

Product Disclosure Statement

CIP Licensing Limited
Australian Financial Services
Licence No. 471728



Capricorn
Diversified
Investment
Fund





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1 Important Notice to Investors

This product disclosure statement (PDS) is dated 26 August 2016.

Offer of Units

Units in the Capricorn Diversified Investment Fund ARSN 139 774 646 are offered by CIP Licensing Limited ACN 603 558 658, the Responsible Entity of The Fund. The contact details of CIP Licensing Limited are set out in the corporate directory in section 17 of this PDS.

You should seek your own advice

This PDS contains important information and you should read the entire PDS, including any updated information and any supplementary PDS in full before making a decision to invest in The Fund. The information contained in this PDS is general information only and does not take into account your individual investment objectives, financial situation or particular needs. Because of this you should carefully consider this PDS in light of your particular objectives, financial situation and needs. Before deciding to invest on the basis of this PDS, you should consult your accountant, financial planner, stockbroker or other professional adviser to assess whether an investment in The Fund is appropriate for you.

Liquidity

The units will not be listed on any stock exchange unless the Responsible Entity decides to apply for listing in the future. An investment in The Fund is not expected to be liquid. The Responsible Entity does not undertake to assist unitholders to locate purchasers of their units. Investors should consider this a medium to long term investment.

Responsibility of parties

This PDS has been issued by CIP Licensing Limited as the Responsible

Entity. None of CIP Licensing Limited, its related bodies corporate nor any of their respective directors or officers guarantee the performance of The Fund, the repayment of capital or any particular rate of return from The Fund. Investing in a financial product such as units in The Fund is subject to investment risks. These are described in section 13 of this PDS, and can adversely affect the financial performance of The Fund and the value of your investment.

As Custodian of The Fund, the role of The Trust Company (Australia) Limited ACN 000 000 993 (Trust Company) is limited to holding assets of The Fund as an agent of CIP Licensing Limited. Trust Company is the holder of Australian Financial Services Licence No. 235145. Trust Company has no supervisory role in relation to the operation of The Fund and is not responsible for protecting your interests. Trust Company has not been involved in the preparation of and has not issued this PDS.

Representations

No person is authorised to provide any information or to make any representation in connection with the offer that is not contained in this PDS or in updated information provided by CIP Licensing Limited. Any information or representation not so contained may not be relied on as having been authorised by CIP Licensing Limited.

ASIC takes no responsibility for the content of the PDS.

Offering restriction

This PDS does not constitute an offer or invitation in any place where, or to any person to whom, it would not be lawful to make such an offer or invitation.

Electronic copy of PDS

The distribution of this PDS (including online distribution) in jurisdictions

outside Australia may be subject to legal restrictions. Any person who receives or gains access to this PDS should comply with any such restrictions as a failure to do so may constitute a violation of securities law. The electronic copy of this PDS is available online at:

www.investmentcollective.com.au/services/cdif.

PDS may be updated

Information in this PDS is subject to change and may be updated by CIP Licensing Limited if not materially adverse to investors.

Although this PDS is up to date at the time of preparation, changes may be made to The Fund from time to time in accordance with the Constitution and the Corporations Act.

Updated Information can be obtained by contacting the Responsible Entity on 1800 679 000 or via The Fund's website www.investmentcollective.com.au/services/cdif.

A paper copy of updated information will be provided free of charge on request.

Photographs

Photographs used in the PDS are for illustration purposes only and should not be interpreted to mean that any person shown in the photograph endorses the PDS unless stated otherwise. Similarly, assets depicted in the photographs, such as equipment, buildings, facilities or other property, are not necessarily assets owned or used by The Fund and have been included for presentation or illustrative purposes unless stated otherwise.

Glossary

Key terms in this PDS are defined in the glossary in section 16 of this PDS. Unless otherwise specified, all references in this PDS to '\$' are references to Australian dollars.

An opportunity to be involved in the long term commercial future of Australia, with a special focus on infrastructure, capital assets, and specialist mandated investments by external parties.



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Chairman's Letter

Dear Investor,

On behalf of the Board of Directors of CIP Licensing Limited, it is my pleasure to invite you to invest in the Capricorn Diversified Investment Fund (The Fund).

The Investment Collective, formerly Capricorn Investment Partners, established The Fund in January 2008 with its foundation asset being an investment in CB Grand Pty Ltd, a company owning a commercial property in Rockhampton, Central Queensland. Since then, additional investments have been made in bonds and small cap shares with pleasing results in volatile markets.*

The Fund continues to expand and diversify in order to broaden its investment base and take advantage of current opportunities. This strategy will see The Fund invest in financial assets that may include companies or other unit trusts that invest in asset classes such as Australian and international equities, property and fixed interest. The Fund seeks to provide a diversified portfolio with the potential for capital growth and the accumulation of income while spreading risk across multiple asset sectors.

The Responsible Entity for The Fund is CIP Licensing Limited, part of the CIPL (Holding) Limited group.

The benefits that you may derive from investing in The Fund include:

- Access to nationally recognised investment managers
- A competitive fee structure
- Access to a diversified portfolio of selected assets offering a combination of income and capital growth over the medium to long term
- An opportunity to be involved in the long term commercial future of Australia, with a special focus on capital assets, and specialist mandated investments by external parties
- The Fund is structured to be "small investor" friendly with a minimum investment of \$500 when combined with a regular contribution plan

I encourage you to read this PDS in full, including the risks of investing in The Fund, before making an investment decision. If you have any questions regarding the Offer or completing the Application Form, please seek independent advice.

On behalf of my fellow directors, I commend The Fund to you and look forward to welcoming you as an investor in The Fund.

Yours sincerely



David French
Chairman
CIP Licensing Limited

* Please note that past performance by The Fund is not necessarily a guide to future performance.

3 Key Features of the Offer

Below is a brief summary of the Offer. These are highlights only and need to be read in conjunction with the entirety of this PDS, including the sections referred to below.

Features	Summary	More Detail
What is offered?	Ordinary units in an open-ended unit trust.	Section 4.1
How will the money raised be applied?	<p>CIP Licensing Limited intends to invest the money raised in accordance with the investment strategy outlined in this PDS.</p> <p>Cash obtained from investors is initially held in a cash management account while investments consistent with the strategy are identified and the strategy is implemented.</p> <p>Distributions are to be made quarterly where income is available.</p>	Sections 6, 7 and 8
What is the investment strategy of The Fund?	<p>The Fund will invest in financial assets, which may include companies or other unit trusts that invest in asset classes such as:</p> <ul style="list-style-type: none"> • Australian equities • Australian property and infrastructure • Bonds and other interest bearing instruments • International equities via selected fund managers • Call options issued against existing assets held as an asset of The Fund (covered call options); and • Cash <p>A dividend reinvestment accumulation strategy will be applied where appropriate. Investments that offer high dividend yields will be sought to enhance the liquidity of The Fund. This will also provide cash for new investment opportunities.</p>	Section 6
What are the significant benefits of The Fund?	<p>The significant benefits that you may derive from investing in The Fund include:</p> <ul style="list-style-type: none"> • Gain access to nationally recognised investment managers • A competitive fee structure • Access to a diversified portfolio of selected assets offering a combination of income and capital growth over the medium to long term • An opportunity to be involved in the long term commercial future of Australia, with a special focus on infrastructure, capital assets, and specialist mandated investments undertaken by external parties • The Fund is structured to be “small investor” friendly with a minimum investment of \$500 when combined with the regular contribution plan offered to investors 	Sections 2 and 5

Features	Summary	More Detail
What are the key risks of The Fund?	<p>Investors in The Fund will be subject to a number of risks, including:</p> <ul style="list-style-type: none"> • Markets for The Funds assets may move adversely • A lack of availability of suitable investment opportunities • Risks associated with the underlying investments of The Fund, for example, property investment risk • An investment in The Fund should be considered illiquid • Taxation risk arising from changes in tax law 	Section 13
What are the product features and terms?	<ul style="list-style-type: none"> • Distributions are to be made quarterly where income is available • There is no right to redeem units or to withdraw from The Fund 	Section 4, 5 and 6
What are the fees and other costs payable by unitholders?	<ul style="list-style-type: none"> • There is no entry or exit fee. However, investors will incur a buy/sell spread. The buy/sell spread is 0.5 percent (0.25 percent on application for units and 0.25 percent on redemption of units) • The Responsible Entity will be paid a management fee from The Fund of 0.99 percent per annum (including GST) of the gross assets of The Fund. Under the constitution the Responsible Entity is entitled to a management fee of 1.65 percent (including GST), however, it has agreed to accept a lower fee until otherwise notified to unitholders • The Responsible Entity is entitled to be reimbursed from The Fund for expenses properly incurred in performing its duties. These are expected to be approximately 0.5 percent per annum (excluding GST) of the gross assets of The Fund 	Section 10
What are the significant tax implications?	There are tax implications arising from investing in The Fund.	Section 12 Reference Guide: Taxation
Borrowing policy of The Fund	The Funds Constitution allows the Responsible Entity to borrow money for The Fund. The Responsible Entity has a policy of allowing borrowings of no more than 30 percent of the assets of The Fund.	Section 5.4
Is there a cooling-off period?	No cooling-off period applies to an investment in The Fund whilst The Fund is considered not "liquid" for the purposes of the Corporations Act.	Section 4.8
How can further information be obtained?	<ul style="list-style-type: none"> • Speak to your stockbroker, financial adviser, accountant or other professional adviser • Call the Responsible Entity on 1800 679 000 	Section 4.9
Contact details	For contact details, see the Corporate Directory at the end of this PDS.	Section 17

4 The Offer in Detail



4.1 The Offer

You are invited to subscribe for units in The Fund. The units are fully paid ordinary units.

4.2 Who can invest?

This PDS does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer.

The distribution of this PDS in jurisdictions outside Australia may be restricted by law and persons who come into possession of it should seek advice on and observe any such restrictions.

Any failure to comply with such restrictions may constitute a violation of applicable securities law. The return of a duly completed Application Form will be taken to constitute a representation and warranty by the applicant to the Responsible Entity that there has been no breach of such laws and that all necessary approvals have been obtained to make the application.

The electronic copy of this PDS is available online at:

www.investmentcollective.com.au/services/cdif. Paper copies of this PDS, including the accompanying Application

Form, are available free of charge by calling the Responsible Entity on 1800 679 000.

4.3 How to invest

You can invest by completing and lodging the Application Form attached to, or accompanying this PDS or the electronic PDS.

Application Forms must be completed in accordance with the instructions set out in or accompanying the Application Form.

The minimum investment that you can make is \$2,000 (if you do not participate

in the regular contribution plan). There is no maximum investment that you can make. The minimum monthly ongoing contribution is \$100 with an initial contribution of \$500.

The regular monthly contributions of \$100 are to be made on the 25th calendar day of each month. Units will then be issued on the last business day of the month or any other day approved by CIPLL, at the prevailing issue price.

You can participate in the regular contribution plan by:

- making regular direct debit payments. This is done by selecting this option on the Application Form and filling in the relevant details
- giving appropriate instructions and arranging payment through your instructing dealer; or
- making a direct credit payment into the following account.

BSB: 655-000

A/C No: 200 385 755

A/C Name: CIP Licensing Ltd
<CDIF Application Account>

Participation in the regular contribution plan can be postponed or cancelled by you at any time by notifying us in writing.

