



FORTITUDE CAPITAL

Fortitude Capital Australian Equity Income Fund

Information Memorandum

Fortitude Capital Pty Limited ACN 100 306 723
Australian Financial Service Licence number 221131

DIRECTORY

Trustee/Manager

Fortitude Capital Pty Ltd
ACN 100 306 723
Level 2
350 George Street
Sydney NSW 2000
Australian Financial Services
Licence Number: 221131
TEL: +61 2 9376 9800

Custodian

JPMORGAN CHASE BANK, N.A.
(Sydney Branch).
ABN: 43 074 112 011, Level
32, Grosvenor Place
225 George Street
Sydney NSW 2000
Australia

Fund Administrator

**Kingsway Taitz Fund Administration
Pty Limited**

ABN 990 935 633 69
Level 16
201 Elizabeth Street
Sydney NSW 2000,
Australia

PO Box A2224
Sydney NSW 1235
Australia
Telephone +61 2 9232 2746
Facsimile +61 2 8915 1620
Email: info@kingswaytaitz.com.au

Auditors

Ernst and Young
Ernst and Young Centre
680 George Street
SYDNEY NSW 2000
Telephone +612 9248 5555

IMPORTANT INFORMATION

Status of Offer

This Information Memorandum has been prepared by Fortitude Capital Pty Limited ("**Manager**") to provide background information for investors considering applying for Units in the Fortitude Capital Australian Equity Income Fund ("**Fund**").

This Information Memorandum is dated 1st September, 2009. It has not been nor will be lodged with the Australian Securities and Investments Commission ("**ASIC**"). It does not constitute a product disclosure statement, prospectus or other disclosure document within the meaning of the Corporations Act (2001) ("**Corporations Act**").

Any offer of Units contained in this Information Memorandum is an offer of Units to a wholesale client only (as defined in section 761G of the Corporations Act). In addition, this Information Memorandum may only be distributed in New Zealand to selected institutional clients whose business is the investment of money or persons who, in the course of and for the purpose of their business, habitually invest money (defined for the purposes of this Information Memorandum as "**NZ Eligible Investors**"). This Information Memorandum is not a registered prospectus or investment statement under New Zealand law and does not constitute an offer of securities to the public for the purposes of the New Zealand Securities Act 1978.

The minimum application for Units in the Trust is \$200,000 for investors qualified as Wholesale Clients (being sophisticated or professional investors as defined under the Corporations Act) and \$500,000 for all other applicants. For subsequent applications the minimum is in multiples of \$100,000.¹

The Fund is a managed investment scheme that is not required to be registered under the Corporations Act. Accordingly, this Information Memorandum is not required to and does not include all of the information that would be required to be included in a product disclosure statement. Nor is an Applicant provided with the protections afforded to an investor in a managed investment scheme that has been registered under the Corporations Act.

Investor Enquiries

This Information Memorandum does not purport to provide all of the information the recipient may require in order to evaluate an investment in the Fund. Recipients should make their own enquiries and evaluations they consider appropriate to verify the information contained in the Information Memorandum and to determine the suitability of an investment in the Fund (including regarding their investment objectives, financial situation, and particular needs) and should seek all necessary financial, legal, tax and investment advice.

Status of Information Memorandum

The information contained in this Information Memorandum or subsequently provided to the recipient whether orally or in writing by, or on behalf of the Fund Administrator, the Manager, or any of their respective related bodies corporate or any of their respective directors, officers, employees, agents, representatives and advisers (the "**Parties**") is provided to the recipient on the terms and conditions set out in this document.

The information obtained in this Information Memorandum has been furnished by the Manager and other Parties from sources considered reliable as at the issue date of this Information Memorandum, being 1st [September] 2009, but no assurance can be given by these Parties as to the accuracy or completeness of this information.

To the full extent permitted by law, the delivery of this Information Memorandum does not under any circumstances imply that the affairs or prospects of the Fund or any information affecting it have been fully or correctly stated in this Information Memorandum or have not changed since the date of this Information Memorandum or since the date at which the

¹ Refer to page 14 for more information.

information is expressed to be applicable. No responsibility or liability (including negligence) is assumed by the Parties for updating any such information or to inform the recipient of any new information of which the Parties may become aware.

The return of capital and the performance of the Fund is not guaranteed. Investments in this Fund are subject to risk and market fluctuations.

No Recommendation or Personal Advice

The provision of this Information Memorandum is not and should not be considered as a recommendation in relation to an investment in the Fund or that an investment in the Fund is a suitable investment for the recipient.

By making available a copy of this Information Memorandum no Party is providing any general advice or personal advice regarding the Fund, any potential investment in the Fund or any potential investments of the Fund within the meaning of section 766B(1) of the Corporations Act.

No Financial Services Guide

The Manager is not presently required to comply with Part 7.7 of the Corporations Act which would otherwise require it to provide a financial services guide in respect of financial services that it offers before delivering a copy of this Information Memorandum to a potential investor.

Confidentiality

The information contained in this Information Memorandum is being provided on a confidential basis to the recipient solely for the purpose of evaluating an investment in the Fund.

By accepting a copy of this Information Memorandum the recipient agrees, for itself and its related bodies corporate and each of their directors, officers, employees, agents, representatives and advisers, to maintain the confidentiality of this information. Any disclosure of its contents, or use of any information contained in this Information Memorandum to any other persons or for any purpose other than to evaluate an investment in the Fund, is prohibited.

No Listing

The Fund will not be listed on the Australian Securities Exchange (“**ASX**”). No application for quotation of the Units offered under this Information Memorandum on ASX will be made.

Liquidity of the Units offered under this Information Memorandum cannot be guaranteed. Redemption of units is subject to the terms of the Constitution which should be carefully read by potential investors.

Overseas Unit holders

This offer is only principally available to investors who receive this Information Memorandum in Australia or NZ Eligible Investors who receive this Information Memorandum in New Zealand. Applications from outside Australia and New Zealand will generally not be accepted.

This offer does not constitute an offer of Units for issue or sale or an invitation to apply for the issue of Units or to purchase Units in any jurisdiction in which, or to any person to whom, it would be unlawful to make such an offer or invitation.

Unless otherwise indicated, all fees quoted in this Information Memorandum are exclusive of the effect of GST and any Input Tax Credit, and all dollar amounts refer to Australian dollars.

1. Fund Overview

1.1 Overview of Fund

Trustee/Manager	Fortitude Capital Pty Limited ACN 100 306 723
Inception Date:	1 st September 2009
Investment Focus:	Australian equities and exchange traded equity derivatives of entities listed on the ASX within the S&PASX100.
Minimum Initial Investment: ²	\$200,000
Minimum Additional Investment: ¹	\$100,000
Minimum Redemption:	\$100,000
Minimum Holding:	\$100,000, subject to the Manager's discretion to accept a lower amount.
Unit Valuations:	Unit valuations will be received from the Fund Administrator on a monthly basis.
Entry & Exit Fee:	Nil entry/exit fees.
Ongoing Base Management Fee:	1.1% per annum of Net Asset Value of the Fund at the end of each month, payable out of the Net Assets monthly in arrears.
Performance Fee:	Payable twice yearly and calculated monthly in arrears and accrued as an amount equal to 9% of the amount by which the increase of the Net Asset Value of the Fund exceeds the Performance Hurdle during the relevant Performance Period, calculated as being a greater return over the S&P ASX 100 Accumulation Equity Index +0.67% over the relevant month (+8% pa) multiplied by the Net Asset Value of the Fund at the beginning of that month subject to it being above the Benchmark which means the percentage return of the S&P ASX100 Accumulation Equity Index over the relevant month (adjusted for subsequent applications, redemptions and distributions).
Applications:	Monthly. Applications must be received prior to 2.00pm on the third last Business Day of the month, to be processed that month.

² Refer to page 14 for more information.

Withdrawals or redemptions: The last Business Day of each month with 10 Business Days notice of intention to withdraw prior to the next Redemption Day.

Distribution: The Fund's net income (if any) will be distributed semi-annually after 30th June and 31st December each year. Unless a Unit Holder elects otherwise, any distributions will be reinvested into additional Units.

1.2 Investment Objectives

The investment objectives of the Fund are to:

- (a) achieve a high rate of return, comprising both income and capital growth; and
- (b) preserve the capital of the Fund.

The Fund aims to achieve equity index returns plus an enhanced income stream by purchasing equities or equity derivatives and selling exchange traded options against those holdings. The Fund's investment strategies are detailed in section 2 of this Information Memorandum.

1.3 Investor Profile

We suggest the Fund may suit Wholesale Clients who:

- (a) are seeking consistent long term equity returns;
- (b) aim to reduce the volatility of those returns; and
- (c) are looking to utilize the income generated from their portfolio.

