



VENTURE CAPITAL OPPORTUNITIES FUND

INVESTING IN SQUARE PEG II

Product Disclosure Statement

Product Disclosure Statement for the offer of partly paid ordinary units in the Venture Capital Opportunities Fund (ARSN 625 636 473) to issue up to 44.4 million partly paid units. This offer is not underwritten.

RESPONSIBLE ENTITY:

WALSH & COMPANY
INVESTMENTS LIMITED

(ACN 152 367 649) (AFSL 410 433)



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Important Information

This product disclosure statement (**PDS**) dated 8 June 2018 is an invitation to acquire partly paid units (each a **Unit**) in the Venture Capital Opportunities Fund (ARSN 625 636 473) (**Fund**).

This PDS was prepared and issued by Walsh & Company Investments Limited (ACN 152 367 649 | AFSL 410 433) (referred to in this PDS as "**Walsh & Company**", "**we**", "**our**" and "**us**"). Walsh & Company is the responsible entity (**Responsible Entity**) of the Fund.

This document is important and requires your immediate attention. This PDS contains general financial and other information. It has not been prepared with regard to your investment objectives, financial situation or specific needs. It is important that you carefully read this PDS in its entirety before deciding to invest in the Fund and, in particular, in considering this PDS, that you consider the risk factors that could affect the financial performance of the Fund and your investment in the Fund. You should carefully consider these factors in light of your personal circumstances (including financial and taxation issues) and seek professional advice from your accountant, stockbroker, lawyer or other professional advisor before deciding whether to invest.

No person is authorised to give any information or make any representation in connection with the Offer which is not contained in this PDS. Any information or representation not so contained or taken to be contained may not be relied on as having been authorised by us in connection with the Offer.

Information relating to the Fund may change from time to time. Where changes are not materially adverse, information may be updated and made available to you on the Fund's website at www.vcof.com.au. A paper copy of any updated information is available free on request from Walsh & Company.

Date of Information

Unless otherwise stated, information in this PDS is current as at the date of this PDS.

Currency and Rounding

Unless otherwise indicated, references to \$ are references to the lawful currency of Australia.

Any discrepancies between totals and the sum of all the individual components in the tables contained in this PDS are due to rounding.

No Guarantee

Neither we nor our respective subsidiaries nor any other party makes any representation or gives any guarantee or assurance as to the performance or success of the Fund, the rate of income or capital return from the Fund, the repayment of the investment in the Fund or that there will be no capital loss or particular taxation consequence of investing in the Fund. An investment in the Fund is subject to various risks. These risks are discussed in Section 5.

Restrictions on the Distribution of this PDS

This PDS does not constitute an offer of Units in any place in which, or to any person to whom, it would not be lawful to do so. The distribution of this PDS in jurisdictions outside Australia may be restricted by law and any person into whose possession this PDS comes (including nominees, trustees or custodians) should seek advice on and observe those restrictions.

The Offer to which this PDS relates is available to persons receiving this PDS (electronically or otherwise) in Australia. It is not available to persons receiving it in any other jurisdiction.

This document is not an offer or an invitation to acquire securities in any country other than Australia. In particular, this document does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States of America (**US**) or to, or for the account or benefit of, any "US person", as defined in Regulation S under the *US Securities Act of 1933* (**Securities Act**) (**US Person**).

This document may not be released or distributed in the US or to any US Person. Any securities described in this PDS have not been, and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the US, and may not be offered or sold in the US, or to, or for the account or benefit of, any US Person, except in a transaction exempt from, or not subject to, the registration requirements under the Securities Act.

Electronic PDS

An electronic version of this PDS (including the Application Form) is available from the Fund's website at www.vcof.com.au.

Copy of this PDS

The Responsible Entity will provide you with a copy of this PDS free of charge if you request one during the Offer period, within five days after receiving such a request.

Forward Looking Statements

This PDS may contain forward looking statements which are subject to known and unknown risks, uncertainties and other important factors that could cause the actual results, events, performance or achievements of the Fund to be materially different from those expressed or implied in such statements. Past performance is not a reliable indicator of future performance.

Enquiries

Applicants with enquiries concerning the Application Form or relating to this PDS and the Offer should contact the Responsible Entity on 1300 454 801, or via email at info@vcof.com.au.

Other than as permitted by law, applications for Units in the Fund will only be accepted following receipt of a properly completed Application Form.

Glossary of Terms

Defined terms and abbreviations included in the text of this PDS are set out in the Glossary in Section 13.

Photographs and Diagrams

Photographs, diagrams and artists' renderings contained in this PDS that do not have accompanying descriptions are intended for illustrative purposes only. They should not be interpreted as an endorsement of this PDS or its contents by any person shown in these images nor an indication of the investments that may be made by the Fund.

Letter of Introduction

Dear Investor,

We are pleased to offer you an opportunity to invest in the Venture Capital Opportunities Fund (**Fund**). Through the Fund, the Responsible Entity seeks to provide exposure to venture capital. The Responsible Entity has selected Square Peg Fund II (**SPFII**), a fund managed by Square Peg Capital Pty Ltd (the “**manager of SPFII**”) to provide this exposure for the Fund. The manager of SPFII seeks to invest in and assist early stage technology businesses with potential to create significant value for investors.

Venture capital is ordinarily the province of high net worth and sophisticated investors by virtue of the large individual capital commitments required and as a result of the high risk profile of such investments. Through the Venture Capital Opportunities Fund, individual investors will now have the opportunity to gain exposure to Square Peg Capital’s newest fund, Square Peg Fund II, which will target investments in a range of early stage businesses at the outset of their growth trajectory.

Both Evans Dixon and the manager of SPFII are passionate about the ability of technology to change and disrupt the world and also about encouraging entrepreneurs to be able to develop and grow their businesses. Venture capital involves taking equity stakes in embryonic or start-up businesses to provide capital and expertise to assist them to successfully launch, grow, and extend their product or service to establish a thriving company.

The manager of SPFII has considerable experience identifying strong, early stage business potential, having invested in more than 30 technology ventures at the date of this PDS. In selecting companies, the manager of SPFII focuses on businesses:

- that have outstanding leadership teams;
- where the founders are driven to solve problems;
- that understand their markets and have built an advantage that places them ahead of their competitors ; and
- that have the ability to achieve scale and value over the longer term.

The manager of SPFII was founded in 2012 in Melbourne by Paul Bassat, the co-founder of the world’s largest online employment business, Seek, former investment banker Tony Holt, former MYOB director Barry Brott, and Jagen family office principal Justin Liberman. Square Peg Capital’s focus is on early stage businesses predominantly in Australia, Israel, and South-East Asia. With partners and offices in Australia, Israel, and North America, the manager of SPFII is well-positioned to identify promising technology ideas and to assist businesses to succeed in key global markets.

The Fund will invest in Square Peg Fund II, which comprises of investments in Square Peg 2018, LP (**LP**) as a limited partner and Square Peg Global 2018 Trust (**Trust**) as an ordinary unitholder (together, **Square Peg Fund II** or **SPFII**). The Responsible Entity of the Fund, Walsh & Company Investments Limited, currently expects the Fund to hold investments in Square Peg Fund II for up to 10 years but may extend this period for up to a further five years, in line with the term for Square Peg Fund II.

Units in the Fund are partly paid, which means that investors are only required to pay a portion of the total Application Price at the time they initially subscribe for Units. Each Unit in the Fund will have an Application Price of \$1.80 per Unit, payable in stages to reflect the nature of venture capital investment, that is, as suitable investment opportunities arise. On Application, Applicants will be required to pay \$0.60 per Unit with four subsequent calls anticipated to be in the amounts of \$0.30 each over the next five years.

While the manager of SPFII is an experienced venture capital investor and the Responsible Entity expects that considerable due diligence will be undertaken by the manager of SPFII on potential investment opportunities, the risk of loss of capital in investing in early stage companies is considerably higher than investments in established, mature businesses, or in companies listed and traded on the ASX or other public exchanges. I would encourage you to read the PDS carefully, including Section 5 on Risks, and to consult with your investment advisor before deciding whether to invest in the Fund.

I look forward to welcoming you as an investor in the Venture Capital Opportunities Fund.

Yours faithfully



Alex MacLachlan
Chairman of the Responsible Entity

Investment Overview

and Key Dates

Key Dates

DATE OF PDS	8 JUNE 2018
Offer Opening Date	8 June 2018
Offer Closing Date	10 July 2018
Issue Date	17 July 2018

The above dates are indicative only and may vary, subject to the requirements of the Corporations Act. The Responsible Entity may vary the dates and times of the Offer (including closing the Offer early) without notice.

About the Offer

KEY OFFER DETAILS	SUMMARY	MORE INFORMATION
Issuer	This PDS and the Units are issued by Walsh & Company, the Responsible Entity.	Section 3.1
Offer	The Offer comprises an offer of up to 44.4 million Units at a price per Unit of \$1.80 to raise \$80 million.	Section 4.1
Partly paid Units	<p>The Fund has been structured with Units being payable in instalments. The first and second instalments, being \$0.60 per Unit in aggregate (Initial Instalment), are both payable upon Application.</p> <p>Unitholders will be required to pay further instalments on their Units (up to the total Application Price per Unit) throughout the term of the Fund.</p> <p>The Responsible Entity anticipates that each subsequent instalment will be approximately \$0.30 per Unit (equivalent to 16% of the total Application Price).</p> <p>The purpose of the partly paid structure is to better align the timing of calls with the capital call process of the underlying investments, so that the Fund's capital is deployed in a timely way and to better manage foreign exchange risk.</p>	Section 4.2
Purpose of the Offer	To provide individual investors with exposure to Square Peg Fund II, which invests in technology and disruptive companies in the venture capital stage of development by investing in a fund that will invest in Square Peg Fund II.	Sections 3.3 and 3.4

KEY OFFER DETAILS	SUMMARY	MORE INFORMATION
Application Price	\$1.80 per Unit ¹ .	Sections 4.1 and 6.2 (a)
Pro Forma NAV	\$0.58 per Unit.	Section 7.1
Minimum Subscription	A minimum subscription of \$35 million (19.4 million Units) must be raised by the Offer Closing Date. If the Offer is unsuccessful, all Application Monies will be refunded, without interest (if any).	Section 4.3
Minimum Application per investor	The minimum Application amount per investor is \$2,001.60 (1,112 Units).	Section 15.1
Applicants	The Offer is open to Applicants with a permanent address in Australia.	Section 4.1
Super-annuation funds	Superannuation funds may invest in the Fund subject to the investment mandate of the particular fund and the trustee's general powers and duties.	
Underwriting	The Offer is not underwritten.	Section 15.2
Costs of the Offer	The Responsible Entity charges Structuring Fees for the Offer. There may also be a fee payable for the handling and arranging of Applications for the Offer. To reflect the partly paid structure of the Units, the Structuring Fee and Handling Fee will be payable in respect of each instalment of capital called by the Responsible Entity in the first 12 months after the Offer Closing Date (payable on a maximum of four capital calls).	Section 6

¹ This includes the Handling Fee of 1.65% (inclusive of GST) of each instalment of capital called before 12 months after the Offer Closing Date (payable on a maximum of four capital calls). Please refer to section 6.2(a) for further detail in relation to the Handling Fee.



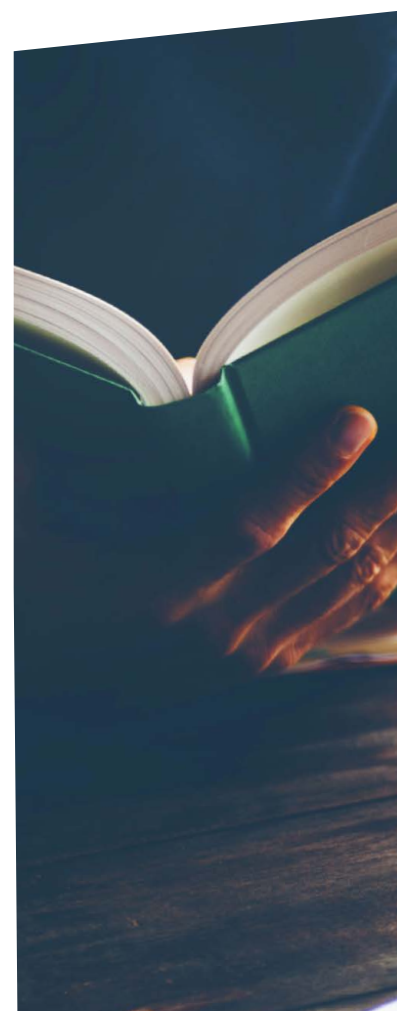
About the Fund

KEY FUND FEATURES	SUMMARY	MORE INFORMATION
Fund Type and Responsible Entity	<p>The Fund is an unlisted Australian unit trust and has been registered as a managed investment scheme under the Corporations Act.</p> <p>Walsh & Company is the Responsible Entity of the Fund.</p>	Sections 3.1, 10.2, and 10.3
Investment by the Fund	<p>The Fund will invest in Square Peg Fund II.</p> <p>An investment in Square Peg Fund II comprises investments by the Fund in:</p> <ul style="list-style-type: none"> — Square Peg 2018, LP (Partnership) as a limited partner; and — Square Peg Global 2018 Trust (Trust) as an ordinary unitholder. <p>(together, the Partnership and the Trust are referred to as Square Peg Fund II).</p> <p>By acquiring Units in the Fund, a Unitholder will gain exposure to Square Peg Fund II and its underlying investments.</p> <p>Accordingly, references to the Fund's investments in the PDS should be interpreted as the Fund's investment in Square Peg Fund II.</p> <p>The manager of SPFII is responsible for, among other things, selecting and managing investments of Square Peg Fund II. The General Partner of the Partnership and the Trustee of the Trust have delegated all management functions of Square Peg Fund II to Square Peg Capital.</p>	Section 3.1



KEY FUND FEATURES	SUMMARY	MORE INFORMATION
Term of the Fund	<p>The Fund does not have a fixed investment term and is designed for the long-term investor. The Responsible Entity expects that the Fund will hold units and limited partnership interests in Square Peg Fund II for the duration of the term of Square Peg Fund II (which is initially 10 years, with the ability to extend up to a further five years), and to make distributions as the underlying investments are realised.</p> <p>It is important for investors to understand that if they invest in Units they have no right to exit the Fund and receive the proceeds of redemption or a return of capital, at any time prior to the termination of the Fund, unless the Responsible Entity chooses to make a pro rata withdrawal offer.</p> <p>Investors are cautioned that an investment horizon of less than 10 years in the Fund may not provide sufficient opportunity for an increase in the value of underlying investments of the Fund.</p> <p>In limited circumstances, the Fund may be required to exit Square Peg Fund II early. For further information see Sections 11.1 and 11.2.</p>	Section 3.5
Investment objective	<p>The Fund's objective is to invest in Square Peg Fund II, with a view to providing Unitholders with:</p> <ul style="list-style-type: none"> a) exposure to technology and disruptive companies in the venture capital stage of development focused predominantly in Australia, Israel, and South-East Asia; and b) the potential for capital growth over a long term investment horizon. 	Sections 2.7 and 3.3

KEY FUND FEATURES	SUMMARY	MORE INFORMATION
Distributions	<p>Distributions are expected to be primarily funded from distributions by Square Peg Fund II through the realisation of Square Peg Fund II's underlying investments, and so should not be expected for a number of years. Any earnings-derived Fund distributions are likely to occur at irregular intervals and be of varying amounts.</p> <p>The Responsible Entity, at its discretion, may require Unitholders to reinvest some or all of any distribution. The Responsible Entity will determine what portion of each distribution will be received by Unitholders as cash and what portion will be received as Units (if any). Unitholders will be issued fully paid Units in respect of any reinvested distributions.</p>	Section 12.8
Borrowings (gearing)	<p>The Responsible Entity does not intend for the Fund to directly undertake borrowings.</p> <p>Square Peg Fund II may undertake borrowings, including short-term borrowings in order to facilitate investments in limited circumstances.</p>	Section 12.4



KEY FUND FEATURES	SUMMARY	MORE INFORMATION
Ongoing Fees and Costs	<p>The Responsible Entity charges ongoing fees to manage the Fund. There are also fees and other indirect costs charged in connection with Square Peg Fund II, which will be borne by the Fund.</p> <p>The Responsible Entity has agreed to waive the Responsible Entity Fee and Administration Fee and bear the cost of all out-of-pocket expenses (excluding extraordinary costs and expenses) it incurs in connection with the Fund for the first 12 months after the Issue Date.</p>	Section 6



1. Key Benefits and Risks

An investment in the Fund has a number of investment benefits and risks. Key investment benefits and risks are summarised in each of the tables below.

1.1 Key Investment Benefits

KEY BENEFITS		MORE INFORMATION
Exposure to a high quality and experienced venture capital investor	<p>A key benefit of investing in the Fund is exposure to the manager of SPFII.</p> <p>The manager of SPFII, Square Peg Capital, has a management team with vast collective experience.</p> <p>The manager of SPFII was founded by Paul Bassat, Tony Holt, Justin Liberman, and Barry Brott, who shared a passion for technology and its potential to change our world. The founders have complementary skillsets and have grown the team, deliberately constructing it to be well-rounded in terms of capability, roles, geography, opinions, and personalities.</p>	Sections 2.10, 2.7 and 10.4
Diversification benefits	<p>Venture capital returns have historically demonstrated low correlation with other asset classes.</p> <p>The Responsible Entity believes the Fund offers investors the opportunity to diversify their investment portfolio beyond real estate, public equities, and fixed income while increasing their return potential.</p> <p>Investing in venture capital may also help reduce risks in connection with technology disruption in other asset classes.</p>	Section 2.14
Access to technology markets through a multi-geographic approach	<p>Venture capital provides investors with exposure to innovative trends and companies globally. The manager of SPFII looks for companies that are run by outstanding teams to solve global problems through the use of new technology.</p> <p>The multi-geographic approach of Square Peg Fund II provides the opportunity for investors to access a broader set of opportunities and mitigates the risk of a single geographic approach.</p>	Section 2.16

KEY BENEFITS	MORE INFORMATION
Upside valuation potential to investing in venture capital	Investing in early stage venture capital companies creates potential valuation upside and the potential for exposure to some exciting trends and companies from across the world. Section 2.13
Convenient investment platform	Venture capital is ordinarily the province of high net worth and sophisticated investors by virtue of the large individual capital commitments required and as a result of the high risk profile of such investments. The Fund provides an opportunity for investors to gain exposure to a fund that aims to invest in a range of early stage businesses at the outset of their growth trajectory. The partly paid structure of the Units is expected to align better with the capital call structure of venture capital where committed capital is drawn down and invested over time as investments are identified, as well as to allow the Responsible Entity to better manage foreign exchange risk. Sections 3.1 and 4.2



1.2 Key Investment Risks

The Fund should be considered a high risk investment. Investments in the Fund have a higher potential for loss of capital than funds that invest in established mature businesses or private equity investments, which in turn have a higher potential for loss than funds that invest in listed companies.

As with most investments, the future performance of the Fund can be influenced by a number of risks and factors that are outside the control of the Responsible Entity. A more detailed list of various risks are discussed in Section 5 and include:

KEY RISK		MORE INFORMATION
Investee failure risk	One, several or all investee companies in Square Peg Fund II could suffer financial hardship and/or fail, leading to a loss of capital for Square Peg Fund II investors, including the Fund, unless that loss is offset by significant performance from other underlying investments in the portfolio.	Section 5.2(A)
Investment performance risk	<p>The Fund's performance depends on the performance of Square Peg Fund II.</p> <p>Square Peg Fund II's performance depends on the ability of the manager of SPFII to secure and realise appropriate investments or realise existing investments.</p> <p>The Fund's interest in Square Peg Fund II is valued according to the fair market value of its interests in Square Peg Fund II. The Fund's return from Square Peg Fund II will be determined by distributions received from Square Peg Fund II upon the realisation of Square Peg Fund II's investments following an exit from such investments. The value of these assets will rise and fall over time. The return on investment will depend on the success of the underlying investments, and there can be no assurances that Square Peg Fund II or the Fund generate returns.</p>	Section 5.1(A)
High risk investment	<p>The Fund, via the investment in Square Peg Fund II, provides indirect exposure to early stage venture capital companies where business activities may be less developed and/or diversified than larger companies, and so should be considered a high risk.</p> <p>This asset class has a higher potential for loss of capital and may result in greater operational and financial variability. There is a risk that some or all of the underlying investments may not be profitable or that the sustainable profit results in a lower valuation than its purchase valuation.</p> <p>The realisation of underlying investments may also require a lengthy time period and market conditions might change.</p> <p>The manager of SPFII may not be able to realise or exit some or all of its investments.</p>	Section 5.1(B)



KEY RISK	MORE INFORMATION
Unlisted underlying investments risk	<p>The Fund, via the investment in Square Peg Fund II, provides indirect exposure to investments that are typically unlisted companies which may have limited information available for due diligence. This may increase the risks associated with investing in unlisted private investments.</p> <p>Section 5.1(C)</p>
Partly paid unit risk	<p>Units under the Offer will be issued on a partly paid basis. Interests in Square Peg Fund II may also be issued on a partly paid basis. This raises risks for both the Fund and Unitholders in the Fund.</p> <p>Unitholder liability to the Fund: If a Unitholder fails to meet their obligations with respect to payment of the capital calls as and when due, the Unitholder's Units may be forfeited to recover the unpaid amount. The Unitholder may be liable for interest costs and expenses incurred by the Responsible Entity as a result of its default, including default interest on the unpaid amount of any call (at a fair market rate as determined by the Responsible Entity) and its pro-rata share of any amount that the Responsible Entity incurs or is obliged to pay if it is unable to meet a capital call from Square Peg Fund II as a direct or indirect result of the Unitholder's failure to pay any instalment in full. The Responsible Entity may sell any forfeited Units as fully paid units or partly paid Units. Any surplus amounts from the sale of these Units will be returned to the Unitholder less applicable costs and expenses associated with the Unitholder's default. If the costs are more than the sale price of the Units or the proceeds are less than what is owing, Unitholders will receive no proceeds from the sale of the Units. The partly paid structure also means that until the Units are fully paid, they carry a potential liability equal to the unpaid and uncalled amounts.</p> <p>Consequences for the Fund's investment in Square Peg Fund II: Non-payment of calls by Unitholders may mean that the Fund cannot meet its obligations to Square Peg Fund II. This may mean that the Fund incurs default interest on unpaid calls, and/or the Fund may cease to be able to exercise voting rights in relation to Square Peg Fund II, be subject to proceedings, be liable for damages or forfeit its interest, or have its interest in Square Peg Fund II compulsorily sold.</p> <p>Sections 4.2, 5.1(D) and 5.2(F)</p>

KEY RISK	MORE INFORMATION	
	<p>Default of other Unitholders can impact your investment: If one or more Unitholders in the Fund fail to meet their obligations with respect to the payment of Fund capital calls as and when due and this causes the Fund to default on a capital call in respect of Square Peg Fund II, there is a risk that the Fund’s entire interest in Square Peg Fund II may be forfeited and sold by the manager of SPFII, with any surplus amounts from the sale returned to the Fund less applicable default interest, costs and expenses associated with the default even if all other Unitholders satisfy their obligations with respect to payments of Fund capital calls.</p>	
No direct supervision and key personnel risk	<p>The Responsible Entity will have no opportunity to control the day-to-day operations, including investment and disposal decisions, of the manager of SPFII of Square Peg Fund II. The Responsible Entity will not be a member of the Investment Committee and may not have a representative on the Advisory Committee.</p> <p>The Responsible Entity must rely on the ability of the manager of SPFII in identifying, structuring, developing, and realising potential investments consistent with Square Peg Fund II’s investment objectives and policies.</p> <p>Members of the manager of SPFII’s team could leave or become incapacitated which may result in a loss of capital for investors in Square Peg Fund II, including the Fund.</p>	Sections 5.1(E) and 5.1(F)
Investment exit risk	<p>The Fund, via the investment in Square Peg Fund II, provides indirect exposure to private investments the are typically not frequently traded Square Peg Fund II may not be able to withdraw from or otherwise realise its investment in underlying investments, which will affect returns to its investors including the Fund.</p>	Section 5.1(G)
Incentive to invest in riskier assets	<p>Carried interest is the amount payable to the General Partner and an affiliated party (Sponsor) as a performance fee, and is a share of Square Peg Fund II’s profits. As the General Partner and the Sponsor are related parties of the manager of SPFII, the existence of carried interest may create an incentive for the manager of SPFII to make riskier investments than might otherwise be the case.</p>	Section 5.2(B)

KEY RISK	MORE INFORMATION
<p>Clawback and redraw risk</p> <p>Clawback risk: At the end of the life of Square Peg Fund II, or where the manager of SPFII retires or is removed as investment manager of Square Peg Fund II, a reconciliation of the carried interest may require a top-up payment to be made to the manager of SPFII. Where the cash retained by Square Peg Fund II is insufficient to meet this payment, investors in Square Peg Fund II including the Fund will be asked to satisfy this payment in their respective proportions.</p> <p>Redraw risk: The manager of SPFII will be entitled to a redraw of up to 100% of the distributions made to Square Peg Fund II investors for a period of two years after the date of the relevant distribution. The purpose of the redraw of distributions must be to meet unanticipated obligations owed by Square Peg Fund II in respect of an investment to which the distribution relates.</p> <p>The manager of SPFII may also call additional capital from investors up to an amount equivalent to the total management fees payable for the life of the Fund.</p> <p>The Responsible Entity will explore options to reduce or mitigate these risks, which may include maintaining a capital buffer to meet upcoming capital calls, holding cash or cash equivalents to meet these obligations, further issues of Units, compulsory reinvestment of distributions and/or short-term borrowings to fund the Fund's capital call payment to Square Peg Fund II.</p>	<p>Section 5.2(C)</p>
<p>Foreign exchange risk</p> <p>The Fund proposes to invest in Square Peg Fund II, which offers exposure to investments in technology and disruptive companies in the venture capital stage based predominantly in Australia, Israel, and South-East Asia. Square Peg Fund II will report investments in US dollars. The value of the Units may be affected by increases and decreases in the Australian dollar against foreign currencies. This will affect the value, in Australian dollars, of any income or capital distributed by the Fund. For example, an increase in the value of the US dollar against the Australian dollar will mean value of Square Peg Fund II's investments will be worth more when converted into Australian dollars, but if the value of the US dollar falls it will be worth less in Australian dollar terms.</p> <p>The Fund's current policy is not to hedge against exchange rate fluctuations.</p>	<p>Section 5.1(H)</p>

KEY RISK		MORE INFORMATION
Investment horizon risk	<p>Investing in the Fund requires a long-term commitment. The Responsible Entity expects that the Fund will hold units and limited partnership interests in Square Peg Fund II for the duration of the term of Square Peg Fund II. The term of Square Peg Fund II is 10 years, with the potential to extend up to a further five years. This will mean that realisation of value, through capital growth, may be similarly timed.</p> <p>The ability for the Fund to exit Square Peg Fund II is extremely limited. The Responsible Entity can exercise no control over the decisions of the manager of SPFII.</p>	Section 5.1(I)
Indirect investment and alignment of interests	<p>Decisions as to selection of the underlying investments to which the Fund will be exposed are not controlled by the Responsible Entity.</p> <p>The Fund, through Square Peg Fund II, may hold minority positions in the underlying investments, and may be subject to events where the majority of shareholders vote differently to Square Peg Fund II's position.</p>	Sections 5.1(G) and 5.2(D)
Taxation risk	<p>Changes to tax laws or unfavourable interpretation of existing laws may result in taxation consequences that are adverse to the value of the Fund.</p> <p>As it is expected the Fund should qualify as a “flow through” entity for Australian income tax purposes, investors may also be subject to taxation risks in connection with Square Peg Fund II.</p> <p>Square Peg Fund II includes an investment in the Partnership. There is a risk that the Partnership may lose its ESVCLP status, if it fails to maintain certain conditions and requirements, and therefore lose the tax incentives and concessions associated with the ESVCLP program.</p> <p>Square Peg Fund II includes an investment in a Trust. There is a risk that the Trust may be a trading trust and be taxed as a company. Should this occur then distributions from the Trust may be treated as dividends, some or all of which may be franked.</p>	Sections 5.3(A) and 9

KEY RISK	MORE INFORMATION
Distributions risk <p>Distributions are expected to be primarily funded from the realisation of underlying investments and so should not be expected for a number of years. Any Fund distributions are likely to occur at irregular intervals and be of varying amounts. The Responsible Entity may enforce mandatory reinvestment of distributions and you may receive fully paid Units in the Fund as a result.</p>	<p>Sections 5.1(J)</p>
Capital deployment <p>Investment returns may be affected by the time it takes the manager of SPFII to identify attractive investments and deploy capital.</p> <p>If there is an increase in the amount of capital available to fund early stage investments, there may be a risk that valuations could increase where other venture capital investors compete to invest in quality investments. If the valuations are not warranted Unitholders' capital may not be called.</p>	<p>Section 5.1(K)</p>
Unit liquidity risk <p>Unitholders may have very limited or no opportunity to realise their investment in the Fund as there is no fixed term for the Fund. The Responsible Entity has the discretion to determine to accept redemptions while the Fund is unlisted, but does not currently intend to accept Unitholder redemption requests. While there will not be a ready market for selling Units, the Responsible Entity has the discretion to permit transfers.</p>	<p>Sections 5.1(L)</p>

2. Overview

of Square Peg Capital

2.1 Introduction to Square Peg Capital

The manager of SPFII has considerable experience identifying strong, early-stage business potential, having invested in more than 30 technology ventures at the date of this PDS. In selecting businesses, the manager of SPFII focuses on businesses:

- that have outstanding leadership teams;
- where the founders are driven to solve problems;
- that understand their markets and have built an advantage that places them ahead of their competitors; and
- that have the ability to achieve scale and value over the longer term.