The Responsible Entity may terminate, suspend or alter the regular contribution plan in its discretion at any time, by placing a notice on the Responsible Entity's website. The termination, suspension or alteration will not take effect until at least seven days after the notice is posted on the Responsible Entity's website.

The Application Form must be accompanied by a cheque made payable to "Capricorn Diversified Investment Fund Public Offer" and crossed "not negotiable". We will not accept cash, credit cards or foreign currency payments.

You should ensure that sufficient funds are held in the relevant account to cover the payment. If the amount of your payment is insufficient to pay for the

number of units you have applied for in your Application Form, your application may be rejected.

Your completed Application Form and cheque (if paying by cheque) should be mailed to:

Capricorn Diversified Investment Fund
PO Box 564, Rockhampton Qld 4700

or delivered to:

Capricorn Diversified Investment Fund
Suite 4, 103 Bolsover Street,
Rockhampton Qld 4700

The Fund is open ended, which means there is no fixed closing date.

4.4 Acceptance of applications

A completed Application Form is an irrevocable offer to the Responsible Entity to subscribe for units on the terms and conditions set out in this PDS.

The Responsible Entity reserves the right to reject any application, including applications that have not been correctly completed or accompanied by payments that are dishonoured, or to allocate to any applicant a lesser number of units than that applicant applied for.

If an application is rejected, or accepted in part only, the relevant part of the surplus application money will be refunded (rounded down to the nearest whole cent). No interest will be paid to applicants on any application money refunded.

4.5 Integrity of this PDS

The Responsible Entity will not accept a completed Application Form if it has reason to believe that the applicant has not received a complete paper or electronic copy of this PDS or if it has reason to believe that the Application Form or electronic copy of this PDS has been altered or tampered with in any way.

Although the Responsible Entity believes that it is unlikely that during the offer period, the electronic version of this PDS will be tampered with or altered in any way, the Responsible Entity cannot give any absolute assurance that this will not occur. Any applicant in doubt concerning the validity or integrity of an electronic copy of this PDS should immediately request a paper copy of this PDS directly from CIP Licensing Limited or the applicant's stockbroker or financial adviser. Additional copies of this PDS are available from the Responsible Entity's website at:

www.investmentcollective.com.au/services/cdif.

4.6 Issue of Units

Units are issued on a monthly basis, in respect of applications received. Units will be issued at the prevailing issue price calculated under the Constitution.

4.7 Rights attaching to Units

The units offered under this PDS will rank equally with the units currently on issue, except that units offered under this PDS will rank for any distribution from The Fund from the first day following the date on which they are issued. The rights attached to all units are detailed in the Constitution. A summary of the important terms of the Constitution are set out in section 14.1 of this PDS.

4.8 Cooling off period

A cooling-off period will only apply to the extent that The Fund is considered "liquid" for the purposes of the Corporations Act.

4.9 Enquiries

If you have read this PDS and have any questions, please call the Responsible Entity on 1800 679 000 or contact your stockbroker, financial planner or other professional adviser.

5 About The Fund

5.1 Structure of The Fund

The Fund is an unlisted, open-ended unit trust.

The Fund has been registered as a managed investment scheme under the Corporations Act.

The Fund is managed by the Responsible Entity, which is CIP Licensing Limited. The role of the Responsible Entity is to ensure that The Fund is managed in the best interests of unitholders.

Legal title to the assets of The Fund is held by the Custodian, The Trust Company (Australia) Limited, as an agent of the Responsible Entity. The Custodian does not have a supervisory role in relation to the operation of The Fund.

5.2 History of The Fund

The Fund was established in January 2008. The first investment by The Fund was in CB Grand Pty Ltd, which owns Suncorp House in Rockhampton, Queensland.

The current assets of The Fund are described in Section 8.

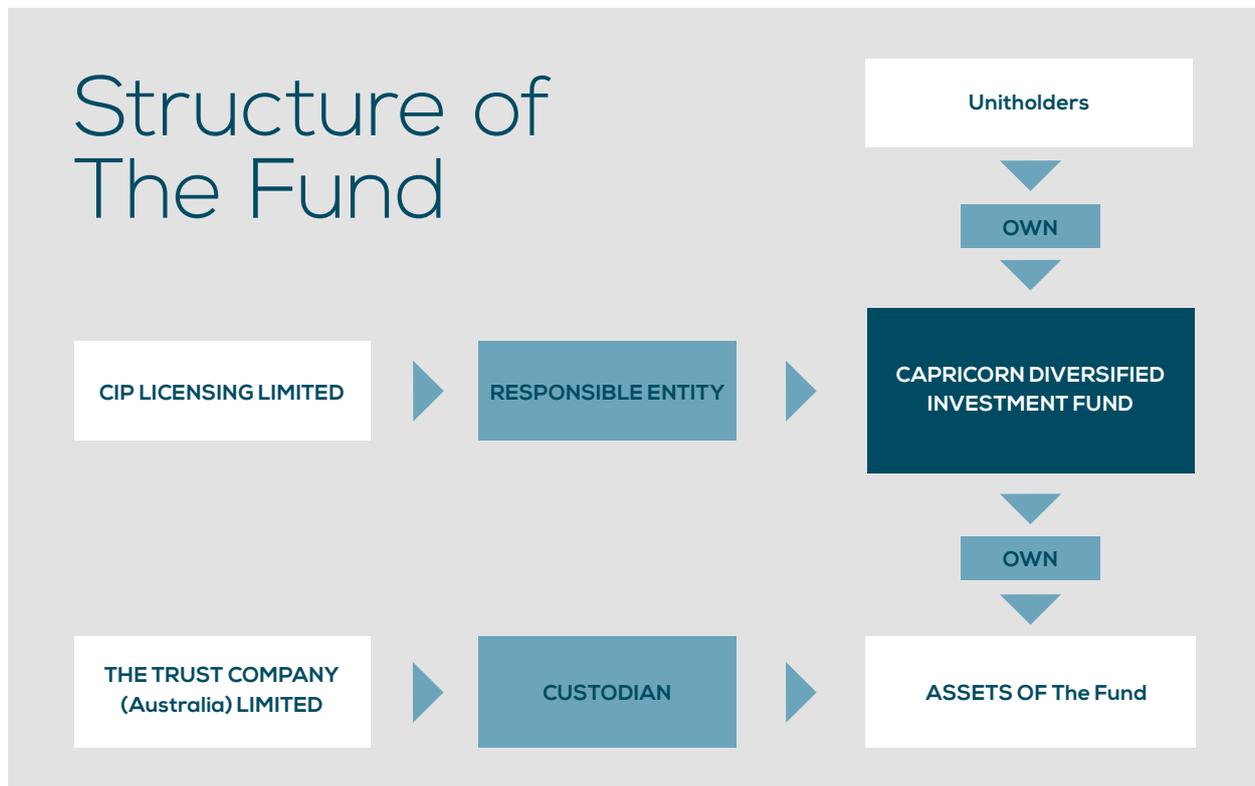
5.3 Investment objectives

The overriding objective of The Fund is to create value for unitholders. This is measured by growth in net assets and earning distributions to unitholders. The Fund aims to deliver a gross distribution return of 8 percent per annum, with capital growth over the long term. There is no guarantee that

The Fund's objective will be achieved. This objective is not a forecast. It is merely an indication of what The Fund aims to achieve on the assumption that markets remain relatively stable.

The Fund has the following specific objectives:

- Maintain a low fee structure
- Be "small investor" friendly
- Achieve above index returns for individual asset classes over the medium to long term
- Provide a diversified investment portfolio consisting of investments in financial assets that may have an interest in Australian equities, property, cash and, through selected fund managers, international equities





- Combine investments that generate income and provide the potential for capital growth
- Maintain a medium risk profile
- Where possible, select financial assets that have a presence in regional Australia
- Pay quarterly income distributions (see section 5.5)

5.4 Borrowing policy

The Fund's Constitution allows the Responsible Entity to borrow money for The Fund. The Responsible Entity has a policy of allowing borrowings of no more than 30 percent of the assets of The Fund.

5.5 Quarterly distribution payments

The Constitution provides for distributions to be paid from The Fund to unitholders on a quarterly basis for each period ending 31 March, 30 June, 30 September and 31 December. Distributions are to be paid not more than 90 days after the end of the relevant quarterly distribution period unless distributions are to be reinvested.

5.6 Redemption of Units

A unitholder does not have a right to redeem units (redemption is referred to as withdrawal in the Constitution and the Corporations Act).

As at the date of this PDS The Fund is illiquid. If The Fund is not liquid then you may only redeem your units if the Responsible Entity makes a redemption offer to unitholders. The Responsible Entity is not obliged to make a redemption offer. You should therefore consider your investment to be illiquid.

5.7 Labour standards and ethical, social and environmental considerations

Although the Responsible Entity intends to conduct its affairs in an ethical and sound manner, its investment process in assessing potential investments does not include giving additional weight to labour standards, social or ethical considerations in selecting, retaining or realising investments of The Fund.



6 Investment Strategy

6.1 The investment strategy of The Fund is to:

- Only invest in financial assets, which may include companies or other unit trusts that invest in asset classes such as equities (Australian and international), property and fixed interest
- Be a “long-only” fund, comprising a portfolio of ASX listed assets and complementary unlisted investments
- Enhance yield by selling call options against a portfolio of large capitalisation Australian equities held by The Fund for that purpose; and
- Where appropriate take positions in unlisted infrastructure and property related entities.

The weightings for each asset class will be determined by The Fund’s investment committee from time to time. More information on the investment committee is contained in Reference Guide: Corporate Governance, available from The Fund’s website www.investmentcollective.com.au/services/cdif or from the Responsible Entity on request, free of charge.

The table below shows portfolio weightings for The Fund. The weightings are indicative only and the Responsible Entity may apply other weightings.

Indicative portfolio weightings (%)

	Minimum weighting	Maximum weighting
Australian shares	0	100
Financial assets that invest in property and infrastructure	0	100
Fixed interest	0	100
Other unlisted investments	0	100
Cash	0	100

6.2 The Responsible Entity intends to mitigate risk through the following:

- In depth research of investment opportunities as per CIP Licensing Limited’s research and investment policy
- Including cash generating investments in the portfolio, which serve to mitigate volatility
- The construction of a diversified portfolio, including financial asset investments in asset classes such as Australian shares, international shares, fixed interest investments, cash, and indirect property and infrastructure investments
- Use of simple asset backed options strategies (covered calls) to increase income to The Fund. Call options may only be sold against large capitalisation Australian equities held by The Fund for that purpose. Selling call options against large capitalisation stocks involves selling the right to capital appreciation of an investment, in return for a premium paid by the buyer of the call option. This strategy is expected to increase the level of income generated by The Fund, while maintaining the expected risk profile
- A preference for investments with a clear exit mechanism or obvious liquidity.

There is no guarantee that these strategies will remove the risks associated with an investment in The Fund. See section 13 for a description of the risks of such an investment.

6.3 The CDIF Investment Committee’s objective is to construct and maintain a portfolio that meets the requirements of:

- Matching identified fund risk profile to portfolio risk
- Balancing income and growth requirements
- Achieving generally accepted financial standards for diversity; and
- Lowering overall cost of management for investors.