1.4 Investment Philosophy

At the core of the investment philosophy is to produce equity index-like returns with an additional income stream over and above the dividend stream of the portfolio.

1.5 Risk Profile

The Fund aims to produce S&PASX100 Accumulated Index returns with a high degree of franking credits plus an additional income stream with lower volatility than the benchmark.³ The Fund should suit investors who are willing to accept a higher yield on their portfolio in return for limiting **some** of the capital appreciation on that portfolio. However returns are not guaranteed and the value of any investment in the Fund is subject to a number of risks, some of which are outlined in section 5 of this Information Memorandum.

1.6 Investment Mandate

The Constitution gives the Manager full power over the Assets and places no limitations or restrictions on authorised investments or investment ranges.

The Manager has a defined investment mandate which is available for inspection by investors if requested.

³ This is not intended to be a forecast.

1.7 Authorised Asset Investments

The Constitution permits the Fund to give the Manager full discretion over investments of the Assets and accordingly the Manager may invest in a broad range of securities in accordance with the investment mandate outlined in this Information Memorandum.

2. Investment Strategies

The Mandate stipulates that the Manager is limited to investing in equities or equity derivatives of the S&PASX100 (or about to be in the S&PASX100). The Manager has discretion over the make-up of the portfolio. The Manager intends to implement the following investment strategy.

Long Equities

The Manager will purchase equities with a view to long term capital gains and consistent income generation via dividend receipts and premium received from sold option positions. The Manager will focus on equities listed (or about to be listed) on the Australian Securities Exchange within the S&PASX100 index.

The Manager will identify companies which exhibit consistently strong fundamentals, have demonstrated long-term dividend growth and balance sheet strength. It is the aim to target highly franked dividend payments to capture the tax advantages these provide although this will not override the investment criteria mentioned above

Derivative Strategies

The Manager's use of derivatives will be confined to selling and purchasing ASX exchange traded options with the intent of writing fully underwritten positions against the Funds investments and/or cash. There will be no use of leverage within the Fund.

The Manager may also purchase put protection against the holdings of the fund at their discretion.

The Fund will not trade over-the-counter contracts.

3. Management Team

Managing Director

John Corr is the responsible manager and Chief Investment Officer of the Manager.

John has over 20 years experience in the Australian financial markets with a specialization in equity derivatives and proprietary trading. From 1987 to 1995 John worked on the derivatives sales desk for a number of major investment banks, advising and executing for local and offshore institutions, corporates and traders.

Prior to joining the Manager, John was for six years the Director of proprietary trading at Citigroup Global Markets Australia. He worked in proprietary trading for eight years, trading local and overseas equities and equity derivatives, index futures and was responsible for the management and development of a team of equity proprietary traders.

His responsibilities included the execution of strategy, establishing; reviewing; and monitoring risk limits for individual traders and aggregate team position; reporting to senior management on performance and risk management.

John was profitable in each of the eight years he was a proprietary trader with Citigroup and was recognized as a trader that was successful through the many different stages of the market cycle.

John Corr is the Chairman of the Manager and its Chief Investment Officer.

4. Risk Factors

When making any investment, the potential risks, and how they can affect the investor, need to be considered carefully. Every investment is influenced by many factors that can affect both its value and the income it produces and the investment can decline as well as increase in value.

The principal risks to which investors are exposed through an investment in this Fund include, but are not limited to:

- **Derivative risk:** the Manager will utilize exchange traded derivatives to add income and/or provide portfolio protection within the overall investment strategy. The risks of using derivatives might include the value of the derivative failing to move in line with the underlying security, potential illiquidity of the derivative, possibility that the derivative position is different or costly to reverse and that it does not perform as expected.
- **Liquidity:** Under certain conditions liquidity of a particular market or security may be restricted, thus affecting the performance of the Fund. Lack of liquidity or market depth can affect the valuation of the Fund's Assets as it looks to realise securities at quoted prices.
- **Economic Conditions:** Changes in economic conditions, including, for example, interest rates, inflation rates, employment conditions, competition, political and diplomatic events and trends, and tax laws can affect substantially and adversely the business and prospects of the Fund.
- **Market Risk:** Any investment made in a specific group of securities is exposed to the universal risks of the securities market. However, there can be no guarantee that losses equivalent to or greater than the overall market will not be incurred as a result of investing in such securities.
- **Limited Diversifications:** The Manager intends to seek to diversify the Fund's investments as it deems appropriate and consistent with the Fund's investment objective. If the Fund's investment portfolio is concentrated in a small number of investments, the portfolio will be subject to a greater level of volatility.
- **Speculative Nature of Certain Investments:** Certain investments by the Fund may be regarded as speculative in nature and involve increased levels of investment risk. An inherent part of a strategy may be to identify securities which are undervalued by the marketplace. Success of such strategy necessarily depends upon the market eventually recognising such value in the price of the security, which may not necessarily occur.
- **Maintenance of Australian Financial Services License:** The ability of the Manager to continue to manage the investment portfolio in accordance with this Information Memorandum and the Corporations Act is dependent on the maintenance of the Manager's AFS License and its continued solvency. Maintenance of the AFS License depends, among other things, on the Manager continuing to comply with the ASIC imposed license conditions and the Corporations Act;
- **No guarantee:** No guarantee can be provided by the Manager that the Fund will be able to distribute income to Unit Holders as this will depend on the extent to which income is derived by the Fund from the underlying securities in the investment portfolio.

This list is not exhaustive and potential investors should read this Information Memorandum in full and, if they require further information on material risks of such investments, seek all necessary financial, legal, tax and investment advice.

The Fund's investment process should be evaluated on the basis that there can be no assurance that the Manager's assessment of the short term or long term prospects of investments will prove accurate or that the Fund will achieve its investment objectives.

5. Fees

The fees listed below are currently applicable for all investments in the Fund as at the date of this Information Memorandum. The Manager will give investors prior written notice of any variation of fees or charges by the Fund.

5.1 Ongoing Base Management Fee

The Manager will receive an ongoing base management fee of 1.1% per annum (exclusive of GST) of the Net Asset Value of the Fund. The ongoing base management fee is calculated and paid monthly in arrears out of the Assets.

5.2 Performance Fee

The Manager will also be entitled to receive twice annually a performance fee of 9% (excluding GST) of the amount by which the increase of Net Asset Value of the Fund exceeds the Benchmark Performance during the relevant Performance Period, subject to it being above the High Water Mark.

The Performance Fee is calculated and accrued monthly as follows:

$$\text{Performance Fee} = (\text{FP} - \text{PH}) \times 9\%$$

Where:

$$\text{FP} = \text{CV} - \text{OV}$$

$$\text{PH is the monthly Performance Hurdle} = (\text{B} + 0.67\%) \times \text{OV}$$

CV = the Net Asset Value of the Fund at the close of the month (after other fees and expenses have been accrued but before accrued performance fees)

OV = the Net Asset Value of the Fund at the opening of the month (pre performance fee accrued Net Asset Value of the Fund but post paid performance fees)

B is the Benchmark = the percentage return of the S&PASX100 Accumulation Equity Index over the Performance Period.

The Performance Period means:

- (a) the period from the first day of the next month following each 6 month period ending either at the end of the Financial Year or 31 December each year (i.e. every 6 months); and
- (b) if the Fund terminates on a day other than the last day of a 6 calendar month Performance Period, then the last Performance Period will expire on the termination date.

If the Manager is entitled to a Performance Fee, it will be entitled to be paid as at 1 January and 1 July in each calendar year directly from the Fund (in the same way the ongoing base management fee is paid).

The Benchmark means the S&PASX100 Accumulation Equity Index (adjusted for subsequent Applications, redemptions and distributions). Therefore if the Fund underperforms the S&PASX100 Accumulation Index in a proceeding period this underperformance needs to be regained before any Performance Fee can be paid on subsequent outperformance of the Performance Hurdle.

If the accrued Performance Fee at the end of each Performance Period is a negative

number, then no Performance Fee is payable for that Performance Period. The accrued Performance Fee will be carried forward into the next Performance Period. Any negative performance (adjusted for any redemption) must be recouped in full before the Manager is entitled to be paid a further Performance Fee. Notwithstanding the foregoing no negative amount will accrue to a Performance Period after the expiry of 4 consecutive Performance Periods to the intent that after 2 years if not recouped in full then the accrual shall be reset to a nil amount for the calculation of the Performance Fee for the next Performance Period.

Direct invoices to a Unit Holder will be raised half yearly until the Unit Holder is in the same position as all other Unit Holders when any Performance Fee would then be payable direct from the Fund.