The manager of SPFII was founded in 2012 in Melbourne by Paul Bassat, the co-founder of employment website Seek, former investment banker Tony Holt, former MYOB director Barry Brott, and Jagen family office principal Justin Liberman. Square Peg Capital's focus is on early stage businesses predominantly in Australia, South-East Asia, and Israel. With nine partners and offices in Australia, Israel, and North America, the manager of SPFII is well-positioned to identify promising technology ideas and to assist businesses to succeed in key global markets.

The Fund will invest in Square Peg Fund II. The Responsible Entity of the Fund, Walsh and Company, currently expects the Fund to hold investments in Square Peg Fund II for its full term, which is initially 10 years, but may be extended for up to a further five years.

2.2 General Partner

The general partner of the Partnership is another incorporated limited partnership known as Square Peg MP 2018, LP (**GP**).

The GP is responsible for investing and disposing of investments to be made by the Partnership and hiring external advisors, agents, and employees as required. The GP owes fiduciary duties to all limited partners of the Partnership.

The GP has appointed the manager of SPFII as the manager of SPFII for the Partnership.

See Section 11.5 for further information.

2.3 Trustee

Square Peg 2018 Pty Ltd, as trustee (**Trustee**) to the Square Peg Global 2018 Trust, is responsible for the operation and administration of Trust. The Trustee has also appointed the manager of SPFII as the manager of SPFII for the Trust.

The Trustee is wholly owned by the manager of SPFII.

2.4 Manager of SPFII

The manager of SPFII has been appointed by the GP and the Trustee to act as the exclusive manager of SPFII. The manager of SPFII will exercise all powers and rights (including delegation powers, subject to obtaining the prior approval of Square Peg Fund II investors by special resolution) and perform all obligations of the Trustee and the GP (Management Functions). Neither the GP nor the Trustee may perform any Management Functions.

The manager of SPFII has discretion to undertake and realise investments for the benefit of Square Peg Fund II, as a delegate of the GP and the Trustee respectively.

All investments and divestments are subject to the Investment Committee's review and approval. The GP and the Trustee must also consult with and seek approval from the Advisory Committee in relation to certain matters.

The manager of SPFII is an authorised representative under an Australian Financial Services Licence.

2.5 Investment Committee

The Square Peg Fund II Investment Committee comprises Square Peg investment partners who are highly experienced industry professionals. The Investment Committee reviews and approves investments and divestments of Square Peg Fund II within Square Peg Fund II's investment plan.

2.6 Advisory Committee

The manager of SPFII will appoint an Advisory Committee which may comprise of one member nominated by the manager of SPFII and up to five other investor representatives. The Advisory Committee must:

- a. approve, consent to or disapprove, among other things, any investments outside the scope of, and any material changes to, the Square Peg Fund II investment policy, transactions involving conflicts of interest and borrowings by Square Peg Fund II; and
- b. consider, approve of, consent to or disapprove of proposals from the GP, the Trustee or the manager of SPFII relating to any matter requiring Advisory Committee Approval under the constituent documents of Square Peg Fund II.

The Responsible Entity may not have a representative on the Advisory Committee.

2.7 Investment Objective

Square Peg Fund II seeks to provide investors with:

- a. exposure to technology and disruptive companies in the venture capital stage of development focused predominantly in Australia, Israel, and South-East Asia; and
- b. the potential for capital growth over a five to 10-year investment horizon.

There is no guarantee that these objectives will be achieved.

The manager of SPFII has confirmed to the Responsible Entity that it will exercise its discretion to make investments consistent with the investment strategy.

2.8 Investment Strategy

Square Peg Capital's investment strategy is to identify and support world-class tech entrepreneurs predominantly across Australia, Israel, and South-East Asia. The manager of SPFII will employ a high conviction approach, with the flexibility to invest multi-stage, where capital contributed will be applied to acquire interests in private companies.

The ultimate characteristics of the Square Peg Fund II portfolio will depend on Square Peg Fund II's capital commitments.

2.9 Overview of the Investment Process

The manager of SPFII is a global venture capital investment manager established in Australia in 2012. The investment management team of the manager of SPFII (Investment Management Team) has vast collective experience having built, financed, and grown technology start-ups to multi-billion dollar public enterprises. The investment focus is on early and growth stage technology businesses established by carefully selected entrepreneurs predominantly in Australia, Israel and South-East Asia². The manager of SPFII brings a global perspective to locally-founded businesses. They have a high conviction approach, investing in a small proportion of the large number of opportunities they see. In 2017 the manager of SPFII has made nine new investments for a previous fund after having considered more than 1,500 investment opportunities.

The manager of SPFII looks for companies that are run by outstanding teams to solve global problems through the use of new technology. Investments are made where the Square Peg Capital Team believes it has identified a company's competitive advantage, strong signs of customer acceptance, and a clear path to scale the business for growth.

The manager of SPFII aims to deliver outstanding performance by global standards in venture capital. They believe their team, multi-geography approach, and alignment of the team with investors' interests are key tenets to their strategy.

2.10 Team

The manager of SPFII prides itself on having a collaborative team with a high level of mutual trust and passion for identifying world class entrepreneurs. The manager of SPFII was founded by Paul Bassat, Tony Holt, Justin Liberman, and Barry Brott, who shared a passion for technology and its potential to change our world. The founders have complementary skillsets and have grown the team, deliberately constructing it to be well-rounded in terms of capability, roles, geography, opinions, and personalities. The manager of SPFII believes the teams' collective experience enables them to bring a balance of investing, strategic, and operational experience to support entrepreneurs in growing their businesses, in addition to providing capital.

Refer below for the biographies of the Investment Management Team.

PAUL BASSAT, LLB BCOM (MELB)

CO-FOUNDER & PARTNER, SQUARE PEG CAPITAL

Prior to founding Square Peg Capital, Paul co-founded SEEK in 1997 and served as Joint CEO from 1997-2011. SEEK is the world's largest online employment business and has market-leading businesses in Australia, China, Brazil, Mexico, and throughout South-East Asia. Paul is a director of Wesfarmers Ltd and a Commissioner of the Australian Football League. He is also on the board of Innovation Australia, the Peter MacCallum Cancer Foundation, and the P&S Bassat Foundation. Paul started his career as a lawyer and practiced for six years. Paul holds a Bachelor of Laws and a Bachelor of Commerce from The University of Melbourne.



² For reporting purposes the Investment Manager includes New Zealand in Australia, and East-Coast USA in Israel.



TONY HOLT, BCOM (MELB)

CO-FOUNDER & PARTNER, SQUARE PEG CAPITAL

Tony has deep experience in investment banking, corporate finance, M&A, and capital raising gained in industry-leading global organisations. He has also worked in Melbourne, New York, Sydney, and Asia and has breadth and depth of knowledge and experience doing business in and across different geographies. From 1991 through 2006, Tony was with Merrill Lynch in the Investment Banking division. He had experience in a wide range of Corporate Finance, M&A, and Capital Raising advice. From 2006 through 2008, Tony was a Managing Director at Citigroup's Sydney Investment Banking Group and Head of its tech, media, and telco (TMT) business in Australia and New Zealand. In 2008 Tony joined Macquarie Capital where he worked until co-founding Square Peg Capital. While at Macquarie Tony held a variety of roles including co-head of TMT for Asia and Head of Principal Investments for Macquarie Capital Asia. Tony holds a Bachelor of Commerce from The University of Melbourne.



JUSTIN LIBERMAN, LLB BEC (MONASH)

CO-FOUNDER & PARTNER, SQUARE PEG CAPITAL

Justin thrives on working with dedicated entrepreneurs focused on building innovative technology-driven businesses. In addition to Square Peg Capital, Justin is also Principal and Chief Executive at Jagen, a family office with investments across all major sectors. He brings over 18 years' experience in early-stage investment in technology companies. Justin is actively engaged in venture and growth investing in Australia, US and Israel and is passionate about emerging trends and translating them into investment strategies. Justin is a Social Capital investor in Adara Partners. Adara Partners is an innovative corporate advisory business that was established for the sole purpose of generating revenue to support people in poverty through the work of the Adara Group. Justin holds a Bachelor of Laws and a Bachelor of Economics from Monash University.



BARRY BROTT, LLB BEC (MONASH)

CO-FOUNDER & PARTNER, SQUARE PEG CAPITAL

Barry has substantial experience in early-stage investment through working across the venture portfolio of Jagen, a Melbourne-based family office. He now manages a number of Square Peg Capital's investments. Prior to joining Jagen and founding Square Peg, Barry headed corporate development and strategy at MYOB Limited, an ASX listed software company, and before then worked in corporate development at Village Roadshow Limited. Prior to his corporate roles, Barry held advisory positions at Merrill Lynch and the corporate finance and tax divisions of KPMG. Barry holds a Bachelor of Laws and a Bachelor of Economics from Monash University.



ARAD NAVEH, BSC (BEN-GURION)

SPECIAL ADVISOR, SQUARE PEG CAPITAL

Arad is a Special Advisor to Square Peg Capital. He has extensive operating and venture capital experience in Silicon Valley and Israel. Arad brings more than 10 years' experience as a General Partner with Benchmark Capital, where he led numerous investments in the areas of enterprise IT, networking and internet infrastructure. Prior to Benchmark Arad was director of business development at Cisco, where he was responsible for Cisco's investment and M&A activity in Israel from 1999-2002. Arad was also founder and CEO of Class Data, which was acquired by Cisco in May 1998. Arad holds a BSc Cum Laude in Electronics and Computer Engineering from the Ben-Gurion University in Israel.



DAN KRASNOSTEIN, BCOM BSC (MELB)

PARTNER, SQUARE PEG CAPITAL

Dan has been with Square Peg since its inception, originally in the Australian office before moving to Tel Aviv in 2014 to establish and manage its Israel office. He focuses on early and growth stage companies with a particular passion for B2B and marketplaces businesses. Dan began his career as a management consultant before joining Paul at SEEK in the Corporate Strategy team. Here he further developed his passion for technology driving not only the broad company strategy but also supporting the core operational areas of the world's largest online employment business. Dan has extensive expertise in corporate strategy, with a strong focus on internet and marketplace businesses across a range of industries. Dan holds a Bachelor of Commerce and a Bachelor of Science from the University of Melbourne.



TUSHAR ROY, BSC LLB (UNSW), MBA (INSEAD)

PARTNER, SQUARE PEG CAPITAL

Tushar focuses on early and growth stage tech companies in Australia, New Zealand, and South-East Asia. He has led investments for the manager of SPFI in companies at stages seed through growth and serves on the Boards of several portfolio companies. Tushar has a long-standing affinity for technology, having studied computer science, worked as a programmer, and then obtained more than 10 years' of advisory experience in technology and growth. Prior to Square Peg Capital, Tushar was a management consultant at Boston Consulting Group specialising in growth and TMT. Prior to that, he was a lawyer at Baker & McKenzie focused on TMT. Tushar holds a Bachelors of Computer Science and Law from the University of New South Wales and an MBA from INSEAD. He has lived in Australia, England, France, India, and Singapore.



PHILIPPE SCHWARTZ, BSC (TECHNION), MBA (INSEAD)

PARTNER, SQUARE PEG CAPITAL

Philippe is an investor in Internet-related businesses. He is based in Boston. He joined Square Peg as a Venture Partner in 2014 and became a Partner in 2015. Philippe is passionate about supporting early-stage companies to execute on their product and go-to-market strategies, especially in the areas of Internet of Things (connected health), consumer internet, and telecommunications. With over twenty years of experience as a senior executive in these markets, Philippe has a proven track record in developing companies toward high-revenue growth and profitability and in identifying new market opportunities. In his previous role, he was President of Withings Inc., having previously been the founder and CEO of ooVoo, Divisional CEO at MRV Communications (NASDAQ: MRVC), and an officer in the Israeli Navy. He holds a BSc. in Computer Science from the Technion, Israel Institute of Technology and an MBA from INSEAD, the European Institute of Business Administration.



ELI NOVERSHTERN, MPA (HARVARD), MSC (LSE)

PARTNER, SQUARE PEG CAPITAL

Eli Novershtern joined Square Peg's Israel office as a Partner in 2016. He is a veteran of the Israeli venture capital industry, having previously served as a Principal at Pitango and an Associate at Canaan Partners, focusing on the fund's Israeli investments. Prior to joining Canaan Eli was a strategy consultant and team leader at Shaldor, where he created and helped implement business strategies for leading companies in IT, healthcare, and the consumer goods industries. His understanding of technology is rooted in the prestigious "Haman Talpiot" project, within which he served for six years as an officer in the Israel Defense Forces. Eli holds an MPA degree from the Harvard Kennedy School, where he was a Fischman Scholar, as well as an MSc in Management from the London School of Economics, where he was a Chevening Scholar. Eli holds a BA in Political Science, Philosophy, and Economics (PPE) from the Hebrew University in Jerusalem, where he also graduated from the "Amirim" honors program.



BEN HENSMAN, LLB, BCOM (UQ)

INVESTMENT ASSOCIATE, SQUARE PEG CAPITAL

Ben joined Square Peg's Melbourne office in 2016. He is passionate about software businesses and technology more generally. Prior to joining Square Peg, Ben was an Investment Analyst at Fidelity International in Sydney, covering investments in the telecommunications, media, software, and technology sectors across Australia & New Zealand. Prior to that, he was an Analyst in Deloitte Brisbane's Corporate Finance team. Ben holds a Bachelor of Laws (LLB) and Bachelor of Commerce (Finance) from the University of Queensland and has completed the CFA Level 1.



YULIYA ORLOVA, BEC (BRYN MAWR), MBA (HARVARD)

INVESTMENT ASSOCIATE, SQUARE PEG CAPITAL

Yuliya joined Square Peg's Boston office in 2017. She is dedicated to enabling entrepreneurs to succeed in solving business problems with the help of technology, with a specific interest in healthcare. Prior to joining Square Peg, Yuliya was the Director of Strategic Initiatives at PillPack, a healthcare start-up in Boston, working to improve pharmacy using technology to enable a better experience. Prior to that, she worked as a consultant at Bain & Company and was a Senior Product Manager at Amazon. Yuliya holds a Bachelors in Economics from Bryn Mawr College and an MBA from Harvard Business School.

2.11 Multi-Geography Approach

The multi-geography strategy focussing on Australia, Israel, and South-East Asia enables access to a broad set of opportunities. The Investment Management Team believes this allows them to allocate capital where they assess opportunities or valuations are most attractive, as well as allowing the investment team to benchmark entrepreneurs against their peers in other regions.

2.12 Alignment

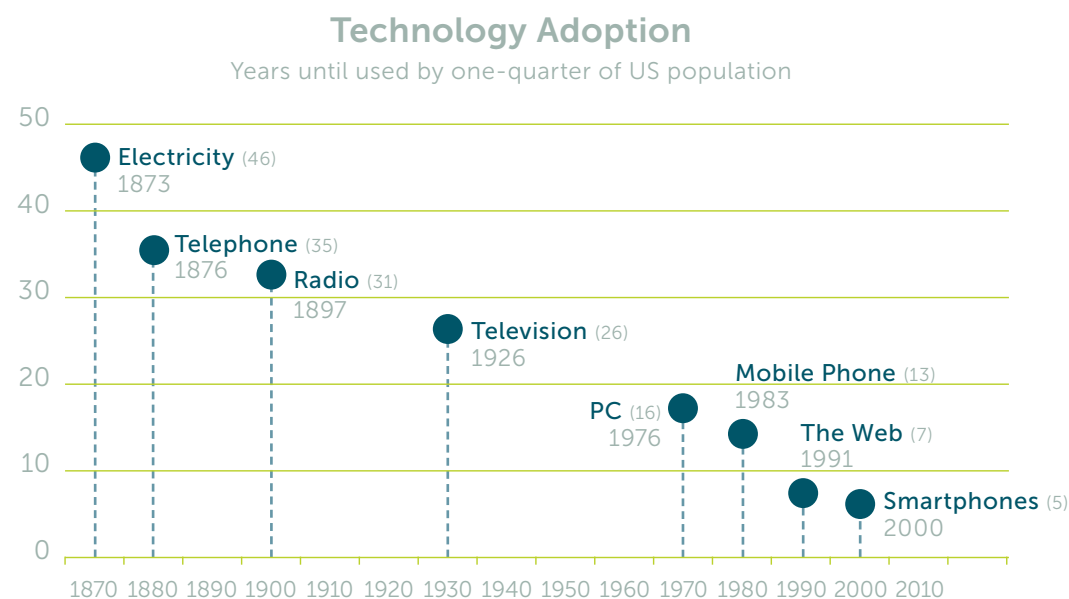
Investment Management Team members are aligned with their investors as a significant proportion of their personal wealth is invested in Square Peg Fund II, as well as Square Peg Capital's prior two pools of capital. Additionally, the manager of SPFII aligns its interests with entrepreneurs, typically seeking significant minority positions in portfolio companies.

Through the experience, processes, and networks the manager of SPFII has developed since 2012 and continues to cultivate, the manager of SPFII believes it has accrued the in-house experience, due diligence capabilities, and credibility to source, analyse, invest in, and monitor the investments of Square Peg Fund II.

2.13 Venture Capital

- a. Definition:** Venture capital involves investment in start-up and early stage companies, often those engaged in developing cutting-edge technologies and products but often without a proven history of generating revenues and profits.
- b. Risks:** Venture capital investments are generally in the form of equity into a business without security and represent a high risk category of private investments but also offer higher potential returns.
- c. Opportunity:** Venture capital provides investors with the potential for exposure to some exciting trends and companies from across the world. Investing early in companies creates potential return upside. The manager of SPFII believes technology is particularly attractive due to the innovation in this sector and the increasing rate of change. Refer Figure 1.

FIGURE 1



Source: manager of SPFII

In recent years, many venture capital backed companies have opted to remain private for longer as a result of the burdens associated with being a public company, as well as the availability of capital in private financing. Consequently, more of a company's value can be captured by venture capital investors before a company is sold, goes public, or founding investors exit in another way.

d. Investment Stage: The manager of SPFII will typically make its first investment in a company at its “Series A” or “Series B” fundraising round. It also has the flexibility to invest earlier in a company’s lifecycle in its ‘Seed’ round, or later in its “Growth” rounds. Indicative definitions for stages are provided below:

SEED	<ul style="list-style-type: none"> – Seed: Usually referring to the initial funding of a start-up company, “seed” funding has historically been the domain of friends and family but is now commonly regarded as the first institutional funding round. The majority of seed funding is invested in development resources and continuing to build the company’s initial product.
EARLY STAGE	<ul style="list-style-type: none"> – Series A: Once start-up companies have achieved traction (usually in the form of user growth or revenue) they are primed to raise an institutional round from an early stage investor, such as venture capital. – Series B: The final “early stage” round. Series B companies have typically achieved product market fit by this stage and have strong user growth, if not revenue. Companies raise capital primarily for the purpose of investing in sales and marketing.
GROWTH	<ul style="list-style-type: none"> – Growth: “Growth stage” rounds are for Series C onwards when a start-up company is generally no longer considered an early stage company. Companies continue to fund expansion through investment in sales and marketing, and potentially new product development. Later rounds are to continue funding growth and ultimately achieve an exit.

e. Exit Strategies: Successful venture-backed portfolio companies traditionally exit one of two ways: either through a sale to a larger company, known as Mergers & Acquisitions (M&A), or through an Initial Public Offering (IPO). There are also other exit strategies for venture capital firms from their portfolio companies, including having their holding bought by a private equity firm, a secondary fund management firm, or a later stage growth focussed venture capital firm.

2.14 Key Characteristics of Venture Capital

Venture capital funds make investments directly into individual early stage or growth private companies. Key characteristics of venture capital typically include the following:

a. Expertise

Venture capital teams typically have expertise across sourcing, identifying, and structuring investments and may also bring portfolio companies operating skills such as management, finance, marketing, strategic direction, and M&A in addition to valuable business networks.

b. Ownership

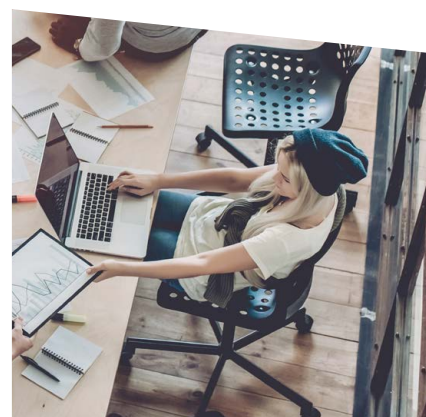
The manager of SPFII typically seeks to take significant minority stakes in portfolio companies. This often includes board representation.

c. Alignment of interest

Typically, a portfolio company’s management team invests in or owns equity in the company. This dynamic incentivises the operating management teams and ensures alignment of interest with outside investors.

d. Time horizon of venture capital

Investing in venture capital funds usually involves making a commitment to invest a specified amount of capital (**Committed Capital**). A small percentage of the Committed Capital is typically required at the start. As Square Peg Fund II makes investments, the manager of SPFII will then “call” or “draw down” capital as needed. It typically takes up to



five years for an individual fund to fully invest its Committed Capital. Individual underlying investments are typically held for a duration of five to six years, after which capital is returned via distributions from the exit of individual investments. Given the long hold periods of investments, investing in venture capital requires a longer term commitment

Square Peg Fund II has an investment period of five years from final close. The term of Square Peg Fund II is up to 10 years from final close, with the ability to add two to five additional years.

e. Uncertain cash flows and illiquidity

Unlike investment in public companies, investments through venture capital are generally illiquid, and investors do not have access to their capital during the lifetime of Square Peg Fund II, nor can they sell their shares on a liquid capital market. Any capital is returned to investors as distributions over Square Peg Fund II's lifetime as portfolio company investments are exited. Given the uncertain nature and timing of exits, distributions are expected to be irregular.

f. Performance and correlation

Research shows that early stage venture capital funds consistently outperform US large-cap listed equity across five, 10 and 20-year investment horizons.

The manager of SPFII believes that the opportunity for superior returns (compared with traditional passive investment in listed equity) to be partially driven by venture capital's focus on early stage companies and the greater support and guidance venture capital investors can provide portfolio company investments. Nevertheless, given venture capital invests in the early stages of a company's lifecycle, there is higher risk than in public markets. It is typical for venture capital funds that a proportion of portfolio companies will provide strong returns, while some proportion will not return the amount invested. The objective is for the strong performing portfolio companies to outweigh those that do not return the amount invested, and, in the best performing venture capital firms globally, this has the potential to produce very high overall returns. This is indicative of the high risk/return profile of venture capital.

Research shows that venture capital has a low correlation with most asset classes. This is important for investors looking for returns that are not closely linked to returns on other asset classes.

Venture capital funds can demonstrate performance through a variety of measures including underlying portfolio company scaling, revenue growth, revaluations, and exits. Realised returns are generated through an exit. It is worth noting that not all of these performance indicators will be reflected in reported valuation changes.

- **Scaling:** Numerous portfolio companies the manager of SPFII has invested in have scaled their business significantly through expansion across multiple geographies, delivery of a product / service after considerable development, or secured strategic partnerships with large global players. These important steps in the growth of a business are often leading indicators of future revenue and valuation growth.
- **Revenue Growth:** The manager of SPFII typically invests in the early stages of a company's lifecycle. A number of the portfolio companies of other funds managed by the manager of SPFII have grown into material businesses producing in excess of US\$50 million in revenue per annum and are continuing to grow at large annual growth rates.
- **Revaluations:** Prior to an exit event, revaluations are reported when portfolio company investments receive an investment from an independent party for a subsequent early stage and growth funding rounds. Often subsequent equity funding rounds do not occur for two to three years and in that instance, the portfolio company investment remains reported at a cost valuation during this period. In the

manager of SPFI's experience, whilst a portfolio company valuation may remain at cost in investor reports for the first two to three years (where there has not been a subsequent equity funding round for revaluation) there are, in many cases, indicators that the company is performing well through metrics including business scaling and revenue growth.

Revaluations can also occur on a downward basis; that is, where those indicators suggest that an asset is not performing well, the asset's value will be decreased in Square Peg Fund II's financial reports.

- **Exits:** Exits are typically achieved through trade sale (M&A) or an IPO, providing realised returns for venture capital funds.

2.15 Technology Areas of Focus

The manager of SPFI seeks to focus solely on disruptive technology, which is changing our world at an unprecedented rate. In the manager of SPFI's opinion, we are at an early stage of the "technology revolution". It is the manager of SPFI's belief that success in venture capital generally, and for Square Peg Capital's portfolio companies in particular, will be driven by differentiated technology that leads to potentially high margins and defensible business models. The manager of SPFI focuses on target segments that leverage the team's domain expertise with technology and market tailwinds.

Example

The manager of SPFI will invest predominantly in the technology software business models and themes below, albeit they acknowledge that venture capital necessitates continuously learning about new technologies and trends, so focus areas may change over time.

Each previous investment identified below is included to illustrate some of the types of investments that have been previously made by the manager of SPFI for other funds with similar investment objectives to Square Peg Fund II. It is very unlikely that any example investment listed in this PDS will form part of Square Peg Fund II's portfolio.

- a. Business model – Marketplaces:** An online marketplace is a business where product or service information is provided by multiple third parties, and transactions are processed by the marketplace operator. Marketplace examples include Amazon and eBay.

The manager of SPFI believes marketplaces are attractive as they can have "winner take all" or "winner takes most" economics, meaning they are able to take market share from the large profit pools of offline competitors who find it hard to move fast and change strategy and are often encumbered with higher cost structures (known as the "incumbents' dilemma").

Examples of previous investments by manager of SPFI

Fiverr (a leading global online marketplace for digital services), **Property Guru** (a leading South-East Asian property purchase and rental portal), and **Kaodim** (a leading platform across South-East Asia to find and book local service providers for physical jobs).



- b. Business model – Software as a Service (SaaS):** SaaS is a software licencing and delivery model in which software is licenced on a subscription basis and typically accessed by users via a web browser. It is a common delivery model for many business applications and well-known examples include Microsoft Office and Salesforce.

The manager of SPFI likes the ability of SaaS companies to reduce businesses' technology capital expenditure and operational complexity, as well as to enable easy scaling with organisational growth. The manager of SPFI believes SaaS companies have the scope to transform a vast number of industries.

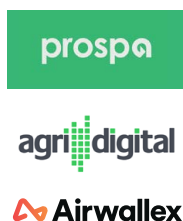


Examples of previous investments by the manager of SPFII

Canva (online platform that makes digital design simple for everyone), **Vend** (a cloud-based point-of-sale software that allows small businesses to sell online and offline, manage inventory and improve analytics), and **Feedvisor** (an algorithmic repricing and business intelligence for marketplaces).