6.4 The Fund’s investment portfolio is to be structured such that:

- There is diversification across the various assets and
- There is diversification within the individual asset classes (for example, listed equities would include a range of market sectors, such that exposure to an individual industry is kept to an acceptable level).

6.5 As a result of this strategy, the broad investment criteria for The Fund are as follows:

- An investment must comply with The Fund’s investment strategy to maintain a diversified portfolio;
- An investment must assist in meeting The Fund’s investment objective of paying quarterly income distributions; and
- The Fund’s investment committee must approve each investment.

7 Investment Process

The objective of The Fund is to generate returns over time commensurate with those of the equity market with lower year to year volatility in income and asset value. The Fund will also have a bias towards recurring income as opposed to capital gains.

To do this The Fund will invest primarily in assets that are assessed to have stable year to year returns. In general this stability will come at a cost in terms of liquidity. The assets of The Fund are anticipated to be often beyond the capabilities of the average individual due to scale (i.e. minimum investment requirement), liquidity and the requirements of management or analytical time and expertise. The portfolio will be regularly reviewed to ensure consistency with The Fund's objectives in light of prevailing economic and market conditions, and issues related to specific investments.

The assets held by The Fund will be selected by the investment committee, using a wide range of independently researched information and analysis. The role of the investment committee is to:

- Ensure that continued ownership of the asset is consistent with the objectives of The Fund;
- Review the performance and status of investments held by The Fund to ensure that the returns expected prior to the investment are being met and are likely to continue being met in the foreseeable future;
- If an asset is underperforming, or expected to underperform in future due to changing or previously unforeseen economic or competitive conditions, determine what remedial action can and ought to be taken;
- If an asset has performed extremely well determine whether future returns will be commensurate with the objectives of The Fund or whether the asset should be divested; and,
- Identify and analyse potential new investments for The Fund that will enable the objectives of The Fund to be met on a sustainable basis over the longer term.

The Investment Committee will normally be expected to utilise internal

resources in determining the suitability or otherwise of new assets for inclusion in The Fund. These will include:

- In-house financial modelling and analysis;
- Visits to the site or operations of the investment, discussions with competitors and customers to assess market conditions, market position and management capability;
- Specialist input from professionals (for example, valuers, architects, engineers and other experts) where appropriate;
- Publications by Government bodies, particularly data related publications from the RBA, ABS and BREE;
- Industry related data sources;
- Analysis of company annual reports;
- A network of professionals in established financial centres including Sydney and Melbourne;
- For listed assets, a panel of brokers who provide a wide range of daily investment research and commentary.

8 Current Assets of The Fund

Information is provided in the Reference Guide: Current Assets of The Fund, available at the end of this document.

An electronic copy of this PDS and reference guides are available from the Responsible Entity's website at:

www.investmentcollective.com.au/services/cdif

This information may change between the time you read this PDS and the date units in The Fund are issued to you.





9 About CIP Licensing Limited

9.1 Overview of CIP Licensing Limited

CIP Licensing Limited is the Responsible Entity of The Fund and holds Australian Financial Services Licence no. 471728 issued by ASIC under the Corporations Act.

CIP Licensing Limited is part of the The Investment Collective group of companies. The structure of that group is set out below.

The current range of services offered by CIP Licensing Limited is:

- acting as a responsible entity for the Capricorn Diversified Investment Fund and the Merchant Opportunities Fund
- financial planning
- share trading
- self-managed superannuation funds administration service
- mortgage broking services

- life insurance broking; and
- providing business advice for financial and professional services firms

As at the date of this PDS, CIP Licensing Limited is responsible for maintaining and managing assets of more than \$550 million.

9.2 Corporate Governance

The Responsible Entity is required to manage the affairs of The Fund in accordance with The Fund's Constitution and the Corporations Act.

CIP Licensing Limited and its directors are committed to appropriate corporate governance practices and in providing full disclosure to investors about those corporate governance practices.

9.3 Board of Directors

The board sets the strategic direction of The Fund and has ultimate responsibility for the management of The Fund.

The Board has five directors, two of

whom are independent, non-executive directors.

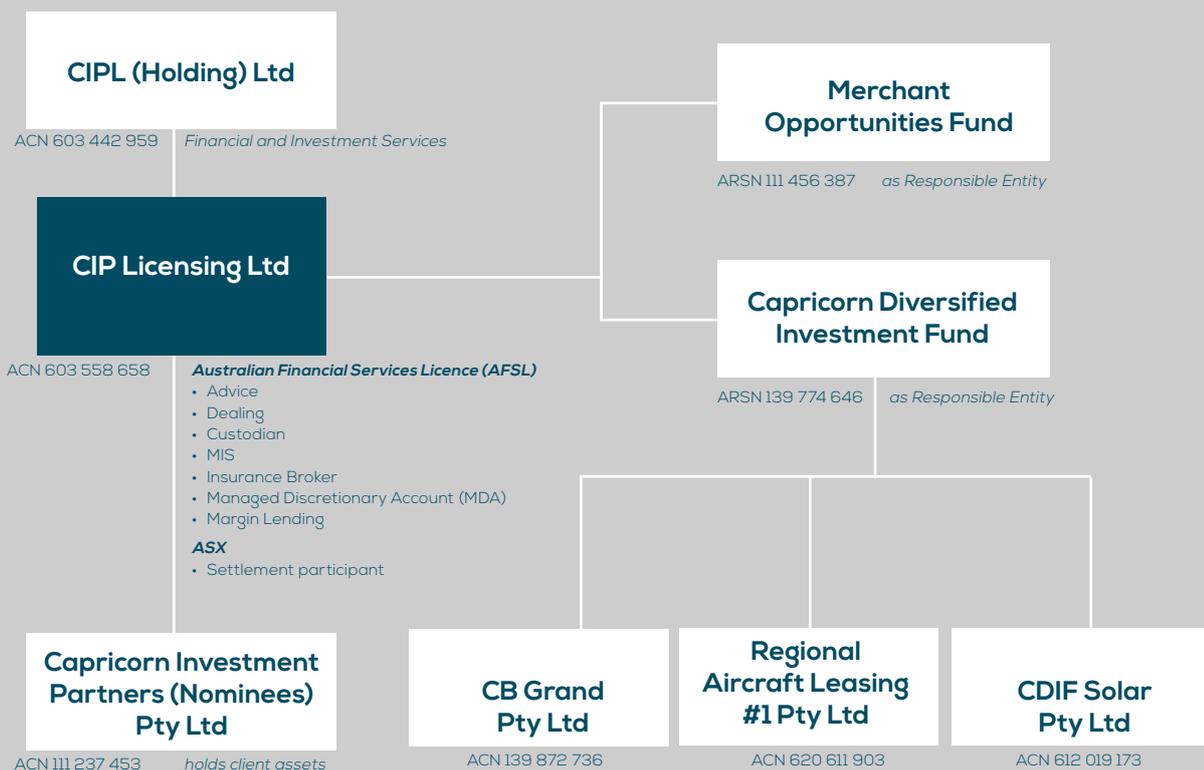
In addition, the board has established the following committees to assist it in discharging its responsibilities:

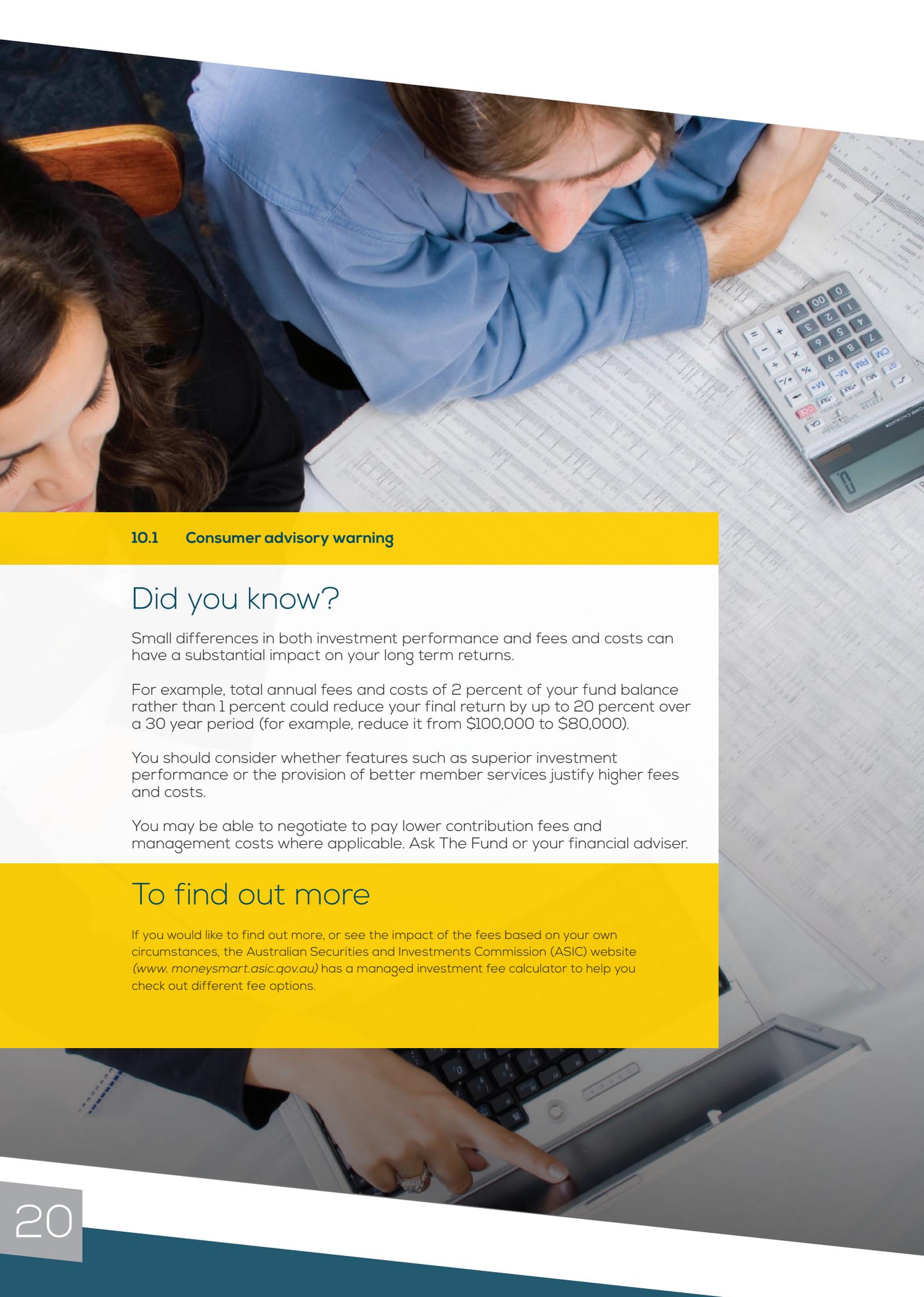
- an audit committee
- a compliance committee and
- an investment committee

Further information on the board of the Responsible Entity, its senior management team and committees are provided in the Reference Guide: Corporate Governance, available from The Fund's website www.investmentcollective.com.au/services/cdif or from the Responsible Entity on request, free of charge.

The information on the board of the Responsible Entity, its senior management team and committees may change between the time you read this PDS and the date units in The Fund are issued to you.

Group Structure Chart





10.1 Consumer advisory warning

Did you know?