5.3 Issue of Units & Series

Investors who invest in the Fund will be issued a number of Units in the Fund. The Fund Manager will issue a number of different Series of units to investors depending on when their investment in the Fund is made.

As of each date on which units are to be issued, the Fund will generally issue a new Series of units at a unit price of \$1. As unitholders may apply for units at different times and at a different net asset value per unit relative to performance hurdles, the issuance of a new Series will enable performance fees to be allocated equitably among unitholders.

Each Series will be designated sequentially where the initial Series issued will be Series 1, followed by Series 2 and 3 and so on. Each Series of units issued will generally be reclassified into the initial Series 1 as at the month following their issue, if the Series 1 and any Series to be reclassified have been charged a performance fee. Any Series for which a net loss must be recouped prior to assessment of a performance fee will undergo such reclassification only at the end of the month in which such net loss has been fully recouped (as adjusted for withdrawals and distributions) and a performance fee is payable, and where the initial Series has been charged a performance fee. Such reclassifications will not result in any economic change in a unitholder's investment, and will be accomplished by withdrawing all units.

5.4 Entry and Exit Fees

No entry or exit fees are applied to the Fund.

5.5 Other Expenses

The Constitution allows for all operating expenses to be paid directly from the Fund. The Manager is entitled to be reimbursed out of the Fund's assets for all proper operating expenses connected with the Fund. Such expenses include, but are not limited to, custodian fees, registry fees, audit fees, taxation advice fees, use of an external consultant, prime brokerage, administration, accounts, legal, postage and compliance expenses.

6. Applications

6.1 Minimum Investment

The minimum initial investment is \$200,000 and the minimum subsequent investment is \$100,000.

Additional Unit Holders may be admitted to the Fund upon such terms and conditions as are permitted by the Manager (without the consent of any other Unit Holders), which terms and conditions may differ from those applicable to other Unit Holders on matters relating to, without limitation, notice periods, fee

waivers, rebates or reductions and information rights. New classes of Units in the Fund may be established by the Manager without the approval of the existing Unit Holders.

By lodging an Application in respect of the offer to subscribe for Units in the Fund contained in this Information Memorandum you declare and warrant to the Manager that you are a wholesale client as defined in the Corporations Act and, in the case of offers in New Zealand, that you are also a NZ Eligible Investor.

The Application form for an investment in the Fund is the accompanying form at the back of this Information Memorandum. Subsequent additional investments may be effected by completing the accompanying Additional application form at the back of this Information Memorandum.

Some of the criteria for a Wholesale Client are listed in summary as follows:

- An investment of \$500,000 or more is made in the Fund.
- The interests in the Fund are not provided for use in connection with a business, and the person who acquires the interests gives the Manager, before the provision of the interests, a copy of a certificate given within the preceding 2 years by a qualified accountant that states that the person:
 - (a) has net assets of at least \$2.5 million; or
 - (b) has a gross income for each of the last 2 financial years of at least \$250,000 gross a year.
- The interests in the Fund are provided for use in connection with a business that is not a small business. A 'small business' means a business employing less than:
 - (a) if the business is or includes the manufacture of goods – 100 people; or
 - (b) otherwise – 20 people.
- A financial services licensee.
- A body regulated by APRA.
- A trustee of a regulated superannuation fund with net assets of at least \$10 million.
- A trustee of an approved deposit fund with net assets of at least \$10 million.
- A trustee of a pooled superannuation trust with net assets of at least \$10 million.
- A trustee of a public sector superannuation scheme with net assets of at least \$10 million.
- A person who controls at least \$10 million (including any amount held by an associate or under a trust that the person manages).
- A body registered under the Financial Corporations Act 1974
- A listed entity, or a related body corporate of a listed entity.
- An exempt public authority.

- A body corporate, or an unincorporated body, that:
 - (a) carries on a business of investment in financial products, interests in land or other investments; and
 - (b) for those purposes, invests funds received (directly or indirectly) following an 'offer or invitation to the public', (as defined in the Corporations Act) the terms of which provided for the funds subscribed to be invested for those purposes
- A foreign entity that, if established or incorporated in Australia, would be covered by one of the above.
- A "sophisticated investor" within the meaning of section 761GA of the Corporations Act whereby the Manager can certify that the investor has sufficient experience to be treated as a wholesale client.

In referring to the word "person" above, we are also referring to corporations and institutional investors.

The above list only provides a summary of the relevant wholesale client criteria in the Corporations Act. Please contact the Manager if you would like any assistance in determining whether you are an Wholesale Client.

Subscriptions

Units will be available for subscription at the relevant Issue Price on each Subscription Day (the last Business Day of each calendar month).

The Issue Price will be equal to the Net Asset Value plus transaction costs per Unit as at the Valuation Day (the last Business Day of each calendar month) (see page 22).

Units are not certificated. The Fund's Administrator will keep a register of Unit holdings and will issue a statement of holdings to Unit Holders.

6.2 Applications for Units

Applicants for Units, and Unit Holders wishing to apply for Units, must send their completed Application form (for initial investments) or Additional application form (for additional investments) by mail (with a copy by facsimile) together with the application monies so as to be received by the Fund Administrator by no later than 2:00pm on the third last Business Day of each month. If Applications are not received by this time, the Fund Administrator will hold the Application over to the following Subscription Day and Units will then be issued at the relevant Issue Price on that Subscription Day. The Fund receives any interest earned on unallocated application monies.

Cheques in respect of Applications should be crossed not negotiable and made payable to:

"Fortitude Capital Pty Limited ATF Fortitude Capital Australian Equity Income Fund"

C/- Kingsway Taitz Fund Administration Pty Limited

And posted to; Investor Relations

Kingsway Taitz Fund Administration Pty Limited

PO BOX A2224, Sydney, NSW 1235 Australia

Electronic Fund Transfers may be made to the following bank account:

BSB	332-002
Account Number	553 088 698
Account Name	Fortitude Capital Pty Limited ATF Fortitude Capital Australian Equity Income Fund
Bank	St George Bank

The Manager reserves the right to reject any Application in whole or in part at its absolute discretion, in which event the amount paid on Application or the balance thereof (as the case may be) will be returned (without interest) as soon as practicable to the Applicant.

A subscription note will be issued following acceptance of the application. Once completed Applications have been received by the Fund Administrator, they are irrevocable (except as required by law).

Applications for Units will not be dealt with and Units will not be issued until receipt of notification that an Applicant's funds have been cleared in the full amount of the subscription. Subject to this, Units will be deemed to be issued on the relevant Subscription Day. Fractions of Units may, if necessary, be issued.

The Manager reserves the right from time to time to resolve to close the Fund to new subscriptions by potential investors and/or additional subscriptions by existing Unit Holders, including reinvestment of distributions, at any time, either for a specified period or until they otherwise determine. During any such period Units will not be available for subscription.

6.3 No Cooling Off Period

No cooling off period is required to be provided by the Manager pursuant to the Corporation Act. An Application lodged with the Manager is irrevocable, except as required by law.

6.4 Money Laundering

In order to comply with current or future regulations aimed at the prevention of money laundering, the Manager and the Fund Administrator, or their respective subsidiaries, affiliates, directors, officers, shareholders, employees, agents, permitted delegates and sub-delegates may require you to provide verification of your identity, the underlying beneficial owner(s), and/or the source of the funds being invested.

The Manager and/or the Fund Administrator will notify Applicants if proof of identity is required. By way of example an individual may be required to produce a copy of a passport or other identification card duly certified by a public authority such as a notary public, the police or the ambassador in his or her country of residence, together with evidence of his or her address such as a utility bill or bank statement. In the case of corporate Applicants this may require production of a certified copy of the certificate of incorporation (and any change of name), the constitution and the names, residential and business addresses of all directors and beneficial owners.

The details given above are by way of example only and the Manager and/or Fund Administrator will request such information and documentation as is necessary to verify the identity of an Applicant. In the event of delay or failure by the Applicant to produce any requested information, the Manager may refuse to accept the Application and return any funds received with the Application without interest.

Each Applicant for Units acknowledges that the Manager and Fund Administrator will be held harmless against any loss arising as a result of a failure to process his or her Application for Units or redemption request if such information and documentation as has been requested by the Manager and/or the Fund Administrator has not been provided by the Applicant.

7. Other Information

7.1 Redemption of Units

Units will be redeemable at the option of the Unit Holder and are undertaken monthly. If requesting a redemption of only a portion of your Unit holding, the redemption will be affected on a "first-in-first-out" basis.