- c. Thematic – Financial technology (Fintech):** Fintech is the new technology and innovation that aims to compete with traditional methods in the delivery of financial services. Traditional businesses in this area, such as banks, have often had large profit pools, however face the “incumbents dilemma” as they find it hard to move fast and compete with emerging challenger Fintech models.

Examples of previous investments by the manager of SPFII



Prospra (Australia’s number one online lender to small businesses), **AgriDigital** (cloud based commodities management solution), and **AirWallex** (which processes high-volume cross-border payments).

- d. Thematic – Data (storage, retrieval, and analysis):** There has been a rapid increase in creation of data. The manager of SPFII believes there will be significant value created as new businesses focus on the data explosion, such as data storage businesses and data analysis businesses including machine learning and artificial intelligence capabilities.

Example: previous investments by the manager of SPFII



Climacell (which creates the most accurate weather data in the world, helping businesses make better decisions) and **Excelero** (a software-defined data storage solution).

- e. Thematic – Health:** Health spend is outpacing economic growth in most markets as there is an increased focus on health and wellness. The manager of SPFII believes the disconnect between spend and outcomes will be increasingly addressed by technology including software and data-based solutions. As a result, the manager of SPFII expects there to be a wide range of attractive opportunities for technology businesses in the health space.

Examples of previous investments by the manager of SPFII



UHG (which connects business users (insurers, corporates, law firms, agencies) and healthcare providers, improving efficiency and security of information exchange) and **LifeBEAM** (a next-generation wearables technology combining highly accurate biometrics and artificial intelligence capability to train its owner to reach their fitness goals).

2.16 Geographic Areas of Focus

Square Peg Capital’s geographic areas of focus are predominantly Australia, Israel, and South-East Asia. Characteristics of these regions include the following:

- **Australia:** A growing technology ecosystem, with a history of producing globally successful businesses.

The manager of SPFII believes it has an advantage in the region due to its market-leading brand, deep local expertise and networks, and broad coverage of deals. It is flexible on stage of initial investment and targets entrepreneurs focused on large problems with a differentiated approach.

Examples of previous investments by the manager of SPFI

ROKT, Prospa, UHG, Agridigital, and Airwallex.

- **Israel:** One of the leading tech ecosystems in the world which has many seasoned entrepreneurs. Companies often have defensibility based on unique technology.

The manager of SPFI believes it has an advantage in the region due to its industry leading, experienced team on the ground. It typically targets businesses in the early adoption phase and sources deal flow through networks with both entrepreneurs and other top-tier venture capital firms.

Examples of previous investments by the manager of SPFI

Fiverr, Climacell, Feedvisor, and LifeBEAM.

- **South-East Asia:** High growth markets with favourable tailwinds including a young demographic with connected regional economies.

The manager of SPFI believes it has an advantage in the region due to its long history of investing and building businesses in the region, its deep expertise in marketplaces, and lower competition in its areas of focus. It typically targets globally proven business models that are being executed regionally. Initial investment is usually at the "Series B" stage, skewing to companies with greater traction. There is also a gap in capital provision at this stage when compared with earlier Series where it is relatively crowded.

Examples of previous investments by the manager of SPFI

Property Guru, Kaodim, and Chope (a restaurant SaaS provider and bookings marketplace with a model that has scaled well in multiple markets).

ROKT

prospa

agridigital

Airwallex



2.17 Investment Process

Square Peg Capital's investment strategy is to identify and support world-class tech entrepreneurs predominantly across Australia, Israel, and South-East Asia. Investment decisions are based on the quality of opportunities, rather than a targeted geographic allocation. Core to this strategy is leveraging the areas of expertise, skills, and networks of the Investment Management Team to source companies and add value to them. Refer to Section 2.10 for the Investment Management Team biographies.

The team seeks to source and support world-class entrepreneurs with the capacity to change markets with technology. They look for the following criteria in investments:

- 1. Outstanding teams** that are smart and fiercely inquisitive, self-aware and trustworthy, ambitious and resilient.
- 2. Solving big problems** that are important and if solved, would impact big markets. It is also vital to have a judgement on whether the problem is being solved at the right time.
- 3. Have a competitive advantage** founded on deep domain knowledge, that builds advantage over time and is hard to replicate.
- 4. Showing positive vital signs** having demonstrated product/market fit or strong signs of customer acceptance, as well as understanding business drivers and what to measure.
- 5. Ability to scale the business** through a path to long-term value creation using multiple growth levers.

Please refer below for two portfolio company examples highlighting the investment criteria.



The problem

Small and medium-sized enterprises and individuals need access to a multitude of services. The modern work environment has been progressively shifting to on-demand or part-time. Freelancers need access to customers.

Why the manager of SPFI invested

- The team: The most important part of the investment thesis was the founder and CEO, Micha Kaufman, a serial successful founder. A member of the Investment Management Team had known Micha for more than a decade. The manager of SPFI remains impressed by the focus and strategic direction of Micha and his team, as well as the discipline on costs and return on investment (ROI).
- The company solution: Fiverr is the leading global online marketplace for digital services, connecting a variety of buyers (purchasers of digital services) and sellers (digital services freelancers) across many verticals at a disruptive price point. The manager of SPFI believes Fiverr is the best form of marketplace – many different categories of freelancer work, strong on-platform behavior and a frictionless experience for both buyers and sellers at a disruptive price point. Fiverr has the potential to become a very large business in the years ahead. The global trend into digital freelance work continues to have substantial momentum. Fiverr's long-term vision is to be the "Amazon of digital services", providing freelancers and buyers with an increasingly large number of categories of work. Fiverr generates significant revenue and continues to deliver strong growth.



The problem

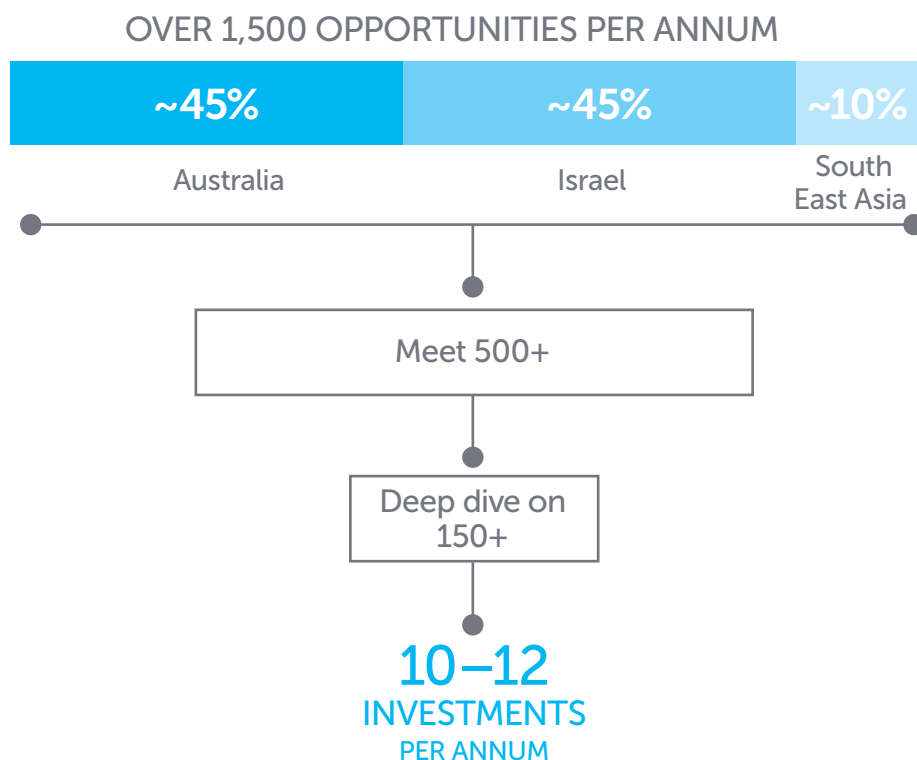
Businesses constantly spend to attract and retain customers through many methods, including online and offline marketing and advertising. These methods tend to be manual and expensive, with low visibility and certainty of the purchase intent of customers acquired.

Why the manager of SPFI invested

- The team: ROKT is led by Bruce Buchanan, previously the CEO of Jetstar, an outstanding leader with proven executive pedigree.
- The company solution: ROKT connects advertisers with relevant customers on third-party publisher websites when their propensity to transact is highest – just after they have concluded a purchase. Square Peg's original thesis that advertisers are shifting to data-driven targeting that delivers a much higher ROI continues to hold. By partnering with ROKT advertisers win more customers and publishers earn revenue. ROKT is also delivering large revenue growth.

The investment process starts with the large funnel of company opportunities across geographies, and ultimately the manager of SPFII invests in approximately 10 – 12 new companies per year, less than 1% of total opportunities in a year (refer to Figure 2 below). Typically, significant minority positions are taken in companies.

FIGURE 2



The manager of SPFII employs a four-stage investment process when investing in venture capital opportunities as illustrated below. These steps seek to ensure the investment criteria is met prior to making an investment, and that substantial guidance and support is provided to portfolio companies post-investment.

"Stage 1". Decision: to undertake deeper diligence of investment opportunity

"Stage 2". Decision: proceed to term sheet

"Stage 3". Decision: complete deal

"Stage 4". Post-investment: monitor, guide, and support companies

The manager of SPFII will seek to add value to each investment of Square Peg Fund II by:

- assisting with the implementation or improvement of reporting and procedures required for sound corporate governance;
- continuously reviewing the performance of each company and its management through regular meetings with the CEO and management teams, including cashflow management
- providing financial, technical, and strategic advice;
- supporting recruitment of key executive team members; and
- seeking to enhance each company's business and corporate development prospects through leveraging the Investment Management Team's experience and strong international network.

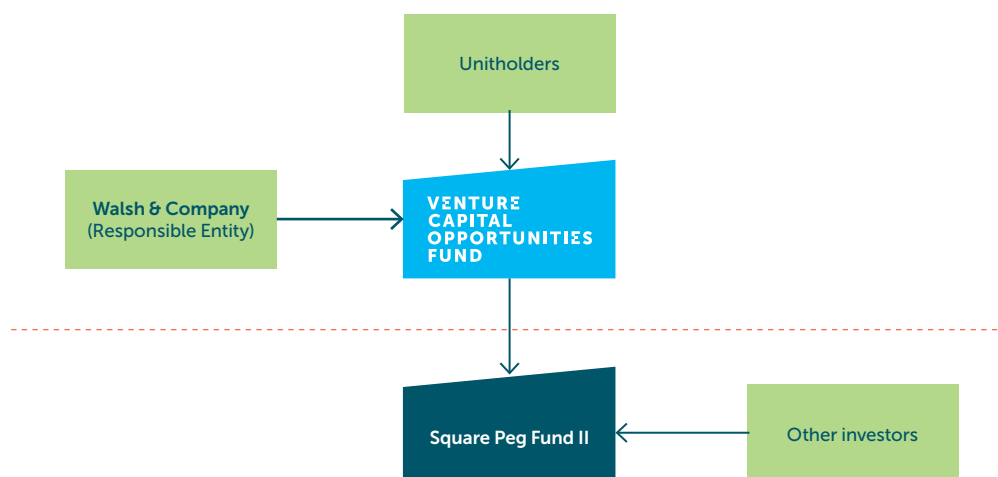
3. Fund Structure

3.1 Fund Structure

The Fund is registered with ASIC as a managed investment scheme. Unitholders hold Units in the Fund and receive the benefit of income and capital gains generated by the Fund's underlying investments.

Figure 3 below sets out the ownership structure and management arrangements for the Fund.

FIGURE 3: FUND STRUCTURE DIAGRAM



RESPONSIBLE ENTITY

As Responsible Entity, Walsh & Company is responsible for the operation and administration of the Fund, including providing fund management and administrative services to the Fund, such as company secretarial, administrative and operational support services, and investor relations services.

The Responsible Entity is a member of the Evans Dixon Group. Evans Dixon is a significant Australian investment and wealth management business providing services to more than 8,500 clients with funds under advice, execution, and administration of more than \$18 billion.

SQUARE PEG FUND II

As shown in Figure 3, the Fund will invest in Square Peg Fund II, which is described in further detail in Section 2.

An investment in Square Peg Fund II will comprise of investments by the Fund in Square Peg 2018, LP (**Partnership**), as a limited partner, and into Square Peg Global 2018 Trust (**Trust**), as an ordinary unitholder, (together, **Square Peg Fund II**). By acquiring Units in the Fund, Unitholders will gain exposure to underlying investments in Square Peg Fund II through either the Partnership or the Trust.

See Sections 11.2 and 11.3 for further information.

3.2 Custodian

The Trust Company (Australia) Limited (AFSL 235 145) is currently appointed as the independent custodian to hold the assets of the Fund. The role of the Custodian is to hold the assets of the Fund as an agent for the Responsible Entity and to deal with the assets only as instructed by the Responsible Entity. The Responsible Entity's relationship with the Custodian is governed by the Custody Agreement. It is not the role of the Custodian to protect the rights and interests of the Unitholders.

The Trust Company (Australia) Limited is a subsidiary of Perpetual Limited. Perpetual Limited is an ASX-listed company with a history of more than 130 years as a trustee company.

Neither the Custodian nor any member of the Perpetual group of companies makes any representations as to, and does not guarantee the return of, any investment, maintenance of capital, any tax deduction availability, or the performance of the Fund.

3.3 Investment Objectives

The Fund's objective is to invest in Square Peg Fund II, to provide Unitholders with:

- a. exposure to technology and disruptive companies in the venture capital stage of development focused predominantly in Australia, Israel, and South-East Asia; and
- b. the potential for capital growth over a long term investment horizon.

There is no guarantee that these objectives will be achieved.

3.4 Permitted Investments

The Fund will invest in Square Peg Fund II.

Until capital calls are made by Square Peg Fund II, the Responsible Entity may elect to hold cash, term deposits and cash equivalents, as well as interests in cash management trusts. Apart from such direct investments, the Fund's investments will be an investment in Square Peg Fund II.

Square Peg Fund II's specific investment policy may be amended with approval by the Advisory Committee.

3.5 Investment Term

The Fund does not have a set investment term. However, because of the nature of the underlying investments, investors are cautioned that an investment in the Fund should be viewed as long-term. It is important that investors understand that if they invest in Units they have no right to exit the Fund, and receive the proceeds of redemption or a return of capital, at any time prior to the termination of the Fund, unless the Responsible Entity makes a pro rata withdrawal offer.

In particular, Unitholders should have no expectation of an exit immediately after 10 years and should not invest in Units if a longer, or potentially significantly longer, investment term of the Fund, the illiquidity of the Units, or no exit rights is not suitable for them.

An investment horizon of less than 10 years in the Fund may not provide sufficient opportunity for an increase in the value of underlying investments of the Fund.

In limited circumstances, the Fund may be required to exit Square Peg Fund II early. For further information see Sections 11.2 and 11.3.

3.6 Ethical Considerations

The investment by the Responsible Entity into Square Peg Fund II, and any other investment by the Fund is primarily based on economic factors. The Responsible Entity does not specifically take into account labour standards or environmental, social or ethical considerations for the purpose of selecting retaining or realising the investment.



4. The Offer

4.1 The Offer

The Offer comprises an offer of up to 44.4 million Units at a price of \$1.80 per Unit to raise up to \$80 million. This application price includes an assumed Handling Fee of 1.65% (inclusive of GST) of each instalment of capital called before 12 months after the Offer Closing Date (payable on a maximum of four capital calls), which is not paid into the Fund. See Section 6.2(a) for further details. To participate in the Offer, your Application Form must be received by 5:00pm (AEST) on the Offer Closing Date. The Offer Closing Date may be brought forward by the Responsible Entity. If the Offer Closing Date is brought forward, only Application Forms lodged by that time will be considered by the Responsible Entity.

The Offer is only available to investors who have a permanent address in Australia at the time they accept the Offer.

The proceeds of the Offer will be used to invest in Square Peg Fund II. Through the Fund's investment in Square Peg Fund II, Unitholders in the Fund will have indirect exposure to the underlying investments held by Square Peg Fund II. For further information on the investment strategy of Square Peg Fund II, see section 2.8.

4.2 Partly Paid Units

All Units will have an initial value of \$1.80 and will be partly paid. The first and second instalments, being \$0.60 per Unit in aggregate, are payable upon Application. The Responsible Entity will make further calls on these Units as and when necessary to fund its underlying investments and for other purposes, and anticipates making four subsequent calls in amounts of \$0.30 each over the next five years. The Responsible Entity may also consider the impacts of foreign exchange movements when making the decision to call additional capital.

Unitholders will receive a call notice, and will be given at least 10 Business Days to pay calls to the Fund. Where a Unitholder has failed to pay its called amount, the Responsible Entity may provide five Business Days' notice to the Unitholder to pay. If the Unitholder has not paid after five Business Days, the Units may be forfeited. The Responsible Entity then has the ability to sell the forfeited Units. The Responsible Entity may sell these Units as fully paid units or partly paid Units.

The Unitholder may be liable to pay interest costs and expenses incurred by the Responsible Entity as a result of its default. If the costs are more than the sale price of the Units or the proceeds are less than what is owing, Unitholders will receive no proceeds from the sale of the Units. For further information see Section 12.1.

The structuring fee and handling fee will also be payable in instalments. The call notice will specify the amount of the handling fee and structuring fee that will be payable in respect of a particular capital call. See Section 6.2(a) for further details.

4.3 Minimum Subscription

The Minimum Subscription for the Offer is the receipt and acceptance of valid Applications for not less than 19.4 million Units. If this Minimum Subscription is not achieved by the Offer Closing Date, the Responsible Entity will repay all money received from Applicants (without interest) within seven days after that date, or such later date, as may be permitted by the Corporations Act. See Section 15.3 for further details.

The Responsible Entity may reject an application in whole or in part without giving any reason for the rejection.

4.4 Cooling-off Period

Assuming you are investing directly in the Fund, and not through an investor directed portfolio service such as a platform, you have a 14 day cooling-off period during which time you may request in writing that the Responsible Entity provide you with a refund. This "cooling-off right" allows you to have your money repaid after any adjustments for market movements, transaction costs, and taxes (if any). The amount repaid to you under the cooling-off provisions may be less than the amount you invested. You can exercise your right by writing to us within 14 days commencing on the earlier of the date you receive confirmation of your investment or the end of the fifth business day after the day on which Units were issued to you. The right terminates immediately if you exercise a power or right under the terms of the Fund such as selling part of your investment.

If you are a "wholesale client" (as defined in the Corporations Act), the cooling-off period is not available to you.

The cooling-off period does not apply if you invest via a master trust or wrap account. Indirect investors should seek advice from the operator of their platform, wrap account, or investor-directed portfolio service (**IDPS**) or consult the relevant IDPS guide or similar document as to whether cooling off rights apply.

4.5 Liquidity, Redemptions and Transfers

Once the Fund's assets have been invested into Square Peg Fund II, investments in the Fund should be considered illiquid. The Fund will not have an ongoing or periodic redemption facility.

The Responsible Entity retains the right, but has no obligation, to provide liquidity to Unitholders, and if it decides to do so, it will notify Unitholders and advise them of its policy for redemptions or withdrawals, which will be subject to the Fund's constitution and the Corporations Act.

Unitholders may be able to exit the Fund by transferring their Units to a third party. Please note there is no ready market for transfers of Units and there is no guarantee that Unitholders may find a purchaser for their Unit holding. The Fund's Constitution provides that all transfers of Units must, among other things, be in a form approved by the Responsible Entity and will only be effective upon entry into the register of Unitholders. Notably, the Responsible Entity may refuse to record any transfer in the register without giving any reason for the refusal.

5. Risks

Prior to investing, you should consider the risks involved in investing in the Fund and whether the Fund is appropriate for your objectives and financial circumstances. You should read this PDS in its entirety to gain an understanding of the risks associated with an investment in the Fund.

This PDS contains forward-looking statements based on certain assumptions that are inherently uncertain. Actual events and results of the Fund's operations could differ materially from those anticipated. Some of the risks may be mitigated by the use of safeguards and appropriate systems and actions, but some are outside the control of the Responsible Entity and cannot be mitigated.

The Responsible Entity does not forecast or guarantee any rate of return in terms of income or capital or investment performance of the Fund. The value of the Units will reflect the performance of the investments made by the Fund and current market conditions. There can be no certainty that the Fund will generate returns or distributions to the satisfaction of the investor.

Prospective investors can undertake several steps to help minimise the impact of risk. First, seek professional advice suited to your personal investment objectives, financial situation, and particular needs. Second, only make investments with a risk level and time frame recommended by your professional advisor.

This section describes the areas the Responsible Entity believes to be the major risks associated with an investment in the Fund. These risks have been separated into specific investment risks and general investment risks.

It is not possible to identify every risk associated with investing in the Fund, and prospective investors should note that this is not an exhaustive list of the risks associated with the Fund.

5.1 Specific Investment Risks to the Fund

a. INVESTMENT PERFORMANCE RISK

As noted, the Fund is investing in Square Peg Fund II. The Fund's performance depends on the performance of Square Peg Fund II. There is a risk that Square Peg Fund II may be unable to secure appropriate investments or realise existing investments in a manner that will generate acceptable returns for investors (such as the Fund).

The Fund's interest in Square Peg Fund II is valued according to the fair market value of its interest in Square Peg Fund II. The value will rise and fall over time. The Fund's return from Square Peg Fund II will be determined by distributions received from Square Peg Fund II upon the realisation of Square Peg Fund II's investments following an exit from such investments. The return on investment will depend on the success of the underlying investments, and there can be no assurances that Square Peg Fund II or the Fund will generate returns.

None of the Fund, Responsible Entity, or any other person gives a guarantee regarding the amount of income, distribution, or capital return of Units or the performance of the Fund, nor do they guarantee the repayment of capital.

b. HIGH RISK INVESTMENT

The Fund should be considered a high risk investment. Investments in the Fund have a higher potential for loss of capital than investments in funds that invest in established

mature businesses or private equity investments, which in turn have a higher potential for loss than funds that invest in listed companies.

The Fund's investment in Square Peg Fund II provides exposure to early stage venture capital companies where business activities, systems, and processes may be less developed and/or diversified than at larger companies and so should be considered high risk. Leverage may be utilised which increases financial risk. There is a risk that the investments that Square Peg Fund II makes may not be profitable or that any profit results in a lower valuation than Square Peg Fund II's purchase valuation.

The manager of Square Peg Fund II may utilise financial and operational strategies to more rapidly drive growth. These strategies may increase the potential for loss of capital and may result in greater operational and financial variability.

Private investments may also take a relatively long time to become profitable. Given these characteristics, the private investments asset class should be considered high risk. Investments in this asset class should be considered a long-term investment.

Investing in the Fund requires a long-term commitment, with no certainty of return. Returns are dependent on distributions being made by Square Peg Fund II. Square Peg Fund II's investments will be highly illiquid. Consequently, the realisation of those investments may require a lengthy time period. There is a risk that market conditions might change, or Square Peg Fund II may not be able to realise underlying investments through a trade sale, IPO, or other exit strategy.

c. UNLISTED UNDERLYING INVESTMENTS RISK

Early stage venture capital companies are typically unlisted investments. Square Peg Fund II will make investments in underlying investee companies which may have limited information available for due diligence. As such, its investments may be made based on limited due diligence and publicly available information. This may increase the risks associated with investing in unlisted private investments.

Individual investments by Square Peg Fund II are typically held for a duration of five to six years. However, the minimum holding period for any underlying investee company is 12 months. These investee companies are not commonly traded amongst investors. As a result, there may be no open market to establish an independent value for certain investments and no assurance that a determination of fair value will be obtainable in the market, or that there will be a market for the sale of unlisted investments. The majority of gains from these investments will typically only be realised when they are sold. There can be no certainty that any gain on an investment will be realised by Square Peg Fund II.

d. PARTLY PAID UNITS

Units under the Offer will be issued on a partly paid basis. In the event that a Unitholder fails to meet their obligations with respect to payment of the capital calls as and when due, the Unitholder's Units may be forfeited. Unitholders may not receive all of their paid-up capital back and may be liable for any called and unpaid amounts and associated costs.

Unitholder liability to the Fund

If a Unitholder fails to meet their obligations with respect to payment of the capital calls as and when due, the Unitholder's Units may be forfeited. The Unitholder may be liable for interest costs and expenses incurred by the Responsible Entity as a result of its default, including default interest on the unpaid amount of any call (at a fair market rate as determined by the Responsible Entity) and its pro-rata share of any amount that the Responsible Entity incurs or is obliged to pay if it is unable to meet a capital call from Square Peg Fund II as a direct or indirect result of the Unitholder's failure to pay any

instalment in full. The Responsible Entity may sell any forfeited Units as fully paid units or partly paid Units. If the Responsible Entity is unable to sell all forfeited Units or obtain a sufficient price, there is a risk that the Fund will have insufficient funds available to meet its obligations, which may result in a default in payments to Square Peg Fund II. This may mean that the Fund incurs default interest on unpaid calls by Square Peg Fund II and/or the Fund will cease to be able to exercise voting rights, be subject to proceedings, be liable for damages, forfeit its interest or have its interest in Square Peg Fund II compulsorily sold by the manager of SPFII. See Section 5.2(F) for further information.

Default of other Unitholders can impact your investment

If one or more Unitholders in the Fund fail to meet its obligations with respect to the payment of Fund capital calls as and when due and this causes the Fund to default on a capital call in respect of Square Peg Fund II, there is a risk that this could cause the Fund's entire interest in Square Peg Fund II to be forfeited and sold by the manager of SPFII, with any surplus amounts from the sale returned to the Fund less applicable default interest, costs and expenses associated with the default even if all other Unitholders satisfy their obligations with respect to payments of Fund capital calls.

The Responsible Entity will explore options to reduce or mitigate this risk, which may include active capital management to meet upcoming capital calls and/or involve short-term borrowings to fund the Fund's capital call payment to Square Peg Fund II. See Sections 5.1(O) and 12.7 for further information.

e. NO DIRECT SUPERVISION OF INVESTMENTS RISK

The Responsible Entity will have no opportunity to control the day-to-day operations, including investment and divestment decisions, of Square Peg Fund II. It must rely on the ability of the manager of SPFII in identifying, structuring, developing, and realising potential investments consistent with Square Peg Fund II's investment objectives and strategy.

Square Peg Fund II will hold significant minority stakes in the portfolio companies and may be subject to events where the majority of shareholders have voted differently to Square Peg Fund II's position. Notwithstanding, Square Peg Fund II aims to have appropriate rights to mitigate against this risk.

f. KEY PERSONNEL RISK

There is a risk that the departure of key staff with particular expertise in funds, venture capital, and private equity investments, whether they are the staff of the Responsible Entity, the GP, the Trustee, the manager of SPFII, or the underlying investee companies, may have an adverse effect on the earnings and value of the Fund.

Certain members of the Investment Management Team could leave or become incapacitated which may result in a loss of capital for investors in Square Peg Fund II, including the Fund.

g. INVESTMENT EXIT RISK

Interests in early stage venture capital companies usually carry no entitlement for investors to withdraw from or otherwise realise their investment. The Fund can exercise no control over the decisions of Square Peg Fund II. Accordingly, the Fund may not be able to readily realise its investment in Square Peg Fund II.

The Trustee and the GP have broadly and exclusively delegated their functions to the manager of SPFII under management deeds. It is generally the responsibility of the manager of SPFII to determine the value of each underlying investment in the portfolio. In the absence of any liquid trading market for these types of investments it may take longer to liquidate these investments than would be the case for marketable



securities. Accordingly, the value obtained on realisation may differ materially to the estimated values determined by the manager of SPFI. Should the realisable value of the underlying investments differ materially to the manager of SPFI's valuation, or should there be a material change in the manager of SPFI's valuation, this may affect the Fund's performance and may result in increased Unit net tangible asset value volatility.

The manager of SPFI typically seeks to take minority positions in portfolio companies and may be subject to events where the majority of shareholders vote differently to the manager of SPFI, including voting differently on an investment exit strategy.

h. FOREIGN EXCHANGE RISK

Unitholders in the Fund invest in Australian dollars but the Fund will invest in Square Peg Fund II in US dollars. The assets and liabilities of Square Peg Fund II are reported in US dollars. The Responsible Entity does not intend to hedge foreign currency risk, so the value of the Units will be affected by increases and decreases in the value of the US dollar relative to the Australian dollar. This will affect the value, in Australian dollars, whenever any of Square Peg Fund II's income or capital is distributed to the Fund or the value of the Fund's net assets is calculated. For example, an increase in the value of the US dollar against the Australian dollar will mean the distributions from Square Peg Fund II and the value of Square Peg Fund II's investments (less any liabilities) will be worth more when converted into Australian dollars. However, if the value of the US dollar falls those distributions and investments will be worth less in Australian dollar terms.