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

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

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

You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask The Fund or your financial adviser.

To find out more

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

10 Fees and other Costs

10.2 Table of fees and costs

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

All fees and costs in this section are presented inclusive of goods and services tax less any inputs tax credits.

None of the fees or other costs set out in this section are negotiable.

Tax costs are discussed in section 12 of this PDS.

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

Type of fee or cost	Amount	How and when paid
Fees when your money moves in or out of The Fund		
Establishment fee: The fee to open your investment.	Nil.	Not applicable.
Contribution Fee: The fee on each amount contributed to your investment.	Nil.	Not applicable.
Withdrawal Fee: The fee on each amount you take out of your investment.	Nil. You will, however, incur a buy/sell spread if you withdraw from The Fund. See section 10.3.2 for more details.	Not applicable.
Exit Fee: The fee to close your investment.	Nil.	Not applicable.
Management costs*		
Management fee: The fees and costs for managing your investment.	The Responsible Entity will be paid a management fee from The Fund of 0.99% per annum (including GST) of the gross assets of The Fund. Under the constitution the Responsible Entity is entitled to a management fee of 1.65 percent (including GST), however, it has been agreed to accept a lower fee until otherwise notified to unitholders.	In cash payable monthly in arrears, paid out of the assets of The Fund.
Other management costs: The ongoing costs and expenses of operating The Fund.	Approximately 0.5% of funds under management.	In cash as incurred, paid out of the assets of The Fund.
Service fee		
Investment switching fee: The fee for changing investment options.	Nil	Not applicable.

*For further information on, and examples of, these costs please see sections 10.3 and 10.4 of this PDS.

10.3 Additional explanation of fees and costs

10.3.1 Reimbursement of costs and expenses incurred by the Responsible Entity

Subject to the Corporations Act, under the Constitution, the Responsible Entity is entitled to be reimbursed out of the assets of The Fund for all expenses incurred in relation to the proper performance of its duties in respect of The Fund. These costs include expenses properly incurred in the administration, custody, management, compliance and promotion of The Fund.

10.3.2 Transactional and operational costs

In addition to the fees and costs set out in the table in section 10.2 of this PDS, when you invest in The Fund CIP Licensing Limited will buy assets. The purchase of assets incurs transaction charges (e.g. stamp duty). If you withdraw from The Fund, assets may need to be sold so that cash can be paid to you (e.g. agent's commission). The money paid to agents or government as the result of undertaking a transaction underlies the buy-sell spread.

A buy-sell spread is an adjustment to the unit price reflecting CIP Licensing Limited's estimate of the transaction costs that may be incurred as a result of the purchase or sale of assets arising from the issue or withdrawal of units. This adjustment ensures that existing investors do not pay costs associated with other investors acquiring or withdrawing units.

Currently, the buy-sell spread is estimated to be 0.5 percent of the unit price. So if the net asset value of each unit is \$1.00, on entry the unit price is adjusted up approximately 0.25 percent (up \$1.0025) and on withdrawal down approximately 0.25 percent (down \$0.9975). None of this amount is paid to CIP Licensing Limited nor is money deducted from your account. This means that you will not see the buy-sell spread on any account statement.

10.4 Example of annual fees and costs

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

Example		Balance of \$50,000 with a contribution of \$5,000 during year
Contribution fees	Nil	For every \$5,000 you put in, you will be charged \$nil.
PLUS management costs	1.49%	And , for every \$50,000 you have in The Fund you will be charged \$745 each year.
EQUALS cost of Fund		If you had an investment of \$50,000 at the beginning of the year and put in an additional \$5,000 during that year, you would be charged fees of \$819.50.

* Management costs have, as required by law, been calculated using the indirect cost ratio determined for the financial year before this PDS was issued (see section 10.5 of this PDS for further information on the indirect cost ratio).

10.5 Indirect cost ratio

The management costs in this section have been calculated using the indirect cost ratio (ICR) for The Fund.

The ICR is expressed as a percentage

of the net asset value of The Fund and provides a ratio of the management costs that are not deducted directly from a unitholder's account to The Fund's total average net assets. It includes management fees and expense recovery. It does not include transaction costs or other costs charged directly to a unitholder.

CIP Licensing Limited charges a management fee of 0.99 percent and recovers costs of up to 0.5 percent. The maximum ICR is therefore 1.49 percent. Below is an example of the calculation of the ICR:

Net assets	\$10,000,000
Management fees (0.99%)	\$99,000
Expense recovery (0.5%)	\$50,000
ICR	1.49%

10.6 Can the fees change?

Yes, all fees can change. Reasons for changing fees might include changing economic conditions and changes in regulation.

The Constitution sets out the fees the Responsible Entity is entitled to receive (such fees being set out in the table in section 10.2 of this PDS). In order to change these fees, the Responsible Entity must amend the Constitution. If the Responsible Entity amends the Constitution to increase its fees, the Responsible Entity must first obtain the approval of unitholders unless it reasonably considers that the increase will not adversely affect unitholders' rights.

You will be given at least 21 days written notice if the fees are to increase. The Responsible Entity reserves the right to waive any of the fees described in this PDS without prior notice.

11 Financial Information



Reference Guide: Financial Information, available from The Fund's website or from the Responsible Entity on request, free of charge, contains a description of the assets held by The Fund and unit price history of The Fund. The latest set of audited financial accounts is available at the end of this document.

An electronic copy of this PDS and reference guides are available from the Responsible Entity's website at:

www.investmentcollective.com.au/services/cdif

This information may change between the time you read this PDS and the date units in The Fund are issued to you.

12 Taxation Statement & Opinion

Reference Guide: Taxation provides a broad summary of the taxation consequences for unitholders associated with the ownership of units in The Fund. The reference guide is available at the end of this document or from the Responsible Entity on request, free of charge.

An electronic copy of this PDS and reference guides are available from the Responsible Entity's website at:

www.investmentcollective.com.au/services/cdif

This information may change between the time you read this PDS and the date units in The Fund are issued to you.



13 Risk Factors

13.1 Introduction

You should be aware that there are risks associated with an investment in units in The Fund, many of which are outside the control of the Responsible Entity.

The risks associated with an investment in The Fund can be broadly categorised as including:

- general business risks associated with The Fund; and
- general economic risks.

The future performance of The Fund, the level of future distributions, the value of the assets of The Fund and the value of units may be influenced by any of these risk factors. You should consider these risks and how they may affect your investment.

A summary of these risks is set out below. This summary is not, however, an exhaustive list of the risks associated with an investment in The Fund. You should read this PDS in full, and are encouraged to seek professional advice, before deciding whether to invest in The Fund.

13.2 General business risks associated with The Fund

13.2.1 Market risk

Market risk represents the risk that markets for The Fund's assets may adversely move in a direction or manner not foreseen or predicted.

13.2.2 Asset risk

As an investor in The Fund, you will be exposed to the risks associated with

each of the underlying investments. The risk will vary depending upon the nature of the underlying investment's business, and the business risks associated with this particular business.

Currently the main asset of The Fund is shares in CB Grand, a company that owns a commercial property, Suncorp House. There are particular risks associated with real estate:

Property market fluctuations:

the value of real estate and the return generated from it may be affected by fluctuation in property market conditions. Rental income and the market value of property may be adversely affected by a number of factors including local real estate condition, the availability of tenants, the development of



competing buildings and increased operational costs.

The insolvency or default of tenants:

the rental income from property may be reduced if tenants default on their rent or other obligations under the lease with The Fund or become bankrupt or enter into liquidation proceedings.

Lease extensions: there is a risk that the income generated by an indirect property asset of The Fund will fall if tenants do not extend their leases at the end of their lease terms, or new leases are not granted.

Development risks: any income generated from the redevelopment of an indirect property asset held by The Fund will be subject to construction being completed on time, obtaining the necessary governmental approvals on time and the ability to obtain suitable funding for such redevelopment.

13.2.3 Gearing risk

Any borrowing by the Responsible Entity to grow the size of The Fund (known as gearing or leveraging) could enhance the potential for capital gain if The Funds assets increase in value. It may, however, also increase any capital loss if the value of any or all assets fall compared to an investment in an asset that has no borrowings.

13.2.4 Future acquisition risk

The Responsible Entity intends to grow the size of The Fund by the acquisition of additional assets. The rate at which The Fund expands will depend on market conditions and the availability of suitable acquisition opportunities. Slower than expected expansion may hinder growth in the value of The Fund and the level of distributions from The Fund.

13.2.5 Liquidity of investment in The Fund

An investment in The Fund should be considered as illiquid, as there is no right of a unitholder to redeem their units nor is there an established secondary market for the sale of units.

13.2.6 Liquidity of underlying investments

The underlying securities of The Fund

may not be easily converted into cash at short notice to realise underlying investment positions or to redeem The Funds investments. Investments in illiquid securities may reduce the returns of The Fund because it may be unable to sell the illiquid securities at an advantageous time or price.

13.2.7 Taxation risk

The returns from The Fund may be influenced by tax laws or their interpretation.

Changes in tax law, or changes in the way tax law is expected to be interpreted in the jurisdictions in which The Fund will operate, may affect the expected tax liabilities of The Fund.

As set out in Reference Guide: Taxation, under the current income tax legislation, The Fund is generally not liable to Australian income tax, including Capital Gains Tax, if it distributes all of its income. You should be aware, though, that should the actions or activities of The Fund cause it to be treated as a trading trust, The Fund may be taxed on its net income at a rate that is currently equivalent to the corporate income tax rate of 30 percent.

13.2.8 Insurance risk

Although the Responsible Entity is confident of arranging appropriate insurance for the risks associated with ownership of the assets of The Fund, there is no certainty that such insurance will continue to be available or that the cost of insurance premiums will not change. If the cost of insurance premiums increases this may reduce the profit of The Fund and thus the amount available for distribution to unitholders.

13.2.9 Changes to accounting standards

Changes to the accounting standards applied in Australia could adversely affect The Fund's reported earnings performance in any given period and its financial position from time to time.

13.2.10 Currency risk

The Fund will issue units denominated in Australian dollars. However, The Fund may have exposure to currencies other than Australian dollars through any international investments. Investments in foreign securities involve the risk

of currency fluctuations between the Australian dollar and the currency in which the investment is made.

13.2.11 Key person risk

The returns of The Fund may depend on the management and technical skill of a particular individual or team. This risk relates to particular key individuals no longer being able to fulfil their obligations within the investment and administration process of the Responsible Entity.

13.2.12 Over selling covered call options

The covered call option strategy is not in itself expected to contribute to the overall risk of The Fund. The risk exists that an administrative error may lead to selling more call options than can be "covered" by the underlying shares held by The Fund. In the case of such an error, The Fund would need to purchase an equivalent amount of shares that had been sold under the call option. If the share price of the underlying shares had increased above the strike price of the option, The Fund may incur a loss.

13.3 General economic risks

13.3.1 Economic conditions and world events

Economic conditions, including the level of employment, investment, consumer spending, consumer confidence, inflation and investment market performance generally, may adversely affect the profitability of The Fund, the value of its assets and the value of units.

The occurrence of major world events such as war and terrorist attacks may also have an adverse effect on the profitability of The Fund, the value of its assets and the value of units.

13.3.2 Changes in law and government policy

Changes in government legislation and policy in those jurisdictions in which The Fund operates may have an adverse effect on the profitability of The Fund, the value of its assets and the relative attractiveness of investing in the units.