To redeem any or all of their Units, Unit Holders should send a completed redemption request in the form available from the Fund Administrator. The redemption request should be received by the Fund Administrator no later than 2:00pm on the Business Day falling at least 10 Business Days, or such lesser period as the Manager may in any particular case determine, before the relevant Redemption Day. If a redemption request is not received within the prescribed period, it will be held over until the next following Redemption Day and the Units will be redeemed at the relevant Redemption Price applicable on that Redemption Day (see page 26).

Redemption requests may be sent by facsimile, but redemption proceeds will not be remitted until the Fund Administrator has received the original of the redemption request.

Redemption requests will be paid on any date but generally they will be paid within 20 Business Days after the redemption date.

If a redemption request relates to an amount that exceeds 10% of the then market value of the Net Asset Value of the Fund, the Manager may elect to satisfy the request by redeeming the Units worth not more than 10% of the market value of the Net Asset Value of the Fund on each Redemption Day following acceptance of redemption request until that request is satisfied. This is to enable an orderly exit of investments held to satisfy any large redemption.

A faxed / scanned copy of the redemption form is to be sent to the Fund Administrator at

Facsimile **+61 2 8915 1620**
Email: **info@kingswaytaitz.com.au**

Original redemption forms are required to be sent to;

The Fund Administrator
Kingsway Taitz Fund Administration Pty Limited
PO BOX A2224
Sydney NSW 1235
Australia

Attention: Investor Relations

7.2 Minimum Redemption

The minimum Redemption Amount is \$100,000. A requested partial redemption which would cause the Unit Holder's investment to fall below the Minimum Holding of \$100,000 (subject to the Manager's discretion to accept a lower amount) will not be permitted

7.3 Suspensions

In certain emergency situations or other state of affairs, where the realisation of investments are not able to be effected at prices which would be realised if investments were realised in an orderly fashion over a reasonable period in a stable market, where the Manager otherwise believes it to be in the best interest of Unit Holders and as otherwise provided for in the Constitution, the Manager is permitted to suspend for a reasonable period (“**Suspension Period**”) the redemption or issue or both of Units and the payment for the redemption of Units during the Suspension Period. The Issue and Redemption Price for Units the subject of an Application or a redemption request received or deemed received during the Suspension Period shall be the value of the Issue or Redemption Price next determined after the end of the Suspension Period. An investor’s redemption request lodged during the Suspension Period is deemed to be lodged immediately after the end of the Suspension Period.

7.4 Facsimile Arrangements

A facsimile redemption request is currently accepted, provided there is no reason to believe the request is not genuine. The Fund Administrator will not accept facsimile requests for cheques made payable to third parties or deposits to bank, building society or credit union accounts which have not been previously nominated by the Unit Holder. Facsimile redemption requests must be sent to the administrator. Conditions apply to the use of the facsimile redemption facility.

By using facsimile instructions, you agree with the Fund, the Manager and the Fund Administrator (including for the purposes of this section our respective affiliates, directors and other officers, shareholders, servants, employees, agents, permitted delegates and sub-delegates) to the following terms and conditions:

- 1 Each of the Fund, the Manager and the Fund Administrator is not responsible to you for any fraudulently completed communications and each of the Fund, the Manager and the Fund Administrator will not compensate you for any losses.
- 2 Should such a fraud take place, you release and will indemnify the Fund, the Manager and the Fund Administrator against any liabilities whatsoever arising from our acting on any communication received by fax in respect of your investment.
- 3 The Fund, the Manager and the Fund Administrator will only act on completed communications. A transmission certificate from your fax machine is not sufficient evidence that your fax was received. Each of the Fund, the Manager and the Fund Administrator will not be liable for any loss or delay resulting from the non-receipt of any transmission.
- 4 These terms and conditions are in addition to any other requirements that may form part of your instructions relating to the completion of a particular authority.
- 5 The Fund Administrator will process redemption requests which are initially received by facsimile, but no part of the redemption proceeds will be paid to redeeming Unit Holders until the Fund Administrator has received the original redemption request signed by the redeeming Unit Holder or by an authorised signatory of the redeeming Unit Holder. Neither the Fund, the Manager nor the Fund Administrator shall be responsible for any mis-delivery or non-receipt of any facsimile. Facsimiles sent to the Fund Administrator shall only be effective when actually received by the Fund Administrator. Unit Holders who submit redemption requests initially by facsimile to the Fund Administrator are advised to contact the Administrator by telephone on +61 2 9232 2746 to confirm that it has received the facsimile redemption request.

7.5 Transfer of Units

Unit Holders may transfer Units in the Fund by returning a transfer form which has been stamped for duty by the appropriate Stamp Duties office (if applicable), together with an Application form accompanying the current Information Memorandum, completed by the new owner. Transferring Units may have tax implications (including the payment of stamp duty in New South Wales) and Unit Holders should consult their taxation adviser before arranging any transfer of Units.

The Manager may refuse to register any transfer of Units in its absolute discretion. Generally, transfers will be permitted provided the transfer will not result in a Unit Holder holding less than the minimum holding.

7.6 Valuation of Units

Unit prices are calculated monthly as at the Valuation Day by the Fund Administrator based on the Net Asset Value of the Fund divided by the number of Units on issue. All Unit prices are calculated to 6 decimal places. Net Asset Value means the net asset value of the Fund Assets allowing for all liabilities including performance fees, accruals and unamortised capitalised costs, as calculated by the Fund Administrator from time to time.

7.7 Income Distribution and Re-Investment

At the end of each 6 months, Dec 31st and June 30th, the Unit Holders will be entitled to all of the Fund's net income in proportion to the number of Units held by them in their respective series at the end of each 6 month period.

The Fund will distribute income semi-annually after June 30 and Dec 31st in proportion to an investor's Unit Holding. Distributions, net of any performance fees payable will be automatically reinvested in additional Units in the Fund on the next Business Day after the end of a distribution period, unless a Unit Holder elects to receive a Cash distribution.

Cash distributions will only be paid in Australian dollars to an Australian bank account on the condition that they are net of any performance fees and will normally be paid within 30 Business Days from the end of the distribution period. The Constitution allows the Fund to vary the distribution frequency without notice.

You may elect to have your distributions paid to you by completing the relevant section of the Application form. If you do not so nominate or otherwise elect by notice in writing to the Manager prior to 30 Business Days before the end of a Financial Year and the end of the Calendar Year that you wish to receive your income distributions in Cash, your distribution will be automatically reinvested as additional Units in the Fund. Such re-invested Units will be issued at the applicable Unit price on the first Business Day of the next distribution period. No buy/sell spread is applied in respect of such re-invested Units.

Your distributions are calculated on the basis of your per Unit share of distributable income and realised capital gains of the Fund for the entire distribution period and not just for the period your investment is held.

Unit prices fall after the end of the distribution period to reflect the distribution entitlements. If you invest just before the end of a distribution period, you may find that you receive an immediate return of some of your investment capital as income and this may, depending on your circumstances, give rise to a tax liability. Therefore, you should carefully consider the timing of your investment in this Fund. Similarly, if you withdraw your investment before the last day of the distribution period, you may receive your share of any accrued income as capital.

In certain circumstances, the Manager may choose to allocate undistributed income and any net realised capital gains to withdrawing investors based on a pro-rata allocation with reference to the number of Units being redeemed. This would only be utilised to ensure a fair and reasonable allocation of any undistributed income and net realised capital gains amongst investors.

We recommend you speak with a financial adviser or tax adviser to determine your own situation.

A distribution statement will be dispatched to all Unit Holders detailing the taxable income and available credits, as soon as possible after the end of the Financial Year. It is anticipated that the statement will be available after 1 August of each year.

7.8 Reporting

As an investor in the Fund you will receive regular reports, including:

- (1) a monthly statement;
- (2) a distribution advice after each distribution;
- (3) an annual taxation statement;
- (4) a transaction statement each time you make an investment or withdrawal.

7.9 Taxation

The following summary is for Australian tax residents investing in the Fund. The tax laws are subject to continual change and the tax consequences of investing in the Fund differ between Unit Holders. The following is neither exhaustive nor definitive and all investors should satisfy themselves as to their possible tax consequences, by consulting their own professional tax advisers.

It is our intention to distribute all net taxable income (including net capital gains) earned by the Fund. Therefore under current Australian tax legislation, the Fund should not be liable for income tax.

The net income from your investment, whether paid to you or re-invested in additional Units, is to be included as assessable income for tax purposes. Any net income earned in a Financial Year (regardless of when it is received or re-invested) is to be included in your taxation return for that same year. At the end of the Fund's tax year we will send to you the details of assessable income, capital gains tax, credits and any other relevant tax information to include in your tax return.