The performance fee calculation under the Limited Partnership Deed and Trust Deed is in US dollars. The impact on Unitholders may be affected by a positive or negative movement in the prevailing Australian dollar/US dollar exchange rate.

The value of the Australian dollar has been subject to significant fluctuations with respect to the US dollar in the past and may be subject to significant fluctuations in the future. The Responsible Entity may consider the impacts of foreign exchange movements when making the decision to call additional capital to mitigate this risk.

i. INVESTMENT HORIZON RISK

Investing in private investments requires a longer term commitment to the asset class, typically up to 15 years, and this will mean that realisation of value through capital growth may be similarly timed. Broadly, a longer time horizon increases the risk of exposure to market volatility.

The ability for the Fund to exit Square Peg Fund II is extremely limited during its life (a maximum of 15 years from final close). See Sections 11.2 and 11.3 for further information. In addition, some of the underlying investments made by Square Peg Fund II, will be highly illiquid.

j. DISTRIBUTIONS RISK

Distributions from Square Peg Fund II are expected to be primarily funded from the realisation of underlying investments, as opposed to being income based. Consequently, the Fund's distributions are expected to occur at irregular intervals and be of varying amounts and may not be made for a number of years.

If exits are unsuccessful, no distributions may be made, and capital may be lost.

The Responsible Entity may enforce mandatory reinvestment of distributions and you may receive fully paid units in the Fund as a result. There is no guarantee that you will receive cash distributions from the Fund at any point in time.

k. CAPITAL DEPLOYMENT RISK

The Fund may receive new funds which at the time may not be called into Square Peg Fund II. The rate at which capital deployment occurs will depend on market conditions and the availability of suitable investments for Square Peg Fund II on sufficiently attractive terms at the time. There is a risk that the Fund's capital may not be called in a timely fashion or at all, which will affect the future performance of the Fund.

Proceeds received by the Fund may be retained in cash until called into Square Peg Fund II. Given the current low interest rate environment, the likely income to be generated by the Fund from cash investments may be significantly lower than that which might be received from an investment in equities.

If there is an increase in the amount of capital available to fund early stage investments in the market, there may be a risk that valuations will increase due to increased competition to invest in quality investments. If the valuations are not warranted, Square Peg Fund II may not call capital from its investors including the Fund.

The Responsible Entity believes that the partly paid nature of the Units is expected to alleviate some of the risks associated with the deployment of capital through active capital management.

l. UNIT LIQUIDITY RISK

The Responsible Entity has the discretion to determine to accept redemptions while the Fund is unlisted but does not currently intend to accept Unitholder redemption requests. The Responsible Entity does not currently intend to make any withdrawal offers. As a result, Unitholders will have limited opportunity to realise their investment in the Fund as there is unlikely to be a ready market for selling Units.

The Responsible Entity considers an investment in the Fund to be a long-term investment. Potential investors should only invest in the Fund if they are willing to adopt a long-term investment approach.

The Fund does not have a fixed investment term and is designed for the long-term investor. The Responsible Entity expects that the Fund will hold units and limited partnership interests in Square Peg Fund II for the duration of the term of Square Peg Fund II (which is initially 10 years, with the ability to extend up to a further five years subject to obtaining the relevant directions from the GP and the Trustee, or approvals from investors (as applicable)) and to make distributions as the investments are realised. It is important that investors understand that if they invest in Units they have no right to exit the Fund, and receive the proceeds of redemption or a return of capital, other than in limited circumstances. In particular Unitholders should have no expectation of an exit right after 10 years and should not invest in Units if a longer, or potentially significantly longer, investment term of the Fund, the illiquidity of the Units, or no exit rights is not suitable for them.

m. CONCENTRATION RISK

As the Fund invests exclusively in Square Peg Fund II and cash or cash equivalents, the Fund may be subject to significant concentration risk.

Generally, the more diversified a portfolio, the lower the risk that an adverse event pertaining to one underlying investee company or sector has a material impact on the overall portfolio. Focusing investments in a small number of underlying investee companies, industries, or countries increases concentration risk. As such, these potential concentrations mean that a loss arising in a single investment may cause a proportionately greater loss in the Fund than if more diverse investments were made.

n. COUNTERPARTY RISK

There is a risk that counterparties to agreements with the Fund do not perform their obligations, which may affect the value of, and returns from, an investment in the Fund. The Fund seeks to reduce these risks by engaging only with reputable parties.

There is also a risk that counterparties to agreements with Square Peg Fund II's GP or Trustee (including the manager of SPFII or affiliates of the manager of SPFII) do not perform their obligations, which may affect the value of, and returns from, the Fund's investment in Square Peg Fund II.

The Fund will not be in a position to disclose information to investors regarding Square Peg Fund II's investments until that investment has been made, and the information provided to Unitholders will depend on the nature of Square Peg Fund II and its reporting structure.

o. BORROWING, INTEREST RATE, AND DEPOSIT RISK

The Fund's policy is not to undertake borrowings, however, circumstances may occur whereby borrowing by the Fund is deemed beneficial and, should this eventuate, the Fund may borrow. The Responsible Entity intends that any borrowings will be limited to 10% of the total assets of the Fund. There is a risk that any loan will need to be repaid at short notice or cannot be replaced post expiry. The main reason for this would be if the Fund breached its obligations to the lender or a new facility was not made available in a timely way. The Fund may need to sell holdings in its investments if a new facility could not be secured. This could be at a less than favourable time and/or terms. The Fund would explore obtaining replacement loans, but this may prove more difficult in some circumstances. There is also a risk that the provider of any loan may not meet its obligations or may suffer financial difficulty. The Fund will endeavour to borrow only from reputable large financial institutions to minimise this risk.

Should the Fund obtain borrowings, changes in interest rates may have a positive or negative impact directly on the Fund. Changes in interest rates may also affect the market more broadly and positively or negatively affect the value of the Fund's underlying assets.

The Fund will manage these borrowing risks by following strict investment and risk guidelines and dealing with respected lenders. It is important to note that borrowing may increase the potential return of the Fund but may also increase its potential losses.

The Fund may also have US dollar-denominated cash deposits.

The Fund's cash deposits will not be insured and in the event of bank failure, deposits may not be recoverable in full, which may have an adverse effect on the value and investment activity of the Fund. The Fund manages this deposit risk by only dealing with financial institutions that pass its rigorous due diligence process and credit risk analysis.

5.2 Specific Investment Risks to Square Peg Fund II

The Fund will invest primarily in Square Peg Fund II and so be subject to the risks of that fund.

a. INVESTEE FAILURE RISK

One or several investee companies in Square Peg Fund II could suffer financial hardship and/or fail, including as a result of its inability to raise additional capital. This may lead to a loss of capital for investors in Square Peg Fund II, including the Fund.

Significant performance from other companies in the portfolio may be necessary in order to provide overall success. The manager of SPFII may obtain certain rights in relation to its underlying investments to manage these risks.

b. INCENTIVE TO INVEST IN RISKIER ASSETS

Carried interest is the amount payable to the GP and the Sponsor as a performance fee, and is a share of Square Peg Fund II's profits. As the GP and the Sponsor are related parties of the manager of SPFII, the existence of carried interest may create an incentive for the manager of SPFII to make riskier investments than might otherwise be the case.

c. CLAWBACK AND REDRAW RISK

Clawback risk

At the end of the life of Square Peg Fund II, or where the manager of SPFII retires or is removed as the investment manager of Square Peg Fund II, a reconciliation of the carried interest may require a top-up payment to be made to the manager of SPFII. Where the cash retained by Square Peg Fund II is insufficient to meet this payment, investors in Square Peg Fund II, including the Fund, will be asked to satisfy this payment in their respective proportions.

Redraw risk

The manager of SPFII will be entitled to a redraw of up to 100% of the distributions made to Square Peg Fund II investors for a period of two years after the date of the relevant distribution. The redraw of these distributions will be to meet unanticipated obligations owed by Square Peg Fund II in respect of an investment to which the distribution relates.

The manager of SPFII may also call additional capital from investors up to an amount equivalent to the total management fees payable for the life of the Fund.

The Responsible Entity will explore options to mitigate this risk, which may include active capital management to meet upcoming capital calls, holding cash or cash equivalents to meet these obligations, mandatory DRP application and/or involve short-term borrowings to fund the Fund's capital call payment to Square Peg Fund II.

d. ALIGNMENT OF INTEREST

The manager of SPFII may have conflicting interests with Square Peg Fund II arising in the ordinary course of its business.

Unless approved by a special resolution of Square Peg Fund II investors, and except in the case of certain permitted funds including existing funds managed or advised by the manager of SPFII, co-investment vehicles and feeder vehicles to facilitate investments into Square Peg Fund II (each a **Permitted Fund**), the GP, the Trustee, the manager of SPFII (including entities managed by the manager of SPFII), and their affiliates must not promote or establish a subsequent fund with the same or similar investment mandate until the earlier of:

- the expiry of the Square Peg Fund II's investment period;
- the date the Partnership and the Trust is wound-up;
- the date at which at least 75% of the capital commitments have been called or otherwise committed or reserved for draw down; or
- the date the GP, the Trustee, or the manager of SPFII is removed or retires under the constituent documents.

Any Permitted Fund may participate in the same investment opportunities as Square Peg Fund II.

The manager of SPFII may separately invest in transactions where the investment is outside the investment objectives of Square Peg Fund II, the investment is a strategic investment of the manager of SPFII's business, or the investment is related to an existing investment of the manager of SPFII or an investment currently managed by the manager of SPFII.

The manager of SPFII has the ability to co-invest with one or more third party strategic investors which may bring particular expertise to a given investee company, or one or more investors. Square Peg Fund II has priority in relation to co-investment opportunities that fall within the Square Peg Fund II investment policy, except in relation to investment opportunities offered to and taken up by Square Peg Fund I and follow on investments in entities that another entity managed by the manager of SPFII has invested before the establishment of Square Peg Fund II.

e. SQUARE PEG FUND II'S MANAGER'S ABILITY TO SOURCE INVESTMENT OPPORTUNITIES

The success of Square Peg Fund II will depend on the identification and availability of suitable investment opportunities. There is a risk that there may be a lack of suitable investment opportunities for Square Peg Fund II to invest in, given its investment strategy. This risk is affected by a number of factors including the size of Square Peg Fund II and the availability of opportunities for investment within Square Peg Fund II's intended investment markets.

There have been a number of new venture capital funds entering the market, particularly with new regulations around the "significant investor visa" program. There is also a risk that valuations will increase with this new competition. If the valuations are not warranted, investors' capital may not be called.

While the Responsible Entity anticipates that the involvement of the manager of SPFII will assist in Square Peg Fund II securing access to early-stage, venture capital companies, there can be no certainty that this will eventuate.

f. FAILURE TO MEET CAPITAL CALLS AND CONSEQUENCES FOR FUND'S INVESTMENT IN SQUARE PEG FUND II

The Responsible Entity, or another investor in Square Peg Fund II, may fail to meet capital calls. Where the Fund (as an investor in Square Peg Fund II) fails to meet a capital call, it will be subject to the terms of the Limited Partnership Deed and Trust Deed that may lead to, among other things, the Fund incurring default interest on unpaid calls under the terms of the Square Peg Fund II constituent documents and/or ceasing to be able to exercise voting rights in relation to Square Peg Fund II as a whole, the Responsible Entity being subject to proceedings, and/or the Fund being liable for damages, forfeiting its interest, or having its interest in Square Peg Fund II compulsorily sold.

If the Responsible Entity fails to meet a capital call the Fund may remain liable for its unpaid capital commitment, the costs and expenses of the forfeiture, including the sale of the interest, and any unpaid calls. The unpaid capital commitments are subject to a penalty interest rate equal to the 90-day bank bill rate on the date that the payment was due (reset each 90 days thereafter) plus 5%, from its due date until it is fully paid. Further, if the Fund's interest cannot be sold to another investor within a reasonable period of time, the Fund's interest may be cancelled for no consideration. Any proceeds recovered from a sale, net of unpaid capital calls, losses arising from a failure to pay a call and any costs and expenses associated with the failure to pay a call, will be distributed to the Fund.

g. INVESTMENT MANAGER RISK

The Trustee and the GP have delegated the exercise of all rights and powers (including delegation powers) and the performance of all obligations (**Management Functions**) to the manager of SPFII. The manager of SPFII is appointed as the exclusive provider of Management Functions to Square Peg Fund II. Neither the Trustee nor the GP may perform Management Functions in respect of Square Peg Fund II during the term of the Management Deeds.

Neither the Trustee nor the GP have express termination rights in respect of the manager of SPFII under the Management Deeds. Further, the manager of SPFII is granted a very broad power of attorney under the Management Deeds, which includes the right to exercise Trustee or GP Management Functions despite any conflicts of interest.

The manager of SPFII may be removed if the Trustee or the GP are removed as trustee of the Trust or general partner of the Partnership. As the Fund will not hold a majority interest in Square Peg Fund II, the Responsible Entity will not be in a position to unilaterally remove the Trustee, the GP, or the manager of SPFII if it is not satisfied with the performance of the manager of SPFII.

See Section 11 for further information.

h. VALUATIONS

Interests in underlying private investments of Square Peg Fund II will be based on the valuations and financial reports provided by the manager of SPFII in accordance with the valuation techniques set out in the Valuation Guidelines, unless the manager of SPFII reasonably believes that those amounts should be adjusted. Regular third party valuations of investments of Square Peg Fund II will not be undertaken unless the manager of SPFII considers it appropriate.

At the Square Peg Fund II level, the GP and the Trustee have broadly and exclusively delegated the exercise of Management Functions to the manager of SPFII. See Section 12.9 for further information. These management functions include obtaining valuations of Square Peg Fund II assets. While any valuation of assets must be in accordance with applicable accounting standards and Valuation Guidelines, there is a risk that there may give rise to conflicts of interest on behalf of the manager of SPFII.

i. INDEMNITIES TO INVESTMENT COMMITTEE AND ADVISORY COMMITTEE MEMBERS

The members of the Investment Committee and the Advisory Committee are entitled to be indemnified out of the assets of Square Peg Fund II in respect of the proper performance of their functions as members of those committees. This may result in a loss of capital for investors in Square Peg Fund II, including the Fund.

j. LEVERAGE

The manager of SPFII may use leverage to, among other things, bridge an acquisition by up to 12 months, bridge late calls, or bridge pending distributions from investments. Leverage involves a degree of financial risk and may increase the exposure of Square Peg Fund II to factors such as rising interest rates, downturns in the economy, or deterioration in the conditions of the assets underlying its investments.

The assets of Square Peg Fund II, including but not limited to undrawn capital commitments or pending distributions from investments, may be, in whole or in part, offered as security for such leverage. To the extent that Square Peg Fund II is unable to meet obligations under the leverage facility, there is a risk that undrawn capital commitments will be used to repay leverage.

5.3 General Investment Risks

a. TAXATION RISK

A general summary of certain Australian taxation consequences for certain investors is provided at Section 9. It is a general summary only and is not intended to provide specific tax advice to any particular investor.

Prospective investors should seek their own independent tax advice based on their specific circumstances before making a decision to invest in the Fund.

It should be noted that any changes to the taxation laws in Australia may affect the tax treatment of the Fund and result in taxation consequences for Unitholders that are different to that described in the taxation summary contained in Section 9. This may include changes to certain requirements under the classification of an ESVCLP investment. There is a risk that the Partnership may lose its ESVCLP status if it fails to maintain these conditions and requirements, and therefore lose the tax incentives and concessions associated with the ESVCLP program.

Square Peg Fund II includes an investment in a Trust. There is a risk that the Trust may be a trading trust and be taxed as a company. Should this occur then distributions from the Trust may be treated as dividends, some or all of which may be franked.

b. MACROECONOMIC RISK

The private investments industry is sensitive to factors including macroeconomic changes, credit market, and equity market conditions. Additional changes in, but not limited to, the US or international technological, political, or regulatory environment can have a negative or positive impact on asset values.

Investment returns are influenced by numerous economic factors. These factors include changes in economic conditions (e.g. changes in interest rates or economic growth), changes in the legislative and political environment, as well as changes in investor sentiment. In addition, exogenous shocks, natural disasters, acts of terrorism, and financial market turmoil (such as the global financial crisis) can (and sometimes do) add to equity market volatility as well as impact directly on individual entities. As a result, no guarantee can be given in respect of the future earnings of the Fund or the earnings and capital appreciation of the Fund's portfolio.

The Fund will always try to minimise these risks by drawing on the experience of the Responsible Entity and the manager of SPFII as well as leveraging its contacts and research in the marketplace.

c. FUND RISK

This is the risk that the Fund could terminate, the fees and expenses of the Fund could change, the Responsible Entity could retire or be removed, or the manager of SPFII, or the Investment Committee may change.

There is also a risk that investing in the Fund may give different results from holding the underlying investments directly.

d. REGULATORY RISK

Changes in government legislation, regulation, and policy may affect future earnings and values of investments. Changes in accounting standards may affect the reported earnings and financial position of the Fund in future financial periods.

The manager of SPFII is the authorised representative of Victoria Capital Pty Ltd (ACN 159 228 314 | AFSL 428 989). The manager of SPFII may be subject to regulatory intervention in relation to the business activities it undertakes for the benefit of the Partnership and Trust respectively.

e. LITIGATION RISK

In the course of its operations, the Fund, the manager of SPFII, the GP, the Trustee, and/or investee companies, may be involved in disputes and litigation. The extent of such disputes and litigation cannot be ascertained at this time, but there are risks that costly disputes or litigation may adversely affect the profitability of the Fund, value of its assets, or market price of the Units.

f. FORCE MAJEURE

Force majeure is the term generally used to refer to an event beyond the control of any party, including acts of God, fire, floods, earthquakes, wars, and strikes. These events may affect returns to Unitholders.

5.4 Investor Considerations

Before deciding to apply for Units, Applicants should consider whether this is a suitable investment.

There may be tax implications arising from the application for Units, the receipt of distributions from the Fund, and on the disposal of Units. Applicants should carefully consider these tax implications, including as disclosed in Section 9 of this PDS, and obtain advice from an accountant or other professional tax advisor in relation to the application of tax legislation.

If you are in doubt as to whether you should subscribe for Units, you should seek advice on the matters contained in this PDS from a stockbroker, solicitor, accountant, or other professional advisor.

6. Fees and Costs

DID YOU KNOW?

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

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

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

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

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.gov.au) has a managed funds fee calculator to help you check out different fee options.

This document shows fees and costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from the assets of the Fund as a whole. Taxes are set out in another part of this document.

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

6.1 Fees and Costs

Table 1 Notes:

1. This fee is an amount payable to Licensees, including related bodies corporate of the Responsible Entity. (see "Structuring and Handling Fees" under the heading "Additional Explanation of Fees and Costs").
2. These amounts include the net amount of GST, as it is anticipated that the Fund may be able to recover at least 55% of the GST component of fees charged to it, whether under the reduced credit acquisition provisions of the GST Act or otherwise. (See "GST and Tax" under the heading "Additional Explanation of Fees and Costs").
3. These fees are stated based on gross asset value of the Fund, plus uncalled amounts on the Units, to reflect the Constitution. See Section 6.2 for further information.
4. Estimated based on a capital raising of \$80 million, with the Initial Instalment of \$0.60 payable on Application and a subsequent instalment of \$0.30 (16% of the Application Price) in the 12 months after the Issue Date. As such, the Net Asset Value of the Fund is calculated on a weighted average NAV for a period of 12 months from the Issue Date.
5. Performance fees are not expected to be incurred in the 12 months of the Fund's investment portfolio.
6. The amount of these fees may be different if agreed with a wholesale client.
7. See "Investment Management Fee" in Section 6.2 for further detail.
8. See "Investment Administration Services Fee" in Section 6.2 for further detail.

TABLE 1: VENTURE CAPITAL OPPORTUNITIES FUND FEES AND COSTS

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 FEE¹ The fee on each amount contributed to your investment	1.50% of the amount of each instalment of capital called by the Responsible Entity before 12 months after the Offer Closing Date (payable on a maximum of four capital calls) plus the amount of GST of 0.1500% (totalling 1.6500%).	If applicable, this fee will be paid as you direct. It will be paid out of your application money and subsequent capital calls within the first 12 months after the Issue Date to the relevant Licensee for services provided in respect of your Application for Units.
WITHDRAWAL FEE The fee on each amount you take out of your investment	Nil	Not applicable
EXIT FEE The fee to close your investment	Nil	Not applicable
MANAGEMENT COSTS – THE FEES AND COSTS FOR MANAGING YOUR INVESTMENT		
Initial Costs		
STRUCTURING FEE The fee for structuring of the Offer.	1.50% of the amount of each instalment of capital called by the Responsible Entity before 12 months after the Offer Closing Date (payable on a maximum of four capital calls) plus the net amount of GST of 0.0375% (totalling 1.5375% ²).	This fee is charged by the Responsible Entity out of the Fund on the date of issue of the Units under the Offer, payable on the Initial Instalment and payment on each subsequent capital call within the first 12 months after the Offer Close Date, and will be used to meet the expenses of the Offer. This payment may be distributed to related bodies corporate of the Responsible Entity.
Ongoing costs of Square Peg Fund II		
INVESTMENT MANAGEMENT FEE The fee for management of Square Peg Fund II.	2.00% per annum of the total capital commitment to Square Peg Fund II plus the net amount of GST of 0.0900% (totalling 2.0900% ^{2,3}). After the fifth anniversary of the final closing date for Square Peg Fund II this fee will be charged on the total cost of investments plus any amounts reserved for approved investments of Square Peg Fund II. ⁷ The fee is estimated to be up to 3.1751% ² per annum of the NAV ⁴ of the Fund.	The fee is payable to the GP and the Trustee out of the Partnership and the Trust (as applicable). This fee is paid not more than six-months in advance.

TYPE OF FEE OR COST	AMOUNT	HOW AND WHEN PAID
PERFORMANCE FEE The fee based on the performance of Square Peg Fund II.	If distributions made exceed the total capital contributed to Square Peg Fund II and the Hurdle Rate, the GP and the Sponsor will be entitled to a performance fee equal to 20% of all distributions from Square Peg Fund II above the total capital contributed to Square Peg Fund II (and not yet returned by distribution to limited partners and Trust unitholders). The Hurdle Rate references are to Square Peg Fund II, and not at the Fund level, and are denominated in US dollars. ⁵	The GP and the Sponsor will be entitled to a performance fee only when the cumulative amount of income and capital distribution payments from Square Peg Fund II exceed the total of the capital contributed to Square Peg Fund II by the Fund and the Hurdle Return.
Ongoing Costs of the Fund⁶		
RESPONSIBLE ENTITY FEE The fee for operating the Fund.	0.08% per annum of the gross asset value of the Fund, plus uncalled amounts on Units, plus the net amount of GST of 0.0036% (totalling 0.0836% ^{2,3}). The Responsible Entity has agreed to waive the responsible entity fee for the first 12 months after the Issue Date.	This fee is payable monthly to the Responsible Entity out of the Fund.
ADMINISTRATION FEE The fee for the administration of the Fund.	0.50% per annum of the gross asset value of the Fund, plus uncalled amounts on Units, plus the net amount of GST of 0.0225% (totalling 0.5225% ^{2,3}). The Responsible Entity has agreed to waive the administration fee for the first 12 months after the Issue Date.	This fee is payable monthly to the Responsible Entity out of the Fund.
INVESTMENT ADMINISTRATION SERVICES FEE The fee for investment administration services provided to the Fund.	0.50% per annum of the Fund's commitment to Square Peg Fund II plus the amount of GST of 0.0500% (totalling 0.5500% ^{2,3}). This fee is estimated to amount to 1.1339% ² per annum of the NAV ⁴ of the Fund. After the fifth anniversary of the final closing date for Square Peg Fund II this fee will be charged on the Fund's share of the total cost of investments plus any amounts reserved for approved investments of Square Peg Fund II. ⁸ The fee is estimated to be up to 1.1339% ² per annum of the NAV ⁴ of the Fund.	The fee is payable to the Responsible Entity in its personal capacity by the manager of SPFII within 7 days of the manager of SPFII receiving the relevant investment management fee. This fee is paid by the manager of SPFII and is not borne by the Fund.

TYPE OF FEE OR COST	AMOUNT	HOW AND WHEN PAID
Other expenses of the Fund and Square Peg Fund II		
OTHER EXPENSES⁴ The fees and costs associated with the operation and administration of the Fund and Square Peg Fund II that are paid by the Responsible Entity/the manager of SPFI including, but not limited to, registry, tax, custodian and audit fees.	Estimated to be 0.1085% ² per annum of the NAV ⁴ of the Fund.	These expenses are payable out of the Fund or Square Peg Fund II (as applicable) when payment of each expense is due.
SERVICE FEES		
SWITCHING FEE The fee charged for changing investment options.	Nil	Not applicable

Table 2 Notes:

1. The fees in Table 2 are inclusive of GST and net of RITC where applicable. Please see Table 3 for a further breakdown and explanation of the management costs and the assumed GST recovery amounts.
2. Although a contribution fee applies under the Offer, it has not been included in the above example because it is not a typical ongoing cost.
3. Estimated based on a capital raising of \$80 million, with the Initial Instalment of \$0.60 payable on Application and a subsequent instalment of \$0.30 (16% of the Application Price) in the 12 months after the Issue Date. As such, the Net Asset Value of the Fund is calculated on a weighted average NAV for a period of 12 months from the Issue Date.
4. A Structuring Fee of 1.50% plus the net amount of GST of 0.0375% (totalling 1.5375%) will be payable in respect of each instalment of capital called before 12 months after Offer Closing Date. The Structuring Fee has not been included in the above example because it is an upfront fee and is not a typical ongoing cost (see "Additional Explanation of Fees and Costs" for further details). Performance fees are also not included as they are not expected to be incurred in the 12 months of the Issue Date.
5. Estimated based on a capital commitment of US\$50 million by the Fund in Square Peg Fund II from the proceeds of the Offer based on an assumed AUD:USD foreign exchange rate of 0.75.

TABLE 2: EXAMPLE ONGOING ANNUAL FEES AND COSTS FOR AN INVESTMENT IN THE FUND

This table gives you an example of how the ongoing annual fees and costs for this product can affect your investment over a one year period. This excludes any upfront fees such as one-off expenses and any fees that are not payable during the first 12 months after the Issue Date. The ongoing costs of the Fund and other expenses such as registry, tax, custodian, and audit fees have been included, assuming a capital raising of \$80 million. The following table assumes a total commitment of \$50,000. You should use this table to compare this product with the ongoing fees and costs of other managed investment products.

EXAMPLE – VENTURE CAPITAL OPPORTUNITIES FUND	AMOUNT ¹	BALANCE OF \$50,000
CONTRIBUTION FEES	Not Applicable ²	Not applicable as not a typical ongoing cost.
PLUS Management costs	4.3350% ^{3,4,5}	AND, for every \$50,000 you have in the Fund, you will be charged \$2,167.50 ^{3,4,5} each year.
EQUALS Cost of Fund	4.3350% ^{3,4,5}	If you had an investment of \$50,000 during a year, you would be charged fees for that year of \$2,167.50 ^{3,4,5} .

The following table expands on the information in Table 2 above by setting out the individual amounts payable in respect of each ongoing fee. This excludes any upfront fees such as one-off expenses and any fees that are not payable during the first 12 months after the Issue Date. The following table assumes an investment balance of \$50,000:

TABLE 3: DETAIL OF ANNUAL FEES AND COSTS FOR AN INVESTMENT IN THE FUND

TYPE OF FEE OR COST	AMOUNT ^{1,2}	DOLLAR VALUE
INVESTMENT MANAGEMENT FEE	3.0926% ³	\$1,546.29
INVESTMENT ADMINISTRATION SERVICES	1.1339% ⁴	\$566.97
ONGOING COSTS	0.1085% ⁵	\$54.23
ESTIMATED FUND COSTS	4.3350%	If you had an investment of \$50,000 during a year and your balance was \$50,000, then for that year, you would be charged fees of: \$2,167.50 ⁶ (inclusive of GST and net of RITC).