14 Important Documents

Below are summaries of the important documents concerning The Fund. The summaries are not meant to be, and should not be relied upon, as being exhaustive.

14.1 Fund Constitution

The Fund is governed by a Constitution.

The Constitution is the primary document governing the relationship between the unitholders and the Responsible Entity and the terms and conditions of the units. The Constitution is legally enforceable between the unitholders and the Responsible Entity, and the unitholders agree to be bound by its terms.

The Responsible Entity can amend the Constitution if the change does not adversely affect the rights of unitholders. Otherwise, the change must be approved by a special resolution passed by unitholders at a general meeting.

For further information about the Constitution of The Fund, you should read the Reference Guide: Constitution, available from The Fund's website: www.investmentcollective.com.au/services/cdif or from the Responsible Entity on request, free of charge. The constitution may change between the time you read this PDS and the date units in The Fund are issued to you.

14.2 Compliance plan

The Responsible Entity has adopted a compliance plan in respect of The Fund. The compliance plan has been lodged with ASIC.

The compliance plan sets out the key measures and procedures that the Responsible Entity will apply to ensure compliance with the requirements of the Corporations Act and the Constitution. Those measures and procedures apply to a variety of issues, including the safe keeping of Fund property, the valuation of Fund property, insurance of Fund property, the investment strategy of The Fund, income of and distributions from The Fund and dealings with external service providers.

Under the Corporations Act the Responsible Entity has power to modify the compliance plan or repeal it and replace it with a new compliance plan. Any modification or new compliance plan must be lodged with ASIC.

14.3 Custody deed

The Responsible Entity has entered into a custody deed with the Custodian under which the Responsible Entity has appointed the Custodian to hold the assets of The Fund on the Responsible Entity's behalf.

The Custodian is entitled to be paid fees by the Responsible Entity for the performance of its custodial services. Those fees are included in the management costs set out in the table of fees and costs in section 10.2 of this PDS.

The Responsible Entity indemnifies the Custodian for any act or omission of the Custodian in the proper performance of the Custodian's duties under the custody deed.

The Custodian agrees to exercise all due care and diligence in carrying out its duties. If it does so, the Custodian is not liable to the Responsible Entity for any loss caused by: events beyond the Custodian's reasonable control; errors by the Responsible Entity in giving proper instructions to the Custodian; acts, omissions or insolvency of a clearing agency of securities approved by the Responsible Entity; or complying with a proper instruction from the Responsible Entity.

Either party may terminate the custody deed by giving 90 days' notice to the other party unless a different period is agreed in writing. Either party may also terminate the custody deed if there is a change of control of the other party, the other party ceases to carry on business or becomes insolvent or the other party commits a material breach of the custody deed that is not remedied.

15 Additional Information

15.1 Complaints handling policy

We value you and we are here to handle your complaint should you have one. These simple steps will help streamline the process. Any complaints that you may have about our services are managed by our Responsible Entity, CIP Licensing Limited, AFSL 471 728. CIP Licensing Limited uses the trading name of The Investment Collective and their details are shown below.

To lodge a complaint, contact The Investment Collective by either email, letter or telephone. Provide as much detail about the complaint as you can. Your complaint will be investigated by the Compliance Manager, who will acknowledge your complaint as soon as possible, normally within two business days. The Compliance Manager may ask you for further information and you have the right to request information that you need in establishing your complaint.

The Compliance Manager will keep you up to date on the progress of the investigation. Once the investigation into your complaint is finalised, the Managing Director of The Investment Collective will advise you of the outcome. Retail investors have recourse to external dispute resolution if you do not receive a satisfactory outcome within 45 days. Retail investors can lodge a complaint with the Australian Financial Complaints Authority, or AFCA. AFCA provides fair and independent financial services complaint resolution that is free to consumers.

CIP Licensing Limited (The Investment Collective)

Website: www.investmentcollective.com.au

Email: enquiries@investmentcollective.com.au

Telephone: 1800 679 000

In writing to: The Investment Collective, Suite 4, 103 Bolsover Street, Rockhampton, QLD, 4700

Australian Financial Complaints Authority (AFCA)

Website: www.afca.org.au

Email: info@afca.org.au

Telephone: 1800 931 678 (free call)

In writing to: Australian Financial Complaints Authority, GPO Box 3, Melbourne VIC 3001

15.2 Privacy

The Application Form accompanying this PDS requires you to provide information that may be personal information for the purposes of the Privacy Act.

The Responsible Entity (and any unit registry on its behalf) may collect, hold and use that personal information in order to assess your application, service your needs as an investor and to administer The Fund.

The information may also be used to send you marketing material relating to The Fund, which the Responsible Entity considers may be of interest to you. If you do not want your information used for this purpose, you may indicate this by marking the appropriate box on the Application Form.

Access to your personal information may also be provided to external service providers of The Fund, including custodians, auditors, taxation and legal advisers and information technology consultants. The Responsible Entity will also disclose information if required by law to do so (including under anti-money laundering and counter-terrorism financing legislation).

If you do not provide the information requested of you in the Application Form, the Responsible Entity may not be able to process your application or administer your holding of units appropriately.

Under the Privacy Act, you may request access to your personal information held by or on behalf of the Responsible

Entity. You can request access to your personal information by telephoning or writing to The Investment Collective, whose contact details are set out in the corporate directory in section 17 of this PDS.

15.3 Anti-money laundering and counter-terrorism

In order for the Responsible Entity to meet its obligations under the AML/CTF Act in Australia, the Application Form seeks various details about you. Further information may also be required from you regarding your identity, the source of your funds and similar matters. The Responsible Entity may be required to verify that information by sighting appropriate documentation. If you do not provide the information requested, or if there is a delay, your investment may not be able to be processed.

Records of the information obtained will be kept by the Responsible Entity and may be required by law to be disclosed. Otherwise, the Responsible Entity will keep the information confidential.

By applying for units under this PDS, you also agree that the Responsible Entity may, in its discretion, determine not to issue units to you if it believes that such action is necessary or desirable in light of its obligations under the AML/CTF Act or any regulations or rules made in connection with that legislation.

15.4 Our reporting obligations under FATCA

FATCA requires Australian Financial institutions to identify and report to the Australian Tax Office customer accounts held by U.S. persons. In order for the Responsible Entity to meet its obligations under FATCA the Application Form seeks various details about you. The Responsible Entity may be required to verify that information by sighting appropriate documentation. If you do

not provide the information requested, or if there is a delay, your investment may not be able to be processed.

Records of the information obtained will be kept by the Responsible Entity and may be required by law to be disclosed. Otherwise, the Responsible Entity will keep the information confidential.

By applying for units under this PDS, you also agree that the Responsible Entity may in its discretion determine not to issue units to you if it believes that such action is necessary or desirable in light of its obligations under FATCA or any regulations or rules made in connection with that legislation.

15.5 Consents

Each of the following parties has given its consent to be named in this PDS, in the form and context in which it is named and has not, before the issue of this PDS, withdrawn its consent to be named. Each of the parties has not caused the issue of this PDS and does not make, nor purport to make, any statement in this PDS. To the maximum extent permitted by law, each of the parties expressly disclaims and takes no responsibility for any part of this PDS other than the reference to its name.

The Trust Company (Australia) Limited has given its consent to being named as the Custodian for The Fund.

HLB Mann Judd have given, and have not before the issue of this PDS withdrawn, their consent to the issue of this PDS with the references to the audited accounts of The Fund in section 11 of this PDS. HLB Mann Judd have not caused the issue of this PDS, and to the maximum extent permitted by law, disclaim and take no responsibility for any part of this PDS other than the references to the audited accounts.

15.6 Governing law

This PDS and the contracts that arise on acceptance by the Responsible Entity of Application Forms are governed by the laws in force in Queensland, and each applicant for units submits to the non-exclusive jurisdiction of the courts of Queensland.



16 Glossary

In this PDS:

Application Form means the form attached to or accompanying this PDS upon which an offer to subscribe for units may be made.

AFSL or Australian Financial Services Licence means an Australian financial services licence issued by ASIC under the Corporations Act.

AML/CTF Act means the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Commonwealth).

ASIC means the Australian Securities and Investments Commission.

Board means the board of Directors.

Call Option means a contract conferring the right but not the obligation to purchase a certain asset or assets.

The Investment Collective is used as a description of the business conducted by the CIPL (Holding) Limited group.

CB Grand means CB Grand Pty Ltd ACN 139 872 736.

CIP Licensing Limited means CIP Licensing Limited ACN 603 558 658, the current responsible entity of The Fund.

Constitution means the constitution of The Fund (as amended).

Corporations Act means the Corporations Act 2001 (Commonwealth).

Covered Call Option means a call option which obligations can be satisfied by delivering corresponding underlying assets already held by The Fund.

Custodian means the agent appointed by the Responsible Entity to hold the legal title to the assets of The Fund, currently The Trust Company (Australia) Limited ACN 000 000 993.

Director means a director of the Responsible Entity.

FATCA means the Foreign Account Tax Compliance Act of the United States of America.

The Fund or CDIF means the Capricorn Diversified Investment Fund ARSN 139 744 646.

GST means goods and services tax.

Issue Price means the price at which units are being issued, as is calculated in accordance with the Constitution.

Offer means the offer to subscribe for units as set out in this PDS.

PDS or Product Disclosure Statement means this product disclosure statement.

Responsible Entity means the responsible entity of The Fund, currently CIP Licensing Limited ACN 603 558 658.

Unit means an ordinary unit in The Fund.

Unitholder means the registered holder of a unit.

Updated Information means documents prepared by the Responsible Entity from time to time to update this PDS for information changes that are not materially adverse to investors.

17 Corporate Directory

RESPONSIBLE ENTITY

CIP Licensing Limited
ACN 603 558 658
AFSL No. 471728

REGISTERED OFFICE

Suite 4, 103 Bolsover Street
Rockhampton Qld 4700
Telephone: 1800 679 000

DIRECTORS OF THE RESPONSIBLE ENTITY

Mr. David French (Managing Director)
Mr. Nigel Allfrey
Mr. Owen Evans
Mr. Christopher Heyworth
Mr. Lance Livermore

COMPANY SECRETARY

Mr. Richard Symons

AUDITOR

HLB Mann Judd
Level 15, 66 Eagle Street
Brisbane Qld 4000

CUSTODIAN

The Trust Company (Australia) Limited
Level 13
123 Pitt Street
Sydney





Rockhampton Office
Suite 4, 103 Bolsover St
PO Box 564
Rockhampton QLD 4700
☎ 1800 679 000
✉ 07 4922 9069

Melbourne Office
Lvl 1, 4 Prospect Hill Rd
PO Box 1134
Camberwell VIC 3124
☎ 1800 804 431
✉ 03 9813 0442

CIP Licensing Limited
Australian Financial Services
Licence No. 471728
ABN 63 603 558 658

🌐 www.investmentcollective.com.au
✉ enquiries@investmentcollective.com.au



This Reference Guide was issued on 22 January 2018 and forms part of the Product Disclosure (PDS) for Capricorn Diversified Investment Fund dated 26 August 2016. This Reference Guide should be read in conjunction with the PDS and is not intended to be read as a document in its own right. The Reference Guide may be updated at any time. You can obtain a copy of the current PDS or Reference Guide from The Fund's website www.investmentcollective.com.au/services/cdif or by calling 1800 679 000.