If you hold your investment in the Fund on revenue account, as trading stock or carry on a business of investment, your investment in this Fund may have income tax consequences and you should obtain your own tax advice before investing.

This tax information is current as at the date of this Information Memorandum.

Capital Gains Tax

The two sources of capital gains that may arise are from:

- * a component of the distribution made by the Fund to you;
- * withdrawing units from the Fund.

Individuals, trusts and complying superannuation entities may be eligible for partial capital gains tax exemptions in relation to the disposal of Units and the capital gains portion of distributions where they have held the Units for at least 12 months.

Franking Credits

The Fund will seek to pass on any benefits of franking credits in respect of distributions including franked dividends from the Fund. Investors receiving distributions including franked dividends will be required to include their share of dividend income and franking credits in their assessable income.

Tax File Number ("TFN") or Australian Business Number ("ABN") (Australian Investors Only)

The Application form accompanying this Information Memorandum provides for submitting your TFN, TFN exemption or ABN (if investing as a company). You are not obliged to provide us with your TFN, TFN exemption or ABN, however if you do not, tax will be deducted from your distributions at the highest marginal tax rate plus Medicare levy.

Goods and Services Tax ("GST")

The Fund is or will be registered for GST. The issue or withdrawal of Units in the Fund and receipt of distributions will not be subject to GST. All fees quoted within this Information Memorandum are exclusive of GST. GST will be charged on each of the fees, charges and costs incurred by the Fund. The charge will be deducted from the Assets of the Fund and the Fund will in many cases receive a credit from the Australian Tax Office of 75% of the GST amount paid. The impact of GST payments and credits will be reflected in the Unit price of the Fund.

7.10 Custodian

The Fund has appointed JPMorgan Chase Bank, N.A., acting through its Sydney branch (J.P. Morgan), as the Custodian Bank under the terms of a Global Custody Agreement (the "Agreement"). The functions which J.P. Morgan will perform under the Agreement are the provision of custody, settlement and associated services to the Fund regarding the purchase and sale of Securities (as defined in the Agreement) entered into by the Fund with its respective counterparties. The Fund has agreed to indemnify J.P. Morgan against any expenses, costs, losses, damages and liabilities which J.P. Morgan may sustain in connection with providing services under the Agreement.

7.11 Fund Administrator

Kingsway Taitz Fund Administration Pty Limited has been appointed to provide independent fund administration and accounting services for each Fund. The Fund Administrator is responsible for assisting the Manager to maintain the Fund's register of Unit Holders, for arranging the issue, redemption, transfer and valuation of Units, for the preparation of unaudited statements for the Fund and for providing certain other administrative services in respect of the Fund in accordance with the terms and conditions of the Administration Agreement entered into between Kingsway Taitz Fund Administration Pty Limited and the Manager.

The Administration Agreement provides, inter alia, that the Fund Administrator shall not be liable to the Fund or its investors for any acts or omissions in the performance of its services except for its own material breach of its obligations under the Administration Agreement and the Fund Administrator is indemnified in acting as administrator except in the case of its own gross negligence, wilful misconduct or fraud. It is not the role of the Fund Administrator to protect the rights and interests of the Fund's investors. The Fund Administrator does not guarantee the return of any investment, any tax deduction availability or the

performance of the Fund. The Fund Administrator has no interest in relation to the Fund and has not received any inducements from the Manager other than the remuneration it is entitled to receive under the Administration Agreement by way of administration fees.

7.12 Constitution

The Fund's Constitution governs the rights and obligations of the Manager and you as a Unit Holder. Unit Holders are bound by provisions of the Constitution and by this Information Memorandum. The Constitution and the Corporations Act and its regulations, regulate the operations of the Fund and set out rights and liabilities of Unit Holders and responsibilities and duties of the Manager and the Fund Administrator.

The Constitution may be amended if:

- (a) approved by a special resolution of Unit holders; or
- (b) the Manager reasonably considers the amendment will not adversely affect the rights of Unit Holders and allows the Manager to amend the Constitution and requires that the Manager promptly inform all Unit Holders of any amendment.

The Manager will promptly inform all Unit Holders of any amendment to the Constitution.

A copy of the Fund's Constitution will be made available to you on request.

7.13 Changes To The Investment Approach

Subject to the Constitution and the Manager's discretion, the investment approach for the Fund may be changed from time to time, but (where practicable) reasonable notice will be given to you if the approach is to materially change.

7.14 Complaints

If you have any queries or complaints, please write to the Manager. We will acknowledge your query or complaint in writing within 14 Business Days. We will then give proper consideration to the complaint and advise you of the outcome within the time period set out in the Constitution.

7.15 Privacy

We respect your privacy. Any personal details provided to the Manager when you invest or at any other time in relation to your investment, will be used to administer and report on your investment with us, and for purposes related to that. For example, your details may be used to establish your initial investment, process ongoing transactions, respond to any queries you may have, provide you with transaction, distribution, tax and annual statements, and to provide you with information on the performance of your investment, change in product features, fund commentary and other topical information.

As well as using your personal details within the Manager, we may disclose it to other persons to enable us to provide services to you. Such people include:

- (a) Third parties we appoint as advisers, agents or service providers such as auditors, custodians, administrators or legal advisers or any of their affiliates; and

- (b) Third parties you authorise to act on your behalf in relation to your investment such as your investment consultant, financial adviser, broker or solicitor or any of their affiliates.

If you provide incomplete or inaccurate information, the Manager may not be able to process your Application.

We may also disclose your personal information to other persons and entities as permitted under the Privacy Act 1988.

We aim to keep your personal details as up to date and accurate as possible. If any of your personal details are incorrect or have changed please write to us.

Each investor will be required to acknowledge in the Application form that the Fund, the Fund Administrator and/or the Manager may disclose to each other, to any other service provider to the Fund or to any regulatory body in any applicable jurisdiction copies of the investor's Application and any information concerning the investor provided by the investor to the Fund, the Fund Administrator and/or the Manager and any such disclosure shall not be treated as a breach of any restriction upon the disclosure of information imposed on such person by law or otherwise.

If you wish to find out what personal details we hold with respect to you, please contact us.

7.16 Appointing an Authorised Representative

If you wish to appoint someone else to operate your investment on your behalf, the following conditions apply:

- (a) Your authorised representative can do everything you can do with your investment except appoint another authorised representative.
- (b) To cancel your authorised representative you must give us 7 Business Days written notice.
- (c) You release and indemnify the Manager (including for the purposes of this section each of its respective affiliates, directors and other officers, shareholders, employees, agents, permitted delegates and sub-delegates) from and against all liability which may be suffered by you or by the Manager or brought against the Manager in respect of any acts or omission of your authorised representative, whether authorised by you or not.

To appoint an authorised representative complete the relevant sections in the Application form.

7.17 Further Information

The preceding information is only a summary of some of the general features of the Fund and should be considered by investors in the context of and subject to any further information made available upon request by the Manager.

For further information about the Fund and its investments, please contact Managing Director John Corr on + 61 2 9376 9800.

Definitions in this Information Memorandum:

"**Applicant**" means an applicant for a Unit.

"**Application**" means an application for a Unit in a form approved by the Manager.

"**ASIC**" means the Australian Securities and Investments Commission and any body succeeding it with regulatory authority over the Fund.

"**Assets**" means from time to time, all the Property, assets, rights and income of the Fund excluding any subscription money in respect of an Application that has not been accepted by the Manager.

"**ASX**" means the Australian Securities Exchange.

"**Benchmark**" means the S&PASX100 Accumulation Equity Index.

"**Business Day**" means a day other than a Saturday, Sunday or public holiday on which banks are generally open for business in New South Wales.

"**Cash**" means a cheque, bank cheque, payment order or electronic transfer of funds (but not currency unless the Manager otherwise determines).

"**Constitution**" means the trust deed establishing the Fund and includes any supplementary deeds.

"**Corporations Act**" means the Corporations Act 2001 (Cth).

"**Custodian**" means JP Morgan Chase Bank, N.A. (Sydney Branch) ABN: 43 074 112 011.

"**Financial Year**" means the 12 months period ending 30 June in each year.

"**Fund Administrator**" means Kingsway Taitz Fund Administration Pty Limited ACN [].

"**GST**" means any goods and services tax including the tax imposed under A New Tax System (Goods and Services Tax) Act 1999 (Cth).

"**includes**" means includes, without limitation.

"**Information Memorandum**" means this information memorandum as modified or varied by any supplementary information memorandum issued by the Manager from time to time.

"**Input Tax Credit**" has the meaning ascribed to that term in section 195-1 of A New Tax System (Goods and Services Tax) Act 1999 (Cth).