Table 3 Notes:

1. These amounts include the net amount of GST, as it is anticipated that the Fund may be able to recover at least 55% of the GST component of fees charged to it, whether under the reduced credit acquisition provisions of the GST Act or otherwise. (See "GST and tax" under the heading "Additional Explanation of Fees and Costs").
2. Estimated based on a capital raising of \$80 million, with the Initial Instalment of \$0.60 payable on Application and a subsequent instalment of \$0.30 (16% of the Application Price) in the 12 months after the Issue Date. As such, the Net Asset Value of the Fund is calculated on a weighted average NAV for a period of 12 months from the Issue Date.
3. Estimated based on a capital commitment of US\$50 million by the Fund in Square Peg Fund II from the proceeds of the Offer based on an assumed AUD:USD FX rate of 0.75.
4. This amount is for investment administration services provided by the Responsible Entity (see "Investment Administration Services Fee" for further details).
5. Assumes the Fund's proportional share of the expenses of Square Peg Fund II is 18% and is estimated based on an assumed AUD:USD foreign exchange rate of 0.75.
6. Performance fees are not included as they are not expected to be incurred in the 12 months of the Issue Date.

6.2 Additional Explanation of Fees and Costs

a. STRUCTURING AND HANDLING FEES

The Constitution of the Fund provides that a Structuring Fee and a Handling Fee may be applied to each Application for Units. To reflect the partly paid structure of the Units, the Structuring Fee and Handling Fee will be payable in instalments.

In respect of this Offer, the Responsible Entity will charge a 1.50% Structuring Fee plus the net amount of GST of 0.0375% (totalling 1.5375%) in respect of the amount of each capital call by the Responsible Entity within the 12 months after the Offer Closing Date (payable on a maximum of four capital calls) under this PDS (**Relevant Call Amount**). In addition, the Responsible Entity may set aside in the applications account in respect of all applications for Units a Handling Fee of 1.50% plus the amount of GST of 0.1500% (totalling 1.6500%) for each Relevant Call Amount and pay that amount to Licensees, as the Applicant for Units directs on the Application Form.

Assuming there are at least four capital call in the 12 months after the Offer Closing Date, the effect of the Structuring Fee and the Handling Fee on each \$1.00 committed under an Application for Units in the Fund's initial capital raising will be approximately \$0.02. As the Structuring Fee and Handling fee are payable in instalments as capital is called, this translates to a Structuring Fee and Handling Fee of approximately \$0.03 out of each \$1.00 paid on the Initial Instalment and subsequent instalments paid, in the first 12 months after the Offer Closing Date (payable on a maximum of four capital calls).

b. INVESTMENT MANAGEMENT FEE

The manager of SPFII is appointed as the manager of Square Peg Fund II. The manager of SPFII is entitled to receive a management fee equal to 2.0% per annum of the total capital committed including capital committed by the Fund as a limited partner to the Partnership and unitholder to the Trust. After the fifth anniversary of the final closing date (as that term is defined in the Trust Deed and Limited Partnership Deed) or such other date as agreed by special resolution, the management fee will be 2.0% per annum of the total cost of investments plus any amounts reserved for approved investments.

Other parties to the Limited Partnership and Trust may become party to the Limited Partnership Deed and Trust Deed under different terms, including but not limited to, fees, rebates, and investment hurdle rates. The Investment Management Fee will be paid to the manager of SPFII periodically but at any time will not be more than six-months in advance.

This Investment Management Fee in relation to the Fund and any other Square Peg Fund II investors is payable irrespective of whether the capital committed by those investors has in fact been drawn and applied to investments for those investors through Square Peg Fund II.

c. PERFORMANCE FEE

The GP and the Sponsor are also entitled to a performance fee when the cumulative amount of distribution payments from Square Peg Fund II exceeds the total capital contributed to Square Peg Fund II and the Hurdle Rate (together, the **Hurdle Return**). Investors should note that the Hurdle Rate references to Square Peg Fund II, not the Fund level, and is denominated in US dollars. Performance fees increase management costs.

If total distributions exceed the Hurdle Return, then:

- the GP and the Sponsor, will each receive 50% of the distributions from the Partnership and the Trust respectively until the GP and the Sponsor have received an amount equal to 20% of all distributions above the total capital contributions from the investors (which have not yet been returned by distribution to limited partners and Trust unitholders); and
- thereafter the GP and the Sponsor will receive 20% and investors (including the Fund) 80% of all such distributions from the Partnership and the Trust respectively.

Accordingly, an amount equal to 20% of all distributions from Square Peg Fund II above the total capital contributed (and not yet returned by distribution to limited partners and Trust unitholders) will be paid to the GP and the Sponsor as a performance fee, the balance being paid to the investors in Square Peg Fund II (including the Fund).

The following example adopts simple assumptions and is intended to be illustrative only. It is not a forecast of returns, fees, or the term of the Fund.

Example: the Fund invests US\$10,000 in Square Peg Fund II, no fees are deducted and the full amount is immediately invested by Square Peg Fund II, no distributions are paid until year five, at the end of year five Square Peg Fund II returns US\$20,000 after all fees and expenses. The GP and the Sponsor would each receive a portion of the performance fee of US\$2,000 (exclusive of GST).

The amount of the performance fee is estimated to be US\$0 for the first 12 months after the Issue Date.

d. RESPONSIBLE ENTITY FEE

The Responsible Entity has agreed to waive the responsible entity fee for the first 12 months after the Issue Date, subject to paragraph (H) below. Following this 12 month period, the Responsible Entity will charge a responsible entity fee for the operation of the Fund to 0.08% plus the net amount of GST of 0.0036% (totalling 0.0836%) of the gross asset value of the Fund, plus uncalled amounts on the Units. Assuming you have applied for \$5,000, after the first 12 months after the Issue Date the Responsible Entity would receive a Responsible Entity Fee of \$4 (exclusive of GST).

e. ADMINISTRATION FEE

The Responsible Entity has agreed to waive the administration fee for the first 12 months after the Issue Date, subject to paragraph (H) below. Following this 12 month period, the Responsible Entity will charge an administration fee for the administration of the Fund of 0.50% plus the net amount of GST of 0.0225% (totalling 0.5225%) of the gross asset value of the Fund, plus uncalled amounts on the Units. Assuming you have applied for \$5,000, after the first 12 months after the Issue Date the Responsible Entity would receive a Responsible Entity Fee of \$25 (exclusive of GST).

f. INVESTMENT ADMINISTRATION SERVICES FEE

The manager of SPFII has agreed to pay the Responsible Entity an investment administration services fee for providing various investment administration services, including managing currency exchanges for the US dollar commitment to the Square Peg Fund II, managing and administering capital calls from Unitholders, maintaining a capital call buffer, administering distributions to Unitholders, administering distribution reinvestments and providing financial reporting and treasury services. The investment administration services fee will be paid periodically by the manager of SPFII.

The investment administration services fee is equal to 0.50% per annum of the total capital committed by the Fund as a limited partner to the Partnership and unitholder to the Trust. After the fifth anniversary of the final closing date (as that term is defined in the Trust Deed and Limited Partnership Deed) or such other date as agreed by special resolution, the investment administration services fee will be 0.50% per annum of the proportion of the total cost of investments plus any amounts reserved for approved investments that are attributable to the Fund's investment in Square Peg Fund II.

g. EXPENSES RELATING TO MANAGEMENT OF THE FUND AND SQUARE PEG FUND II

The Responsible Entity is entitled to be reimbursed, out of the assets of the Fund, for all out-of-pocket expenses it properly incurs in operating and administering the Fund. This includes expenses such as travel, due diligence, taxes and bank fees, preparation of financial statements and tax returns, and compliance costs.

The manager of SPFII is entitled to be reimbursed, out of the assets of Square Peg Fund II, for all out-of-pocket expenses it properly incurs in connection with the investment and management of Square Peg Fund II.

The effect of these expenses on your investment will be dependent on the costs and size of the Fund.

The Responsible Entity has agreed to bear the cost of the expenses (excluding extraordinary costs and expenses) relating to the management of the Fund for the first 12 months after the Issue Date, subject to paragraph (H) below.

h. WAIVER, DEFERRAL OR INCREASE IN FEES

The Responsible Entity, may waive or defer the payment of its fees or accept payment of lower fees in any amount and for any period they determine. It may also reinstate the payment of fees up to the previous levels on a prospective basis only. It may also increase a fee beyond the amounts stated in the PDS up to the prescribed maximum amount in the Constitution (see paragraph (K) below), but will only be able to do so if approved by Unitholder vote.

i. INVESTOR ADMINISTRATION

If the Responsible Entity is requested by a Unitholder to perform a role outside its normal administration function as contemplated by the Constitution and this PDS, there may be a fee payable for such a role. The fee will vary depending on the request by the Unitholder and will be disclosed to the Unitholder before any work is commenced.

j. BENEFITS TO THE RESPONSIBLE ENTITY

Except for the interest, fees (including, but not limited, to the Structuring Fee), and remuneration disclosed in this PDS, the Responsible Entity and its Directors and employees have not received, and are not entitled to, any benefit in relation to this Offer.

Subject to applicable law, Directors may receive a salary as employees of the Responsible Entity or an affiliate, consulting fees, or directors' fees, and may from time-to-time hold interests (directly or indirectly) in the Units in the Fund or shares in Walsh & Company and receive distributions and dividends in that capacity.

k. MAXIMUM FEE ENTITLEMENTS

Certain fees are charged at a lower rate than the maximum rate contemplated by the relevant agreement. It is not currently intended that these fees will increase, and no increase will be made without the approval of an ordinary resolution of Unitholders.

Under the Constitution, the Responsible Entity is entitled to charge 1.0% (exclusive of GST) per annum of the sum of the gross asset value of the Fund and the total uncalled amount (if any) for the administration and operation of the Fund. The Constitution of the Fund provides that a Structuring Fee and a Handling Fee may be applied to each Application for Units. Each fee is up to 2.5% (exclusive of GST) of the price at which the Units in the Fund are issued, and accordingly, the Responsible Entity can increase the application fees it charges, up to that amount without seeking Unitholder approval.

Under the Constitution, the Responsible Entity is also entitled to be paid in respect of each Unit redeemed a withdrawal fee of 5% (excluding GST) of the Redemption Price, payable from the assets immediately after the relevant redemption has been effected. The amount of the GST-inclusive withdrawal fee attributable to the Units redeemed (less the corresponding input tax credit if any to which the Fund is entitled) is to be deducted from the amount of redemption proceeds payable to a Unitholder.

While the Responsible Entity does not currently intend to increase the fees above the rates shown in Section 6.1, it is possible that rates could be increased up to the maximum levels above. If the Responsible Entity proposes to increase these fee rates, it must be approved by an ordinary resolution of Unitholders.

l. GST AND TAX

Where a fee is disclosed as inclusive of the net effect of GST (that is, taking into account input tax credits or RITCs), the amount has been calculated on the basis that a RITC of the GST component is available. Whilst this entitlement is dependent on the individual circumstances, as a general proposition, it is anticipated that the Fund may be able to recover at least 55% of the GST component of fees paid for services, whether under the reduced credit acquisition provisions of the GST Act or otherwise. There are circumstances where the GST recovery rate could vary from that outlined above.

Where a fee is disclosed as being net of RITC in the above tables, the benefit of a reduced input tax credit is passed on to Unitholder.

Taxation implications are addressed in Section 9.

7. Financial Information

7.1 Pro Forma Statements of Financial Position

The pro forma Statements of Financial Position set out below have been prepared to illustrate the financial position of the Fund following completion of the Offer and expenditure of funds associated with the Offer. Offer proceeds will be used to fund the commitment of the Fund to both Square Peg 2018 LP (**Partnership**) and Square Peg Global 2018 Trust (**Trust**) (together, **Square Peg Fund II**). These pro forma Statements of Financial Position are intended to be illustrative only. Refer Section 7.2 for assumptions underlying the preparation of the pro forma Statements of Financial Position.

The pro forma Statements of Financial Position have been prepared in accordance with the significant accounting policies set out in Section 7.3 below.

The pro forma Statements of Financial Position are presented in summary form only and do not comply with the presentation and disclosure requirements of Australian Accounting Standards.

The presentation currency of the pro forma Statements of Financial Position is in Australian dollars.

The information in this section should be read in conjunction with the risk factors set out in Section 5 and the other information included in this PDS.

TABLE 1: PRO FORMA STATEMENTS OF FINANCIAL POSITION

A\$ 000	MINIMUM SUBSCRIPTIONS \$35 MILLION	MAXIMUM SUBSCRIPTIONS UP TO \$80 MILLION
Cash and cash equivalents	11,318	25,869
Investment in Square Peg Fund II	-	-
Total assets	11,318	25,869
Total Liabilities	-	-
Net assets/Equity	11,318	25,869
Units on issue	19,444	44,444
NAV per unit (\$)	\$0.58	\$0.58

TABLE 2: RECONCILIATION OF THE PRO FORMA CASH BALANCES

A\$ 000	MINIMUM SUBSCRIPTIONS \$35 MILLION	MAXIMUM SUBSCRIPTIONS UP TO \$80 MILLION
Cash and cash equivalents	-	-
Pro forma adjustment – Proceeds of the Offer, net of handling fee (refer 7.2 (b)-(c))	11,497	26,279
Pro forma adjustment – Expenses of the Offer – structuring fee (refer 7.2 (e))	179	410
Pro forma net cash position	11,318	25,869

7.2 Assumptions

The pro forma Statements of Financial Position have been prepared on the basis of the following:

- a. application of the significant accounting policies set out in Section 7.3;
- b. the column headed "MINIMUM SUBSCRIPTIONS \$35 MILLION", has been prepared on the basis of subscriptions of 19.4 million Units by Applicants under this PDS at an Application Price of \$1.80 per Unit with an Initial Instalment payment of \$0.60 per Unit. The proceeds are net of a handling fee of 1.65% (inclusive of GST of 0.15%) of the Initial Instalment, paid to relevant Licensees at the direction of the Applicants;
- c. the column headed "MAXIMUM SUBSCRIPTIONS UP TO \$80 MILLION", has been prepared on the basis of subscriptions of 44.4 million Units by Applicants under this PDS at an Application Price of \$1.80 per Unit, with an Initial Instalment payment of \$0.60 per Unit. The proceeds are net of a handling fee of 1.65% (inclusive of GST of 0.15%) of the Initial Instalment, paid to relevant Licensees at the direction of the Applicants;
- d. "Investment in Square Peg Fund II" represents the interest held by the Fund in the Partnership and the Trust;
- e. expenses related to the Offer to be paid by the Fund upon the issue of Units include a Structuring fee of 1.5375% (inclusive of GST and net of RITC) of the Initial Instalment;
- f. no interest is earned by the Fund during the Offer period;
- g. it is anticipated that the Fund may be able to recover up to 75% of the GST component of fees charged to it whether under the reduced credit acquisition provisions of the GST Act or otherwise. (See Section 6.2(L) "GST and Tax" under the heading "Additional Explanation of Fees and Costs"); and
- h. the Investment in Square Peg Fund II will be recognised by the Fund progressively based on commitment drawdown calls made on it by Square Peg Fund II.

7.3 Significant Accounting Policies

The accounting policies set out below represent the significant accounting policies which have been adopted in the preparation of the pro forma Statements of Financial Position and which are expected to be adopted prospectively for the Fund.

7.3.1 FUNCTIONAL AND PRESENTATION CURRENCY

The pro forma financial information is presented in Australian dollars, which is the Fund's functional and presentation currency. All amounts are rounded to the nearest thousand dollars unless otherwise noted.

Transactions in foreign currencies are initially recorded in Australian dollars by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies that are outstanding at the reporting date are retranslated at the rate of exchange ruling at the Statement of Financial Position date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated at the historic rate. Exchange differences arising on translation are recognised in profit or loss in the period in which they arise.

7.3.2 FINANCIAL INSTRUMENTS

Financial Instruments, incorporating financial assets and financial liabilities, are recognised when the Fund becomes a party to the contractual provisions of the instrument.

The Fund will adopt "AASB 9 – Financial Instruments (December 2014)". AASB 9 includes requirements for the classification and measurement of financial assets and financial liabilities.

7.3.2.1 FINANCIAL ASSETS

When financial assets are recognised initially, they are measured at fair value plus, in the case of financial assets not at fair value through profit and loss, directly attributable transaction costs.

Financial assets are subsequently measured at amortised cost using the effective interest rate method only if the following conditions are met, otherwise they are measured at fair value:

- where a financial asset is held within a business model for the objective to collect contractual cash flows; and
- contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The interest held by the Fund in Square Peg Fund II will not meet the conditions to satisfy subsequent measurement at amortised cost, and will therefore be measured on an ongoing basis at fair value through profit or loss (refer Section 7.3.3).

Gains and losses on all other financial assets at fair value are recognised in profit or loss.

7.3.2.2 FINANCIAL LIABILITIES

Financial liabilities are classified as derivative and non-derivative instruments as appropriate. The Fund determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value. Non-derivative instruments are subsequently measured at amortised cost using the effective interest rate method.

7.3.2.3 DERECOGNITION

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged or cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

7.3.3 FAIR VALUE

Fair value is the price that would be received to sell an asset or paid to transfer a liability in the principal (or most advantageous) market at balance date under current market conditions. Fair value is determined based on the bid price for all quoted investments in an active market. Valuation techniques are applied to determine the fair value for all unlisted securities and securities in markets that are not active. The interest in Square Peg Fund II held by the Fund is valued using a 'proportionate' value method based on the proportion of the total net asset value (determined on a fair value basis) of Square Peg Fund II in which the Fund has an interest at each balance date, translated at the applicable balance date spot rate.

7.3.4 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

7.3.5 TAX

7.3.5.1 INCOME TAX

Under current Australian income tax laws, the Fund is not liable to pay Australian income tax provided it is not a public trading trust and its distributable income for each income year is fully distributed to Unitholders, by way of cash or reinvestment.

The Fund may be liable to pay income tax in the United States of America (US) dependent on the structure of Venture Capital funds in which the Limited Partnership invests and in turn the structure of the underlying investments made by the Venture Capital funds.

Rates of tax will vary dependent on the source of income derived.

A deferred tax liability will be recognised (at the likely rate of tax in the US) based on the difference between the fair value and tax cost base of certain underlying investments in respect of which an economic interest is held by the Fund and on which income tax will likely be payable in the US on realisation of such investments.

7.3.5.2 GOODS AND SERVICES TAX (GST)

Cash flows are presented in the Statement of Cashflows on a gross basis. Revenues, expenses, assets and liabilities are recognised net of the amount of GST, except to the extent the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the unrecoverable GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Where fees are stated to be exclusive of GST and GST is payable on any fee, the fee will be increased by an amount equal to the GST payable. The Fund is expected to qualify for reduced input tax credits at a minimum rate of 55%.

7.3.6 IMPAIRMENT OF ASSETS

The Directors of the Responsible Entity assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, an estimate is made of the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount through profit and loss.

7.3.7 REVENUE RECOGNITION

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Fund and the revenue can be reliably measured.

Distribution income is recognised on the date that the Fund's right to receive the distribution is established.

All revenue is stated net of the amount of GST.

7.3.7.1 INTEREST INCOME

Interest income is recognised in profit or loss using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

7.3.8 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the application of the Fund's accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Accounting policies which are expected to be subject to significant accounting estimates and judgements include fair value determination of the interest held by the Fund in Square Peg Fund II.



8. Investigating Accountant's Report

Deloitte.

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The Directors
Walsh & Company Investments Limited
as Responsible Entity for Venture Capital Opportunities Fund
Level 15, 100 Pacific Highway
North Sydney NSW 2060

8 June 2018

Dear Sirs

INVESTIGATING ACCOUNTANT'S REPORT AND FINANCIAL SERVICES GUIDE

Introduction

This report has been prepared at the request of the Directors of Walsh & Company Investments Limited (the Responsible Entity) as responsible entity for the Venture Capital Opportunities Fund (the Fund) for inclusion in a Product Disclosure Statement (PDS) to be issued by the Directors of the Responsible Entity in respect of the initial public offering of partly paid ordinary units in the Fund (the Offer).

Deloitte Corporate Finance Pty Limited is wholly owned by Deloitte Touche Tohmatsu and holds the appropriate Australian Financial Services licence under the Corporations Act 2001 for the issue of this report.

References to the Fund, Venture Capital Opportunities Fund and Walsh & Company Investments Limited and capitalised terms used in this report have the same meaning as defined in the Glossary of the PDS.

Pro Forma Financial Information

Deloitte Corporate Finance Pty Limited has been engaged by the Directors of the Responsible Entity to review:

- The pro forma statements of financial position of the Fund on completion of the Offer as set out in Section 7.1 of the PDS;
- The pro forma assumptions on which the pro forma statements of financial position are based as described in Section 7.2 of the PDS; and
- The significant accounting policies of the Fund as set out in Section 7.3 of the PDS

(collectively the Pro Forma Financial Information).

The Pro Forma Financial Information has been derived from the records of the Fund after reflecting the pro forma assumptions as described in Section 7.2 of the PDS.

The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the events or transactions to which the Pro Forma Financial Information relate, as described in Section 7 of the PDS, as if those events or transactions had occurred as at the date of the PDS. Due to its nature, the Pro Forma Financial Information does not represent the Fund's actual or prospective financial position.

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Member of Deloitte Touche Tohmatsu Limited



The Pro Forma Financial Information is presented in the PDS in an abbreviated form, insofar as it does not include all of the presentations and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001.

Directors' Responsibility

The Directors of the Responsible Entity are responsible for:

- the preparation and presentation of the Pro Forma Financial Information, including the selection and determination of pro forma adjustments made to the Pro Forma Financial Information; and
- the information contained within the PDS.

This responsibility includes for the operation of such internal controls as the Directors determine are necessary to enable the preparation of the Pro Forma Financial Information that is free from material misstatement, whether due to fraud or error.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Pro Forma Financial Information based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with Australian Standard on Assurance Engagement (ASAE) 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we will not express an audit opinion.

We have performed the following procedures as we, in our professional judgement, considered reasonable in the circumstances:

- consideration of work papers, accounting records and other documents of the Fund;
- consideration of the appropriateness of pro forma assumptions described in Section 7.2 of the PDS;
- enquiry of Directors, management, personnel and advisors;
- the performance of analytical procedures applied to the Pro Forma Financial Information;
- a review of the accounting policies adopted by the Fund described in Section 7.3 for consistency of application.

Conclusion

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Financial Information is not prepared, in all material respects, in accordance with the stated basis of preparation as described in Section 7.1 of the PDS.

Restrictions on Use

Without modifying our conclusion, we draw attention to Section 7 of the PDS, which describes the purpose of the Pro Forma Financial Information, being for inclusion in the PDS. As a result, the Investigating Accountant's Report may not be suitable for use for another purpose.



Consent

Deloitte Corporate Finance Pty Limited has consented to the inclusion of this limited assurance report in the PDS in the form and context in which it is included.

Disclosure of Interest

Deloitte Corporate Finance Pty Limited does not have any interest in the outcome of this Offer other than the preparation of this report for which normal professional fees will be received.

Deloitte Touche Tohmatsu is the auditor of the Fund.

Yours sincerely

Deloitte Corporate Finance Pty Limited

A handwritten signature in black ink, appearing to read "Michael Kaplan".

Michael Kaplan

Authorised Representative

Deloitte Corporate Finance Pty Limited (AFSL Number 241457)

AR Number 463220



August 2017

Financial Services Guide (FSG)

What is an FSG?

An FSG is designed to provide information about the supply of financial services to you.

Deloitte Corporate Finance Pty Limited (DCF) (AFSL 241457) provides this FSG to you, so you know how we are remunerated and who to contact if you have a complaint.

Who supplies the financial services?

We provide this FSG to you where you engage us to act on your behalf when providing financial services.

Alternatively, we may provide this FSG to you because our client has provided financial services to you that we delivered to them.

The person who provides the financial service to you is our Authorised Representative (AR) and DCF authorises the AR to distribute this FSG.

What financial services are we licensed to provide?

We are authorised to provide financial product advice and to arrange for another person to deal in financial products in relation to securities, interests in managed investment schemes, government debentures, stocks or bonds, to retail and wholesale clients. We are also authorised to provide personal and general financial product advice and deal by arranging in derivatives and regulated emissions units to wholesale clients, and general financial product advice relating to derivatives to retail clients.

General financial product advice

We provide general advice when we have not taken into account your personal objectives, financial situation or needs, and you would not expect us to have done so. In this situation, you should consider whether our general advice is appropriate for you, having regard to your own personal objectives, financial situation or needs.

If we provide advice to you in connection with the acquisition of a financial product, you should read the relevant offer document carefully before making any decision about whether to acquire that product.

Personal financial product advice

When we give you advice that takes into account your objectives, financial situation and needs, we will give you a Statement of Advice to help you understand our advice, so you can decide whether to rely on it.

How are we remunerated?

Our fees are usually determined on a fixed fee or time cost basis plus reimbursement of any expenses incurred in providing the services. Our fees are agreed with, and paid by, those who engage us.

Clients may request particulars of our remuneration within a reasonable time after being given this FSG.

Apart from these fees, DCF, our directors and officers, and any related bodies corporate, affiliates or associates, and their directors and officers, do not receive any commissions or other benefits.

All employees receive a salary, and, while eligible for annual salary increases and bonuses based on overall performance, they do not receive any commissions or other benefits as a result of the services provided to you.

The remuneration paid to our directors reflects their individual contribution to the organisation and covers all aspects of performance.

We do not pay commissions or provide other benefits to anyone who refers prospective clients to us.

Associations and relationships

The Deloitte member firm in Australia (Deloitte Touche Tohmatsu) controls DCF. Please see www.deloitte.com/au/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu.

We, and other entities related to Deloitte Touche Tohmatsu, do not have any formal associations or relationships with any entities that are issuers of financial products. However, we may provide professional services to issuers of financial products in the ordinary course of business.

What should you do if you have a complaint?

Please contact us about a concern:

The Complaints Officer
PO Box N250
Grosvenor Place
Sydney NSW 1220
complaints@deloitte.com.au
Phone: +61 2 9322 7000

If an issue is not resolved to your satisfaction, you can lodge a dispute with the Financial Ombudsman Service (FOS).

FOS provides fair and independent financial services dispute resolution free to consumers.

www.fos.org.au
1800 367 287 (free call)
Financial Ombudsman Service
GPO Box 3 Melbourne VIC 3001

What compensation arrangements do we have?

Deloitte Australia holds professional indemnity insurance that covers the financial services we provide. This insurance satisfies the compensation requirements of the Corporations Act 2001 (Cth).

Deloitte Corporate Finance Pty Limited, ABN 19 003 833 127, AFSL number 241457 of Level 1 Grosvenor Place, 225 George Street, Sydney NSW 2000

Member of Deloitte Touche Tohmatsu Limited

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity.

9. Tax

Information



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Private and confidential

The Directors
Walsh & Company Investments Limited as the
Responsible Entity of the Venture Capital
Opportunities Fund
Level 15, 100 Pacific Highway
North Sydney NSW 2000

8 June 2018

Dear Directors

Australian taxation implications of acquiring units in the Venture Capital Opportunities Fund

We have been instructed by Walsh & Company Investments Limited (**Responsible Entity**) to prepare a general summary of the key Australian income tax, Capital Gains Tax (**CGT**), Goods & Services Tax (**GST**) and stamp duty implications for unitholders (**Unitholders**), who are Australian tax resident individuals, companies (other than life insurance companies) and complying superannuation entities and who acquire units in the Venture Capital Opportunities Fund (**the Fund**).

This letter has been prepared for inclusion in the PDS to be dated on or around 7 June 2018 to be distributed to Unitholders in the Fund and should be read by the Unitholders in conjunction with the remainder of the PDS.

The discussion is of a general nature only and may not address all of the Australian tax implications relevant to a particular unitholder. Unitholders should seek their own independent tax advice in light of their specific facts and circumstances.