Fund Constitution

CDIF, or 'The Fund', is governed by a Constitution.

The Constitution is the primary document governing the relationship between the unitholders and the Responsible Entity and the terms and conditions of the units. The Constitution is legally enforceable between the unitholders and the Responsible Entity, and the unitholders agree to be bound by its terms.

The Responsible Entity can amend the Constitution if the change does not adversely affect the rights of unitholders. Otherwise, the change must be approved by a special resolution passed by unitholders at a general meeting.

Units

A fully paid unit confers an equal undivided interest in The Fund's assets. The Constitution allows the issue of partly paid units and bonus units for which no consideration is payable.

Options

The Responsible Entity may create and issue options to subscribe for units, on such terms and conditions as it determines.

Consolidation and division

Units and options may be consolidated or divided as determined by the Responsible Entity.

Application price

To subscribe for units, an investor must complete an application form and pay the application price. The application price per unit is:

- in the case of units offered under the first product disclosure statement issued by the Responsible Entity, \$1.00 per unit
- otherwise, the amount calculated as follows:

$$\text{Application price} = \frac{\text{Net Asset Value} + \text{Transaction Costs}}{\text{Issued Units}}$$

where:

- **Net Asset Value** means the value of the assets of The Fund less all liabilities of The Fund;
- **Transaction costs** means the amount calculated by the Responsible Entity as the costs of acquiring investments as a result of the increased cash resources of The Fund; and
- **Issued Units** means the total number of units issued in The Fund immediately before the calculation.



Subject to the conditions of any ASIC relief, the Responsible Entity may, however, issue units at a discount to the application price in the circumstances of a proportionate offer of units (including a rights issue), a distribution reinvestment arrangement and on the issue of units upon the exercise of options. No price is payable for bonus units.

Distributions of income and capital

Subject to the terms of issue of particular units, unitholders are entitled to a share in The Fund's income proportionate to their paid up unitholding.

The distributable income of The Fund is The Fund's net income for a particular period or such other amount determined by the Responsible Entity as necessary to avoid the Responsible Entity being assessed on any income or gains of The Fund under the income tax legislation. Net income is determined in accordance with the generally accepted Australian accounting standards.

The distributable income may also include any additional amount (including capital) that the Responsible Entity determines is to be distributed.

Unless distributions are required to be reinvested, the Responsible Entity will pay them within 90 days of the end of the relevant period. Distributions may be made in respect of such periods as determined by the Responsible Entity, although distributions are currently to be made quarterly.

Each unit ranks for distributions from the day following the date of issue. In the case of a partly paid unit, the unit participates according to the proportion paid up.

Reinvestment of distributions

The Responsible Entity may grant to unitholders the right to elect to reinvest cash distributions paid from The Fund by subscribing for units on the terms the Responsible Entity thinks fit, subject to appropriate ASIC relief.

Lien and forfeiture

The Responsible Entity has a lien on every partly paid unit for due and unpaid calls and instalments.

If a unitholder fails to pay in full any call or instalment due, the Responsible Entity may, on 14 days notice, forfeit the units. The holder of a unit that has been forfeited remains liable to pay to the Responsible Entity all outstanding money, costs and interest.

Transfer of Units

A unit may be transferred.

Redemption of Units

A unitholder does not have a right to withdraw units, that is, to redeem units. The only circumstances in which a unitholder may withdraw units are set out below. Different withdrawal procedures apply according to whether The Fund is liquid or not.

If The Fund is liquid the Responsible Entity may decide to satisfy a withdrawal request in relation to all or some of the units which are the subject of the request. If the Responsible Entity decides to satisfy a withdrawal request, it must



pay the withdrawal price from the assets of The Fund within 30 days of the decision. If the withdrawal request would result in the unit holder holding units with an aggregate withdrawal price that is less than the then current minimum holding amount set by the Responsible Entity, the request may be treated as a request to withdraw the balance of the unitholders holding.

The withdrawal price of a Unit is calculated as follows:

$$\text{Withdrawal price} = \frac{\text{Net Asset Value} - \text{Transaction Costs}}{\text{Issued Units}}$$

where:

Net Asset Value has the same meaning as in the formula for calculating the application price;

Transaction Costs means the amount calculated by the Responsible Entity as the costs of disposing of investments as a result of the reduction in the cash resources of The Fund; and

Issued units has the same meaning as in the formula for calculating the application price.

Meetings of unitholders

A unitholder's right to requisition, attend and vote at meetings are mostly prescribed by the Corporations Act. The Constitution provides that the quorum for a meeting is two unitholders together holding at least 10 percent of the units.

Unitholder's liability

A unitholder's liability is limited under the Constitution to the amount payable for their units. A unitholder need not indemnify the Responsible Entity if there is a deficiency in The Fund's assets or the claim of any creditor of The Fund cannot be satisfied out of the assets. However, the Responsible Entity is entitled to be indemnified by a unitholder to the extent that the Responsible Entity incurs any liability for tax as a result of that unitholder's action or inaction.

Restrictions on unitholders

A unitholder may not interfere with any rights or powers of the Responsible Entity nor exercise a right in respect of a Fund asset nor lodge a caveat or other notice affecting such an asset nor require an asset to be transferred to the unitholder.

Powers of the Responsible Entity

The Responsible Entity has powers to invest, dispose of or otherwise deal with property, raise or borrow money and incur all types of obligations and liabilities. The Responsible Entity may appoint agents, delegates or nominees to perform some or all of its duties.

Duties of the Responsible Entity

The Responsible Entity's duties as Responsible Entity are mainly contained in the Corporations Act. In exercising any power or discretion, the Responsible Entity must, subject to the Corporations Act, have regard to the interests of unitholders.

The Responsible Entity must ensure that The Fund's assets are valued at regular intervals appropriate to the nature of the assets. The Responsible Entity may determine valuation methods and policies for each of The Fund's assets and change them from time to time. Unless the Responsible Entity otherwise determines, the value of an asset will be its market value.



Rights of the Responsible Entity

The Responsible Entity is entitled to be paid out of Fund assets as per the fees set out in section 11 of this PDS. The right of the Responsible Entity to be paid fees is available only in relation to the proper performance by the Responsible Entity of its duties.

The Responsible Entity is entitled to be indemnified out of The Fund assets for all expenses incurred by the Responsible Entity in the proper performance of its duties in respect of the Fund. See section 11 of this PDS for further information in relation to those expenses.

The Responsible Entity may retire as permitted by law. The Responsible Entity must retire when required by law. The Responsible Entity may, in consideration of its retirement, agree with the incoming Responsible Entity to be remunerated by or to receive a benefit from, the incoming Responsible Entity, and will not be required to account to unitholders for such remuneration or benefit.

Liability of the Responsible Entity

The Responsible Entity is not liable in contract, tort or otherwise to unitholders if it acts in good faith and without negligence for any loss suffered relating to The Fund except to the extent that the Corporations Act imposes such liability. The Responsible Entity is entitled to be indemnified out of The Fund's assets for any liability it incurs in properly performing any of its duties in relation to The Fund.

Winding up

The Fund will continue until the earliest of:

- the date specified by the Responsible Entity as the date of termination; or
- the date on which the Fund terminates in accordance with another provision of the Constitution or by law.

If The Fund is wound up, net proceeds of realisation, after making allowance for all liabilities of The Fund and expenses of the termination, must be distributed to unitholders proportionately to the paid up amounts on the units.

Rockhampton Office

103 Bolsover St
PO Box 564
Rockhampton QLD 4700
☎ 1800 679 000
☎ 07 4922 9069

Melbourne Office

Lvl 1, 4 Prospect Hill Rd
PO Box 1134
Camberwell VIC 3124
☎ 1800 804 431
☎ 03 9813 0442

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Corporate Governance

The Responsible Entity is required to manage the affairs of the Capricorn Diversified Investment Fund (The Fund) in accordance with The Fund's Constitution and the Corporations Act.

CIP Licensing and its directors are committed to appropriate corporate governance practices and in providing full disclosure to investors about those corporate governance practices. Set out below is a statement of the main corporate governance practices that CIP Licensing Limited has in place for its management of The Fund.

Board of Directors

The board sets the strategic direction of The Fund and has ultimate responsibility for the management of The Fund.

The board has five director's, two of whom are external, non-executive Directors.

The board of directors of CIP Licensing has the following members:

Mr. David French

B Ec. Dip CM

David French is the Managing Director of CIP Licensing. Mr French has 25 years' experience in finance and economics, 19 of which are in investment markets, and has been rated one of the top three investment analysts in Australia for his sectors of responsibility. Mr French has been responsible for building the business of CIP Licensing to a point where the business now manages around \$600 million in investments for more than 1,000 clients. He holds a Bachelor of Economics and a Diploma in Corporate Management, and has also completed a range of other courses relating to the valuation of companies and investments. Mr French is a board member of Home Support Association, a disability services organisation, and a past director of Rockhampton Regional Development Limited and The Rockhampton Chamber of Commerce. He indirectly holds approximately 209,000 units in The Fund.

Mr. Nigel Allfrey

B. Comm, B. Econ, ACA - External

Nigel Allfrey has several decades of business experience in the Australian and international finance industry. He was co-founder and CEO of Impact Investing Pty Ltd, a Sydney based Funds Management Financial Services Technology company that achieved global success and recognition. Prior to that he held senior portfolio management positions with leading fund management firms BlackRock and Bankers Trust. Today Mr. Allfrey is Principal of the Caana Group, a private wealth management firm.

Mr. Owen Evans

BA (Hons), MSc (Econ) - External

Owen Evans is an experienced investment professional with almost 30 years' experience in research, valuation and funds management. He has been rated the number one analyst for building materials, construction and emerging companies while at UBS Australia, and judged Money Management Fund Manager of the Year in 2005 and 2006 as Chief Investment Officer at MIR Australia. Between 1997 and 2010, Mr Evans was the sole analyst on the IPO's of Bristle,

AWB, Transfield Services, Worley Parsons and NRW. He is currently principal of Yaz Investment Pty Ltd, and provides consulting services for mid-sized Australian companies such as Adelaide Brighton, Brickworks Ltd, Calibre Global and Dulux. He also provides investment consulting advice for global fund managers. Mr Evans is currently non-executive president of the Manly Warringah Basketball Association and is a Director of the Sydney Harbour Foreshore Authority.

Mr. Lance Livermore *BBus, CPA, Certified Financial Planner*

Lance Livermore has more than 30 years' experience in stockbroking and financial planning. He attained his original qualifications in Albury before establishing himself in a financial controller role with Potter Warbug in Melbourne. Mr Livermore was a founding partner of Bailey Livermore Financial Services, a predecessor of The Investment Collective.

Mr. Christopher Heyworth *BA (Acct), ACA, Certified Financial Planner*

Chris Heyworth is a qualified accountant (Institute of Chartered Accountants in England and Wales) who has worked in the financial planning industry for more than 25 years. He is a certified financial planner and has been the principal of his own business as well as working as a significant co-owner alongside others prior to the planned sale of The Pentad Group in 2013. Earlier career experience includes mainstream accounting and audit roles with multi-national commercial enterprises in a variety of locations.