"**Issue Price**" the issue price per Unit is \$1.00

"**Liabilities**" means all liabilities of the Fund including all liabilities accrued but not yet paid, borrowings, unpaid costs, charges, expenses, outgoings, fees, Taxes, contingent liabilities, unpaid amounts due to a Unit Holder including Redemption Amounts or distributions, unpaid remuneration due to the Manager and any provision which the Manager determines should be taken into account in determining the liabilities of the Fund.

"**Manager**" means Fortitude Capital Pty Limited ACN 100 306 723.

"**Net Asset Value**" means the total current market value of the Assets less the total

value of the Liabilities as calculated by the Manager on any relevant date.

"NZ Eligible Investors" means selected New Zealand institutional clients whose business is the investment of money or persons who, in the course of and for the purpose of their business, habitually invest money and who are not members of the public for the purposes of the New Zealand Securities Act 1978.

"Performance Fee" has the meaning given in section 5.2 of this Information Memorandum.

"Performance Hurdle" means the return of the Benchmark being the S&P ASX100 Accumulation Equity Index, plus 8% per annum or (+0.67% per month) multiplied by the Net Asset Value of the Fund on the first day of the relevant month (before accrual of the Performance Fee).

"Performance Period" has the meaning given in section 5.2 of this Information Memorandum.

"Property" means property or assets of any kind including real, personal, moveable and immovable property of any nature, wherever situated, including insurance policies, currency, bank accounts and choses in action.

"Redemption Amount" means the total amount payable to a Unit Holder as a result of the redemption or buy back of Units pursuant to a redemption or buy back request, being the relevant Redemption Price multiplied by the number of Units redeemed or bought back.

"Redemption Day" means the last Business Day of each calendar month.

"Redemption Price" means the redemption or buy back price of a Unit calculated in each series as follows:

$$\frac{\text{Net Asset Value}}{\text{Total number of issued Units}}$$

"Register" means the register of Unit Holders maintained by, or on behalf of the Fund by, the Fund Administrator.

"Subscription Day" means the last Business Day of each calendar month.

"Taxes" means every kind of tax, duty, rate, levy, deduction and charge imposed by any fiscal, national, state or local authority or entity and whether presently imposed or novel, together with interest and penalties including, for the avoidance of doubt, any GST.

"Trust Fund" means at any time, all of the Assets but subject to the Liabilities at that time.

"Unit" means an undivided beneficial interest in the Trust Fund as provided for in the Constitution.

"Unit Holder" means a person whose name for the time being is entered in the Register as the holder of a Unit.

"Valuation Day" means a day on which the Manager calculates the Net Asset Value, unless the Manager decides otherwise, will be the last Business Day of each calendar month.

APPLICATION FORM

TRUSTEE – FORTITUDE CAPITAL PTY LIMITED ACN 100 306 723 AFSL 221131

Units in the FORTITUDE CAPITAL AUSTRALIAN EQUITY INCOME Unit Trust are only issued on receipt of:

- this application form,
- verification of the applicant’s identity,
- and payment in full.

The minimum initial investment for investors who qualify wholesale investors is \$200,000 and \$500,000, for all other applicants. The minimum subsequent investment is \$100,000.

Follow the instructions on pages 15 – 18 on how to complete this application form.

Please use CAPITAL LETTERS and a black ballpoint pen when completing this form.

SECTION A – DO YOU HAVE AN EXISTING INVESTMENT IN THE FORTITUDE CAPITAL AUSTRALIAN EQUITY INCOME UNIT TRUST?

No: this is a new investment (go to Section B).

Yes: My / Our Investor Number is:

Name: _____

Phone Number: _____
(Go to Section D)

SECTION B - INVESTOR DETAILS

What type of entity is applying? Please tick one box ONLY.

- Individual, joint or sole trader – complete B1
- Partnership – complete B1 & B2
- Company – complete B1 (Directors) & B2
- Trust / Super Fund with Individuals as Trustee – complete B1 (Trustees) & B3
- Trust / Super Fund with Corporate Trustee – complete B1 (Directors), B2 (company) & B3
- Other: _____

B1 INDIVIDUAL INVESTOR DETAILS (including individuals acting as trustee and corporate directors)

INVESTOR 1 (Your name MUST match your ID exactly).

Title: _____ Given Names (in full): _____

Surname: _____

Date of Birth (dd/mm/yyyy): __ / __ / ____

Australian Tax File Number: OR Not Australian Tax Resident

Residential Address: _____

City/Suburb/Town: _____ State: _____ Postcode: _____

Country: _____

INVESTOR 2 (Your name MUST match your ID exactly).

Title: _____

Given Names (in full): _____

Surname: _____

Date of Birth (dd/mm/yyyy): ___/___/_____

Australian Tax File Number: OR Not Australian Tax Resident

Residential Address: _____

City/Suburb/Town: _____ State: _____ Postcode: _____

Country: _____

B2 CORPORATION, CORPORATE TRUSTEES & PARTNERSHIP DETAILS

Name: _____

Name of contact person: _____

Registered Office Address: _____

Principal Place of business: _____

Type of company: public private Country of Registration: _____

ACN or ABN: OR Foreign Company ID Number: _____

Australian Tax File Number: OR Not Australian Tax Resident

For a private company: (1) How many directors are there?

DIRECTORS' FULL NAMES (in CAPITALS):

(2) Provide the following details for all **individuals** who beneficially own 25% or more of the company's issued capital.

FULL NAME:	RESIDENTIAL ADDRESS:

B3 TRUSTS or SUPER FUND DETAILS

Name of Trust or Fund: _____

Country of establishment: _____

TRUST TYPE:	PROVIDE THE FOLLOWING:
Registered Managed Investment Scheme	Australian Registered Scheme Number (ARSN)
Regulated Trust (e.g. an SMFS)	Name of the regulator (e.g. ASIC, APRA, ATO) The trust's ABN or registration / licensing details
Other Trust Type (e.g. Family, unit, charitable, estate)	Beneficiary details and certified extract of the trust deed (showing name of trust)

ARSN:

ABN:

Name of regulator of the fund: _____

Registration / licensing details: _____

For Other Trusts: A certified extract of the Trust Deed is attached to this application.

Beneficiary Details:

1. Full Name: _____

2. Full Name: _____

3. Full Name: _____

4. Full Name: _____

SECTION C – ACCOUNT CONTACT DETAILS

Joint investors with different residential addresses must elect one postal address in this section.
We will not accept your financial adviser's address.

Account Designation: _____ (optional)

Main Contact: _____

Postal Address: _____

City/Suburb/Town: _____ State: _____ Postcode: _____

Country: _____

Email Address: _____

Telephone (home): area code: ____ number: _____

Telephone (business hours): area code: ____ number: _____

Mobile: _____

Fax: area code: ____ number: _____

SECTION D - INVESTMENT DETAILS

I/we apply to invest \$, , Fortitude Capital Australian Equity Income Unit Trust

Please tick the box to advise how your payment will be made:

Cheque

Please make cheque payable to:
Fortitude Capital Pty Limited ATF Fortitude Capital
Australian Equity Income Unit Trust Applications A/C

Electronic Funds Transfer (EFT) to:

Bank: St George Bank
BSB: 332 002
Account Number: 553 088 698
Reference _____

Please ensure that you include the name of the "Investor" in the EFT reference field.

SECTION E - DISTRIBUTION ELECTION

Distributions are made semi-annually and can be reinvested, or paid in cash. Please note if no election is made, your entitlements will be reinvested.

Yes, please reinvest my distributions as additional Units, or

No, please pay my distributions directly into to my account in Section F

SECTION F - BANK ACCOUNT DETAILS

All investors must complete this section with an Australian banking institution, for distributions and redemptions.

Bank Name/Institution: _____

Branch name and address: _____

BSB: Account Number:

Account Name: _____

Section G - OPERATING AUTHORITY

When giving instructions to us about your investment please indicate who has authority to operate your account:

INDIVIDUAL/JOINT ACCOUNTS (if no box is ticked we will assume all to sign)

any one to sign both to sign OTHER _____

COMPANY, TRUST, SUPER FUND ACCOUNTS (if no box is ticked all future written instructions must be signed by two directors/trustees, director and secretary, or the sole director)

any one to sign any two to sign all to sign OTHER _____

Section I - PRIVACY

Fortitude Capital Pty Limited may wish to contact you about future investment opportunities that may be of interest. Please tick the box if you do NOT wish to be contacted for this purpose.

I/we do not wish to receive information from Fortitude Capital Pty Ltd regarding future investment opportunities.