This general summary does not take into account the Australian tax consequences for investors who are non-residents of Australia, or acquire Units otherwise than pursuant to the PDS, or acquire the Units in the Fund in the course of trading or dealing in securities or otherwise hold the Units on revenue account or as trading stock.

KPMG's Tax practice is not licensed to provide financial product advice under the *Corporations Act 2001* and taxation is only one of the matters that must be considered when making a decision on a financial product. Unitholders should consider taking advice from an Australian Financial Services Licence holder before making any decision on a financial product.

Unless otherwise stated, all legislative references in this letter are to the *Income Tax Assessment Act 1936* and *Income Tax Assessment Act 1997* (together, **the Tax Act**).

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Liability limited by a scheme approved under Professional Standards Legislation.



**Walsh & Company Investments Limited as the
Responsible Entity of the Venture Capital
Opportunities Fund**
*Australian taxation implications of acquiring units
in the Venture Capital Opportunities Fund
8 June 2018*

This letter is based on the Australian taxation law and regulations in force and the administrative practice of the Australian Taxation Office (ATO) as at the issue date of the PDS. The tax law is frequently being changed, both prospectively and retrospectively. A number of key tax reform measures have been implemented, a number of other key reforms have been deferred and the status of some key reforms remains unclear at this stage that may impact the taxation of trusts and unitholders. We have no obligation to provide an updated tax letter to reflect such changes.

Investors are strongly advised to seek independent professional advice on the tax consequences of an investment in the Fund, based on their particular circumstances, before making an investment decision.

1. Taxation treatment of the Fund and Unitholders

1.1 Taxation treatment of the Fund

Unit trusts, such as the Fund, are generally treated as "flow through" entities for Australian income tax purposes. That is, they are not liable to pay income tax on their taxable income for an income year, provided that the unitholders are presently entitled to the distributable income of the Fund and are not expected to be under any legal disability.

For income tax purposes, the Fund may however be taxed as a company if it is a "public trading trust". Provided that neither the Fund, nor entities that the Fund controls, carry on a "trading business", it should not be classified as a public trading trust (refer to our comments at Section 2.1.4 below).

We have been instructed that the Responsible Entity will not undertake any investment activities that would cause the Fund to be considered to control or carry on a trading business for the purpose of the public trading trust rules. As such, it is expected that the Fund should qualify as a "flow through" trust for Australian income tax purposes.

The Fund may satisfy the requirements to be a Managed Investment Trust (MIT), which include certain licensing requirements, "widely-held" requirements and "closely-held" restrictions. Being classified as a MIT would allow the Fund to make an irrevocable election to apply the CGT rules as the primary code for the taxation of gains and losses on the disposal of certain assets (e.g. shares, units in unit trusts and real property).

We understand that it is the intention of the Responsible Entity to make the MIT capital election if available, such that eligible investments of the Fund are deemed to be held on capital account. Consequently, capital gains made by the Fund from investments covered by the MIT capital account election should qualify for discount CGT treatment (provided the investments have been held for 12 months or more).

In the recent 2018/19 Federal Budget, the Australian Government announced tax integrity measures for MITs and Attribution MITs, to prevent these entities from applying the 50% CGT discount at the trust level. This measure is intended to apply to payments made from 1 July 2019. Notwithstanding these changes, MITs and AMITs that derive a capital gain would still be able to distribute this income as a capital gain that can be discounted in the hands of a Unitholder who is eligible to apply the CGT discount at the relevant rate.



**Walsh & Company Investments Limited as the
Responsible Entity of the Venture Capital
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Australian taxation implications of acquiring units
in the Venture Capital Opportunities Fund
8 June 2018

1.2 Net income of the Fund

1.2.1 General Tax Treatment

Provided the Unitholders are not under any legal disability and will be presently entitled to the distributable income of the Fund, Unitholders will be taxed on their proportionate share of the taxable income of the Fund. The taxable income will be assessable in the year in which the entitlement to the distribution arises, regardless of when the distribution is paid (or dealt with on a Unitholder's behalf).

Unitholders will be provided with an Annual Tax Statement setting out the details of taxable income arising from their investment in the Fund to assist in the preparation of their income tax return.

Income distributed by the Fund will generally retain its character for tax purposes and may include various components such as franked and unfranked dividends, foreign income, capital gains, interest and tax offsets.

Where the Fund is in a tax loss position in a particular year, the loss is retained in the Fund and is not distributable to Unitholders. The loss can be carried forward by the Fund and used to offset assessable income in a future year (subject to satisfaction of certain loss integrity rules).

1.2.2 Attribution Managed Investment Trust Regime

The Attribution Managed Investment Trust (**AMIT**) regime was introduced as an alternative regime to overcome perceived uncertainties in the Australian taxation treatment of trusts. The AMIT regime generally applies to trusts from income years starting on or after 1 July 2016 on an elective basis with the election being irrevocable.

The Government has recently announced further changes to the AMIT regime, which have not yet been released for consultation. For now, we have been advised that the Responsible Entity has not made the election for the Fund to enter the AMIT regime. However, we understand that the Responsible Entity will continue to monitor the development of these proposed changes to the AMIT regime, determine the impact (if any) on the Fund and Unitholders, and may decide at a later stage to make the AMIT election for the Fund if it is in the best interests of Unitholders.

2. Investments of the Fund

The Fund intends to invest in Square Peg 2018, LP (**LP**) as a limited partner, which has been registered as an Early Stage Venture Capital Limited Partnership (**ESVCLP**), and Square Peg Global 2018 Trust (**the Global Trust**), which is an Australian domiciled unit trust (together, **Square Peg Fund II**).

We have summarised at Sections 2.1 and 2.2 the tax treatment of income derived by the Fund from these investments, to which Unitholders in the Fund may ultimately be presently entitled.

In addition to these investments, the Fund may also hold cash, term deposits and interests in cash management trusts. The net income of the Fund may therefore also include interest income.



*Walsh & Company Investments Limited as the
Responsible Entity of the Venture Capital
Opportunities Fund
Australian taxation implications of acquiring units
in the Venture Capital Opportunities Fund
8 June 2018*

2.1 Investment in the Global Trust

The Global Trust is an Australian unit trust that intends to make the election into AMIT. The effect of such an election is that the Fund will be required to include in its assessable income amounts of the Global Trust's net income (broadly, taxable profits) that are attributed to the Fund on a fair and reasonable basis.

The Fund, as a unitholder in the Global Trust, will be provided with an AMIT Member Annual Statement (**AMMA Statement**) setting out the details of the taxable income attributed to it from the underlying investments of the Global Trust.

Income attributed by the Global Trust to the Fund will generally retain its character for tax purposes and may include various components as set out below at Sections 2.1.1 to 2.1.4. These amounts should ultimately "flow through" the Fund and retain their character to the extent that Unitholders are presently entitled to these amounts.

Where the Global Trust is in a tax loss position in a particular year, the loss is retained in the Global Trust and is not distributable to the Fund.

In certain circumstances, the Fund's share of the attributable income of the Global Trust (as reported in the AMMA Statement) may exceed the total cash distribution for a particular income year. As a consequence, the net income of the Fund to which Unitholders are presently entitled may also exceed the cash distribution received for that income year. Where this occurs, the Fund may consider undertaking the Distribution Reinvestment Plan, the tax implications of which are set out at Section 4 below.

2.1.1 Foreign Income Tax Offsets

The Global Trust intends to invest predominantly in Australia, Israel and South-East Asia. Where the Fund is attributed foreign income from the Global Trust which has been subject to foreign tax, the foreign income (with the associated foreign income tax offset (**FITO**)) should be included in the net income of the Fund and may ultimately be distributed to Unitholders.

The amount of the foreign income and FITO will be notified to Unitholders in the Annual Tax Statement issued by the Fund. The FITO amount is required to be included in assessable income and may be used to reduce the Australian tax payable on the Unitholders' foreign income (subject to satisfying certain requirements).

Any FITOs that are not utilised in the year that the foreign income is included in assessable income cannot be carried forward to future years.

2.1.2 Franked dividends

Where the Global Trust invests in Australian securities, and these securities pay franked dividends, the franked dividends together with franking credits may be attributed to the Fund and included in net income. To the extent that the Unitholders in the Fund are presently entitled to these amounts then they will be required to include the franked dividend and associated franking credits in their assessable income. Generally, a tax offset should be available to Unitholders for the associated franking credits.



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The amount of the franked dividend and franking credits to which a Unitholder is presently entitled will be notified to Unitholders in the Annual Tax Statement issued by the Fund.

2.1.3 Capital gains

The Global Trust intends to make the MIT capital election and therefore, any gains made by the Global Trust on disposal of eligible investments (shares, units in units trusts, etc) should be treated as being held on capital account and the Global Trust will make a capital gain or loss from the disposal of such investments. There are certain categories of investments that are not eligible to be covered by the election, however, we understand that the Global Trust is not expected to hold such investments.

Where the net income of the Global Trust includes a net capital gain, that gain will retain its character when it is attributed to the Fund. To the extent that Unitholders are presently entitled to a share of the capital gains of the Fund, the Unitholders will be required to gross up the amount of the net capital gain and include this amount in their assessable income.

Unitholders should then apply any available capital losses and any remaining discount capital gain may be eligible for the CGT discount (see discussion on the disposal of Fund units at Section 5 below for details regarding eligibility for the CGT discount).

2.1.4 "Public Trading Trust" Tax Treatment

In certain circumstances, for income tax purposes, a trust may be taxed at the company tax rate if it is a "public trading trust" (also known as a **Division 6C Trust**). A trust will be a Division 6C Trust where it is both a public unit trust and a trading trust. As the Global Trust is expected to have more than 50 beneficiaries (i.e. widely-held), it is expected the Global Trust will be a public unit trust. A trading trust is a trust that carries on or controls a trading business, normally, a business that does not consist wholly of "eligible investment business" (i.e. does not confine its investments to certain passive investments, for example, investing in equities).

The consequences of Division 6C for the Global Trust include taxation on the "profits" of the Global Trust at the prevailing corporate tax rate of 30%, with any profits or income components losing any tax-preferred status (e.g. discounted capital gains). Furthermore, any distribution of profits from the Global Trust to the Fund would be treated as a franked dividend with a franking credit offset attached.

Where an investment of the Global Trust is a Controlled Foreign Company (**CFC**) for Australian tax purposes, the investment in the CFC may be subject to tax on an accruals basis. Due to the operation of the Australian tax laws, the investment of the Global Trust in a CFC may also cause the Global Trust to be a Division 6C Trust. In this case, the investment in the CFC will be taxed on an accruals basis in the Global Trust at the prevailing corporate tax rate of 30%.

In summary, the Global Trust may be treated as a Division 6C Trust where it is a public trust and it operates or controls an active trade or business. It is beyond the control of the Responsible Entity as to whether the Global Trust will, at any stage, be considered to be a Division 6C Trust, resulting in the Global Trust being subject to tax as a



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company. The “public trading trust” test is an annual test which will take into account the actual activities of the Global Trust during a given income year. The Responsible Entity will likely be informed of the status of the Global Trust as a “flow through” entity or Division 6C Trust as part of the annual tax reporting process.

2.2 Investment in the ESVCLP

An ESVCLP is a limited partnership that is registered under the *Venture Capital Act 2002* as an ESVCLP with Innovation and Science Australia’s Innovation Investment Committee.

While limited partnerships are generally treated as companies for Australian income tax purposes, an ESVCLP that meets the relevant eligibility criteria is generally treated as a partnership and a “flow-through” entity for income tax. To the extent that an ESVCLP is invested in “Eligible Venture Capital Investments”, the ESVCLP regime provides a number of tax concessions for investors, which are summarised below.

2.2.1 Assumptions

This Section 2.2 has been prepared on the basis of the following assumptions:

- The ESVCLP is unconditionally registered at all times and meets the requirements for eligibility under the *Venture Capital Act 2002*;
- The investments held by the ESVCLP are all “Eligible Venture Capital Investments”, and meet all the investment requirements (including additional investment requirements prescribed in the Australian tax law) for ESVCLPs; and
- The Fund does not hold an interest of greater than 30% of the committed capital of the ESVCLP at any time and therefore, for income tax purposes, any potential consequences of Public Trading Trust tax treatment (as outlined above at 2.1.4) are unlikely to apply.

2.2.2 Non-refundable tax offset

As a limited partner in the ESVCLP, the Fund will be entitled to a non-refundable carry-forward tax offset of up to 10% of the contributions (i.e. the committed capital) made by the Fund to the ESVCLP during the income year. The amount of the tax offset may be reduced to the extent that the amounts contributed are not applied by the ESVCLP to make “Eligible Venture Capital Investments” within the income year or the first two months after the end of that income year.

Unitholders are entitled to the ESVCLP tax offset based on a determination by the Responsible Entity of the Unitholder’s proportionate share of the tax offset. The tax offset amount will be notified to Unitholders in the Annual Tax Statement issued by the Fund and may be used to reduce the Australian tax payable on the Unitholders’ income. To the extent that the non-refundable tax offset has not been utilised in an income year, it may be carried forward to a future income years and applied against future tax payable.



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2.2.3 Income and loss from Eligible Venture Capital Investments

A limited partner's (i.e. the Fund) share of income (for example, dividends) derived from an Eligible Venture Capital Investment held by the ESVCLP is generally exempt from Australian income tax. Correspondingly, a loss (on revenue account) from the disposal or realisation of an Eligible Venture Capital Investment is not deductible for Australian income tax purposes.

The Unitholders in the Fund should be entitled to a share of the exempt income of the ESVCLP based on a determination by the Responsible Entity of the proportionate share of the exempt income. The exempt income amount will be notified to Unitholders in the Annual Tax Statement issued by the Fund and Unitholders should not include this amount in their assessable income.

2.2.4 Capital gains and losses from disposal of Eligible Venture Capital Investments

A limited partner's (i.e. the Fund) share of a capital gain or capital loss arising from the disposal of an Eligible Venture Capital Investment by the ESVCLP is disregarded for Australian income tax purposes where, at the time of the CGT event, the ESVCLP owned the investment for at least 12 months.

The Unitholders in the Fund should be presently entitled to a share of the ESVCLP exempt capital gain based on a determination by the Responsible Entity of the proportionate share of the exempt capital gain. The exempt capital gain amount will be notified to Unitholders in the Annual Tax Statement and Unitholders should not include this amount in calculating their CGT liability.

3. Application for units

Each Unit in the Fund will be a CGT asset. For CGT purposes, the cost base (and reduced cost base) of each Unit will include the amount paid to acquire the Unit plus any incidental costs of acquisition and disposal.

As the Units in the Fund are partly paid, Unitholders are required to pay the Initial Instalment upon Application and further instalments each year thereafter (up to the total Application Price per Unit).

The cost base (and reduced cost base) of the units in the Fund will therefore include each instalment at the time of payment. Notwithstanding this, the date of acquisition of the Units in the Fund should remain the original Application Date.

4. Distribution Reinvestment Plan (DRP)

The Responsible Entity, at its discretion, may require mandatory reinvestment of all or part of a distribution from the Fund. The Responsible Entity will determine what portion of each distribution will be received by Unitholders as cash and what will be received as Units (if any). Any reinvested distributions will be received as fully paid Units in the Fund.

In the case of the DRP, the Unitholder's proportionate share of the taxable income of the Fund (which must be included in the Unitholder's assessable income) may be more than the total cash distribution received.



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5. Disposal of Fund units

A sale of units in the Fund will constitute a disposal for CGT purposes and may result in a capital gain or capital loss for a Unitholder.

Individual, trust and complying superannuation fund unitholders that have held their units for at least 12 months prior to disposal should be entitled to apply the CGT discount to reduce any net capital gain remaining after the application of available capital losses. Individuals (including partners in partnerships) and trusts are entitled to a 50% CGT discount and complying superannuation entities are entitled to a 33⅓% discount. Companies are not eligible for the CGT discount.

Unitholders who dispose of their units within 12 months of acquiring them, or dispose of them under an agreement entered into within 12 months of acquiring them, will not be eligible for the CGT discount.

Unitholders that realise a capital loss on the disposal of Fund units can only use the loss to offset current or future capital gains.

In a situation where an underlying ESVCLP investment of the Fund is in an unrealised gain position and the Unitholder disposes of their units in the Fund, the Unitholder will be required to pay capital gains tax (subject to any relevant CGT discounting) on the entire gain from the disposal of Units. This is the case notwithstanding that the underlying investments held through the ESVCLP may be exempt from capital gains tax (as noted above at Section 2.2.4).

6. Quotation of Tax File Number (TFN) or Australian Business Number (ABN)

Unitholders will be able to quote their TFN or ABN (as appropriate) to the Responsible Entity when applying for Units.

It is not compulsory for an Australian unitholder to quote their TFN or ABN. However, if a TFN/ABN is not quoted, or an appropriate exemption from quoting a TFN/ABN is not provided, the Responsible Entity will be required to deduct tax at the highest marginal tax rate (currently 45%) plus the Medicare Levy (2%), totalling 47% from the amount distributed.

7. Stamp Duty

No stamp duty should be payable by a Unitholder on the initial acquisition of units in the Fund pursuant to the offer under the PDS provided that the Fund will not directly or indirectly hold any land or interests in land in any state or territory of Australia and will not have entered into any agreements to acquire land in any state or territory of Australia at that time.

If the Fund subsequently directly or indirectly acquires land in any State or Territory of Australia or assets in Queensland, a stamp duty liability may arise for a Unitholder on any future acquisitions of units. This will depend on a range of factors including, but not limited to:

- the location of any land held directly or indirectly by the Fund;



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- the nature of any Queensland assets held directly or indirectly by the Fund;
- the status of the Fund for stamp duty purposes;
- the percentage interest held by the Fund in the LP and the Global Trust;
- the nature of the investments held by the LP and the Global Trust; and
- the percentage interest acquired by the investor and any associated persons or interests acquired in associated transactions.

Unitholders should seek their own professional advice in relation to stamp duty on any acquisition of units in the Fund.

8. GST

The acquisition or disposal of Units by Unitholders should not be subject to GST. In addition, there should be no GST payable on any fund distributions to Unitholders.

Separately, Unitholders may incur GST on costs relating to their unit holding (e.g. financial advice sought in relation to the investment or subsequent divestment of units). Where Unitholders are not registered for GST, there will be no entitlement to claim input tax credits for the GST incurred on these costs. Where Unitholders are registered for GST, advice should be sought in relation to whether input tax credits are available.

* * * * *

Yours sincerely

A handwritten signature in black ink, appearing to read 'N. Raju', written over a light blue horizontal line.

Natalie Raju
Partner



10. Key People

10.1 Responsible Entity

The Responsible Entity is responsible for the operation of the Fund. The Responsible Entity is subject to numerous duties under the Corporations Act, including duties to act honestly, exercise care and diligence, and act in the best interests of Unitholders.

In accordance with the Corporations Act, Walsh & Company has established a compliance committee with a majority of external representation. The role of the compliance committee includes monitoring the Responsible Entity's compliance with the Fund's compliance plan.

The Responsible Entity is responsible for the overall management of the Fund, including the determination of its strategic direction with the aim of increasing Unitholder wealth through the performance of the Fund.

The role of the Responsible Entity includes:

- a. monitoring the operations, financial position, and performance of the Fund;
- b. identifying the principal risks faced by the Fund and monitoring the effectiveness of systems designed to provide reasonable assurance that these risks are being managed;
- c. taking steps to ensure the Fund's financial and other reporting mechanisms result in adequate, accurate, and timely information being provided to the Unitholders; and
- d. taking steps to ensure Unitholders and the market are fully informed of all material developments.

10.2 Background of the Responsible Entity

Walsh & Company holds Australian Financial Services Licence Number 410 433.

Walsh & Company is a member of the Evans Dixon Limited, a group formed from the result of a merger between the Dixon Advisory Group and Evans and Partners Pty Ltd. Evans Dixon is a significant Australian investment and wealth management business providing services to more than 8,000 clients with funds under advice, execution, and administration of more than \$18 billion.

10.3 Directors of the Responsible Entity

The Directors of the Responsible Entity are:



**ALEX MACLACHLAN, BA (CORNELL), MBA (WHARTON) | CHAIRMAN
CHIEF EXECUTIVE OFFICER, WALSH & COMPANY**

Alex joined Dixon Advisory in 2008 to lead the then newly formed Funds Management division, which later became Walsh & Company. Alex focused the efforts of the Funds Management division on providing individual investors with access to asset classes and investment opportunities that would normally only be available to institutional investors.

From funds under management of under \$100 million at the time of his start, Alex has grown Walsh & Company Group to over \$5 billion of assets under management today, with investments across residential and commercial property, fixed income, private equity, listed equities, and renewable energy.

Prior to joining the firm, Alex was an investment banker at UBS AG, where he rose to Head of Energy for Australasia. During his tenure in investment banking, Alex worked on more than \$100 billion in mergers and acquisitions and capital markets transactions, advising some of the world's leading companies.

Alex has a Bachelor of Arts from Cornell University and a Masters of Business Administration from The Wharton School, University of Pennsylvania.



WARWICK KENEALLY, BEC, BCOMM (ANU), CA | DIRECTOR

HEAD OF FINANCE, WALSH & COMPANY

Prior to joining Walsh & Company, Warwick worked in chartered accounting firms specialising in turnaround and restructuring. Warwick started his career with KPMG working in their Canberra, Sydney, and London offices and has undertaken a range of complex restructuring and insolvency engagements across Europe, UK, and Australia, for a range of Australian, UK, European, and US banks.

Warwick has worked with companies and lenders to develop and implement strategic business options, provide advice in relation to continuous disclosure requirements, develop cash forecasting training for national firms, and lectured on cash management. Among his former roles, Warwick worked on the initial stages of the HIH insolvency as part of the key management group tasked with the wind-down of the global estate.

Warwick has a Bachelor of Economics and Bachelor of Commerce from the Australian National University and is a Chartered Accountant.



TRISTAN O'CONNELL, BCOMM (ANU), CPA | DIRECTOR

GROUP CHIEF FINANCIAL OFFICER AND COMPANY SECRETARY, EVANS DIXON

As Chief Financial Officer and Company Secretary at Evans Dixon, Tristan oversees the finance and accounting function of the firm's group of companies. Tristan joined Dixon Advisory in 2005 after 10 years' experience in corporate financial and management roles within the wholesale financial markets industry.

Among Tristan's previous roles were Financial Controller of Tullett Prebon in Australia, one of the world's leading inter-dealer broker firms, specialising in over-the-counter interest rate, foreign exchange, energy and credit derivatives. He subsequently held senior finance roles for the Tullett Prebon Fund in Singapore and London.

Tristan has a Bachelor of Commerce from the Australian National University, is a member of CPA Australia and is a Fellow of the Financial Services Institute of Australasia.

10.4 Square Peg Capital

As noted, the Fund will invest in Square Peg Fund II. The manager of SPFII has been engaged to act as investment manager for Square Peg Fund II. The manager of SPFII has discretion to undertake and realise investments for the benefit of the Partnership and the Trust as a delegate of the GP and the Trustee. The GP and the Trustee each remain subject to their duties under the Limited Partnership Deed and Trust Deed. The manager of SPFII must also act consistently with the investment objectives, policies, and restrictions adopted by the GP and the Trustee from time to time. Details of the responsibility of the manager of SPFII are set out in the relevant Management Deed.

See Section 2 for more information on the operation of the manager of SPFII and Section 2.10 for information regarding the investment professionals.



11. Material Contracts

The following is a summary of the material contracts relating to the Square Peg Fund II, in which the Fund invests.

11.1 Subscription Deed

The Responsible Entity will subscribe for interests in each Square Peg Fund II vehicle (ie the Trust and the Partnership) by executing a Subscription Deed poll in favour of:

- Square Peg MP 2018, LP as general partner of Square Peg 2018, LP (**GP**) to be admitted as a limited partner of the Partnership; and
- Square Peg 2018 Pty Ltd as trustee of the Square Peg Global 2018 Trust (**Trustee**) to acquire ordinary units in the Trust.

a. Responsible Entity declarations

Under the Subscription Deed, the Responsible Entity subscribes for interest in the Partnership and ordinary units in the Trust. The Responsible Entity makes various declarations and acknowledgements in favour of the GP and the Trustee, including that:

- it has received, read, and understood the current disclosure documents and constituent documents in relation to Square Peg Fund II;
- in respect of any investment in the Partnership or Trust, among other things:
 - the investment in Square Peg Fund II is illiquid, is speculative, and is subject to a significant degree of risk; and
 - returns on the investment in Square Peg Fund II are dependent on the success of investments by the Partnership and the Trust and there can be no assurance that the Responsible Entity will receive any part of its investment back or that returns will be generated;
- an investment in Square Peg Fund II is not a deposit with, or any other type of liability of, the Trustee, the GP, or the manager of SPFII, any related body corporate of the Trustee, the GP or the manager of SPFII, or any of their respective officers, advisers, agents, employees, or affiliates;
- it will be required to contribute the balance of its commitment in instalments when determined and requested by the GP, the Trustee, or the manager of SPFII (as applicable) and that in the event of a failure to pay an instalment of the Capital Commitment when requested by the GP, the Trustee, or the manager of SPFII, then interest on the unpaid amount of the relevant instalment, an amount to compensate the Partnership for its default, and other costs associated with collection or attempted collection of the unpaid amount of the relevant instalment may be charged to the Responsible Entity, and the GP and/or Trustee may suspend the Responsible Entity's rights, or forfeit or sell all or a portion of the Responsible Entity's interest in Square Peg Fund II; and
- it has the financial capacity to invest in Square Peg Fund II, to bear the associated risks and obligations, and to meet all requirements to pay Capital Contributions.

b. Responsible Entity limitation of liability and indemnity

Except in the case of the Responsible Entity's fraud, negligence or breach of trust, the Responsible Entity's liability is limited to the extent that (i) the Responsible Entity is actually indemnified out of the property of the VCOF; and (ii) there is sufficient property held by the Responsible Entity as trustee at the time, which is available to meet that indemnity.

11.2 Limited Partnership Deed

The Partnership is an incorporated partnership under the *Partnership Act 1892* (NSW) and is governed by a Limited Partnership Deed dated 12 March 2018 as amended (**Limited Partnership Deed**).

a. Term and termination of the Partnership

Under the Limited Partnership Deed, the Partnership will continue until the date that the Partnership is wound up.

Subject to any applicable requirements of the *Venture Capital Act 2002* (Cth), the GP must immediately commence winding up the Partnership on the earlier of:

- the end of the 10 year term of the Limited Partnership Deed (unless extended by the manager of SPFI and/or the limited partners (as applicable)). This 10 year term of the Partnership can be extended for up to two consecutive one year periods at the discretion and direction of the manager of SPFI and for a further three consecutive one year periods with approval of limited partners holding 75% of contributed capital; and

when a special resolution is passed, which subject to obtaining unconditional or conditional registration as an Early Stage Venture Capital Fund, may not be prior to the date which is five years after the formation of the Partnership; and if:

- the Limited Partnership Deed is required to be amended to comply with a legal requirement imposed by statute or any relevant government agency;
- the Limited Partnership Deed is not amended despite the GP using reasonable endeavours to amend the Limited Partnership Deed;
- failure to amend the Limited Partnership Deed may result in penalty to, material additional liability for or material additional obligations on the GP, the manager of SPFI, or the Partnership; and
- the GP notifies the limited partners of the wind up of the Partnership, after discussing the issue with the limited partners in good faith.

Removal of the GP does not terminate the Partnership itself. Upon the occurrence of a cause event (including an event relating to the insolvency of the GP or the withdrawal of the GP), the limited partners representing at least 50% of the interests in the Partnership may remove the GP. On the occurrence of such an event, the removal of the GP will not be effective until another person approved by at least 50% of the limited partners is appointed as the general partner of the Partnership.

If the GP retires as general partner and no replacement general partner is approved within six months after the GP gives notice of its retirement (provided that it is not prior to the date which is five years after the formation of the Partnership) the GP may commence the winding up of the Partnership.

The withdrawal of, or an insolvency event in respect of, a limited partner will not dissolve the Partnership.

b. Limitation of liability and indemnity of the GP and manager of SPFII

Neither the GP nor the manager of SPFII is personally liable for the return of a Capital Contribution paid by an investor in Square Peg Fund II.

If the GP or the manager of SPFII acts in good faith and without wilful misconduct, fraud, dishonesty, or negligence, and without material unremedied breach of its obligations under the Limited Partnership Deed, it is not liable in contract, tort, or otherwise to the GP, the Partnership or any investor in Square Peg Fund II (as applicable) for any loss suffered in respect of any matter.

If the manager of SPFII acts in good faith and without wilful misconduct, fraud, dishonesty, or negligence, and without material unremedied breach of its obligations under the Limited Partnership Deed or the relevant Management Deed and without breaching its obligations under applicable securities laws, it is not liable in contract, tort or otherwise to the GP, the Partnership, or any limited partner for any loss suffered in respect of any matter relating to the Trust, the Limited Partnership Deed, or the relevant management deed.

In addition to any indemnity under applicable law, each current or former general partner and the manager of SPFII has a right to be fully indemnified out of the Assets of the Partnership:

- in respect of any claim, action, damage, loss, liability, cost, charge, expense, outgoing or payment (including any outgoing of the general partner or manager of SPFII):
 - which any of them pays, suffers, incurs or is liable for in relation to the role, rights, powers, and obligations of the current or former general partner or manager of SPFII under the Limited Partnership Deed or in relation to the Partnership; or
 - of the Partnership payable under the Limited Partnership Deed to the current or former general partner or manager of SPFII; and
 - against all actions, proceedings, claims, and demands brought against the current or former general partner in its capacity as general partner of the Partnership or the manager of SPFII in its capacity as manager of the Partnership in respect of any matter or thing done or omitted by it, except (among other things) to the extent that is due to wilful misconduct, fraud, negligence, dishonesty, or material breach of its obligations under the Limited Partnership Deed or the relevant management deed or breach of applicable law.

c. Liability of the Responsible Entity as a limited partner

Under the terms of the Limited Partnership Deed, in general (except in the case of default on capital calls, certain tax liabilities allocated to the relevant limited partner, or redraws on distributions):

- the total liability of each limited partner to contribute to all debts, obligations, and liabilities of the Partnership is capped at its capital commitment; and
- the liability of each limited partner at a particular time to pay calls as required by and in accordance with any capital call notice and otherwise to contribute to the debts, obligations, and liabilities of the Partnership is limited to such amount of its capital commitment as, at that time, remains unpaid.

11.3 Trust Deed

The Trust is an unregistered Australian unit trust governed by a Trust Deed dated 12 March 2018 (**Trust Deed**).

a. Term and termination of the Trust

Under the Trust Deed, the Trust will continue until the date that the Trust is wound up.

The wind-up provisions for the Trust under the Trust Deed are consistent with the wind-up provisions under the Limited Partnership Deed. Refer to Section 11.2(a) above for further detail, noting that references to the Limited Partnership Deed should be read as references to the Trust Deed, and references to the GP should be read as references to the Trustee.

Removal of the Trustee does not terminate the Trust itself. Upon the occurrence of a cause event (including an event relating to the insolvency of the Trustee or the withdrawal of the Trustee), the ordinary Unitholders representing at least 50% of the interests in the Trust may remove the Trustee. On the occurrence of such an event, the removal of the Trustee will not be effective until another person approved by at least 50% of the ordinary Unitholders is appointed as the trustee of the Trust.

If the Trustee retires as trustee and no replacement trustee is approved within six months after the Trustee gives notice of its retirement (provided that it is not prior to the date which is five years after the formation of the Trust), the Trustee may commence the winding up of the Trust.

The withdrawal of, or an insolvency event in respect of, an ordinary Unitholder will not dissolve the Trust.

b. Limitation of liability and indemnity

Neither the Trustee nor the manager of SPFI is personally liable for the return of a Capital Contribution paid by an investor in the Trust.

If the Trustee or the manager of SPFI acts in good faith and without wilful misconduct, fraud, dishonesty, or negligence, and without material unremedied breach of its obligations under the Umbrella Deed, it is not liable in contract, tort, or otherwise to the Trustee, the Trust, or any investor in Square Peg Fund II (as applicable) for any loss suffered in respect of any matter.

If the manager of SPFI acts in good faith and without wilful misconduct, fraud, dishonesty, or negligence, and without material unremedied breach of its obligations under the Trust Deed or the relevant Management Deed and without breaching its obligations under applicable securities laws, it is not liable in contract, tort, or otherwise to the Trustee, the Trust, or any ordinary unitholder for any loss suffered in respect of any matter relating to the Trust, the Trust Deed or the relevant management deed.

In addition to any indemnity under applicable law, each current or former trustee and the manager of SPFI has a right to be fully indemnified out of the Assets of the Trust:

- in respect of any claim, action, damage, loss, liability, cost, charge, expense, outgoing, or payment (including any outgoing of the Trustee or manager of SPFI):
 - which any of them pays, suffers, incurs, or is liable for in relation to the role, rights, powers, and obligations of the current or former trustee or manager of SPFI under the Trust Deed or in relation to the Trust; or
 - of the Trust payable under the Trust Deed to the current or former trustee or manager of SPFI; and
- against all actions, proceedings, claims and demands brought against the current or former Trustee in its capacity as trustee of the Trust, or the manager of SPFI in its capacity as manager of the Trust in respect of any matter or thing done or omitted by it,

except (among other things) to the extent that is due to wilful misconduct, fraud, negligence, dishonesty, or material breach of its obligations under the Trust Deed or the relevant management deed or breach of applicable laws.

c. Liability of the Responsible Entity

Under the terms of the Trust Deed, in general (except in the case of default on capital calls, certain tax liabilities allocated to the relevant ordinary unitholder, or redraws on distributions):

- the total liability of each ordinary unitholder to contribute to all debts, obligations, and liabilities of the Trust is capped at its capital commitment; and
- the liability of each ordinary unitholder at a particular time to pay calls as required by and in accordance with any capital call notice and otherwise to contribute to the debts, obligations, and liabilities of the Trust is limited to such amount of its capital commitment as, at that time, remains unpaid.

11.4 Umbrella Deed

Each of the GP and the Trustee have entered into an Umbrella Deed which sets out the terms and conditions governing the relationship between the GP and the Trustee in connection with Square Peg Fund II. The purpose of the Umbrella Deed is to reflect the intention that the Trustee and the GP operate together as a single investment entity.

a. Allocation between Partnership and Trust

The Umbrella Deed provides for the allocation of investor's capital commitments between the Partnership and the Trust. The manager of SPFII will allocate each Square Peg Fund II investor's capital commitment to the Partnership or the Trust.

The ratio of each individual Square Peg Fund II investor's capital commitment to the Partnership to the aggregate capital commitments of all limited partners must be equal to the ratio of individual Square Peg Fund II investor's capital commitment to the Trust to the aggregate capital commitments of all ordinary unitholders in the Trust.

b. Limitation of liability and indemnity

The Umbrella Deed provides that the limitations of liability and indemnity arrangements under the Trust Deed for the Trust and the Limited Partnership Deed for the Partnership (see Sections 11.2 and 11.3 above) apply in respect of the Umbrella Deed.

c. Removal of the Trustee, the GP and the manager of SPFII

If the GP is to be removed as the general partner of the Partnership, the Trustee is to be removed as trustee of the Trust or the manager of SPFII is to be removed as investment manager of the Partnership or the Trust. The removal of the GP, the Trustee or the manager of SPFII will not be effective until the incoming general partner, trustee or investment manager has executed a deed under which it agrees to be bound by the Umbrella Deed.

11.5 Management Deeds

Each of the Trustee and the GP have entered into management deeds with the manager of SPFII under which the manager of SPFII is appointed to manage the affairs of the Trust and the Partnership.

a. Exclusive provider of management functions

The manager of SPFII is exclusively appointed to:

- exercise all of the Trustee's powers (including powers of delegation) and rights and perform all of the Trustee's obligations under in accordance with the trust deed of the Trust; and

- exercise all of the GP's powers (including powers of delegation) and rights and perform all of the GP's obligations under in accordance with the Limited Partnership Deed of the Partnership,

(in each case, the **Management Functions**).

Each of the Trustee, the General Partner and the Partnership (as applicable) undertake not to appoint any other person to perform any of the Management Functions or to perform any of the Management Functions themselves.

See Section 5 – Risks for further detail.

b. Fees and expenses

The manager of SPFII is entitled to receive a Management Fee, and the GP and the Sponsor are entitled to a Performance Fee, in accordance with the Trust Deed and Limited Partnership Deed (see Section 6 – Fees and Costs).

c. Termination

Each management deed terminates if the GP or the Trustee (as applicable) retires. Neither the Trustee nor the GP have express termination powers under the management deeds.

d. Indemnity

Under the management deeds, the Trustee indemnifies the manager of SPFII (and its respective directors, employees, and agents) against any losses, liabilities, actions, proceedings, claims, costs, demands, and/or expenses suffered or reasonably incurred by the manager of SPFII acting under the management deed or on account of any bona fide investment decision made by the manager of SPFII.

e. Assignment

None of the Trustee, the GP, the Partnership (as applicable), or the manager of SPFII may assign its interest in the relevant management deed without consent from the other party.

f. Power of attorney

Each of the Trustee, the GP, and the Partnership (as applicable):

- appoint the manager of SPFII as its respective agent and attorney with the power to complete, sign, and execute any documents (including a deed) under hand or seal, on its behalf which the manager of SPFII requires to give effect to or to perform a Management Function;
- agrees that the manager of SPFII as its attorney may exercise its power above even if the manager of SPFII has a conflict of duty in exercising such power or has a direct or personal interest in the means or result of the exercise of such power;
- agrees to ratify and confirm any lawful act and conduct of the manager of SPFII as its attorney;
- agrees to indemnify the manager of SPFII as its attorney against any claim, loss, liability, cost, and expense arising from the manager of SPFII's exercise of a power except to the extent the exercise of that power was unlawful or negligent; and
- agrees to and must give to the manager of SPFII, on request, any written power of attorney, instrument of transfer, or other instruments, as the manager of SPFII requires for the purposes of performing any of the Management Functions or to give effect to its appointment as agent and attorney.

12. Additional Information

12.1 Constitution

The Fund has been registered by ASIC as a managed investment scheme under Chapter 5C of the Corporations Act. The provisions of the Corporations Act can affect the terms of the Constitution and the obligations of the Responsible Entity. The Fund is governed by a constitution (**Constitution**) which has been lodged with ASIC.

Walsh & Company is the responsible entity of the Fund. The respective rights and obligations of the Responsible Entity and the Unitholders are determined by the Constitution and the Corporations Act, together with any exemption and declaration issued by ASIC and the general law relating to trusts. Neither the provision of these laws and rules, nor their effect on the Constitution, have been summarised below.

The Constitution is a lengthy and complex document. The following is a summary of the Constitution. Because the summary is brief, prospective investors should confirm all information by reference to the Constitution itself. If you are unsure about anything, you should seek advice from a financial advisor and examine a copy of the Constitution.

The Constitution deals with a wide range of matters, including:

- applications for Units and the nature of a Unitholder's interest in the Fund;
- the term of the Fund and Unitholders' entitlements on winding up;
- income and distributions;
- further issues of Units;
- issue of partly paid Units;
- transferability of Units;
- powers, rights, and liabilities of the Responsible Entity;
- Unitholders' meetings;
- limitation of liability and indemnity in favour of the Responsible Entity;
- Unitholders' liability; and
- the Responsible Entity's fees (see Section 6.1).

12.1.1 UNITS

The beneficial interest in the Fund is divided into Units. A Unit confers an interest in the Fund's property as a whole – it does not confer an interest in any particular asset. Each Unit confers on its holder the right to vote at a general meeting and the right to receive copies of the Fund's financial statements, notices, and documents required to be sent to them under the Constitution and the Corporations Act. The Responsible Entity can issue Units in accordance with the Constitution. The Constitution contains provisions regarding the Responsible Entity's ability to issue different classes of Units.

The Constitution contains a provision for calculating the application price of Units, for the first and any future issues.

The Constitution also provides for the Responsible Entity to determine a different Application Price in relation to some Units, a class of Units, or all Units to the extent it is permitted to do so by applicable ASIC relief.

12.1.2 INCOME

As at the date of this PDS, the Responsible Entity does not propose to elect to opt into the AMIT regime. While the Fund is not a public trading trust (i.e. taxed akin to a company), it is expected to be administered so that at the end of each income year its Unitholders are presently entitled to the distributable income of the Fund. The Responsible Entity will generally determine the distributable income of the Fund for each income year based on the net income of the Fund. However, the Responsible Entity may in its sole and absolute discretion determine that the distributable income for the income year will be some other amount, whether income or capital, which the Responsible Entity considers appropriate for the distribution for the income tax year.

The Responsible Entity may also distribute capital of the Fund from time to time. Unitholders on the register on the record date for a distribution are entitled to a share in the Fund's income based on the number of Units held.

A distribution may be paid in cash or assets. The Responsible Entity may deduct from distributions any tax that is required by law to be deducted.

If additional tax, such as US withholding tax, is withheld from any dividend or distributions paid to the Fund as a consequence of the characteristics of any particular Unitholder or Unitholders, including the number or percentage of Units on issue held by any such Unitholders, then that additional tax will be allocated to that Unitholder and will be deducted from the distributable income payable to that Unitholder. Where the income of the Fund is reduced by taxes attributable to the ownership of Units by certain Unitholders, the entitlement to distributable income of such Unitholders may be adjusted by the Responsible Entity so that the entitlement to distributable income of all the other Unitholders is equivalent to the amount they would receive in the absence of such taxes.

12.1.3 PARTLY PAID UNITS

The Responsible Entity has the power to issue partly paid Units. Subject to the Corporations Act, the Responsible Entity may postpone the payment of the capital calls including the final instalment and may extinguish in full or in part any liability of Unitholders in respect of any monies unpaid on the Units. The non-receipt of a notice that the capital calls including the final instalment is due, or the accidental omission to give a Unitholder a notice that the instalment is due, does not invalidate the instalment being due. If a Unitholder does not pay an instalment when due, the Responsible Entity may exercise its powers to forfeit and sell the Units, and the former Unitholder will be paid the proceeds of the sale after deduction of amounts owing to the Responsible Entity, costs of the sale or disposal, interest on called but unpaid amounts, and (if applicable) costs of all proceedings initiated against the former unitholder to recover amounts due. The Responsible Entity is not liable for any loss suffered by the former Unitholder as a result of the sale.

12.1.4 LIABILITY OF UNITHOLDERS

Under the Constitution, except as noted in section 12.1.3 above and in this section 12.1.4, a Unitholder's liability is limited to the amount which remains to be paid up on their Units. However, the effectiveness of such provisions has not been tested in superior courts.

Non-payment of calls by Unitholders may mean that the Fund cannot meet its obligations to Square Peg Fund II. This may mean that the Fund: incurs default interest on unpaid calls under the terms of the Square Peg Fund II documents; ceases to be able to exercise voting rights or receive certain information in relation to Square Peg Fund II as a whole; could be subject to proceedings by the GP and the Trustee of Square Peg Fund II; could be liable for damages, or must forfeit its interest in Square Peg Fund II; or has that interest compulsorily sold by the manager of SPFII. The Unitholder may be liable to pay amounts owing to the Responsible Entity including costs, interest on called but unpaid amounts, and (if applicable) costs of all proceedings initiated against the Responsible Entity as a result of Unitholder causing the Responsible Entity to default in respect of a Square Peg Fund II capital call.

A Unitholder may be required to indemnify the Responsible Entity if the Unitholder causes a tax to the Responsible Entity or the Fund, or a cost which results from payments or entitlements to payments to or from the Fund, or requests of the Unitholder.

12.1.5 RESPONSIBLE ENTITY'S POWERS AND DUTIES

The Responsible Entity holds the Fund's assets on trust and may manage these assets as if it were the absolute and beneficial owner of them, subject only to its duties and obligations to Unitholders.

Examples of the Responsible Entity's powers include acquiring or disposing of any real or personal property, borrowing or raising money, encumbering any asset, incurring any liability, giving any indemnity, providing any guarantee, applying for listing of the Fund, entering into derivative and currency swap arrangements, and entering into underwriting arrangements.

The Responsible Entity may appoint delegates or agents to perform any act to exercise any of its powers, as well as advisors to assist with its duties and functions.

12.1.6 MANAGEMENT FEES PAYABLE TO THE RESPONSIBLE ENTITY

In return for the performance of its duties, the Responsible Entity is entitled to be paid out of the Assets within 10 Business Days of the beginning of each month a monthly Management Fee for operating and administering the Fund equivalent to 1.15% per annum (plus any applicable GST) of the gross value of the assets plus uncalled amounts on Units calculated as at the end of the month preceding the date of payment of the Management Fee.

The Responsible Entity has partially waived fees that it is entitled to receive.

See Section 6.2(D) for details of the fees to be charged.

12.1.7 RESPONSIBLE ENTITY'S INDEMNITIES

The Responsible Entity has a right of indemnity out of the Fund property for any liability incurred by it in the proper performance of its duties. This indemnity continues after the Responsible Entity retires or is removed as responsible entity of the Fund and is subject to the Corporations Act (which in certain circumstances may impose limits on the Responsible Entity's right of indemnity).

12.1.8 RESPONSIBLE ENTITY'S LIMITATION OF LIABILITY

The Constitution provides that while the Fund is a registered scheme, the Responsible Entity is not liable in contract, tort, or otherwise to Unitholders for any loss suffered in any way relating to the Fund except to the extent that the Corporations Act imposes such liability.

The Responsible Entity may amend the Constitution from time to time, subject to the Corporations Act. Unitholder approval is required where changes to the Constitution adversely affect Unitholders' rights.

12.1.9 WITHDRAWALS WILL BE LIMITED

The Constitution provides for Unitholders to request redemption of their Units while the Fund is liquid, as defined in the Corporations Act, but the Responsible Entity is not obliged to accept or process such requests. Once the Fund's assets are invested in Square Peg Fund II, the Fund is expected to be illiquid. When the Fund is illiquid, the Responsible Entity will only be able to redeem Units pursuant to a pro rata withdrawal offer under the Corporations Act, if there is no withdrawal offer open for acceptance then Unitholders will have no right to request withdrawal from the Fund.

12.2 Compliance Plan

A compliance plan has been established which sets out how the Responsible Entity will monitor compliance with both the Corporations Act and the Constitution when operating the Fund. A compliance committee comprising a majority of members who are independent of the Responsible Entity and Walsh & Company monitors the Responsible Entity's compliance with the compliance plan.

12.3 Interested Dealings

Subject to the Corporations Act, the Responsible Entity must act in the best interests of the members, and if there is a conflict between the members' interests and its own interests, give priority to the members' interests.

The Responsible Entity has procedures in place to identify actual or potential conflicts of interest and to implement measures to address such conflicts, including certain monitoring and reporting obligations. These include (among others) internal procedures to identify, assess, and evaluate potential and actual conflict of interest, maintaining a schedule of all potential and actual conflicts on a register of conflicts of interest, and putting into place intra-firm barriers or Chinese walls where required. Where a conflict is assessed as being likely to have a material impact, it will be disclosed to the parties concerned in a timely fashion.

Subject to the Corporations Act, the Responsible Entity (and any of its associates) may:

- a. hold Units in the Fund;
- b. deal with itself (as trustee of the Fund or in another capacity), its associates, or with any Unitholder;
- c. have an interest in, or enter into, any contract or transaction with itself (as trustee of the Fund or in another capacity), a Unitholder of the Fund, or any other person; and
- d. act in the same or similar capacity in relation to any other managed investment Scheme or trust.

and may retain any benefit derived by doing so.

12.4 Borrowings Policy

The Fund's policy is not to undertake borrowings directly or through Square Peg Fund II. However, the manager of SPFII, GP, and Trustee are permitted to borrow. Circumstances may occur whereby borrowing by the Fund is deemed beneficial and, should this eventuate, the Fund may borrow. The Responsible Entity intends that any borrowings will be limited to 10% of the total assets of the Fund.

Underlying investments in which the Fund has invested (either directly or indirectly) may borrow from time to time. As the Fund will not hold a majority interest in those investments, it will not be in a position to exercise any control over such borrowings.



12.5 Compliance Framework

The Responsible Entity has a compliance framework in place that includes maintaining a compliance plan and a compliance committee.

The compliance plan sets out how the Responsible Entity will ensure compliance with both the Corporations Act and the Constitution when operating the Fund. The compliance committee, comprising a majority of external members, will monitor the Responsible Entity's compliance with the compliance plan. The Responsible Entity's compliance with the compliance plan is audited externally on an annual basis.

The compliance framework also addresses risk management, borrowings, valuation, related party transactions, conflicts, continuous disclosure, training, disaster recovery, and other elements.

12.6 Foreign Exchange Hedging Policy

The Fund will receive income streams and may indirectly hold assets which are denominated in US dollars. The Fund's current policy is not to hedge these for currency risk. The Fund may re-evaluate the hedging policy in the event of changes to prevailing exchange rates and economic conditions.

As the majority of the underlying investments of the Fund will be denominated in US dollars and will continue to be denominated in US dollars, the value of the assets held by the Fund expressed in Australian dollars will fluctuate with changes in the exchange rate between the Australian dollar and the US dollar.

12.7 Cash Policy

The Fund's policy is to hold funds in cash, cash equivalents, and interests in cash management trusts pending a call for a capital contribution to be made by Square Peg Fund II. There is no limitation on the amount of cash that may be retained by the Fund.

12.8 Distribution Policy

Square Peg Fund II will focus on investments with the potential to deliver capital growth rather than delivering income. Nevertheless, it is the Fund's policy to distribute 100% of its distributable income for each income year, including realised capital gains, that it receives subject to the Fund's working capital requirements consistent with good fiscal operating policy and management and such other needs as the Responsible Entity, in its reasonable discretion, deems necessary. As part of this the Responsible Entity, through the compulsory DRP established for the Fund, may require mandatory reinvestment of distributions into fully paid units of the Fund. The Responsible Entity will determine what portion of each distribution will be received by Unitholders as cash and what portion will be received as Units (if any). The Responsible Entity intends to make yearly distributions, if any, but may make more regular distributions if appropriate.

The ability of the Fund to distribute income received from investments made by the manager of SPFII will depend on the receipt of income from the investments of Square Peg Fund II as well as payment of distributions authorised by the manager of SPFII, the GP, and the Trustee, and interest income derived by the Fund from investment of its cash, pending calls on its capital commitments to Square Peg Fund II. The Responsible Entity is unable to give specific assurances to investors concerning the future payment of distributions because the timing of realisation of private investments is uncertain.

12.9 Valuation Policy

The Responsible Entity may determine valuation methods and policies for the Fund and amend them from time to time, provided that the valuation methods and policies are consistent with the Fund's Accounting Policies (see Section 7.3), within the range of ordinary practice, and the valuation produced is reasonably current at the time of issue or redemption of Units.

Interests in underlying private investments of Square Peg Fund II will be based on the valuations and financial reports provided by the manager of SPFII in accordance with the valuation techniques set out in the Valuation Guidelines, unless the manager of SPFII reasonably believes that those amounts should be adjusted. Regular third-party valuations of investments of Square Peg Fund II will not be undertaken unless the manager of SPFII considers it appropriate.

12.10 Key Corporate Governance Policies

a. Corporate governance

The Directors of the Responsible Entity monitor the business affairs of the of the Fund on behalf of Unitholders and focus on accountability, risk management, ethical conduct, and conflicts of interest. The Fund has adopted systems of control and accountability as the basis for the administration of corporate governance.

b. Continuous review of governance

The Board of the Responsible Entity will consider on an ongoing basis how management information is presented to them and whether such information is sufficient to enable them to discharge their duties as Directors of the Responsible Entity in light of changing circumstances and economic conditions.

c. Continuous disclosure

The Fund is expected to be a disclosing entity for the purposes of the Corporations Act and as such expects to be subject to regular reporting and disclosure obligations.

While the Fund is a disclosing entity, you have a right to obtain a copy of:

- i. the annual financial report most recently lodged with ASIC by the scheme;
- ii. any half-year financial reports lodged with ASIC by the scheme after the lodgment of that annual financial report and before the date of the PDS; and
- iii. any continuous disclosure notices given by the scheme after the lodgment of that annual report and before the date of the PDS.

Copies of documents lodged with ASIC in relation to the Fund may be obtained from or inspected at an office of ASIC. The Responsible Entity will also provide a copy of the above free of charge on request.

12.11 Related Party Transactions

The Responsible Entity may transact with related parties. All transactions, including those with related parties, are conducted on arm's length and commercial terms. There are a number of related party transactions described in this PDS in relation to the Fund, such as fees payable to the Responsible Entity under the Constitution. See disclosures relating to fees in Section 6 for further information.

The Responsible Entity may also seek professional services for the Fund, respectively, from qualified service providers, including related parties. The fees for these services will be charged at normal commercial rates to the Fund. Examples of areas in which related parties may provide services to the Fund are:

- accounting, taxation, legal, and compliance;
- financial structuring and underwriting;
- investment allocations;
- product distribution; and
- corporate advice.

Related parties of Walsh & Company include:

- Australian Fund Accounting Services Pty Limited;
- Evans and Partners Pty Limited (a **Licensee**); and
- Dixon Advisory & Superannuation Services Limited (a **Licensee**).

12.12 Instructions

Subject to the requirements outlined, or as stipulated by us, you, or persons authorised by you, can provide instructions (quoting your investor number) in writing, by facsimile, or by any other method allowed by us from time to time. By investing in the Fund, you authorise us to accept instructions provided by these methods.

12.13 What Documents Are Disclosed

The Fund is expected to be a disclosing entity for the purposes of Section 111AC(2) of the Corporations Act and as such, expects to be subject to regular reporting and disclosure obligations.

Broadly, these continuous disclosure obligations require the Fund to:

- a. prepare and lodge with ASIC half yearly financial statements accompanied by a Director's statement and report and an audit or review report in addition to the annual audited financial statements and reports required under the Corporations Act; and
- b. immediately notify ASIC of any information concerning the Fund of which it is, or becomes aware and which a reasonable person would expect to have a material effect on the price or value of Units, subject to certain limited exceptions related mainly to confidential information.

Copies of documents lodged at ASIC in relation to the Fund may be obtained from or inspected at an office of ASIC. The Responsible Entity will also provide a copy of any of the above free of charge on request. To obtain a copy please call 1300 454 801 or download a copy from www.vcof.com.au.

12.14 Anti-Money Laundering and Counter-Terrorism Financing Act 2006

The Responsible Entity may be required under the *Anti-Money Laundering/Counter-Terrorism Financing Act 2006* (Cth) or any other law to obtain identification information from Applicants. The Responsible Entity reserves the right to reject any Application from an Applicant (or any transfer request) where there is a failure to provide the required identification information upon request.

12.15 Foreign Account Tax Compliance Act

The Foreign Account Tax Compliance Act (**FATCA**) is US tax law aimed at financial institutions and other financial intermediaries to prevent tax evasion by US citizens and other US tax residents through use of non-US investments or accounts.

Australia signed an intergovernmental agreement (**IGA**) with the US to implement FATCA in Australia. The FATCA provisions are in Division 396 in Schedule 1 of the *Taxation Administration Act 1953* (Cth), which is administered by the Australian Taxation Office (**ATO**). Under the IGA and FATCA provisions, Reporting Australian Financial Institutions have due diligence and reporting obligations.

The Responsible Entity, on behalf of the Fund, is a Reporting Australian Financial Institution under the IGA. The Responsible Entity intends to fully comply with the Fund's FATCA obligations as determined by the FATCA provisions, the IGA, and any associated guidance from the ATO. These obligations include (but are not limited to) the Responsible Entity identifying and documenting the status of an investor in the Fund as a US person, US controlled entity, or

a non-complying FATCA financial institution. The Responsible Entity, on behalf of the Fund, is then obligated by law to report certain information on applicable investors to the ATO which will in turn report this information to the US Internal Revenue Service.

In order for the Fund to comply with its FATCA obligations, the Responsible Entity is obligated to request certain information from investors. Certain information collected will be reported to the ATO which will in turn report this information to the US Internal Revenue Service.

The Fund and the Responsible Entity are not liable for any loss an investor may suffer as a result of the Fund's compliance with FATCA.

The Responsible Entity will also provide information about the Fund's FATCA status when required so that FATCA withholding is not applied to payments received on its investments (for example dividends paid on US securities). If the Responsible Entity (on behalf of the Fund) suffers any amount of FATCA withholding and is unable to obtain a refund for such withholding, the Responsible Entity (on behalf of the Fund) will not be required to compensate investors for any such withholding and the effects of these amounts will be reflected in the returns of the Fund.

This information is of a general nature only. Please consult your tax advisor should you wish to understand the implications of FATCA to your particular circumstances.

12.16 Common Reporting Standard

The Common Reporting Standard (**CRS**) is a global reporting standard for the Automatic Exchange of Information developed by the Organisation for Economic Co-operation and Development (**OECD**). Australia has signed the multilateral convention and legislation to implement CRS in Australia, which has been enacted through Division 396 in Schedule 1 of the *Taxation Administration Act 1953* (Cth), to be administered by the ATO. CRS commenced for Australian financial institutions on 1 July 2017, with the first reporting of information in 2018. Under CRS, Reporting Financial Institutions have due diligence and reporting obligations.

The Fund will be Australian Financial Institution under CRS. The Responsible Entity, on behalf of the Fund, intends to fully comply with the CRS obligations and any associated guidance from the ATO. These obligations include (but are not limited to) the Responsible Entity documenting the status of Unitholders that are non-residents of Australia and certain entities controlled by non-residents of Australia. The Responsible Entity is then obligated by law to report certain information on applicable investors to the ATO which may in turn report this information to the tax authority in the applicable jurisdictions.

In order to comply with its CRS obligations, the Responsible Entity is obligated to request certain information from investors. Certain information collected will be reported to the ATO which may in turn report this information to the tax authority in applicable jurisdictions. Penalties can apply if investors fail to provide the information or provide false information.

Neither the Fund nor the Responsible Entity are liable for any loss an investor may suffer as a result of its compliance with CRS.

This information is of a general nature only. Please consult your tax advisor should you wish to understand the implications of CRS to your particular circumstances.

12.17 Privacy

When you apply to invest in the Fund, you acknowledge and agree that:

- a. You are required to provide the Responsible Entity with certain personal information to:
 - i. facilitate the assessment of an Application;

- ii. enable the Responsible Entity to assess the needs of Applicants and provide appropriate facilities and services for Applicants; and
 - iii. carry out appropriate administration.
- b. The Responsible Entity may be required to disclose this information to:
- i. third parties who carry out functions on behalf of the Fund on a confidential basis;
 - ii. third parties if that disclosure is required by law; and
 - iii. related bodies corporate (as that term is defined in the Corporations Act) which carry out functions on behalf of the Fund.

We are unlikely to disclose personal information to overseas recipients. In some circumstances, we may need to obtain your consent before this occurs. Our policy is to only use cloud or other types of networked or electronic storage where infrastructure is physically located in Australia. We have carried out our due diligence regarding our cloud service providers and have entered into suitable contractual arrangements with them.

Under the *Privacy Act 1988* (as amended), Applicants may request access to their personal information held by (or on behalf of) the Fund. Applicants may request access to personal information by telephoning or writing to Walsh & Company.

We collect personal information from you in order to administer your investment. If you think that our records are wrong or out of date – particularly your address and email address – please contact us and we will correct this information immediately. You can always access the personal information that we hold about you.

You may choose not to provide certain personal information. However, if you choose not to provide information requested for the purposes of fulfilling your request for a specific product or service, we may not be able to provide you with the requested product or service, or the product or service which we do provide might not fully meet your needs.

A copy of the privacy policy of the Responsible Entity is available to Applicants on the website and on request. The privacy policy includes the contact details of the Privacy Officer in the event that an Applicant has a complaint about the handling, use, or disclosure of personal information.

12.18 Reports to Unitholders

The Responsible Entity intends to provide Unitholders with:

- periodic reports setting out Unitholder account details;
- periodic updates on key information about the Fund including performance updates;
- half-yearly auditor reviewed reports;
- annual audited reports;
- annual distribution advice statements (as applicable);
- regular income tax statements; and
- monthly Net Tangible Asset updates.

The Responsible Entity will also comply with all laws as they relate to reports to be provided to Unitholders. For further information please visit www.vcof.com.au.

12.19 Unit Prices

When the Responsible Entity issues Units, it will exercise any discretion it has under the Constitution in relation to unit pricing in accordance with its unit pricing discretions documentation. You can obtain a copy of any unit pricing discretions documentation at any time on request, at no charge, by contacting us on 1300 454 801.

12.20 Consents

Each of the following parties (each a **Consenting Party**) has given their written consent to the inclusion of the statements made by them, or based on statements made by them, in the form and context in which they are included, and have not withdrawn that consent at the date of this PDS:

- Square Peg Capital Pty Ltd;
- Deloitte Corporate Finance Pty Limited in relation to Section 8; and
- KPMG in relation to Section 9.

No Consenting Party makes any representation or warranty as to the completeness or appropriateness of any information contained in this PDS, or takes any responsibility for statements in this PDS, other than as noted above. None of the Consenting Parties has authorised or caused the issue of this PDS or makes any offer of Units.

References are also made in this PDS to entities that have certain dealings with the Responsible Entity in respect of the Fund. These entities have been referred to for information purposes only.

They did not authorise or cause the issue of this PDS and have had no involvement in the preparation of any part of this PDS. None of these named firms, companies or entities makes any offer of Units. They include:

- King & Wood Mallesons;
- The Trust Company (Australia) Limited;
- Boardroom Pty Limited; and
- Deloitte Touche Tohmatsu in relation to references as auditor of the Fund.

12.21 ASIC Relief

The Responsible Entity may apply to ASIC for relief, so that the first half-year for the Fund for the purposes of preparation of accounts and reports will end on 31 December 2018, despite the Fund being registered as a managed investment scheme prior to 30 June 2018.

12.22 Complaints

The Responsible Entity seeks to resolve complaints over the management of the Fund to the satisfaction of Unitholders.

You may lodge complaints in writing to the Responsible Entity at the address shown in the Directory in Section 14. The Constitution provides that complaints will be acknowledged immediately or as soon as practical and responded to not more than 45 days after receipt by the Responsible Entity.

If you are unsatisfied with the outcome, you can contact the Credit and Investments Ombudsman (which is independent from us) on 1800 138 422.

13. Glossary

A\$ or \$	Australian dollars
Additional Limited Partners	Limited partners added to the partnership following the initial limited partners
AEST	Australian Eastern Standard Time
AFSL	Australian Financial Services Licence
Applicant	An applicant for Units under this PDS
Application	An application for Units pursuant to this PDS
Application Form	An application form in the form attached to this PDS and the online Application available at www.vcof.com.au
Application Monies	The Initial Instalment multiplied by the number of Units applied for
Application Price	\$1.80 for each Unit applied for
ASIC	Australian Securities and Investments Commission
ATO	The Australian Taxation Office (the principal revenue collection agency for the Australian Government in charge of administering the Australian taxation system)
Business Day	A day, other than a Saturday or Sunday, on which banks open for general banking business in Sydney
CGT	Capital gains tax
Constitution	The constitution of the Fund
Corporations Act	<i>Corporations Act 2001</i> (Cth)
Corporations Regulations	Corporations Regulations 2001 (Cth)

CRS or Common Reporting Standard	A set of standardised rules developed by the OECD that requires financial institutions resident in a participating jurisdiction to implement due diligence procedures to document and identify reportable accounts, as well as report information on those accounts to their local tax authority
Custodian	The Trust Company (Australia) Limited (AFSL 235 145)
Directors	The board of directors of the Responsible Entity
DRP	The distribution reinvestment plan established by the Responsible Entity for the Fund
ESVCLP	Early Stage Venture Capital Limited Partnership
Evans Dixon Group or Evans Dixon	Evans Dixon Limited (ACN 609 913 457) and its subsidiaries
FATCA	Foreign Account Tax Compliance Act, a US tax law aimed at financial institutions and other financial intermediaries to prevent tax evasion by US citizens and other United States tax residents through use of non-US investments and accounts
Fund	Venture Capital Opportunities Fund (ARSN 625 636 473)
General Partner or GP	Square Peg MP 2018, LP
GST	The value added tax, if any, on goods and services and other things payable in accordance with the GST Act or another relevant and applicable legislation or law in Australia
GST Act	<i>A New Tax System (Goods and Services Tax) Act 1999</i> (Cth)
Hurdle Rate	Minimum rate of return for the GP and the Sponsor's entitlement to the performance fee equal to a cumulative, annually compounded, pre-tax return of 8% per annum on all capital contributed to Square Peg Fund II (and not yet returned by distribution to limited partners and Trust unitholders)
Initial Instalment	The first and second instalment payments of the Units being \$0.60 per Unit in aggregate payable on Application

Issue Date	The date of issue of Units to Unitholders following the Offer Closing Date
Licensee	A holder of an AFSL who has introduced an Applicant to the Offer. Such Licensees may include a related party of the Responsible Entity such as Dixon Advisory & Superannuation Services Limited (ACN 103 071 665) (AFSL 231 143) and Evans and Partners Pty Ltd (ACN 125 338 785) (AFSL 318 075), each a related party of the Responsible Entity
manager of SPFI	Square Peg Capital Pty Ltd (ACN 164 352 229)
Minimum Subscription	A minimum subscription of \$35 million (19.4 million Units) must be raised by the Offer Closing Date.
NAV	Net asset value
Offer	The offer of Units under this PDS to raise total commitments of up to \$80 million
Offer Closing Date	The date by which valid acceptances must be received by the Responsible Entity being 10 July 2018 or such other date determined by the Responsible Entity in its absolute discretion
Offer Opening Date	The first date Applications can be accepted under this PDS, being 8 June 2018
Partnership or LP	Square Peg 2018, LP
PDS	This product disclosure statement dated 8 June 2018
Registry	Boardroom Pty Limited (ACN 003 209 836)
Responsible Entity	Walsh & Company Investments Limited (ACN 152 367 649 AFSL 410 433)
RITC	Reduced input tax credit arising under the GST Act
Securities Act	<i>US Securities Act of 1933</i>

Square Peg Fund II or SPFII	The Trust and the Partnership
Sponsor	An affiliated party of the GP that is entitled to carried interest for the performance of the Trust
Trust	Square Peg Global 2018 Trust
Trustee	Square Peg 2018 Pty Ltd
Unit	A unit in the Fund
Unitholder	A holder of a Unit
US	The United States of America
US Person	Any "US Person" as defined in Regulation S under the <i>US Securities Act of 1933</i>
Valuation Guidelines	The International Private Equity and Venture Capital Valuation Guidelines adopted by the Australian Private Equity and Venture Capital Association Limited as of the date of this PDS, and any amendment or replacement of those guidelines
Walsh & Company	Walsh & Company Investments Limited (ACN 152 367 649)

14. Directory

FUND

Venture Capital Opportunities Fund
(ARSN 625 636 473)
Level 15, 100 Pacific Highway
NORTH SYDNEY NSW 2060

T: 1300 454 801
F: 1300 883 159
E: info@vcocf.com.au

www.vcocf.com.au

RESPONSIBLE ENTITY

Walsh & Company Investments Limited
(ACN 152 367 649) (AFSL 410 433)
Level 15, 100 Pacific Highway
NORTH SYDNEY NSW 2060

T: 1300 454 801
F: 1300 883 159
E: info@walshandco.com.au

www.walshandco.com.au

AUDITOR

Deloitte Touche Tohmatsu
Grosvenor Place, 225 George Street
SYDNEY NSW 2000

INVESTIGATING ACCOUNTANT

Deloitte Corporate Finance Pty Limited
Grosvenor Place, 225 George Street
SYDNEY NSW 2000

AUSTRALIAN TAX ADVISOR

KPMG
Level 38, Tower Three
300 Barangaroo Avenue
Sydney NSW 2000

UNIT REGISTRY

Boardroom Pty Limited
Level 12, 225 George Street
SYDNEY NSW 2000

T: 1300 737 760
F: 1300 653 459
E: enquiries@boardroomlimited.com.au

www.boardroomlimited.com.au

LEGAL ADVISOR

King & Wood Mallesons
Level 61, Governor Phillip Tower
1 Farrer Place
SYDNEY NSW 2000



15. How to Invest

15.1 Applications

To make an application for Units in the Fund, you must use the Application Form (being the hard copy form made available with this PDS or the online Application Form available from www.vcof.com.au and complete the Application Form in accordance with the instructions contained within the Application Form.

Applications for Units under the Offer received after 5:00pm (AEST) on the Offer Closing Date will not be accepted and will be returned to Applicants.

The minimum investment is 1,112 Units equating to \$2,001.60.

Applications must be accompanied by payment in Australian currency. Applications made using the online Application Form must submit payment via BPAY.

Cheques should be made payable to **"Venture Capital Opportunities Fund Trust Account"** and crossed **"Not Negotiable"**. Payments by cheque will be deemed to have been made when the cheque is honoured by the bank on which it is drawn. The amount payable on Application will not vary during the period of the Offer and no further amount is payable on the issue of Units. No brokerage or stamp duty is payable by Applicants.

Completed hard copy Application Forms and accompanying cheques may be lodged with:

POSTAL

Venture Capital Opportunities Fund Offer
c/- Walsh & Company Investments Limited
PO Box 29 CROWS NEST NSW 1585

HAND DELIVERED

CANBERRA

Venture Capital Opportunities Fund Offer
c/- Walsh & Company Investments Limited
Level 1, 73 Northbourne Avenue
CANBERRA ACT 2600

SYDNEY

Venture Capital Opportunities Fund Offer
c/ - Walsh & Company Investments Limited
Level 15, 100 Pacific Highway
NORTH SYDNEY NSW 2060

c/ - Evans and Partners
Level 5, 5 Martin Place
Sydney NSW 2000

MELBOURNE

Venture Capital Opportunities Fund Offer
c/ - Walsh & Company Investments Limited
Level 2, 250 Victoria Parade
EAST MELBOURNE VIC 3002

c/ - Evans and Partners
Mayfair Building, 171 Collins Street
Melbourne VIC 3000

BRISBANE

Venture Capital Opportunities Fund Offer
c/- Walsh & Company Investments Limited
Level 4, 1 Eagle Street
BRISBANE QLD 4000

Application Forms will be accepted at any time after the Offer Opening Date and prior to 5:00pm (AEST) on the Offer Closing Date.

The Responsible Entity may close the Offer at any time without prior notice or extend the period of the Offer.

15.2 Offer not Underwritten

The Offer is not underwritten.

15.3 Issue of Units

It is expected that issue of Units under the Offer will take place on or around 17 July 2018. Application Monies will be held in the Responsible Entity's applications trust account until Units are issued. The Responsible Entity will retain any interest earned on the Application Monies pending the issue of Units to Unitholders.

The Application constitutes an offer by the Applicant to subscribe for Units on the terms and subject to the conditions set out in this PDS and the Constitution, which may be accepted or rejected by the Responsible Entity in its discretion. Where the number of Units issued is less than the number applied for, or where no Units are issued, the surplus Application Monies will be returned within seven days of the Offer Closing Date. Interest will not be paid on refunded Application Monies to Applicants and will be retained by the Responsible Entity.

15.4 Overseas Applicants

Only Applicants who have a permanent address in Australia can participate in the Offer. The Offer does not constitute an offer in any place in which, or to any person to whom, it would be unlawful to make such an offer. It is the Responsible Entity's intention, and, to the extent within its control, that the Responsible Entity shall use its commercially reasonable efforts to ensure that the Units not be resold to any persons, including US Persons (as defined), other than persons who have a permanent address in Australia.

This document is not an offer or an invitation to acquire securities or financial products in any country other than Australia. In particular, this document does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States of America or to, or for the account or benefit of, any US Person, as defined in Regulation S under the Securities Act.

APPLICATION FORM

VENTURE CAPITAL OPPORTUNITIES FUND

Fill out this Application Form if you want to apply for Units in the **Venture Capital Opportunities Fund**

- Please read the Product Disclosure Statement dated 8 June 2018 (**PDS**) accompanying this Application Form.
- Follow the instructions to complete this Application Form (see over).
- Print clearly in capital letters using black or blue pen.

Broker Code

Advisor Code

OFFER CLOSES 29 JUNE 2018 (unless closed earlier or extended)

IMPORTANT PLEASE NOTE – The Responsible Entity may be required under the *Anti-Money Laundering/Counter-Terrorism Financing Act 2006 (Cth)* or any other law to obtain identification information from Applicants. The Responsible Entity reserves the right to reject any Application from an Applicant who fails to provide identification information upon request.

A Number of units you are applying for

\$ x \$1.80 per Unit

B Total Commitment (your total exposure to this investment)

\$

\$ x \$0.60 per Unit

C Initial Instalment (to be paid on application)

\$

(Minimum Application 1,112 Units (\$2,001.60))

PLEASE NOTE: If applying for Units in the Venture Capital Opportunities Fund, only the Initial Instalment of \$0.60 per Unit is to be paid on application.

Section A is the number of Units you are applying for (not less than 1,112).

Section B is the total commitment payable through capital calls throughout the investment life. To calculate the Total Commitment amount, multiply the number of units in **Section A** by the issue price per Unit of \$1.80 (not less than \$2,001.60).

Section C is the portion of the Total Commitment (**Section B**) payable on your application. To calculate the Initial Instalment (**Section C**), multiply the number of units in **Section A** by the initial capital call per Unit amount of \$0.60. Please only attach payment for the amount in **Section C**.

To reflect the partly paid structure of the Units, the Structuring Fee and Handling Fee (See **Section G**) will be payable on each capital call in the first 12 months after the Issue Date (payable on a maximum of four capital calls).

D Write the name/s you wish to register the Units in

Applicant 1

Applicant 2 or Account Designation (if required)

Applicant 3 or Account Designation (if required)

E Postal address

Number / Street name

Suburb / Town

State

Postcode

F Enter your Australian Tax File Number/s¹, ABN, or Exemption Category.

Applicant 1

Applicant 2

Applicant 3

Exemption Category

G Handling Fee

By checking this box, I/we authorise and direct the Responsible Entity and appoint the Responsible Entity as my/our agent to pay to the licensee or representative identified below (my/our **Advisor**) a handling fee equal to 1.5000% (excluding GST) of each instalment amount on my Total Commitment (**Instalment**) called by the Responsible Entity within 12 months after the Offer Closing Date (payable on a maximum of four Instalments) (**Handling Fee**). The Handling Fee must be paid out of each Instalment as soon as practicable after the receipt of the relevant Instalment amount.

Licensees (or insert "not applicable")

H Foreign Account Tax Compliance Act (FATCA) & Common Reporting Standard (CRS)

In order for the Venture Capital Opportunities Fund to comply with its FATCA and CRS obligations, the Responsible Entity is obligated to request certain information from its investors. Certain information collected will be reported to the Australian Tax Office (ATO), which will in turn report to the US Internal Revenue Service and/or the tax authority in the applicable jurisdictions. Sections 12.15 and 12.16 of the PDS provides further information on FATCA and CRS. See page 4 of this Application Form for defined terms used below.

¹ You may (but need not) provide your tax file number.

H (continued)**SECTION I – INDIVIDUALS**

Please fill this Section I only if you are an individual. If you are an entity, please fill Section II.

1 Are you a US citizen or resident of the US for tax purposes?

☐ **NO** (Continue to Question 2)☐ **YES** (Provide your Taxpayer Identification Number (TIN) below. Continue to Question 2)**TIN**

2 Are you a tax resident of any other country outside of Australia?

☐ **NO** (Continue to Section I)☐ **YES** (Provide the details below and continue to Section I. If you are a resident in more than one jurisdiction, please include details for all jurisdictions)

Country of Tax Residence	Tax Identification Number (TIN) or equivalent	Reason Code if no TIN provided

If a TIN or equivalent is not provided, please provide a reason from the following options:

- Reason A: The country/jurisdiction where the individual is a resident does not issue TINs to its residents.
- Reason B: The individual is otherwise unable to obtain a TIN or equivalent number. (Please explain why the individual is unable to obtain a TIN in the below table if you have selected this reason).
- Reason C: No TIN is required. (Note: Only select this reason if the domestic law of the relevant jurisdiction does not require the collection of a TIN issued by such jurisdiction).

If Reason B has been selected above, explain why you are not required to obtain a TIN

SECTION II – ENTITIES

Please fill in this Section II only if you are an entity. If you are an individual, please fill Section I.

3 Are you an Australian retirement fund, such as a self-managed superannuation fund, retail super fund or industry super fund?

☐ **YES** (Continue to Section I)☐ **NO** (Continue to Question 4)

4 Are you a family trust or private company only tax resident in Australia, with 50% or more of gross income in the preceding calendar year being passive and 50% or more of the assets held in the preceding calendar year held for the production of passive income?

☐ **YES** (Continue to Question 5)☐ **NO** (We may contact you for more information)

5 Does one or more of the following apply to you:

Is any natural person that exercises control over you (for corporations, this would include directors or beneficial owners who ultimately own 25% or more of the share capital) a tax resident of any country outside of Australia?

If you are a trust, is any natural person including trustee, protector, beneficiary, settlor or any other natural person exercising ultimate effective control over the trust a tax resident of any country outside of Australia?

☐ **NO** (Continue to Section I)☐ **YES** (We may contact you for more information)**I** Please enter details of the cheque/s that accompany this Application form:

Drawer		Cheque No.		BSB No.		Acc No.		A\$	
Drawer		Cheque No.		BSB No.		Acc No.		A\$	
								Total A\$	

J Contact telephone number (daytime/work/mobile)**K** Email Address**L** Unitholder Communications

All correspondence will be sent electronically unless legally required otherwise, or unless the box below is ticked:

Printed copy of Unitholder communications required ☐

M Annual Reports

Annual reports will be published on the Fund's website. If you still wish to receive a copy free of charge, all correspondence will be sent electronically unless legally required or the box below is ticked.

Printed copy (posted) ☐

N Information from the Responsible Entity

☐ Please check this box if you wish to receive information about other investment opportunities or products from the Responsible Entity or entities related to the Responsible Entity.

By submitting this Application Form, I/we declare that this Application Form is completed and lodged according to the PDS and the instructions on the Application Form and declare that all details and statements made by me/us are complete and accurate.

I/we agree to be bound by the constitution of the Venture Capital Opportunities Fund and the PDS. I/we received the PDS together with the Application Form or a print out of them. I/we represent, warrant and undertake to the Fund that our subscription for the above Units will not cause the Fund or me/us to violate the laws of Australia or any other jurisdiction which may be applicable to this subscription for Units in the Fund.

DECLARATION

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

1. apply for the number of Units that I/we specified in Section A above (or a lower number allocated in a manner allowed under the PDS);
2. am/are over 18 years of age;
3. that this Application Form is completed and lodged according to the PDS and the instructions on the Application Form and declare that all details and statements made by me/us are complete and accurate;
4. agree to be bound by the constitution of the Venture Capital Opportunities Fund and the PDS;
5. have received the PDS together with the Application Form or a print out of them;
6. represent, warrant and undertake to the Responsible Entity that our subscription for the above Units will not cause the Fund or me/us to violate the laws of Australia or any other jurisdiction which may be applicable to this subscription for Units in the Fund;
7. acknowledge that neither the Fund, the Responsible Entity, nor any person or entity guarantees any particular rate of return on the Units, nor do they guarantee the repayment of capital;
8. confirm that I/we have discussed and agreed the Handling Fee with my/our Advisor before signing the direction in **section G** and that each instalment of the Handling Fee is given to my/our Advisor on my/our behalf in relation to the financial product advice given to me/us by my/our Advisor;
9. acknowledge, warrant and agree that I/we am/are not in the United States or a US Person and am/are not acting for the account or benefit of a US Person; and
10. represent, warrant and agree that I/we have not received the PDS outside Australia and am/are not acting on behalf of a person resident outside Australia unless the Units may be offered in my/our jurisdiction without contravention of the security laws of the jurisdiction or any need to register any of the PDS, the Units or the Offer, and have read and understand the PDS including the risks. I/we understand and agree that the Fund does not have a fixed investment term and is illiquid and that I/we have no right to exit the Fund at any time.

LODGEMENT

Deliver your completed Application Form with cheque/s (made payable to 'Venture Capital Opportunities Fund Trust Account' and marked "not negotiable") attached to the following address:

Venture Capital Opportunities Fund Offer
cl- Walsh & Company

POSTAL

PO Box 29
Crows Nest NSW 1585

HAND DELIVERED

Canberra Level 1, 73 Northbourne Avenue, Canberra ACT 2601
Sydney Level 15, 100 Pacific Highway, North Sydney NSW 2060
 Level 5, 5 Martin Place, Sydney NSW 2000
Melbourne Level 2, 250 Victoria Parade, East Melbourne VIC 3002
 Mayfair Building, 171 Collins Street, Melbourne VIC 3000
Brisbane Level 4, 1 Eagle Street, Brisbane QLD 4000

It is not necessary to sign or otherwise execute the Application Form. If you have any questions as to how to complete the Application Form, please contact Walsh & Company Investments Limited on 1300 454 801.

Privacy Statement: Boardroom Pty Limited advises that Chapter 2C of the *Corporations Act 2001 (Cth)* requires information about you as a Unitholder (including your name, address and details of the Units you hold) to be included in the public register of the entity in which you hold Units. Information is collected to administer your Unit holding and if some or all of the information is not collected then it might not be possible to administer your Unit holdings. Your personal information may be disclosed to the entity in which you hold Units. You can obtain access to your personal information by contacting us at the address or telephone number shown on the Application Form. Our privacy policy is available on our website (www.boardroomlimited.com.au/privacy.html).

GUIDE TO THE APPLICATION FORM

YOU SHOULD READ THE PDS CAREFULLY BEFORE COMPLETING THIS APPLICATION FORM

Please complete all relevant sections of the appropriate Application Form using **BLOCK LETTERS**. These instructions are cross-referenced to each section of the Application Form. Please note that capitalised terms have the same meanings given to the names in the Glossary.

A	Enter the number of Units you are applying for (not less than 1,112).
B	To calculate the Total Commitment amount, multiply the number of units you wish to apply for (Section A) by the issue price per Unit of \$1.80 (not less than \$2,001.60).
C	To calculate the Initial Instalment , multiply the number of units you wish to apply for (Section A) by the initial capital call per Unit amount of \$0.60 .
D	Write your full name. Initials are not acceptable for first names.
E	Enter your postal address for all correspondence. All communications to you from the Fund will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.
F	Enter your Australian tax file number (TFN) or ABN or exemption category, if you are an Australian resident. Where applicable, please enter the TFN/ABN of each joint Applicant. Collection of TFN's is authorised by taxation laws. Quotation of your TFN is not compulsory and will not affect your Application Form.
G	Enter the name and address of the Licensee who is assisting you in this application, and if applicable, their representative. Check the box to authorise the payment of the Handling Fee Share.
H	FATCA definitions US Citizen means a citizen of the United States of America. Resident of the US for Tax Purposes includes (but is not limited to) someone who has a lawful permanent resident status in the United States (e.g. a "green card" holder) or someone who is considered a US taxpayer under the applicable US tax laws.
I	Complete cheque details as requested. Make your cheque payable to " Venture Capital Opportunities Fund Trust Account " and crossed " Not Negotiable ". Cheques must be made in Australian currency, and cheques must be drawn on an Australian Bank.
J	Enter your telephone number so we may contact you regarding your Application Form or Application.
K	Enter your email address so we may contact you regarding your Application Form or Application or other correspondence.
L, M & N	The Fund encourages you to receive Unitholder correspondence and the Annual Report electronically. The benefits to Unitholders are in the potential cost savings and the faster delivery of information. The benefits to the environment are also substantial.

CORRECT FORMS OF REGISTRABLE TITLE

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

TYPE OF INVESTOR	CORRECT FORM OF REGISTRABLE TITLE
Individual	Mr John David Smith
Company	ABC Pty Ltd
Joint Holders	Mr John David Smith & Mrs Mary Jane Smith
Trusts	Mr John David Smith <J D Smith Family A/C>
Deceased Estates	Mr Michael Peter Smith <Est Ltd John Smith A/C>
Partnerships	Mr John David Smith & Mr Ian Lee Smith
Clubs/Unincorporated Bodies	Mr John David Smith <Smith Investment A/C>
Superannuation Funds	John Smith Pty Limited <J Smith Super Fund A/C>

VENTURE CAPITAL OPPORTUNITIES FUND

INVESTING IN SQUARE PEG II