Senior Management

Senior management of CIP Licensing Limited involved in the operations of The Fund include:

Mr. David French *Managing Director CIPL, Responsible Manager, CDIF*

Mr. Owen Evans *External - Responsible Manager, CDIF*

Mr. David Franklyn *B Ec. - External - Responsible Manager, CDIF*

David Franklyn has extensive experience in research, financial analysis, funds management and business strategy. His career includes 15 years in the Australian stockbroking industry and 10 years in funds management sector as well as experience in company management and business strategy.

Mr. Franklyn is an experienced company director, having been chairman, executive director and non-executive director of various ASX listed companies. Mr. Franklyn has strong business management expertise incorporating company restructuring, strategy development, people management, corporate culture and organisational structure. Mr. Franklyn is currently the Managing Director of Village National Holdings Limited, in which The Fund has invested.

Mr. Andrew Brown *BE Mech. (Hons) - External - Responsible Manager, CDIF*

Andrew Brown has over 25 years' of practical and broad industry experience as a senior engineer and operations manager working in various industries including consulting, sugar, timber, coal handling, meat processing, salt production and salt refining. As a director, national manager, mine manager and member of executive management teams, Mr. Brown has high level business acumen as well as practical engineering and project management skills. Mr. Brown has extensive knowledge and abilities in industrial engineering, design, feasibility studies, project management, environmental management, tenure management, business development and multi-site mine management. Mr. Brown has served on several due diligence teams involved in mergers and acquisitions and has a strong background in operational risk management.



His directorships include several not for profit organisations including Rockhampton Regional Development and the Fitzroy Basin Association. Mr. Brown has been a responsible manager of CDIF since it was launched, and currently sits on the Investment committee. He currently manages a commercial and residential property portfolio in Central Queensland and Sydney.

John Phelan

BET, Gd Dip Mrkt Mngt, psc(r), Compliance Manager, CIP Licensing Limited

John Phelan has over thirty years of management experience in the public, private, defence and non-profit sectors. As a manager in Queensland Rail, he was responsible for the management of project funds in accordance with government purchasing policy. In another role, Mr. Phelan was responsible for organizational compliance with standards for Registered Training Organisations. As an engineering manager in the aged care sector he was responsible for compliance with the relevant provisions of the Building Code of Australia and the Queensland Development Code, particularly in relation to fire safety and other high risk matters in aged care facilities. As a member of the management team, Mr. Phelan participated in the compliance activities in preparation for accreditation audits of residential aged care facilities including internal audits and self-assessments. For eight years as treasurer of the Emu Park Surf Lifesaving Club, John was responsible for the financial management of the club and the compliance responsibilities under the Incorporated Associations Act and the Australian Charities and Not-for-profits Commission Act.

Committees

The board has established the following committees to assist in discharging its responsibilities:

- an audit committee;
- a compliance committee; and
- an investment committee.

Audit Committee

The audit committee oversees the financial and compliance audits of The Fund. The primary function of the audit committee is to ensure that an effective internal control framework exists to safeguard the assets of The Fund and ensure the integrity and reliability of financial and management reporting systems.

The audit committee members are:

David French

Managing Director

Richard Symons

B Ec., CA., Chief Financial Officer

Richard Symons is a Chartered Accountant and Chartered Secretary. He holds a Graduate Diploma of Applied Finance and Investment. He has over 25 years professional experience, gained in a variety of public practice and CFO roles for both listed and unlisted companies.

Richard owns and operates Radar Financial Services Pty Ltd, which provides CFO and company secretarial services to a number of different entities in the financial services sector, including CIP Licensing Limited.



Compliance Committee

The Compliance Committee monitors the Responsible Entity's adherence with the Corporations Act and the CDIF compliance plan. They ensure that the compliance plan keeps abreast of best industry practice and regulatory requirements (See section 14 of this PDS for further information on the compliance plan).

The Compliance Committee comprises two members external to CIP Licensing Ltd, and the Compliance Manager of CIP Licensing Ltd.

The compliance committee members are:

John Phelan

BET, Gd Dip Mrkt Mngt, psc(r), Compliance Manager, CIP Licensing Limited

Dan Smith

B'Bus(HRM), ADFS(FP), JP (Qual), MAICD - External Member

Dan Smith has completed the Australian Institute of Company Directors course, and holds current accreditations as a NMAS Mediator, Family Dispute Resolution Practitioner and Farm Business Debt Mediator. His formal qualifications cover business, majoring in human resource management, and financial services, majoring in financial planning. Mr. Smith has assisted to build social capacity through targeted active involvement in community-based, sporting and not-for-profit boards in the regions where he chose to live and raise his family. Mr. Smith's experience has contributed to his understanding of regulatory and compliance regimes in the financial services sector. Mr. Smith's working life prior to eight years of operating a financial planning firm, was spent in professional service oriented environments, where his daily work habits led to fluid career progression from consulting professional into branch and regional management ranks.

Ian Mill

Dep Hlth Serv Fac Man, MAICD - External Member

Ian Mill has completed the Australian Institute of Company Directors course, and holds a Diploma in Health Services Facility Management. Ian has extensive experience in the Health Services Sector having recently stepped down from his role as CEO of Mercy Health and Aged Care, a position held for 20 years. While in this position, Ian was responsible for the overall leadership of the organisation and reporting directly to the board. While in the industry, Ian worked to secure significant government grants for Regional health services. Ian's immersed himself in the finance industry when he assumed a board role with The Capricornian, a local community owned bank. Having been on the board for 9 years, Ian developed an understanding of regulatory and compliance regimes in the financial services sector. Ian undertook professional development to stay abreast of industry trends and changing compliance regimes. Ian has been heavily involved in various community based, tourism and non-for-profit boards for over a decade.



Capricorn
Diversified
Investment
Fund

Corporate Governance Reference Guide

Investment Committee

The role of the investment committee is to supervise the implementation of the investment process described in section eight of this PDS.

The investment committee members are:

David French

B Ec. Dip CM

Owen Evans

BA (Hons), MSc (Econ)

David Franklyn

B Ec.

Andrew Brown

BE Mech. (Hons)

Chris Heyworth

BA (Acct), ACA, Certified Financial Planner



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Financial Information

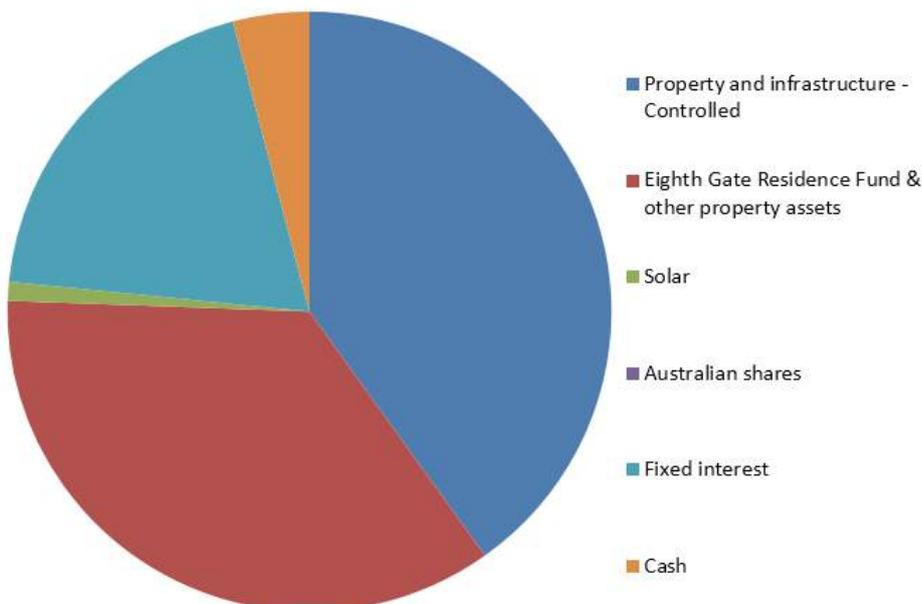
This Reference Guide contains the following information:

- A list of assets held by the Fund
- Unit price and distribution history of the Fund

The latest set of audited financial accounts for the Fund can be accessed under the Media tab of the CDIF website.

Assets of the Fund

	30-June-2017		31-July-2017		31-August-2017		30-September-2017	
	Investment (\$)	Per cent						
Property and infrastructure - Controlled	5,715,436	43.81	5,726,162	41.80	5,681,296	41.15	5,660,975	40.12
Eighth Gate Residence Fund & other property assets	5,001,955	38.34	5,001,955	36.51	5,001,955	36.23	5,001,955	35.45
Solar	161,153	1.24	142,359	1.04	142,359	1.03	142,359	1.01
Australian shares	-	0.00	-	0.00	-	0.00	-	0.00
Fixed interest	730,116	5.60	2,733,317	19.95	2,735,578	19.81	2,728,603	19.34
Cash	1,436,172	11.01	96,346	0.70	246,220	1.78	575,538	4.08
Total Assets	13,044,831	100.00	13,700,138	100.00	13,807,407	100.00	14,109,429	100.00





Unit Price and Distribution History

Jan-16	\$0.8583	0.16	1.02
Feb-16	\$0.8549	0.16	1.01
Mar-16	\$0.8517	0.17	1.02
Apr-16	\$0.8556	0.17	1.03
May-16	\$0.8617	0.17	1.03
Jun-16	\$0.8410	0.18	1.02
Jul-16	\$0.8519	0.18	1.03
Aug-16	\$0.8522	0.18	1.03
Sep-16	\$0.8431	0.19	1.03
Oct-16	\$0.8440	0.19	1.03
Nov-16	\$0.8447	0.19	1.03
Dec-16	\$0.8369	0.2	1.04
Jan-17	\$0.8384	0.2	1.04
Feb-17	\$0.8399	0.2	1.04
Mar-17	\$0.8309	0.21	1.04
Apr-17	\$0.8368	0.21	1.05
May-17	\$0.8395	0.21	1.05
Jun-17	\$0.8322	0.22	1.05
Jul-17	\$0.8343	0.22	1.05
Aug-17	\$0.8317	0.22	1.05
Sep-17	\$0.8229	0.23	1.05

The returns listed above relate to past performance and are not indicative of future results.



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Taxation

This section provides a broad summary of the Australian taxation consequences for unitholders associated with the ownership of units in The Fund. It does not constitute individual tax advice to unitholders.

The Australian taxation consequences for unitholders will depend upon several factors including:

- Whether the unitholders hold their units on capital account or whether the units are actively traded or otherwise held on revenue account; and
- The tax residency of the unitholder.

In particular, this overview does not consider the tax consequences to unitholders who will hold their units to trade actively or who otherwise hold their units on revenue account.

Disclaimer

The comments contained in this summary are general in nature and the individual circumstances of each unitholder may affect the taxation implications of the investment of that unitholder.

The tax consequences outlined below are based on the relevant Australian taxation legislation as at the date above, all of which are subject to change. The tax consequences do not take into account or anticipate any changes in law (by legislation or judicial decision). If there is a change, including a change having retrospective effect, the tax consequences would have to be reconsidered in light of the changes.

In addition, this overview is not exhaustive of all income tax considerations that could apply in all circumstances of any given unitholder. Special additional rules may apply to particular unitholders, such as insurance companies, superannuation funds and financial institutions.

It is recommended that all unitholders consult their own independent tax advisers regarding the income tax, capital gains tax and goods and services tax consequences of owning and disposing of units, having regard to their particular circumstances.