Section J - PROVIDING IDENTIFICATION – NEW INVESTORS ONLY

I/we confirm I/we have attached certified copies of the required proof of identification with this application form for each investor/applicant.

Section K – ACCOUNTANT’S CERTIFICATE

If your investment is less than \$500,000, you should either: have a “qualified accountant” complete the accountant’s certificate below; or contact the Trustee to ascertain whether you may otherwise be treated as an Eligible Investor. The definition of qualified accountant is provided on the certificate.

Certificate by Qualified Accountant

I, of _____

being a qualified accountant* certify that _____ (the proposed investor)

- has net assets in excess \$2.5 million; or
- had a gross income in excess of \$250,000 per annum for each of the last two financial years.

Dated:

Signature

Qualification

*qualified accountant means:

- any member of the Australian Certified Practising Accountants (“CPA”) who is entitled to use the post nominals “CPA” or “ASA” and is subject to and complies with the CPA’s continuing professional development requirements;
- any member of The Institute of Chartered Accountants in Australia (“ICAA”) who is entitled to use the post nominals “CA” or “FCA” and is subject to and complies with the ICAA’s continuing professional education requirements; and
- any member of the National Institute of Accountants (“NIA”) who is entitled to use the post-nominals “MNIA” or “FNIA” and is subject to and complies with the NIA’s continuing professional education requirements

OFFICE USE ONLY

Investor No.	Account No.	Reference No.	Opening Date

Section L - DECLARATIONS & SIGNATURES

YOU SHOULD READ THE IM IN FULL BEFORE SIGNING THIS APPLICATION FORM

By completing the application form you:

1. declare that you have read and understood this IM.	2. agree to the collection, use and disclosure of your personal information provided in the application form.
3. declare that you have received this IM personally, or a print out of it, accompanied by or attached to the application form before signing the form.	4. declare that all information provided in the application and any other information provided in support of the application is true and correct.
5. declare if you have received the IM from the internet or other electronic means, that it was received either personally or a printout accompanied the application form before making an application for Units in the FORTITUDE CAPITAL AUSTRALIAN EQUITY INCOME Unit Trust	6. acknowledge that none of the Trustee, Kingsway Taitz Fund Administration Pty Limited, Fortitude Capital Pty Limited or any member of their respective groups or any of their directors or associates or any other entity guarantees the performance of or the repayment of capital invested in, or income from the Trust.
7. declare that if the application is signed under power of attorney, you have no knowledge of the revocation of that power of attorney.	8. declare that you have the power to make an investment in accordance with the application.
9. declare that sole signatories signing on behalf of a company are signing as sole director or as a sole director/secretary of the company.	10. acknowledge that an investment in Trust is subject to risks including possible delays in repayment and possible loss of capital invested.
11. agree to be bound by the provisions of the Trust Deed governing the FORTITUDE CAPITAL AUSTRALIAN EQUITY INCOME Unit Trust set out in the IM and as amended from time to time.	12. acknowledge that this IM does not constitute an offer in any jurisdiction in which, or to any person to whom, it would be unlawful to make the offer.
13. declare that if investing as a trustee on behalf of a superannuation fund or trust you are acting in accordance with your designated powers and authority under the trust deed. In the case of superannuation funds, you also confirm that the funds are complying funds under the Superannuation Industry (Supervision) Act.	14. acknowledge that all information relating to this application for investment or any subsequent information relating to this investment may be disclosed to any service provider to the Trust and to your adviser. You understand this will not include disclosure of your TFN, ABN or any information in relation to it to your adviser. This authority will continue unless revoked in writing by you.
15. If signing as a nominee investor, the nominee investor makes the above representations and declarations on behalf of itself and on behalf of the investor for whom the nominee investor is a nominee.	

How to Complete the Application Form

1. Complete the information required in the Application Form forming part of this IM.

Please read Section 1 below for further instructions.

2. Provide the identification and verification documents listed in Section 2. These documents are required under new Anti-Money Laundering & Counter-Terrorism Financing regulations in Australia.

If you are lodging your application through a financial adviser you are not required to include the identification & verification documents referred to in Section 2 with your application. Your financial adviser will complete the identification process and retain these documents.

The Application Form, your payment as set out in section D of the Application Form and certified copies of the documents required to verify your identity should be sent to:

Kingsway Taitz Fund Administration Pty Limited

If posted: PO Box A2224, Sydney NSW 1235, Australia

If couriered: Level 16, 201 Elizabeth Street, Sydney NSW 2000, Australia

Telephone +61 2 9232 2746
 Facsimile +61 2 8915 1620
 Email info@kingswaytaitz.com.au

Attention: Investor Relations

Section 1

General

- Please use CAPITAL LETTERS and a black ball point when completing the forms.
- For joint investors we require the **usual** residential address of each investor. You may only elect **one** postal address for all notices and correspondence.
- Your **usual** residential address cannot be your financial advisors address or a PO Box.
- Company applications should include a contact name and ACN, ABN, or ARBN as applicable.
- For company applications the full address of the registered office, plus principal place of business is required.
- Individual applicants should be 18 years of age or over.
- You can invest on a minor's behalf by putting their name in the account designation box. The unit holder will not, however, be the minor.
- If you have an existing account and would like to add to the account, please quote your existing account number.

Tax File Number (TFN)

You are not obliged to provide your TFN, ABN or claim an exemption. However, if you do not do so there is a requirement to deduct tax from distributions of income made to you at the highest marginal rate, plus Medicare Levy (if you are an Australian resident). Tax File Numbers for minors will not be accepted. If you are claiming an exemption, write the full name of the benefit you receive eg age pension, service pension, special benefit pension etc.

Application Instructions

The minimum application for Units in the Trust is \$200,000 for investors qualified as Wholesale Clients and \$500,000 for all other applicants in total and for subsequent applications the minimum is in multiples of \$100,000
Insert the amount you wish to invest.

Please cross your cheque “not negotiable” and make it payable to “**FORTITUDE CAPITAL PTY Limited ATF FORTITUDE CAPITAL AUSTRALIAN EQUITY INCOME Unit Trust Applications A/C**”. Cash is not accepted. If payment is made by EFT the application money should be sent to the bank account details of which are set out in section D of the Application Form.

Account operation instructions

Please indicate how you wish your account to be operated. In the case of joint accounts, you may request joint signatures or allow either signatory to sign. For a company or trustee please indicate your operation instructions by ticking the appropriate box. See section G of the Application form.

Type of Investor	Correct name	Incorrect name	Signature(s) required
Individual/joint holding Use full name of each applicant, not initials	Luke John Smith Susan Mary Smith	Luke J Smith Susan M Smith	Each applicant
Company holding Use full company name	ZYX Pty Ltd	ZYX inc ZYX Co ZYX p/l	2 directors; A director & secretary; A single director if a sole director company
Minors Use full name of each applicant, not initials. Use minor name as beneficiary	Susan Mary Smith a/c designation <Josh Smith>	Josh Smith	Each Applicant (not minor)
Superannuation funds/trusts – individual trustee(s) Use trustee(s) personal name(s) Use fund/trust name as beneficiary	Susan Mary Smith a/c designation <Susan Smith Trust> <Susan Smith Super Fund>	S M Smith Trust S M Smith Super Fund	Each trustee
Superannuation funds/trusts – corporate trustee Use trustee company name. Use fund/trust name as beneficiary	ZYX Pty Ltd <ZYX Trust> <ZYX Super Fund>	ZYX Trust ZYX Super Fund	Trustee – as per company holding above

Examples of Correct Names and Account Designations

Distributions and redemptions

Distributions (if not reinvested) and redemptions will be paid directly into your bank account specified in Section F. Please ensure that you complete all details of the institution in full. If this section is not completed or if a payment to your nominated back account is returned, your distributions will be reinvested. See section E of the Application form.

Signature(s)

You should ensure that you have read the attached IM in full before signing the application. Joint applications must be signed by all persons. If the application is being signed under Power of Attorney please enclose a certified copy of the Power of Attorney and appropriate photo identification for the attorney.

Adviser Information & Declaration

All advisers must read and sign the declaration to certify they have complied with the Australian Anti-Money Laundering and Counter-Terrorism Financing legislation, as certain due diligence must be conducted on any prospective investor before Units in the Trust may be issued to that investor. The due diligence included verifying a prospective investor's identity. See section M of the Application form.

Investors appointing an Agent

This section applies to applicants where:

- one or more of joint applicants wishes to appoint one of the other joint applicant(s) as its agent;
- an individual wishes to appoint another person as his or her agent;
- a company wishes to appoint one of its officers, or some other person, as its agent;
- a partnership wishes to appoint one of their partners, or some other person, as their agent;

to act for the appointing applicant(s) whenever an additional investment is being made in the Trust. If you wish to appoint an agent, you must complete the separate authorisation under section G of the application form.

The following conditions and acknowledgments apply to the appointment of an agent:

- An agent of the applicant has authority, until the applicant advises the Trustee in writing to the contrary to apply for Units in the Trust on behalf of the applicant and to sign all documents.
- Where the agent is a company or a partnership, the powers vested in the agent are taken to extend respectively to any director, partner or authorised officer of the agent, as long as appropriate supporting documentation is received by the Trustee.
- The Trustee may, after giving not less than 14 days' prior written notice to the applicant who has appointed an agent, vary these conditions or cancel this appointment, without prejudice to paragraphs 4 and 5 below.
- The applicant and the agent, during the term of the agent's appointment and at all times thereafter, discharges and indemnifies the Trustee from and against all actions, proceedings, claims, losses and/or any other liabilities incurred directly or indirectly in consequence of the appointment of the agent,

except if and to the extent that, the loss or liability is attributable to the Trustee's negligence or wilful default.

- The applicant irrevocably ratifies each and every action taken by the agent pursuant to its appointment and agrees that the applicant and every person claiming through or under the applicant has no claim in relation to any action or any payment made or purporting to be made to or at the direction of the agent against the Trust, the Trust property or the Trustee, at any time.
- The agent may not delegate its powers or duties to any other person.

Lodging the application

Please mail the completed Application form, along with the documents to certify your identity:

Kingsway Taitz Fund Administration Pty Limited

If posted: PO BOX A2224, Sydney NSW 1235, Australia

If couriered: Level 16, 201 Elizabeth Street, Sydney NSW 2000, Australia

Telephone +61 2 9232 2746
 Facsimile +61 2 8915 1620
 Email info@kingswaytaitz.com.au

Attention: Investor Relations

Please ensure payment is made in full.

Units in the Trust are issued when a properly completed application form is received and clear funds are available. Both events need to have occurred before Units will be issued. Please ensure you sign in Section L of the Application Form.

If you have any queries please call your financial adviser or contact Fortitude Capital Pty Limited:

Fortitude Capital Pty Limited.

Level 2, 350 George Street
 Sydney NSW 2000
 TEL: +61 2 9376 9800

Section 2

Anti-Money Laundering and Counter-Terrorism Financing

Identification Requirements

Under Australian anti-money laundering and counter-terrorism financing legislation, certain due diligence must be conducted on any prospective investor before Units in the Trust may be issued to that investor. The due diligence includes verifying a prospective investor's identity. Applications made without providing this information cannot be processed until all the necessary information has been provided. The AML/CTF compliance program will also include ongoing customer due diligence which may require the Trustee to collect further information.

Requirements for Individuals / Sole Traders

If you are an individual investor or sole trader, you will need to give us certified copies of one document from column [1] OR one document from each of column [2] AND [3]:

Please note: that for Trusts, Partnerships, Associations and Co-Operative

Applicants, if you are required to complete the individual section of the application then you must also provide the documents required for an individual applicant.

Reliable and Independent Documentation				
<input type="checkbox"/> DO NOT SEND ORIGINALS; CERTIFIED COPIES ONLY				
Column [1] <i>Primary Photographic</i> (one proof required)	OR	Column [2] <i>Primary Non-Photographic</i> (one proof required)	AND	Column [3] <i>Secondary Identification</i> (one proof required)
<input type="checkbox"/> Australian Driver's licence <input type="checkbox"/> Valid Australian passport # <input type="checkbox"/> State or Territory proof of age card <input type="checkbox"/> Foreign Passport* <input type="checkbox"/> National Id Card issued by a foreign government containing a photograph & signature* <input type="checkbox"/> Foreign Driver's licence with photograph & date of birth*		<input type="checkbox"/> Birth certificate <input type="checkbox"/> Commonwealth citizenship certificate <input type="checkbox"/> Pension card <input type="checkbox"/> Health card issue by Centrelink <input type="checkbox"/> Foreign citizenship certificate or birth certificate*		<input type="checkbox"/> Commonwealth, State and Territory financial benefits notice (less than 12 months old) <input type="checkbox"/> Tax notice (less than 12 months old) <input type="checkbox"/> Local utilities provider notice (less than 3 months old)

A passport that expired within the two years prior to submitting the application form will also be accepted.

* Documents that are written in a language that is not English must be accompanied by an English translation prepared by an accredited translator.

Who may certify your documents as being a true and correct copy of the original		
<input type="checkbox"/> Judge <input type="checkbox"/> Lawyer <input type="checkbox"/> Notary Public <input type="checkbox"/> Magistrate <input type="checkbox"/> Justice of the Peace <input type="checkbox"/> Police Officer <input type="checkbox"/> A Registrar or Deputy Registrar of a court	<input type="checkbox"/> Finance company officer* <input type="checkbox"/> Full-time employee of a bank* <input type="checkbox"/> A member of the Institute of Chartered Accountants in Australia, CPA or NIA membership*	<input type="checkbox"/> Full-time employee of a post office* <input type="checkbox"/> Authorised representative of a holder of an Australian financial services licence* <input type="checkbox"/> Australian Consular Officer or Diplomatic Officer
<p>* Those persons marked with an asterisk * are required to have two or more years of continuous service or membership.</p>		

The eligible certifier must include the following information:

- Their full name
- Address
- Telephone number
- The date of certifying
- Capacity in which they are eligible to certify, and
- An official stamp/seal if applicable

The certified copy must include the statement, "I certify this is a true copy of the

original document”.

For photographic documents, the certified copy must include the statement, “I certify this is a true copy of the original document and the photograph is a true likeness”.

Non-Individual Investors

Different identification and verification requirements apply to prospective investors who are not individuals, such as companies, other bodies corporate, trusts; including superannuation trusts, partnerships, associations and registered co-operatives.

- **Australian Companies** – Any one of the following documents: a certified copy of the certification of registration or licence or other records of the relevant commonwealth, state or territory statutory regulator or a public document issued by the relevant company.
- **Foreign Companies** – please contact the Trustee for verification information required.
- **Trusts & Trustees** - If the trust is a:
 - **Registered managed investment scheme, regulated trust or government superannuation fund** – any one of the following documents: a certified copy or relevant extract from the relevant regulator’s website showing the full name of the trust and that the trust is a registered scheme, regulated trust or government superannuation fund.
 - **Other trust type** - any one of the following documents: a certified copy or extract of the Trust Deed showing the name of the trust, or letter from a solicitor or qualified accountant that confirms the name of the trust, or a notice issued by the ATO with in the last 12 months (eg Notice of Assessment).
 - **Individual Trustee** - verification of the trustee’s full name, date of birth and residential address is required by completing the Individual verification document.
 - **Australian Company Trustee** – a certified copy of the certification of registration.
 - **Australian Listed Company or majority owned subsidiary of an Australian Listed Company or is a regulated company** - a certified copy of a public document issued by the relevant company.
 - **Foreign Company Trustee** please contact the Trustee for verification information required.
- **Partnerships, Associations, and Registered Co-operatives** - please contact the Trustee for verification information required.

Important:

- **If you need further information you may contact us to obtain details of the Trustee’s requirements for each type of applicant.**

Current Australian anti-money laundering requirements, as well as prospective changes to legislation, may in the future impose other due diligence procedures or require the collection of further information from investors.

Redemption Request Form**Redemption – FORTITUDE CAPITAL AUSTRALIAN EQUITY INCOME Unit Trust**

This one (1) page form should be used for redemptions only

Attention: **FORTITUDE CAPITAL AUSTRALIAN EQUITY INCOME Unit Trust**

C/o Kingsway Taitz Fund Administration Pty Limited
PO BOX A2224
Sydney NSW 1235
Fax: +61 2 8915 1620

Investor Details

Investor Details Entity (Account) Name	
ACN / ARBN / ABN	

Account Details:

You will have received a transaction statement which will state your account number. Please quote this number in the field below:

Account Number:	
Redemption Amount:	\$
Amount in words:	

Note

- *Redemptions are only available at the end of each month. Redemption details are outlined in the current Information Memorandum or available by contacting Investor Relations at Kingsway Taitz on (61-2-9232-2746) or Email info@kingswaytaitz.com.au*
- *Payment of redemption proceeds will only be made to the original account in the name of the investor from which subscription proceeds derived.*

Declaration:

I/We instruct the Administrator to effect a redemption in accordance with the completed instructions set out above.

Signature

Signature

Name

Name

Title

Title

Date

Date

Affix company seal (if applicable). Companies to sign in accordance with their constitution and the law.