the material documents relevant to the Fund. You should consider whether it is necessary to obtain independent advice on these documents.

Constitution

The Constitution of the Fund is dated 7 October 2016 (as amended from time to time) and is the primary document governing the relationship between the Investors and the Responsible Entity. It contains extensive provisions about the legal obligations of the parties and the rights and powers of each.

Each Unit gives you an equal and undivided interest in the Fund. However, a Unit does not give you an interest in any particular part of the Fund. Subject to the Constitution, as an Investor you have the following rights:

- (a) The right to share in any distributions.
- (b) The right to attend and vote at meetings of Investors.
- (c) The right to participate in the proceeds of winding up the Fund.

The Constitution contains provisions about convening and conducting meetings of Investors.

Under the Constitution, the Responsible Entity may:

- Deal with itself, an associate, Investor or any other person.
- Be interested in and receive a benefit under any contract or transaction with itself, an associate, Investor or any other person.
- Act in the same or similar capacity in relation to any other fund.

A copy of the Constitution is available free of charge by calling us on (02) 8277 0000.

Investment Management Agreement

The Investment Management Agreement is between the Investment Manager and the Responsible Entity under which the Investment Manager provides investment management services to the Fund.

The Investment Management Agreement contains provisions dealing with matters such as the Investment Manager's obligations to report to the Responsible Entity, and the agreement sets out the fees payable to the Investment Manager for its services.

The Investment Management Agreement will remain in force until the Fund is wound up, unless the agreement is terminated earlier in accordance with its provisions. The agreement can be terminated by the Responsible Entity if the Investment Manager is in material breach of the agreement, and that breach has not been remedied after a certain time. There are also provisions allowing the Responsible Entity to terminate if, for example, the Investment Manager becomes insolvent.

The Investment Manager is permitted to terminate the agreement in certain circumstances, such as if the Responsible Entity ceases to be the responsible entity for the Fund.

7.2 Privacy and collection and disclosure of personal information

The Privacy Act 1998 (Cth) regulates, among other things, the collection, disclosure and access to personal information.

Certain laws require us to collect, store and disclose information about you (including personal information), for example, the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (**AML/CTF Law**), the Foreign Account Tax Compliance Act (**FATCA**) and the Tax Laws Amendment (Implementation of the Common Reporting Standard) Act 2016 (**CRS**). We may be required under the

AML/CTF Law to provide information about you (including personal information) to the Australian Transaction Reports and Analysis Centre (**AUSTRAC**), the body responsible for regulating the AML/CTF Law. In respect of investors who are ordinarily resident in a country other than Australia, both FATCA and CRS may require us to collect and disclose to the Australian Taxation Office information about you (including personal information) obtained from you.

If you do not provide the information requested in our application form, we will not be able to process your application (including any application for additional Units) and your application may be delayed or rejected. Where applications are delayed or refused, we are not liable for any loss you suffer (including consequential loss) as a result. Alternatively, if we accept your application to the Fund when you have not provided all of the requested information, we may provide information about you to the relevant regulator.

We will be required to share information about you (including personal information) with service providers to the Responsible Entity in respect of the Fund (including the Investment Manager) to ensure you receive the appropriate information and assistance in respect of your holding in the Fund.

By applying to invest in the Fund, you consent to your information (including your personal information) being collected, used and disclosed by the Responsible Entity for the purposes disclosed above and in accordance with our Privacy Policy.

You are entitled to access, correct and update all personal information we hold about you. You can contact us to find out what personal information we hold about you or if you have any concerns.

7.3 Unit Pricing Policy

We may exercise certain discretions in determining the Unit price of Units on application and withdrawal in the Fund. The Unit Pricing Policy, which can be obtained by contacting us on (02) 8277 0000, sets out the types of discretions that we may exercise and in what circumstances, the policies on how we exercise the discretions and the reasons why we consider the policies are reasonable.

7.4 Related party transactions and conflicts of interest

In addition to the disclosures given in the PDS in relation to related party transactions, the Responsible Entity has appointed an associated company, Unity Fund Services Pty Ltd (ACN 146 747 122), for fund accounting and taxation services and has also appointed a related party, One Registry Services Pty Limited (ACN 141 757 360), for registry services in respect of the Fund. The Responsible Entity has appointed these related parties in consultation with, and with agreement from, the Investment Manager.

7.5 Foreign Account Tax Compliance Act (FATCA)

FATCA is described in Section 4 'Tax' of this document. US residents for tax purposes, should note the Fund is or is expected to be a 'Foreign Financial Institution' under FATCA and it must comply with its FATCA obligations, as determined by either the FATCA regulations or any inter-governmental agreement (**IGA**) entered into by Australia and the US for the purposes of implementing FATCA. We must obtain and disclose information about certain Investors to the Australian Taxation Office (**ATO**).

We may request that you provide certain information about yourself, including your US Taxpayer Identification Number (**TIN**). We will only use information provided to meet our various reporting obligations.

8. Communication

Further information

Please call us on (02) 8277 0000 during business hours if you have questions about investing in the Fund or require further information.

Further information about the Fund is also available online at the [Website](#). This information will include performance reports and commentary on the Fund.

When reading Fund performance information, please note that past performance is not a reliable indicator of future performance and should not be relied on when making a decision about investing in the Fund.

Investor communications

We will also provide Investors with confirmation of all transactions and market value statements.

We will provide Investors with the following information free of charge, on request:

- The Fund's annual and half yearly (as applicable) financial reports.
- A paper copy of any updated information.
- Any replacement PDS or updated incorporated information.

9. Glossary

AFS licence	Australian financial services licence.
AML/CTF	Anti-money laundering and counter-terrorism financing.
Application Form	The application form for the Fund which is available on the Website .
ASIC	The Australian Securities and Investments Commission.
Benchmark	S&P/ASX Small Ordinaries Accumulation Index.
Business Day	A day on which banks are open for business in Sydney, excluding Saturday, Sunday or public holidays.
Constitution	The constitution of the Fund dated 7 October 2016, as amended from time to time.
Corporations Act	Corporations Act 2001 (Cth).
Fund	Lakehouse Small Companies Fund ARSN 615 265 864.
GST	Goods and services tax as defined in A New Tax System (Goods and Services Tax) Act 1999 as amended.
High Watermark	As defined in Section 3.1 (Additional explanation of Fees and Costs) of this document.
IDPS	Investor Directed Portfolio Service.
Investor	A holder of Units in the Fund.
Investment Manager or Lakehouse Capital	Lakehouse Capital Pty Ltd ACN 614 957 603.
IPO	Initial Public Offering.
PDS	Product disclosure statement.
Registry	One Registry Services Pty Limited ACN 141 757 360, for registry services in respect of the Fund.
Retail Client	An investor who is a retail client for the purposes of section 761G of the Corporations Act.
Unit	A unit of the unit trust comprising the Fund.

Unit Pricing Policy	The unit pricing policy applicable to the Fund dated 15 September 2017, as amended from time to time.
we, us and our or Responsible Entity	One Managed Investment Funds Limited ACN 117 400 987, AFS licence 297042.
Website	Either or both of the following sites: www.lakehousecapital.com.au/lscf/ www.oneinvestment.com.au/lakehouse-smallcaps/

10. Contact details

For information about investing in the Fund, please contact us.

Responsible Entity

One Managed Investment Funds Limited

ACN 117 400 987
Level 16, Governor Macquarie Tower
1 Farrer Place
Sydney NSW 2000
Telephone: (02) 8277 0000
Website: www.oneinvestment.com.au
Email: operations@oneinvestment.com.au

Investment Manager

Lakehouse Capital Pty Ltd

ACN 614 957 603
Suite 3, Level 9, 20 Hunter Street
Sydney NSW 2000
Telephone: (02) 8294 9800
Website: www.lakehousecapital.com.au
Email: investorsupport@lakehousecapital.com.au

Fund Administrator

Unity Fund Services Pty Ltd

ACN 146 747 122
Level 16, Governor Macquarie Tower
1 Farrer Place
Sydney NSW 2000
Telephone: (02) 8277 0070
Facsimile: (02) 8580 5781
Website: www.unityfundservices.com.au
Email: Lakehouse@unityfundservices.com.au

Registry

One Registry Services Pty Limited

ACN 141 757 360
Level 16, Governor Macquarie Tower
1 Farrer Place
Sydney NSW 2000
Telephone: (02) 8188 1510
Facsimile: (02) 8580 5790
Website: www.oneregistryservices.com.au
Email: enquiries@oneregistryservices.com.au