Assumptions

This summary is based on the following assumptions:

- Unitholders will hold their interest in The Fund on capital account (i.e. units are held as a passive investment with the intention of generating distribution income and long-term capital growth) and the units are not actively traded or otherwise held on revenue account
- It is the intention of the Responsible Entity to distribute all of The Fund's taxable income each year to unitholders;
- Unitholders will be "presently entitled" to all of the taxable income derived by The Fund and will not be under any legal disability; and

- The Fund will invest in new property and infrastructure opportunities both directly and through investing in listed and unlisted property and infrastructure securities. The securities will be acquired and held for the purpose of long term capital growth, the accumulation of income and the generation of distribution, dividend or interest income, as appropriate.

Taxation of the Fund

Taxation status of the Fund

The Fund should be treated as a trust pursuant to provisions contained in the Income Tax Assessment Act 1936 and the Income Tax Assessment Act 1997 (the Tax Act) based on the above assumptions.

Accordingly, the taxable income of The Fund should be subject to tax in the hands of unitholders on a “flow through” basis and not the Responsible Entity. Amounts taxed in the hands of unitholders will retain their character from The Fund. Sections 13.5 and 13.6 below outline the tax treatment for Australian resident and non-resident unitholders respectively.

Certain public unit trusts may be classified as a public trading trust and taxed as companies where they do not carry on an “eligible investment business”. An eligible investment business includes investment in shares in a company or units in a trust and investment in land for the purpose of deriving rental income. Provided that The Fund invests in property directly for these purposes and through investing in listed and unlisted property securities, as outlined above, it will not be a public trading trust. The activities of The Fund will need to be monitored on an ongoing basis to ensure it continues to carry on an eligible investment business.

Trust losses

To the extent tax losses are incurred by The Fund, these losses remain in The Fund and cannot be distributed to unitholders. Specific tests must be met for The Fund to utilise any prior year losses in later years.

Investments held by The Fund

The amount of taxable income subject to tax in the hands of the unitholders will retain its character when distributed by The Fund. Accordingly, it is important to determine whether the nature of the investments held and gains realised by The Fund are on capital account or result from active trading or are otherwise on revenue account.

As outlined above, The Fund will be investing in property and infrastructure both directly and through investing in listed and unlisted securities, with the intention of long term capital growth, the accumulation of income and the generation of rental income or the distribution or dividend income as appropriate. On this basis, it is likely that investments held by The Fund will be on capital account.

However, ultimately an assessment of whether an investment is held on revenue or capital account can only be made on a case by case basis taking into account the particular facts. A key factor will be the likelihood and expectation of income arising from the holding of the particular investment. Accordingly, The Fund will need to assess the circumstances of each investment at the time it makes the investment to determine its status for taxation purposes.



Taxation of Australian Resident Unitholders

Taxation of distributions

Australian resident unitholders will be liable to tax on their share of the taxable income of The Fund in the year in which the entitlement arises irrespective of whether the distribution is paid in cash, reinvested or otherwise dealt with on behalf of the unitholder. This is so even if the distribution is not paid to the investor until after the end of the year to which it relates.

Individual unitholders will generally be subject to Australian tax on distributions at their marginal tax rate plus the Medicare levy. Company and superannuation fund unitholders will be subject to Australian tax on distributions at their respective tax rates (currently 27% for companies, 15% for complying superannuation funds and 45% for non-complying superannuation funds).

Distribution of income

The Fund may derive rental, distribution, dividend and interest income and, where investments are actively traded or otherwise held on revenue account, income from the disposal of these investments.

Dividend income derived in relation to Australian investments will be treated as assessable to unitholders at their applicable tax rate. Distributions received by unitholders will be grossed up to the extent the distribution comprises franked dividends. A franking offset will be available to the unitholder equal to the amount of the gross up.

Where investments held for the purposes of actively trading or otherwise held on revenue account are disposed of by The Fund, any gain made on disposal is on revenue account and accordingly, the gain will be treated as assessable income in the hands of the unitholders and taxed at their applicable tax rate.

Distribution of capital gains

Where The Fund holds investments on capital account, as described above, the disposal of the investment will result in either a capital gain or loss.

If The Fund makes a capital gain from the disposal of an investment that has been held for more than 12 months, The Fund should qualify for the capital gains tax (CGT) discount in calculating its taxable income.

Any capital gain made by The Fund upon disposal of investments will be distributed to unitholders and will be assessable in the unitholder's hands. If the CGT discount is applicable to the capital gain derived by The Fund, the unitholder will be required to gross up the distribution for the discount. This grossed up amount is then offset against any capital losses (prior or current year) to arrive at a net capital gain. The unitholder may then apply the relevant CGT discount percentage to their net capital gain, depending on their circumstances.

Should The Fund realise an overall capital loss on the disposal of its investments in a particular year, this loss will remain in The Fund and will not be able to be distributed to unitholders. Provided the relevant tests are satisfied any such loss can be offset against future capital gains derived by The Fund.

Distribution of tax deferred income

There may be situations where the case distribution to unitholders exceeds the taxable amount required to be included in their assessable income. This excess amount is known as "tax deferred" or "tax advantage" income. This excess is not included in the unitholder's taxable income. However, this excess or "non-taxable amount" may give rise to a reduction



in the cost base of the unitholder's units in The Fund for CGT purposes. A reduction will not, however, occur where the excess is due to the application of the CGT discount.

If the cost base of a unitholder's units has been reduced to nil as a result of previous tax deferred distributions, any subsequent distributions of tax deferred income will be taxable as capital gains.

Disposal of units by Australian resident unitholders

Where a unitholder disposes of their units in The Fund to a third party, they may realise a capital gain or capital loss for tax purposes.

The 50% CGT discount may be applied against an individual's or trust's net capital gain provided that the unitholder has held their units in The Fund for at least 12 months prior to disposal. Complying superannuation funds should be eligible for a one third discount where they have held their units in The Fund for at least 12 months prior to disposal. As outlined above, the capital gain is required to be offset against any capital losses prior to applying the CGT discount.

In addition, where tax deferred income has been distributed to unitholders, the cost base of the units used in calculating the gain may be reduced by the amount of the tax deferred income.

If a unitholder realises a capital loss on the disposal of their units, they may use the capital loss to offset capital gains derived from other sources or it may be carried forward to offset capital gains in future years.

Taxation of non-resident unitholders

As the Australian tax treatment for non-resident unitholders is complex, it is recommended that non-resident unitholders seek their own taxation advice in relation to their specific circumstances. A summary of the position for non-residents is, however, set out below.

Taxation of distributions

Tax is required to be withheld by the Responsible Entity from certain distributions to non-resident unitholders. The rules regarding the calculation of the amount of tax to be withheld are complex and depend on whether the unitholder is an individual, company or trustee. The amount of tax to be withheld may also depend on whether the non-resident unitholder has provided the Responsible Entity with a tax file number (TFN) or Australian business number (ABN).

The Responsible Entity is required to withhold the appropriate amount from the distributions paid to the non-resident unitholder, and to remit the amount to the Australian Taxation Office.

Non-resident unitholders may be entitled to claim a credit for the tax withheld by the Responsible Entity. This entitlement depends on the laws of the country in which the non-resident resides and any Double Tax Agreement between Australia and that country.

Disposal of units by non-resident unitholders

Where a non-resident unitholder and their associates hold, or have the right to hold, 10% or more of the units in The Fund at any time of the disposal or for a period throughout 12 months that began no earlier than 24 months of the time of the disposal, they will be subject to Australian tax on capital gains realised on the disposal of their units.



Other tax implications

Goods and services tax

The transactions undertaken by unitholders, such as the purchase and sale of units, are financial supplies and should not be subject to GST.

Tax file numbers

A unitholder is not required to quote a TFN when applying for units. However, if a TFN is not quoted, or no appropriate TFN exemption information is provided, tax is required to be withheld by the Responsible Entity from any income distribution entitlement at the highest marginal rate plus the Medicare levy (currently 47%). Under the Pay As You Go regime, unitholders holding their units as part of a business may quote their ABN instead of their TFN.

Stamp duty

The Fund is a widely held trust for the purposes of the Duties Act 2001 (Queensland). This means dealings in units of The Fund, such as the allotment, transfer or withdrawal of units, are not liable to stamp duty in Queensland.

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Current assets of The Fund

This section provides details of the current assets of the Capricorn Diversified Investment Fund (The Fund).

CB Grand

CB Grand Pty Ltd is wholly owned by The Fund and owns Suncorp House, which is located on the corner of Archer and Bolsover Streets in the heart of Rockhampton, Central Queensland.

Suncorp House was opened in December 2013, and is approximately 83 percent occupied. Key tenants are Suncorp Bank Limited and The Investment Collective.



Eighth Gate Residence

A \$5 million interest in the Eighth Gate Residence Fund No. 6, gives exposure to the well-established and growing “manufactured home estates” sector, mainly utilised by senior Australians. The fund has an 8 percent yield target and has estates located in the suburbs surrounding Melbourne, Victoria (Werribee, Sunshine and Glenroy).

NRW Senior Note

In December 2016, the Fund purchased \$500,000 NRW Senior Secured Fully Amortising Notes paying a fixed rate of 7.5 percent per annum on outstanding principal over a four year term. NRW Holdings Limited (NRW) is a provider of contract services to the resources and infrastructure sectors.

Established in 1994 and listed on the ASX in 2007, the company's operations include civil projects (such as bulk earthworks and concrete installation), contract mining and drill and blasting.

CDIF Solar

CDIF Solar Pty Ltd is owned by The Fund and was set up to finance and manage solar systems installed on behalf of the fund. CDIF Solar has an exemption to sell electricity through power purchasing agreements, to commercial and residential customers.

Currently four systems are installed on Suncorp House. In January 2017 CDIF Solar installed a system at a large fruit processing plant in Central Queensland. The internal rate of return to CDIF of 11 percent is anticipated over ten years.

New installations are planned for the future, which will generate ongoing income to The Fund.



Current Assets of the Fund

Reference Guide



Regional Aircraft Leasing #1

In July 2017, The Fund purchased a jet for \$2 million through a wholly owned entity established for that purpose, Regional Aircraft Leasing #1 Pty Ltd (RAL #1 Pty Ltd).

The aircraft is an Embraer ERJ140LR, registered in Australia as VH-ZJE and is currently leased and operated by Jetgo Australia Holdings Pty Ltd, who pay an interest rate of 8.5 percent, with return on capital for each payment. The term is for 60 months and commenced on 28 July 2017.

Tenancy 4 Fitout Lease

The basic fitout required for occupancy to Tenancy 4, was completed by CB Grand Pty Ltd. In addition CB Grand Pty Ltd has entered a hire purchase agreement with CIPL (Holding) Ltd for the remainder of the fitout, at a fixed interest rate of 8.5 percent, across a 5 year term.

Short-term Farming Loan

The Fund has provided a short term farming loan to an award winning dry-land farming operation. The loan is secured with the property and personal guarantees at a rate of 8.5 percent, with the principal and interest payable within 5 months.

Cash

The other assets of The Fund are held in cash pending the identification of future investments in line with The Fund's investment strategy. Interest on the cash, contributes to the income of the fund.

The overall asset allocation of The Fund, as at November 2017, is shown in the chart below:

