



THE HALIDON YIELD ENHANCED FUND

PRODUCT DISCLOSURE STATEMENT

ARSN 093 248 232
Responsible Entity
Halidon Asset Management Ltd

Issued: 30 December 2015

Halidon Yield Enhanced Fund Supplementary Product Disclosure Statement 4 (SPDS4) ARSN 092 248 232

This SPDS supplements the Halidon Yield Enhanced Fund Product Disclosure Statement (PDS) dated 25 May 2011, the Supplementary PDS (SPDS) issued 30 June 2012, the Supplementary PDS (SPDS2) issued 21 August 2013, and the Supplementary PDS (SPDS3) issued 6 March 2014.

You should read this SPDS3 together with the PDS, SPDS, SPDS2 and SPDS3 before making any decision in relation to the Halidon Yield Enhanced Fund.

1. Directors of the Responsible Entity (RE)

Professor Ron Bird, Mr Tony Amato and Mr David Beggs have resigned from the Board of Directors of the RE.

Mr Peter Switzer (Chairman), Mr Martin Switzer, Mr Mark Kerr, Mr George Boubouras, and Mr Glenn Fowles have been appointed to the Board of Directors of the RE.

Mr Peter Switzer

+ Chairman

MCom (University of NSW)

Peter is one of Australia's leading business and financial commentators, launching his own business more than 30 years ago. The Switzer Group has since grown into three successful companies spanning media and publishing, financial services and business coaching. Peter is an award-winning broadcaster, twice runner up for the Best Current Affairs Commentator award for radio and was a long term contributor to The Australian and Daily Telegraph.

A former academic Economist at the University of NSW, Peter is currently founder and contributor to The Switzer Super Report, an investment newsletter for Self-Managed Super Funds; Contributor to Switzer Daily, a leading business, finance and political commentary website; Host of his own TV show, *SWITZER*, on the Sky News Business Channel; a Weekly columnist for Yahoo7! Finance; and a finance commentator on the Macquarie Radio Network.

Mr George Boubouras

BEC (Flinders University)

George has over 25 years' experience in financial services and has held senior leadership positions, as the chief investment officer, at various global and domestic firms. George holds a Bachelor of Economics (Honours) and has undertaken further study at Harvard, MIT Sloan School of Management, and the University of New South Wales and holds the Stockbrokers Association of Australia RG146 accreditation.

George has experience managing investments across various asset classes and investment teams and has worked at various firms including: Equity Trustees Ltd, as Chief Investment Officer; UBS Wealth Management, as Chief Investment Officer; Macquarie Group, as an Investment Strategist; and HSBC Asset Management, as Head of Asset Allocation, Fixed Income and Equity Research.

George is also a Non-Executive Director of ASX listed Contango Income Generator Limited.

Mr Glenn Fowles

BBus - Acctg & Finance (Massey University, NZ)

Glenn has worked in the financial services industry since 1985. His roles at HSBC Asset Management and Contango Asset Management Limited have included that of Company Accountant, Operations Manager, Financial Controller, Finance Director, Chief Operating Officer and Chief Executive Officer. Glenn has extensive experience in all aspects of investment administration, including investment accounting, custody, information systems, compliance and taxation.

Glenn is also an Executive Director of ASX listed Contango MicroCap Limited.

Mr Mark Kerr

LL.B. (University of Melbourne)

Mark is an experienced director whose listed company directorships include Non-Executive Chairman of Hawthorn Resources Limited, Think Childcare and Education Limited and Contango MicroCap Limited and Non-Executive Director of Contango Income Generator Limited.

Mark is a director of Berkeley Consultants Pty Ltd which specialises in public relations and reputation management consultancy. He is also a director and adviser to various other private companies. Mark's community involvement currently extends to being a member of the Victorian Committee of the Juvenile Diabetes Research Foundation and a member of the St Vincent's Institute Charity Golf Day Committee.

Mr Martin (Marty) Switzer

BEC (University of Sydney)

Martin is the Chief Operating Officer of Switzer Financial Group, a media and financial services business. Marty has worked in stock broking and journalism and has written for the business section of The Australian newspaper, the Wentworth Courier and Charter magazine. He is currently a host on the Sky News Business Channel from time to time. Marty is also a consultant with the Australian Defence Force Financial Services Consumer Centre and travels around Australia providing financial information and education to ADF members and their families. He currently serves on the board of fashion media business RUSSH, has been a director of the Entrepreneurs Organisation and an ambassador for the Fight Duchenne Foundation.

2. Compliance Committee

Under Section 601JA of the *Corporations Act 2001*, the Board of Directors of the Responsible Entity has appointed a Compliance Committee to administer the Compliance Plan of the Fund.

Professor Ron Bird (Independent Member and Chairperson), Ms Sharyn Gipperich (Independent Member) and Mr Glenn Fowles (Non-independent Member) make up this committee.

This change is effective 30 December 2015.

Issued: 6 March 2014

Halidon Yield Enhanced Fund Supplementary Product Disclosure Statement 3 (SPDS3) ARSN 093 248 232

This SPDS supplements the Halidon Yield Enhanced Fund Product Disclosure Statement (PDS) dated 25 May 2011, the Supplementary PDS (SPDS) issued 30 June 2012 and the Supplementary PDS (SPDS2) issued 21 August 2013.

You should read this SPDS3 together with the PDS, SPDS and SPDS2 before making any decision in relation to the Halidon Yield Enhanced Fund.

Fund Summary

1. The maximum exposure to any single issuer has been increased to 15% from a previous maximum exposure of 7.5% for Commonwealth Bank of Australia, Australia and New Zealand Banking Group Limited, Westpac Banking Corporation and National Australia Bank Limited.

The maximum exposure to any single issuer remains unchanged for all other issuers.

2. The sector exposure limit for the bank sector (GICS 4010) has been increased to a maximum exposure of 35% from a previous maximum exposure of 25%.

The maximum exposure to any single sector remains unchanged for all other sectors.

This change is effective 6 March 2014.

Issued: 21 August 2013

Halidon Yield Enhanced Fund Supplementary Product Disclosure Statement 2 (SPDS2) ARSN 093 248 232

This SPDS supplements the Halidon Yield Enhanced Fund Product Disclosure Statement (PDS) dated 25 May 2011 and the Supplementary PDS (SPDS) issued 30 June 2012.

You should read this SPDS2 together with the PDS and SPDS before making any decision in relation to the Halidon Yield Enhanced Fund.

Directors of the Responsible Entity (RE)

Ms Samantha Rist has resigned from her position as the Managing Director of the RE.

The Board of the RE has appointed Mr David Beggs as a replacement Executive Director of the RE.

Mr David Beggs

+Executive Director

BCom (Hons) (University of Melbourne) LLB (Hons) (University of Melbourne)

Mr Beggs has been involved in the financial services sector for 10 years, with 8 years direct funds management experience. Mr Beggs held various roles at award winning boutique fund manager MIR Investment Management, including Senior Quantitative Analyst and Investment Manager. Most recently he was Portfolio Manager at Metisq Capital, with broad responsibilities across a range of products including the Australian Equities Fund, Asia Pacific ex Japan Hedge Fund, Greater China Fund and Global Emerging Markets Fund. Mr Beggs commenced his role as Executive Director of Halidon in August 2013.

This change is effective 21 August 2013.

Issued: 30 June 2012

**Halidon Yield Enhanced Fund Supplementary Product Disclosure Statement (SPDS)
ARSN 093 248 232**

This SPDS supplements the Halidon Yield Enhanced Fund Product Disclosure Statement (PDS) dated 25 May 2011.

You should read this SPDS together with the PDS before making any decision in relation to the Halidon Yield Enhanced Fund.

Fees

Halidon has amended the ongoing fee paid for managing your investment; the Management fee has been reduced from 1.435% p.a. (inclusive of GST) to 0.9225% p.a. (inclusive of GST). There are additional expenses and reimbursements which are estimated to be approximately 0.075% p.a. (inclusive of GST) based on the historical expenses of the Fund.

This change is effective 1 July 2012.

DIRECTORY

**Responsible Entity and
Investment Manager:**

Halidon Asset Management Ltd

AFS Licence No. 312247
ABN 26 123 611 978
Level 31 Rialto North Tower
525 Collins Street
Melbourne VIC 3000
Telephone: (03) 8611 4099
Facsimile: (03) 9649 7253

Custodian:

Sandhurst Trustees Limited

ABN 16 004 030 737
Level 5, 120 Harbour Esplanade
Docklands, VIC 3008
Telephone: (03) 8414 7869
Facsimile: (03) 8414 7275

Auditor:

Ernst & Young

ABN 75 288 172 749
8 Exhibition Street
Melbourne, VIC 3000
Telephone: (03) 9288 8000
Facsimile: (03) 8650 7710

Dated 25 May 2011

You should read all of this Product Disclosure Statement carefully before investing.

IMPORTANT NOTES

This Product Disclosure Statement ("PDS") is dated 25 May 2011 and is issued by Halidon Asset Management Ltd (referred to in this PDS as "Halidon", the "Responsible Entity", "the RE", "we", "our" or "us"), as the Responsible Entity ("RE") of the Halidon Yield Enhanced Fund ("the Fund"). This PDS is the disclosure statement required by Part 7.9 of the Corporations Act and describes the main features of the Fund.

You should read this PDS in full before making a decision to invest in the Fund. The information contained in this PDS is general advice only and not personal advice. It does not take into account your personal investment objectives, financial situation or needs. You should assess whether Units in the Fund are appropriate for you. The RE recommends you consult a licensed financial adviser prior to investing in the Fund.

Units in the Fund offered in this PDS will only be issued after investors complete, and Halidon Asset Management Ltd accepts, a valid Application Form. An Application Form is attached to this PDS. There is no guarantee of any particular rate of return or return of capital. Investors may get back less than they invested.

The Australian Securities and Investments Commission ("ASIC") is not responsible for the contents of this PDS.

Neither the RE nor any of its related bodies corporate, nor their respective officers, guarantee the repayment of capital or income from, or the performance of, the Fund.

The Custodian has relied on the RE (and where applicable their expert advisers) for the accuracy of the contents of this PDS and therefore the Custodian makes no representation as to the accuracy or truth of the contents in the PDS other than those which refer directly to the Custodian.

The Custodian does not guarantee either the performance of the Fund or the repayment of capital or income or make any representation with respect to income return or taxation consequences of any investment in the Fund under this PDS.

The RE may change any of the terms and conditions in this PDS, in which case a supplementary PDS will be issued. Where such change is materially adverse from the point of view of an investor, the RE will notify investors within 30 days of such change occurring.

The RE may require further information from you from time to time to comply with the Anti-Money Laundering and Counter-Terrorism Financing Act (AML Act). By applying for Units you undertake to provide the RE with all additional information and assistance that it may reasonably require to comply with the AML Act.

By applying for Units you warrant that:

- + You are not aware and have no reason to suspect that:
 - the monies used to fund your investment in the Fund have been or will be derived from or related to any money laundering, terrorism financing or other illegal activities, whether prohibited under Australian law, international law or convention or by agreement; or
 - the proceeds of your investment will be used to finance any illegal activities.

- + You are not a politically exposed person or organisation as the term is used in the Anti-money Laundering and Counter-Terrorism Financing Rules Instrument 2007 (No. 1).

CONTENTS



The Halidon Yield Enhanced Fund	4
The Halidon Yield Enhanced Fund Overview	5
The Halidon Yield Enhanced Fund Investment Details	6
The Halidon Yield Enhanced Fund Fees	8
Investment Risks of the Fund	12
Important Information about the Fund	13
How to make an Investment	14
Other Information for Investors	15
The Responsible Entity	19
Supplementary Information	20
Glossary	24
Application Form	25

THE HALIDON YIELD ENHANCED FUND

About the Halidon Yield Enhanced Fund

The Halidon Yield Enhanced Fund (“Fund”) was established in 1997 as the Moneywise High Yield Fund and was managed by the Former Manager from inception until August 2009 exclusively for clients of Moneywise Personal Financial Management Pty Ltd ABN 72 575 511 030 (“Moneywise”).

On 17 August 2009, members of the Fund voted to appoint Halidon Asset Management Ltd (“Halidon”) to the role of responsible entity and investment manager of the Fund. Halidon has implemented a new investment strategy for the Fund which is outlined in the investment process section of the PDS on page 6.

The strategy of the Fund has shifted from a ‘high yield’ investment, offering investors access to “high income yielding assets including cash, debt, hybrid, property and infrastructure securities” including private unlisted debt, to a ‘yield enhanced’ investment. This variation in strategy will offer investors access to primarily investment grade rated Australian debt and hybrid investments. The Fund currently retains some Legacy Investments; these are investments in the Fund made by the Former Manager which may not meet the investment parameters imposed by Halidon. These Legacy Investments will be divested when the opportunity arises; accordingly, the new investment approach outlined in this PDS will apply to the entire Portfolio as these Legacy Investments are divested or mature.

The Responsible Entity

The responsible entity of the Fund is Halidon Asset Management Ltd (“Halidon”). Halidon is an independent investment management company with the primary objective of achieving consistent superior investment outcomes for clients with appropriate risk controls. Halidon is regulated by ASIC and governed by an experienced, professional majority external Board.

How does the Fund fit into an Investor’s Portfolio

The Fund is designed to be included within the income generating portion of a diversified portfolio. The Fund seeks to deliver sustainable annual income streams, while limiting the volatility of capital.

The information contained in this PDS is general advice only and not personal advice; it does not take into account your personal investment objectives, financial situation or needs. You should assess whether Units in the Fund are appropriate for you and Halidon recommends you consult a licensed financial adviser prior to investing in the Fund.

HALIDON YIELD ENHANCED FUND OVERVIEW

Fund Summary	
Fund Investments¹	Halidon Yield Enhanced Fund investments include: + Cash; + Debt Securities; and + Hybrid Securities, of Australian governments, companies and subsidiaries.
Minimum Number of Investments	25
Maximum Exposure to any single Issuer²	7.5%
Sector Exposure Limits¹	Maximum 25% per Sector
Duration Limits¹	Weighted maximum 2 years
Benchmark	An index comprised of the total income and capital return of the following indices each with 50% weighting: UBS Bank Bill Index; and UBS 0-3 Year Composite Bond Index.
Recommended Investment Period	At least three years
Unit Price	Variable and calculated each Business Day
Access to Funds	Usually within five Business Days (see page 14)
Distributions	Half-yearly as at 31 December and 30 June
Transaction Spread	A spread of 0.30% is applied against both the application and redemption prices to represent transaction costs (see page 11)
Contribution Fee	Up to 2.2% (inclusive of GST) of application amount (see page 10)
Withdrawal Fee	Nil (see page 10)
Minimum Investment	\$5,000
Indirect Cost Ratio	Estimated to be 1.55% pa inclusive of GST

¹ These portfolio limitations come into effect once Legacy Investments have been divested or mature as outlined on page 4; as at 31 March 2011 Legacy Investments represented approximately 15% of the Fund Assets

² Limit does not apply to Debt and Hybrid Securities guaranteed by Australian State, Territory or Federal Government and Cash held with Authorised Deposit Taking institution

HALIDON YIELD ENHANCED FUND INVESTMENT DETAILS

Investment Objective

The objective of the Halidon Yield Enhanced Fund (“Fund”) is to achieve a return greater than the return of the Benchmark each year, before tax, but after fees and expenses over rolling three year periods.

The Fund invests in a diverse range of yield bearing assets including Cash, Debt and Hybrid securities and is suitable for investors seeking a sustainable income stream who are prepared to hold their investment for at least three years.

Investment Philosophy & Style

Halidon’s investment philosophy is based on the premise that value can be created by using a combination of top down macroeconomic research combined with a bottom up quantitative overlay to uncover and profit from the mispricing of securities within the debt and hybrid segment of a company’s capital structure.

Halidon believes that market prices at any point in time do not always reflect the true value of a particular security, thereby providing yield and some potential for capital gain opportunities which may be exploited utilising an active value style.

Asset Allocation

The target asset allocation for the portfolio is set out below:

Investment Guidelines	Allocation %
Cash	1-25%
Debt and Hybrid Securities	75-99%

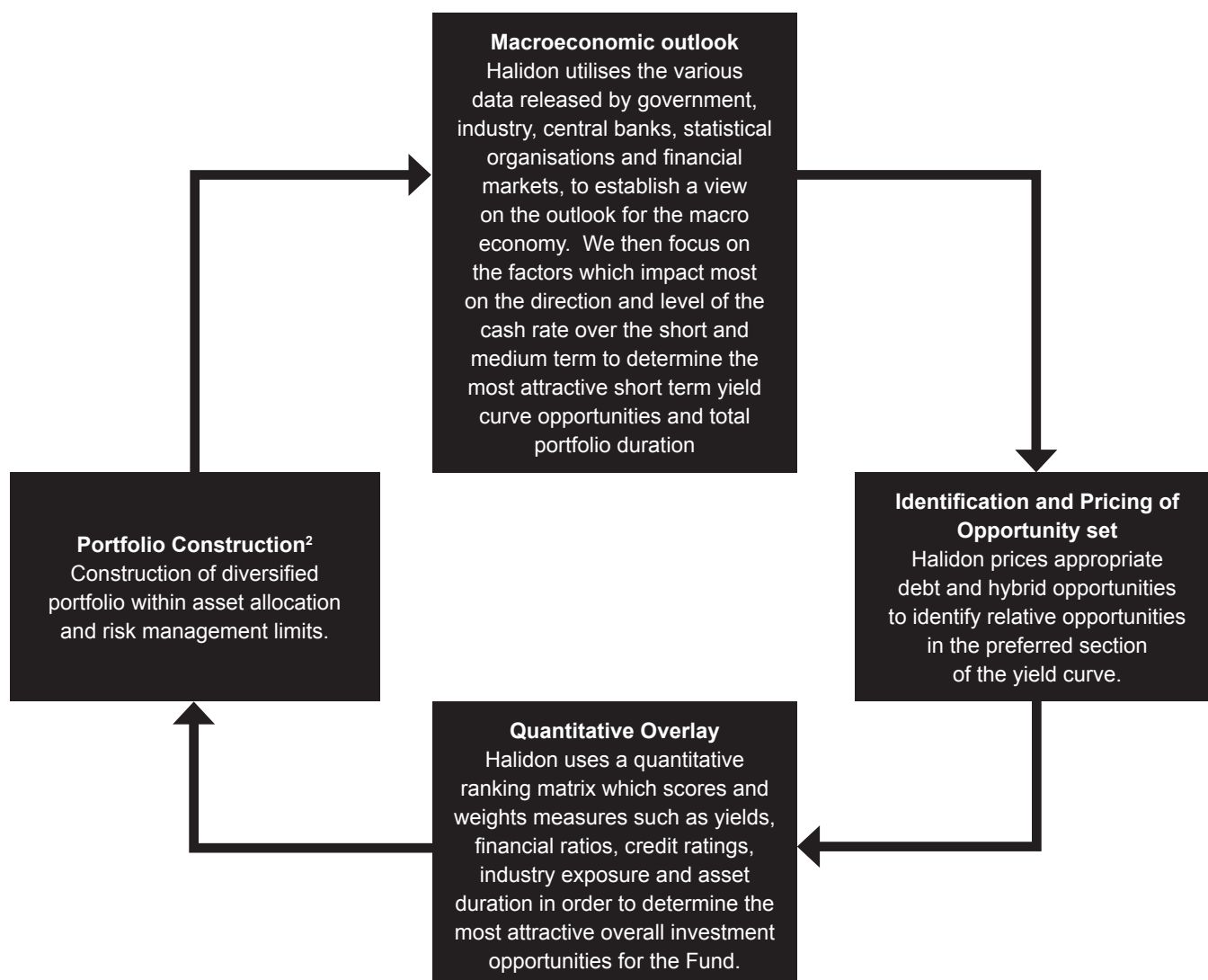
Investment Process¹

The key elements of Halidon’s yield enhanced investment process are:

- + A top down view on the macroeconomic factors impacting the direction and level of cash and term interest rates;
- + A bottom up quantitative overlay to provide a consistent basis for comparison of current and potential investment opportunities; and
- + Ongoing active management of the Fund Assets within pre-determined Fund asset exposure limits².

Risk Management & Derivatives

Halidon may adopt alternative risk management strategies on behalf of the Fund in order to protect capital in times of market volatility. An example of when an alternative risk management strategy may be used would be through the reduction or removal of equity exposure for equity linked hybrid securities through Delta Hedging. This may occur through the use of derivatives or the short sale of specific securities.



Fund Performance

The Fund performance after all fees but before tax from 31 August 2009³ to 31 December 2010 based on the Fund Assets in the half year financial report at this date is outlined below. Returns are calculated using the capital unit price and reinvesting distributed income plus imputation credits at Net Asset Value.

Fund Performance at 31 December 2010³				
	3 Months %	6 Months %	1 Year %	Inception³% p.a.
Fund	+3.17	+4.76	+10.41	+11.47
Benchmark	+1.16	+2.26	+4.89	+5.54
Relative	+2.01	+2.50	+5.52	+5.93

Past performance is no guarantee of future performance and should not be relied upon as any guide to future performance.

For more recent performance information please refer to www.halidonam.com.au.

¹ This process will apply to the entire portfolio once Legacy Investments have been divested or mature as outlined on page 4, as at 31 March 2011 Legacy investment represented approximately 15% of the Fund Assets.

² Asset allocation and other limits apply to all investments made by Halidon since it commenced as Investment Manager of the Fund, and will apply to the entire portfolio once Legacy Investments have been divested or mature as outlined on page 4.

³ Halidon commenced as RE of the Fund on 17 August 2009, returns since inception are calculated from 31 August 2009 to 31 December 2010.

HALIDON YIELD ENHANCED FUND FEES

Government regulations require the RE to include the following standard consumer advisory warning. The information in the consumer advisory warning is standardised across all product disclosure statements and is not specific to information on fees and costs in this Fund.

Consumer advisory warning

DID YOU KNOW?

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

For example, total annual fees and costs of 2% of your fund 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 adviser.

TO FIND OUT MORE

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

Fees and other costs

This section shows fees and other costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from the Fund Assets as a whole.

Taxes are set out in another part of this document (see the section entitled “Other Information for Investors” on page 15 of this PDS).

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

Type of fee or cost	Amount	How & 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 – either by you or your employer.	Up to 2.2% (inclusive of GST ⁶)	The contribution fee is deducted from contributions prior to the issue of Units. The amount of this fee can be negotiated. ²
Withdrawal fee³ The fee on each amount you take out of your investment.	Nil	Not applicable
Termination fee The fee to close your investment.	Nil	Not applicable
Management costs		
The fees and costs for managing your investment are comprised of: ⁴	(i) Management fee ⁵ of 1.435% p.a. (inclusive of GST ⁶)	This fee is calculated by reference to the market value of the Fund's assets. This fee is calculated daily and paid within 7 business days of the end of each month by deduction from the Fund's assets. The amount of this fee can be negotiated. ²
	(ii) Expenses and reimbursements estimated to be approximately 0.115% p.a. (inclusive of GST ⁶) based on the historical expenses of the Fund	These costs are paid by deduction from the Fund's assets as and when incurred.
Service fees		
Investment switching fee The fee for changing investment options.	Nil	Not applicable

¹ This fee includes an amount payable to an adviser. See 'Adviser remuneration' under the heading 'Additional explanation of fees and costs' in this section for further details. See also 'Contribution Fee' under the heading 'Additional explanation of fees and costs' in this section for further details.

² See 'Negotiation of fees' under the heading 'Additional explanation of fees and costs' in this section for further details.

³ See 'Withdrawal fee' under the heading 'Additional explanation of fees and costs' in this section for further details.

⁴ This fee includes an amount payable to an adviser. See 'Adviser remuneration' under the heading 'Additional explanation of fees and costs' in this section for further details.

⁵ See 'Management Fee' under the heading 'Additional explanation of fees and costs' in this section for further details.

⁶ See 'Goods and services tax' under the heading 'Additional explanation of fees and costs' in this section for further details.



Additional explanation of fees and costs

Contribution fee

This fee was previously referred to as an “Entry fee”. The contribution fee is calculated as a proportion of your contributions and is deducted from the contributions prior to the issue of Units. For example, an investment of \$5,000 will have a maximum \$110 contribution fee deducted, and the balance of \$4,890 will be applied to acquire Units. The contribution fee is payable to your adviser or may be applied by the RE towards payment for additional Units if you do not have an adviser.

Withdrawal fee

The RE is permitted by the Constitution to charge up to 2% of each amount withdrawn, however a withdrawal fee has not been charged to date. For the duration of this PDS, the withdrawal fee will be nil.

Management fee

The RE is permitted by the Constitution to charge a management fee as remuneration for services under the Constitution of up to 3% per annum of the Net Asset Value of Fund Assets and up to 5% of the income received by the Fund, accrued daily and payable on the last Business Day of each month. However for the life of this PDS, the management fee charged to the Fund will be 1.435% p.a. (inclusive of the net effect of GST) of the Net Asset Value of Fund Assets. As the Fund is not geared, the “market value” is the same as the Net Asset Value.

Expenses relating to the Fund

The RE is entitled to be reimbursed from the Fund for specific reasonable expenses that are incurred on behalf of the Fund. These include the costs of establishing the Fund and preparing and printing this PDS, ongoing compliance and audit costs, the costs of acquiring and disposing of investments, legal fees and other experts’ fees and all duties and taxes.

The RE is permitted by the Constitution to be reimbursed from the Fund for the fees of the Custodian and Administrator and the costs of administering the Fund.

Adviser remuneration

The RE may pay fees or commission to financial advisers who advise Investors in relation to their investment in the Fund. Fees and commission will only be paid to persons who either hold an Australian Financial Services License or are otherwise permitted by law to receive such payments.

If an adviser receives commissions from the RE they will be obligated to disclose this amount to the Investor.

Negotiation of fees

The RE may negotiate with 'wholesale clients' (as defined in the Corporations Act), on an individual basis, in relation to rebates on certain fees in circumstances permitted by the Corporations Act or applicable relief granted by ASIC. Apart from the contribution fee (see above) which is not deducted from the Fund, these rebates are payable by the RE and therefore do not affect the fees paid by, or any distributions to, other Investors.

Even if you are not a 'wholesale client' (as defined in the Corporations Act), you may negotiate the amount of the contribution fee with your adviser on an individual basis. If you negotiate a lower fee, you may receive the discount in the form of either a cash rebate or additional Units.

Before you sign the Application Form you should ensure that your adviser has completed the adviser details section of the Application Form in accordance with any arrangement you may have reached. If there is no different contribution fee (up-front commission) specified in the Application Form, then the contribution fee rate paid by the RE will be 1.1% (including 10% GST).

Changes to fees

All fees can change. The RE will provide Investors with at least 30 days' notice in writing of any proposed fee increase. The RE can reduce or waive fees at their discretion. The RE cannot charge more than the Constitution allows. If the RE proposes to raise fees above the amounts allowed by the Constitution (or introduce new fees), the RE would need the approval of Unitholders. Provided the RE complies with the

requirements of the Constitution and the Corporations Act, a particular Investor's consent to change the amount of fees is not required.

Buy/sell spread

There is a difference between the entry price and exit price of a Unit, often called the "buy-sell spread". This covers the costs of buying and selling investments when your units are accepted and redeemed. The spread is retained by the Fund. It is currently 0.30% either side of the unit price. These percentages may change if the underlying transaction costs change. To give you some idea of what this means, at the same point in time, investments that you buy at a value of \$50,000 can be redeemed at a value of \$49,700.

Goods and services tax

All fees and charges outlined in this section are quoted inclusive of GST. Where the RE can determine that the Fund will be entitled to recover a reduced input tax credit (RITC) of 75% of the GST charged to the Fund, this has taken this into account in the fees disclosed. Unless otherwise indicated the fees include an allowance for a RITC.

Indirect Cost Ratio

The Indirect Cost Ratio is a measure of management costs as a proportion of net assets of the Fund.

Example of annual fees and costs for this Fund

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

Example – Halidon Yield Enhanced Fund		Balance of \$50,000 with a contribution of \$5,000 during the year
Contribution fees	Up to 2.2%	For every additional \$5,000 you put in, you will be charged between \$0 and \$110.00.
PLUS Management costs	1.49% p.a. ¹	And, for every \$50,000 you have in the Fund, you will be charged \$745 each year.
EQUALS Cost of Fund		If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during a year, you would be charged from: \$745.00 to \$855.00². What it costs you will depend on the fees you negotiate with the RE and your financial adviser.

¹ This is the Indirect Cost Ratio (ICR) for the Fund as determined for the financial year ended 30 June 2010.

² The management costs are incurred progressively throughout the year, so the charges are affected by the timing of your contribution and whether it is a lump sum contribution or a contribution by instalments.

INVESTMENT RISKS OF THE FUND

Before making an investment in the Fund you should carefully consider your investment objectives, your financial situation and your needs. You should appreciate that the higher the risk for the potential reward, the higher the risk of losing money, particularly over the short term.

The following constitute some of the risks that may affect the Fund and their returns:

- + Market risk: negative market movements will affect the price of most assets within a particular market. Assets in different market classes often experience differences in volatility, leading to price fluctuations of various magnitudes.
- + Investment specific risk: an individual investment may fall in value for reasons relating to the particular investment and not for any other reason.
- + Credit risk: the securities issuer or counterparty to a derivatives transaction may not meet its obligation to pay interest and repay capital in full or on time or meet other financial obligations.
- + Liquidity risk: the securities that make up assets of the Fund may not be actively traded; nor may they be readily convertible to cash without some loss of capital.
- + Equity risk: ordinary shares may rise or fall in value.
- + Interest rate risk: the capital value or income of an underlying fixed interest security may be adversely affected when interest rates rise and fall.
- + Conversion risk: hybrid or other convertible securities that convert into ordinary shares may not be readily converted into an equivalent value of cash.
- + Investment manager risk: this is a risk that exists in relation to all managed investments and includes the possibility that Halidon may fail to anticipate market movements or other risks or execute the Funds' investment strategies effectively.
- + Regulatory risk: the value of some of the investments of the Fund may be adversely affected by changes in government policies, government regulations and taxation laws.
- + Economic risk: a downturn in general economic conditions in Australia or globally may adversely affect the Fund's investments.

The RE has been, and will continue to be, mindful of these risks. While most of these risks are outside of the control of the RE, we will seek to minimise these risks through the use of established investment processes, diversification, and hedging strategies.

Neither Halidon nor the Custodian guarantee the performance of the Fund or the repayment of capital or any particular rate of return.

IMPORTANT INFORMATION ABOUT THE FUND

What is a Managed Investment Scheme?

The investment offered under this PDS comprises units in a managed investment scheme. A managed investment scheme is an investment vehicle which allows money from many investors to be pooled into a single investment fund. The assets of the fund are held by a professional custodian and the fund is managed by a licensed investment manager called a responsible entity. The investment is divided into units and an investor is called a unitholder.

Some of the advantages of investing through a managed investment scheme are that investors are able to gain greater access to a range of assets, with better diversification, than would normally be possible for them as individuals.

What is the Constitution?

The Fund was established under a Constitution. The Constitution is the legal document which governs the operation of the Fund. The terms and conditions of the Constitution are legally binding on the RE and the Unitholders.

The Constitution sets out the key rights and obligations of the RE and the Unitholders. There are additional rights and obligations of the RE and the Unitholders set out in the Corporations Act.

A summary of the material provisions of the Constitution is set out in the Supplementary Information section of this PDS.

The Responsible Entity

The RE of the Fund is Halidon Asset Management Ltd, holder of Australian Financial Services Licence number 312247 which authorises it to operate the Fund. The RE must (among other things) act in the best interests of Unitholders. The other key responsibilities of the RE are:

- + setting the investment policy of the Fund and implementing those policies;
- + making investment decisions and monitoring the performance of investments of the Fund;
- + collecting the income of the Fund and distributing it to Unitholders after paying the expenses of the Fund;
- + keeping records and reporting to Unitholders;
- + processing applications, transfers and withdrawals;
- + ensuring that the Fund Assets are regularly valued and audited; and
- + generally ensuring that the Fund is operated in compliance with the Constitution and the Corporations Act and reporting any compliance breaches to ASIC.

The RE's staff are experienced in investment management and are supported by access to comprehensive financial analysis and research facilities. The directors of the RE have extensive experience in investment processes, including investment in derivatives.

The RE has engaged a third party to perform the administrative functions in relation to the Fund ("Administrator"). The RE remains responsible for the activities of the Administrator.

The Custodian

The Custodian of the Fund is Sandhurst Trustees Limited. The Custodian is a long-established trust company, incorporated over 100 years ago. The role of the Custodian is to hold the property of the Fund and to deal with the property only as instructed by the Responsible Entity in accordance with the provisions of the Compliance Plan, the Constitution, the Custodian Agreement, and the Corporations Act. It is important to note that the Custodian is not a trustee appointed to protect the interests of Unitholders.

Continuous Disclosure Obligations

Halidon has certain obligations under the Corporations Act regarding continuous disclosure, to ensure that we make material information available to investors as soon as practicable after becoming aware of it.

Material information includes any information that:

- + is not generally available, and
- + a reasonable person would need to know in order to decide as to whether to invest in the relevant product, and
- + has not been included in a Product Disclosure Statement (PDS), a supplementary PDS, or a replacement PDS.

To comply with those obligations Halidon intends to follow ASIC's "good practice guidance for website disclosure". This means that all material information for investors will be posted in the continuous disclosure section of Halidon's website www.halidonam.com.au, as soon as practicable after Halidon becomes aware of it.

HOW TO MAKE AN INVESTMENT

How do I invest?

Investments can only be made on the Application Form at the back of this PDS. Application requests received after 2pm may be deemed to be received on the next Business Day. It is recommended that investors seek qualified professional advice on their specific circumstances before investing.

Please complete the Application Form as outlined on page 25.

How much can I invest?

The minimum initial investment is \$5,000 or lesser amounts if approved by the RE.

Can I make additional investments?

After your initial investment, you can make additional investments of a minimum of \$1,000 by simply completing an Application Form and forwarding your cheque to the RE.

Cooling Off Rights

Under the Corporations Act, certain investors have a cooling off right, under which they may change their mind about their subscription for Units and ask for their money to be repaid. Repayment is subject to an adjustment for market movements (both positive and negative) during the cooling off period and a reasonable charge for the RE's costs.

Generally, the cooling off right lasts for 14 days from the earlier of the time the transaction is confirmed or the end of the fifth day after the Units were issued.

How do I receive income I earn from the Fund?

Income from distributions can either be paid into a nominated bank account, paid by cheque or be reinvested into additional units in the Fund. Unless you inform the RE you would like distributions to be paid out by cheque or into an account, these distributions will automatically be reinvested in further units in the Unitholder's name. There is no entry fee charged on income reinvestment.

How are Units priced?

The price at which Units are issued is known as the Application Price. This Application Price is calculated by dividing the Net Asset Value as at the next Valuation Time, plus the Transaction Costs incurred in acquiring the Fund Assets afresh, by the number of Units on issue. The price

at which they are redeemed is known as the Redemption Price. The Redemption Price is calculated by dividing the Net Asset Value as at the next Valuation Time, less the Transaction Costs in disposing of the Fund Assets, by the number of Units on issue.

The RE calculates the Net Asset Value and Application and Redemption prices each Business Day.

How is the Fund Valued?

All valuations of Fund Assets must be conducted as and when required by the Corporations Act and by a qualified valuer appointed and instructed by the RE. Fund Assets which are not required to be valued prior to acquisition will, on acquisition, be valued at cost (including acquisition costs) until they are required to be revalued. The RE has Fund Assets revalued whenever it believes that a significant change has occurred in the value of Fund Assets.

Do I have access to my money?

The right to redeem (withdraw) is subject to the requirements of the Constitution. If your withdrawal results in your holding being less than \$5,000, the RE may require you to redeem all of your investment.

If the Fund is a Liquid Scheme, the RE must redeem Units within 21 days of receiving a written request in accordance with the Constitution. However, redemptions are usually processed within five to seven days of receipt of a written request by the RE. Redemption requests received after 2pm may be deemed to be received on the next Business Day.

Redemptions can be mailed or held for collection or directly deposited into a bank account.

If the Fund is not a Liquid Scheme, the RE may at any time offer Investors the opportunity to redeem Units to the extent to which Fund Assets are available and able to be converted into money in time to satisfy redemption requests that Investors may make in response to the offer. Any such offer will be made in accordance with the requirements of the Constitution for a non Liquid Scheme as outlined in the withdrawal procedure section of the Constitution.

OTHER INFORMATION FOR INVESTORS

Taxation

The following is a summary of Australian income tax implications of an investment in the Fund and is based on the income tax law as at the date of this PDS. The RE recommends that you consult your own taxation adviser as this is a general summary and we have only considered the Australian income tax implications. Further, the income tax law may have changed subsequently to the issue of this PDS.

GST

GST will generally be incurred on management and custodial fees, and other expenses included within the Indirect Cost Ratio (ICR see page 11), being fees and charges that apply to the Fund. In specified circumstances, the Fund may receive a credit from the Australian Taxation Office of 75% of the GST amount paid on these fees. Any of these payments and credits will be reflected in the Unit Price of the Fund. The ICR should be inclusive of GST.

Taxation Position of the Fund

The RE, on behalf of the Fund, should not be liable to pay income tax if investors are presently entitled to all of the net income of the Fund calculated in accordance with the Income Tax Assessment Acts of 1936 and 1997 ('the Act'). An investor is presently entitled where the Fund distributes all net income to investors, and it is anticipated that investors will have a present entitlement to all net income of the Fund each year.

Under the Act, if the Fund engages in any activity other than certain eligible investment activities it may be taxed as a company, and any distributions made may be taxed as dividends. It is intended that the Fund will only engage in eligible investment activities and accordingly, should not be taxed as a company nor any distribution be taxed as dividends.

Distributions of Income to Australian Resident Taxpayers

You must include in your assessable income your share of the net income of the Fund to which you are presently entitled, including amounts that are reinvested in the Fund.

Your share of the net income of the Fund that you are required to include in your assessable income will not necessarily equal the income distributions made to you by the Fund. This difference is due to different accounting and taxation treatments of certain income and expense items of the Fund. You will be notified in the annual distribution statement of the net income that you have to include in your assessable income.

Where a distribution comprises foreign source income, you must include that income in your assessable income, along with your share of any foreign tax paid by the Fund. Halidon will advise you of your entitlement to any foreign tax credits relating to such income so that you may claim them in your income tax return.

Amounts received by the Fund from Australian companies may include credits (called 'franking credits') for income tax paid by the company. These franking credits are allocated to you in proportion to your share of distributions from the Fund and are included in your assessable income. They can then be used to reduce your tax liability. If you are an individual or a complying superannuation fund, in some cases the franking credits may create a tax refund. In certain cases, these excess franking credits may generate tax losses for corporate entities. The availability of franking credits is, however, subject to various anti-avoidance measures, including the requirement to hold Units at risk for at least 46 days. Where the Fund incurs a loss for tax purposes during a given period, the Trust Loss Rules may operate. These rules effectively deny the Fund any losses that it would otherwise be entitled to, and apply where the Fund has a greater than 50% change in the composition of investors over the same period in which the loss was incurred.

Due to the nature of the investments held by the Fund, it is likely that the Capital Gains Tax (CGT) provisions should not apply to assess the gains and losses on the disposal of these investments. Instead, the gains or losses on these investments should be treated as ordinary income or losses for tax purposes.

However, where the Fund acquires an asset for CGT purposes and subsequently makes a capital gain from the disposal of that asset, the Fund should be entitled to a 50% discount on the capital gain, provided that the asset was held for at least 12 months (and other anti-avoidance provisions do not apply).

The tax treatment for the flow-through of these capital gains and the related discount to Unitholders is complicated. Broadly, the capital gains component of the Fund's distribution must be included in the investor's own calculation of their net capital gain. Where the distributed capital gain includes a discounted capital gain component, the discount will, in effect, be non-taxable to individual Unitholders and partially non-taxable to complying superannuation fund Unitholders.

The application of the CGT rules is extremely complex and you should consult your taxation adviser to determine how the rules apply in your particular circumstances.



Distributions of Income to Non-Resident Taxpayers

If you are a non-resident, the taxation treatment of a distribution to you in Australia will differ according to the source and nature of the income distributed and your country of residence for taxation purposes, and the following sections will apply to you:

+ Interest Income:

Where the Fund distributes income in the nature of interest to you, the RE is required to withhold tax at the rate of 10%. The obligation to withhold tax is imposed either where a cash distribution is made to you or your distribution is reinvested in additional units.

Where cash distributions of interest income are made, the RE will merely deduct the tax from the distribution and pay it to the Australian Taxation Office. Where the distribution is reinvested, the RE will take into account the liability to pay the withholding tax when determining the number of units to be issued to you.

Withholding tax is imposed on the gross amount of the interest paid or the gross amount of the interest reinvested. This tax is a final tax and any income subject to it is excluded from your assessable income in Australia unless the interest income is attributable to a business being conducted by you at or from a permanent establishment in Australia. The rate of withholding tax is unaffected by double tax agreements. Under the taxation laws of your country of residence you may be entitled to claim a credit for the tax that has been withheld.

+ Income from other sources:

Where you are an individual, the rate of tax is that marginal tax rate applicable to resident individuals without the benefit of the tax free threshold of approximately AUD6,000. Where the investor is a corporation, the rate of tax is 30%. If the tax paid by the RE exceeds the tax payable by you, the Australian Taxation Office will refund the excess to you.

Again, any taxation liability is taken into account when making a cash distribution or calculating the number of additional units to be issued to you where the distribution is being reinvested. Under the taxation laws of your country of residence you may be entitled to claim a credit for the tax that you have paid in Australia.

Non-resident Unitholders are not subject to tax in respect of their share of the net capital gains of the Funds realised in respect of assets that do not have the necessary connection

with Australia (eg: capital gains made on international shares or where the Fund has a less than 10% interest in a listed Australian company).

+ Lodging of Tax Returns:

You are only required to lodge an income tax return where you have earned income with an Australian source other than dividend, interest or royalty income.

Redemption, Sale or Transfer of Units

Where you are a resident investor, you will be subject to the capital gains tax provisions of the Act in respect of gains and losses realised on the disposal of units unless they are assessable under section 6-5 of the Act. Where you are in the business of trading in securities or for the purpose of profit making by sale you will be assessed on any profits arising on the redemption or sale of your investment in the Funds under section 6-5 of the Act. This issue is a complex one and you should seek the advice of a taxation adviser in determining how you are assessed in respect of gains and losses realised on the disposal of your units and how those gains and losses are to be calculated.

If you are an individual, a complying superannuation entity or a trust and you make a capital gain from disposing of units in the Fund, you receive a discount on the capital gain which must be included in your assessable income, provided you held the units for at least 12 months. This concession is not available to you if you are another type of taxpayer such as a company or you held the units for less than 12 months in which case the whole gain is assessable.

The amount of capital gain which must be included in your assessable income may be discounted by one half where you are an individual or trust and one-third where you are a complying superannuation entity.

Non-residents are not subject to CGT on disposal of 10% or greater unitholdings to the extent to which the underlying assets of the Funds do not have the necessary connection with Australia (eg: comprise international equities or a less than 10% interest in a listed Australian company).

Tax File Numbers

The collection of tax file numbers is authorised and their use is strictly regulated by tax and privacy laws. It is not compulsory to give your tax file number or exemption details, but if you do not, tax is required to be deducted by the RE from your distributions at maximum personal marginal tax rates (including Medicare levy).

Under the pay as you go (PAYG) tax regime, if you hold units as part of an enterprise you may quote your Australian business number instead of your tax file number. If you are a non-resident investor you are not required to quote a tax file number.

Income distributions

The Fund usually makes distributions twice each year, calculated as at 30 June and 31 December. The constitution allows the Fund to take up to two months for payment.

Each Unitholder's proportion of an income distribution is calculated by reference to the number of units they held in the Fund at the end of a distribution period as a proportion of the total number of units on issue in the Fund at the end of the distribution period. Distributions may be reinvested in additional units.

If any distribution payments are returned to the RE or remain unrepresented for a period of 60 days or more, the RE will reinvest those distributions and amend your future distribution method to reinvest.

Over the long-term, the RE expects that a significant portion of the total return of the Fund will comprise income distributions. As the Fund may invest in securities that offer franked returns, there may be tax effective components in distributions.

When you buy units in the Fund, the price you pay may include undistributed income. This means that you could receive some of your capital back as income, particularly if you invest just before a distribution date. This may affect your tax position.

How do you keep me informed?

To keep you informed of the progress of your investment the RE will:

- + confirm your initial and any additional investments;
- + provide statements of income distribution;
- + provide a tax report;
- + provide half year and annual financial reports of the Fund (optional);
- + confirm any redemptions; and
- + provide an annual transaction statement outlining all unit holder activity during each financial year.

Unit holders may elect not to receive a hard copy of reports such as the half year and full year financial reports of the Fund. These reports will be made available via Halidon's website, www.halidonam.com.au.

Your liability as a Unit holder

The Constitution provides that the liability of Unitholders will be limited to their investment in the Fund in the event of any deficiency in the assets of the Fund.

However, because of the uncertainty in the law in this area it is not possible for the RE to give an unqualified assurance that the liability of an investor is so limited.

Investors are required to indemnify the RE and the Fund in respect of any amount of tax attributed to that investor; this amount may be deducted from redemption (withdrawal) proceeds payable to the investor from the Fund.

Privacy and Personal Information

The RE respects and upholds your rights to privacy protection under the National Privacy Principles contained in the Privacy Act 1988.

The RE will collect personal information from you and use that personal information:

- + to process your application;
- + to assist in providing Halidon's services as Responsible Entity and Investment Manager of the Fund;
- + to help the RE meet their obligations under the law in relation to the Fund and its members; and
- + for the RE's administrative, marketing, planning, product development and research requirements.

If you do not provide the RE with your personal information, your application cannot be processed.

There are certain people and organisations to whom the RE may disclose your information. The RE may disclose information about you to any of the organisations utilised in the ordinary administration of our business, including your financial adviser. The RE may disclose information about you to any Custodian or Administrator of the Fund. Halidon has obligations to disclose some information to supervisory organisations such as the Australian Securities and Investments Commission.

If you do not consent to the RE using or disclosing your personal information in these ways, please contact Halidon Asset Management on (03) 8611 4099. It is important that you contact the RE, because by investing in the Fund you will be taken to have consented to these uses and disclosures.

In most cases, you can gain access to the personal information that the RE holds about you. The RE aims to ensure that the personal information held about you is accurate, complete and up to date. To assist the RE with this, please contact the RE if any of the details you have provided change. If you have concerns about the completeness or accuracy of the information the RE has about you, the RE shall take steps to correct it.

THE RESPONSIBLE ENTITY

Directors of the Responsible Entity

Professor Ron Bird

+ Chairman

MEc (Monash), Emeritus Prof (ANU), FCPA

Professor Bird has been involved in the financial services industry for over 20 years, following an established and successful academic career. Since being awarded the title of Emeritus Professor by the ANU in 1988, Professor Bird embarked on a career in the private sector. His more significant appointments have encompassed asset consulting, global research, and the development and application of quantitative techniques and other strategies for funds management. Professor Bird returned to academia at the beginning of 1999 whilst continuing to work for several private companies and leading various projects for financial services organisations. Professor Bird joined the Board of Halidon in July 2009.

Ms Samantha Rist

+ Managing Director

B Bus Eco & Fin

Ms Rist has been involved in the financial services industry for over 15 years. In 1997 Ms Rist joined Austock Asset Management Ltd (Austock) where she fulfilled the role of Fund Manager responsible for cash, fixed interest and high yield portfolio management for seven years, and Managing Director for three years. Accordingly Ms Rist oversaw all aspects of the Austock business, while developing and managing a senior investment management and sales team. From May 2007 to June 2008 Ms Rist worked in a consulting capacity, responsible for the establishment and operation of a new investment management company in the property sector. Ms Rist commenced as Managing Director of Halidon in June 2009.

Mr Paul Rickard

+ Non-executive Director

BSc, Dip FP, MSDIA

Mr Rickard has over 26 years experience as a senior executive within the financial services sector. His various roles include almost 20 years with the Commonwealth Bank, most notably as the founding Managing Director of CommSec, which he led from 1994 to 2002 and later Chaired until 2009. During this time he was awarded Australian 'Stockbroker of the Year' in 2005. Mr Rickard was also a Director of numerous other Bank subsidiaries, and joined the Board of Halidon in September 2009.

Mr Tony Amato

+ Non-executive Director

B Com

Mr Amato is an accountant with over 15 years experience in the financial services industry. Mr Amato has worked in the role of Chief Financial Officer of a listed Australian resources company and also runs his own financial services consulting practice, servicing high net worth clients and financial services firms. He is an associate member of CPA Australia, and joined the Halidon Board in June 2009.

Accounts of the Responsible Entity

The financial statements for the year ended 30 June 2010 in respect of Halidon Asset Management Ltd are contained in the Halidon Asset Management Ltd ACN 123 611 978 Annual Report for the year ended 30 June 2010.

The Financial Report has been lodged with ASIC.

If you would like a copy of the financial statements, please contact the RE and a copy will be mailed to you free of charge.

SUPPLEMENTARY INFORMATION

This section of the PDS contains a summary of some of the provisions of the Constitution and some of those provisions of the Corporations Act which apply to the RE and the Fund. This summary should be used as a guide only. To gain a full understanding of the contents of the Constitution or the Corporations Act you should inspect them. To the extent that the provisions of the Corporations Act affecting the Fund are amended after the date of this PDS, the information in this section may become out of date during the life of this PDS.

The terms and conditions of the Constitution are binding on the RE and each Unitholder. A copy of the Constitution may be obtained from the RE during the application period of this PDS.

Constitution

The Halidon Yield Enhanced Fund was originally established under a Trust Deed in September 1997. The Constitution is a consolidation of the Trust Deed originally executed by the former RE and former Trustee, as subsequently amended.

The Constitution contains certain provisions regulating the retirement, removal and replacement of the RE and the auditor.

+ Altering the Constitution

The RE may by supplemental deed make any modification, addition or deletion to the Constitution subject to the law.

+ Termination of the Fund

The Fund will terminate on 31 August 2077. The RE, subject to Part 5C.9 of the Corporations Act, may at any time terminate the Fund by giving not less than 28 days written notice to the Investors. Upon termination the assets of the Fund will be sold by the RE within 180 days. The remaining Fund Assets will then be distributed to investors.

+ Rights of Unitholders

Each unit entitles you to an interest equal to that conferred by every other unit in the Fund.

Unitholders do not own or have a right to any particular asset of the Fund or the right to interfere with the management or operations of the Fund.

Unitholders have the right to:

- + receive income entitlements;
- + request payment of their capital and any accumulated income on complete withdrawal;
- + have their Units repurchased or redeemed subject to the restrictions in the Constitution;
- + participate in the distribution of the assets of the Fund on termination or the winding up of the Fund;
- + call, attend, and vote at meetings (the rules governing the holding of meetings are set out in the Constitution and the Corporations Act);
- + receive yearly an audited statement of the income and expenditure and an audited statement of the assets and liabilities of the Fund; and
- + inspect the Constitution and expert consents (if any) at the RE's office. The RE will provide you with a copy of the Constitution on request.

+ Duties and obligations of the Responsible Entity of the Fund

The RE is responsible for the overall investment policy and administration of the Fund.

This also includes managing and valuing the investments, calculating the distribution income of the Fund, PDS preparation and distribution, promotion of the Fund and issuing units to Unitholders. The Constitution and Corporations Act define the main obligations of the RE.

+ Disclosure of Interests of the Responsible Entity

The RE or Related Corporations may earn brokerage, fees and other commission income for acquiring and disposing of assets of the Fund or incurring liabilities (such as sub-underwriting commitments) on behalf of the Fund.

+ Material contracts

A custody agreement has been entered into between the RE and the Custodian.

Summary of Custody Agreement

As the net assets of the RE are less than \$5,000,000, the RE is required by the Corporations Act to appoint a custodian of the assets of the Fund. The RE has appointed Sandhurst Trustees Limited (Custodian) as the custodian in relation to the Fund pursuant to the terms of the Custody Agreement. Important features of the Custody Agreement are summarised below.

+ Appointment as Custodian

Halidon (the RE) appoints Sandhurst Trustees Limited as Custodian to receive and hold the Fund Assets and all income accruing in respect of them and any document of title to them in safe custody.

“Assets” is defined as the assets of a managed investment scheme held by the RE as may be transferred or delivered to the Custodian on behalf of the Scheme and accepted by the Custodian in accordance with the terms of the Custody Agreement.

+ Powers of the Custodian

The Custodian's powers include the following:

- a. to establish bank accounts in the Fund's name designating the Fund's Assets and operate on the account in accordance with instructions from the RE;
- b. to execute or make on behalf of the RE any certificates, declarations or affidavits which are required to receive into or transfer out of its custody any Fund Assets;
- c. to appoint or engage at the RE's expense professional advisers; and
- d. to comply with any obligations imposed on it by law or do any other things which it considers necessary, desirable, incidental to or in furtherance of the above matters. The Custodian has absolute discretion as to the exercise of all powers, authorities and discretions vested in it under the agreement.

+ Duties of the Custodian

The RE is responsible for making all decisions in relation to the Fund's Assets and properly communicating to the Custodian instructions in relation to the Fund's Assets. The Custodian must act on the RE's instructions in relation to any Fund Asset. If the Custodian does not have any instructions, the Custodian is not required to make any payment or take any other action in relation to any matter concerning any Fund Assets.

The Custodian must ensure that the Fund's Assets are clearly identified as property of the respective Fund and held separately from the Custodian's own assets, the assets of any other scheme or any other assets held by the Custodian in any other capacity whatsoever.

+ Acting on Instructions

The Custodian is authorised to act on any instructions given to it by the RE in accordance with the Custody Agreement. The Custodian is not liable for acting on any instructions which appear to it to have been properly given nor is it liable for acting on any instructions which contain any error.



+ Books and Records

The Custodian must properly maintain adequate books and records relating to the Funds Assets in accordance with generally accepted accounting principles. It must provide the RE and its auditor with certain information as provided in the Custody Agreement.

+ Fees and Expenses

The RE agrees to pay the Custodian a fee of 0.05% of gross value of Fund Assets plus GST (subject to an agreed minimum annum fee). The Custodian is also entitled to recover from the RE the amount of all taxes and bank charges, and all other expenses which it incurs in connection with the performance of its duties and the exercise of its powers under the Custody Agreement.

+ Termination

The Custody Agreement continues for the term of the Fund.

The Custody Agreement may be terminated:

- a. by the RE giving 60 days' notice to the Custodian; or
- b. by the Custodian giving 60 days' notice to the RE; or
- c. by the RE immediately upon giving notice in writing to the Custodian if the Custodian has acted or omitted to act in a manner which, in the reasonable opinion of the RE, constitutes or is likely to constitute a fraud, negligence, wilful default, breach of the agreement, breach of ASIC Policy, breach of law or failure to meet the capital adequacy requirements imposed by ASIC or if the Custodian becomes insolvent; or
- d. as otherwise agreed.

The Custodian may terminate the agreement if ASIC or a court makes a written order vesting any property of the RE in relation to the Fund in ASIC or some body other than the RE.

Compliance

The RE has adopted a Compliance Plan which identifies the key compliance obligations of the RE in relation to the Fund and describes the systems which the RE has in place to ensure that those obligations are met. The RE has established a committee to monitor the extent to which the RE complies with the Compliance Plan. The committee, known as the Compliance Committee, currently has three members. The RE has also appointed a registered company auditor to perform an annual audit of the RE's compliance with the Compliance Plan.

Furthermore, the RE has implemented a compliance framework which oversees the ongoing monitoring and supervision of all compliance obligations of the RE and the Fund. The outcomes of this ongoing monitoring and supervision are also reported to the Compliance Committee who in turn reports to the Board of the RE.

Complaints

The RE has procedures in place for dealing with any complaints made by Unitholders in relation to the Fund. Those procedures are described in the Complaints Policy.

The RE is a member of the Financial Ombudsman Service (FOS), an independent complaints resolution scheme approved by ASIC. If a Unitholder is not satisfied with the way in which a complaint is handled by the RE, the Unitholder may refer the complaint to the FOS.

Ethical Considerations

The RE does not apply any formal ethical review to its investments. It does not normally give formal consideration to:

- + labour standards;
- + environmental impact and influence; or
- + social impact and influence;

in its investment processes, save to the extent that such considerations are relevant to the performance objectives of the Fund.

Related Party Transactions

The RE may seek professional services for the Fund from related parties. The fees for these services will be charged at commercial rates on an arm's length basis to the Fund and are subject to the approval of the Board of Halidon.

Consents and Declarations of Interest

Ernst & Young (EY) has given its consent to be named as Auditor of the Fund in this PDS. Statements in this PDS to the effect that the financial statements of the Fund have been audited are based on the audit reports of EY in relation to the financial statements of the Fund for the financial years ended 30 June 2003 to 30 June 2010. EY has consented to the inclusion of this statement in the form and context in which they are included in this PDS and has not withdrawn its consent before this PDS was lodged with ASIC. EY does not make, or purport to make, any other statement in this PDS and is not aware of any statement in this PDS which purports to be based on a statement made by it.

Sandhurst Trustees Limited (Sandhurst) has given its consent to be named as Custodian in this PDS. Sandhurst Trustees Limited does not make, or purport to make, any statement in this PDS and is not aware of any statement in this PDS which purports to be based on a statement made by it.

PricewaterhouseCoopers Australia (PwC) has given its consent to be named as Auditor of the Responsible Entity in this PDS. PwC does not make, or purport to make, any other statement in this PDS and is not aware of any other statement in this PDS which purports to be based on a statement made by it.

Moneywise Personal Financial Management Pty Ltd (Moneywise) has given its consent to be named in this PDS. Moneywise does not make, or purport to make, any statement in this PDS and is not aware of any statement in this PDS which purports to be based on a statement made by it. As at the date of the PDS, the directors of Moneywise hold beneficial interests in Halidon. As a result, their interests may conflict with the interests of investors in the Fund. By acquiring units in the Fund, each investor will be deemed to acknowledge the existence of the related party relationship and any actual or potential conflict which may arise as a result of the relationship.

The directors of the RE may hold Units in the Fund and may receive income from those Units, which must be purchased at the normal issue price which applies at time of issue. For the purposes of section 720 of the Corporations Act, each director of the Responsible Entity has consented to the lodgement of this PDS with ASIC.

GLOSSARY

- + **Bank Bill** means a bill of exchange which is issued and/or endorsed (accepted) by banks.
- + **Benchmark** is an index comprised of the total income and capital return of the following indices each with 50% weighting; UBS Bank Bill Index and UBS 0-3 Year Composite Bond Index.
- + **Business Day** means any day on which Australian banks are open for business in Melbourne.
- + **Cash** means currency on hand or receivable, bank balances and Bank Bills.
- + **Constitution** means the Constitution of the Fund, as amended from time to time.
- + **Corporations Act** means the Corporations Act 2001 (Cth) and the Corporations Regulations.
- + **Custodian** means Sandhurst Trustees Limited or such other person acting as Custodian of the Fund from time to time.
- + **Debt Security** means an instrument representing borrowed funds governed by agreed terms for repayment.
- + **Delta Hedging** means an option strategy that aims to reduce (hedge) the risk associated with price movements in the underlying asset by offsetting long positions with appropriate short positions.
- + **Duration** is modified duration which means the weighted average term to maturity of all cash flows receivable on fixed rate Debt and Hybrid Securities modified to account for changing interest rates, such that the modified duration shows how much the Debt or Hybrid Security price will change for each percentage change in yield; Duration of floating rate Debt and Hybrid Securities is equal to the frequency (quarterly or half yearly) at which the floating rate is reset.
- + **Fixed Interest** means Debt Securities.
- + **Former Manager** means Austock Asset Management Ltd (ABN 42 010 338 324).
- + **Fund** means the Halidon Yield Enhanced Fund ARSN 093 248 232 established pursuant to the Constitution.
- + **Fund Assets** means all assets and property rights and income held pending distribution by the Fund.
- + **GST** means any goods and services tax or similar tax imposed in Australia.
- + **Halidon** means Halidon Asset Management Ltd (ABN 26 123 611 978).
- + **Hybrid Security** means an instrument combining the characteristics of both a Debt Security and ordinary equity (shares).
- + **Indirect Cost Ratio** means the management costs as a proportion of net assets of the Fund.
- + **Investor** means the holder of Units from time to time in the Fund.
- + **Investment Manager** means Halidon Asset Management Ltd (ABN 26 123 611 978).
- + **Legacy Investments** means investments in the Fund made by the Former Manager which may not meet the investment parameters imposed by the new RE.
- + **Liquid Assets** means Fund Assets that the RE reasonably expects can be realised for their Market Value within the period specified in the Constitution for satisfying withdrawal requests.
- + **Liquid Scheme** means that Liquid Assets account for over 80% of the value of Fund Assets.
- + **Market Value** means the aggregate market value of the assets calculated in accordance with clause 9.3 of the Constitution.
- + **Moneywise** means Moneywise Personal Financial Management Pty Ltd (ABN 72 575 511 030)
- + **Net Asset Value** means the total current market value of all Assets less Liabilities of the Fund.
- + **PDS** means this document.
- + **Portfolio** means Fund Assets
- + **Related Corporation** has the meaning given to it in section 9 of the Corporations Act.
- + **Sector** means the second tier of Australian Global Industry Classification Standards, which is the classification standard used to assign a company to an industry or sector and subsequent sub-industry or sub-sector according to the definition of its principal business activity.
- + **The Responsible Entity** or **RE** means Halidon Asset Management Ltd or such other person acting as responsible entity of the Fund from time to time.
- + **Transaction Costs** means the total costs of acquiring or selling Fund Assets, as defined in the Constitution.
- + **Units** means units in the Fund issued in accordance with the Constitution.
- + **UBS 0-3 Year Composite Bond Index** means the index representing the capital and income return on composite Australian Bonds with a term to maturity of 0 to 3 years as published by UBS.
- + **UBS Bank Bill Index** means the index representing the capital and income return on composite Australian Bank Bills as published by UBS.
- + **Unitholder** means the holder of Units from time to time in the Fund.
- + **Valuation Time** occurs when the RE calculates the Net Asset Value. This will occur on each Business Day.

APPLICATION FORM

To invest in the Fund please complete the attached Application Form. The Application Form, any other documents that need to be provided, together with a cheque made payable to "Sandhurst Trustees Limited – HALIDON A/C" should be forwarded to:

Attention:

Halidon Asset Management Ltd
 Halidon Yield Enhanced Fund Applications
 Level 31 Rialto North Tower
 525 Collins Street
 Melbourne VIC 3000

On receipt of cleared funds and acceptance of the application by the RE, Units in the Fund will be issued. The RE reserves the right to reject any application.

Income Distributions

You have the choice to have your distributions reinvested in the Fund, or you may elect to have income distributions paid into your nominated account. Please indicate your preference on the application form. If no preference is shown, your income distributions will be reinvested into the Fund and you will be allocated additional units.

Completing the Application Form

Please complete section 2 of the Application Form in the following manner and as detailed in the table below:

- + Individual accounts – complete Personal Investor 1 field only.
- + Joint accounts – complete Personal Investor 1 and Personal Investor 2 fields.
- + Partnership accounts – complete Personal Investor 1 and Personal Investor 2 fields, and insert the partnership name in the name designation field in the Company/Corporate Trustee field.
- + Company/Corporate Trustee – complete Company field.
- + Superannuation Fund or Trust Accounts – Insert the superannuation fund or trust name in the account name designation field. Also complete the trustee's details. Where the trustees are individuals complete Personal Investor 1 and Personal Investor 2 fields. If the trustee is a company complete the details in the Company/Corporate Trustee field.
- + Minor – insert the minor's name in the account designation field. Also complete the Trustee's details. Where an adult/s acts as trustee for the minor complete Personal Investor 1 and/or Personal Investor 2 fields.

Type of Investor	Correct	Incorrect	Signature(s) required
Individual and joint holdings Use given names in full, not initials	John Andrew Smith or John Andrew Smith and Jane Sally Smith	J.A Smith or J.A. Smith and J.S. Smith	The individual and all joint applicants
Partnership Use the partners' personal names, not the names of the partnership	John Andrew Smith & John Smith Jnr	John Smith & Son	All partners
Companies Use the full company title, not abbreviations	ABC Pty Ltd	ABC P/L	Two directors; or one director and the company secretary or if there is one director, that director
Superannuation fund or trust Use the name of the trustee(s), not the name of the super fund or trust as investor	John Andrew Smith and Jane Sally Smith <Smith Super Fund A/C>	Smith Super Fund	The trustee/s
Minor (under 18 years) Use the name of the responsible adult, not the minor as investor	John Andrew Smith (John Smith Jnr)	John Smith Jnr	The adult/s as trustee for the minor

Please ensure that when completing the application form that you:

- + Use a pen
- + Write in BLOCK LETTERS
- + Answer all the questions
- + Sign where requested

If you make an error please do not use correction fluid. Instead cross out your mistakes and initial your amendments.

Attorneys

If you are signing under power of attorney please attach a certified copy of the power and specimen signature(s) of the attorney(s).

Declaration

On signing the Application Form you acknowledge, declare and consent to the following as applicable:

- + To be bound by the Constitution (as amended from time to time);
- + To be bound by the fee arrangements as set out on pages 8 to 11 of this PDS;
- + You have read and understand this PDS;
- + For joint investors, unless stated otherwise by both investors, that the signatures of both investors are required when dealing with investment;
- + In the case of partnerships, that the application is duly authorised by, and is made on behalf of, the partners and that subject to the Constitution, all partners are jointly and severally liable in respect of the unit holding;
- + Any monies payable by an Investor in respect of taxes or duties owed by that Investor may be recouped by the RE through the redemption of the Investors units and the deduction of amounts owed from the Investors redemption proceeds;
- + If the application form is signed under power of attorney, the Attorney hereby certifies that they have not received notice of revocation of that power;
- + That the information you have provided in the Application Form is true and correct and that you will inform the RE of changes to the information supplied as and when they occur;

- + You are not aware and have no reason to suspect that:
 - the monies used to fund your investment in the Fund have been or will be derived from or related to any money laundering, terrorism financing or other illegal activities, whether prohibited under Australian law, international law or convention or by agreement; or
 - the proceeds of your investment will be used to finance any illegal activities; and
- + You are not a politically exposed person or organisation as the term is used in the Anti-money Laundering and Counter-Terrorism Financing Rules Instrument 2007 (1).

Units in the Fund are offered by Halidon Asset Management Ltd ABN 26 123 611 978 AFS License 312247. Units will only be issued upon receipt of this form.

1. Do you have an existing investment in the Halidon Yield Enhanced Fund?

If yes, and this is an addition to an existing account, please quote your investor number and then complete Sections 3,4 and 6 through to 10.

Yes No

Investor No.

2. Investor Details - (please print)

Type of Investor Individual Joint Company Trust/Fund Other

Personal Investor/Trustee 1

Title Mr Mrs Ms Miss Dr Other

Surname

Given names(s)

Residential Address

Suburb State Postcode

Country

Telephone DOB / /

Personal Investor/Trustee 2

Title Mr Mrs Ms Miss Dr Other

Surname

Given names(s)

Residential Address

Suburb State Postcode

Country

Telephone DOB / /

Company/Corporate Trustee

Name

ACN ABN

Proprietary or Public Company
(if Proprietary please provide full name of each director below)

Registered Office

Suburb State Postcode

Country

Telephone

HALIDON YIELD ENHANCED FUND

APPLICATION FORM

Principal place of business (if any)

Suburb State Postcode

Country

Telephone

Name of each Company Director

Director 1

Director 2

Director 3

Director 4

Director 5

Trust, Superannuation or Investment Fund

Name of Trust/Fund
(eg. <Smith Super Fund A/C>)

Type of Trust

Country where Trust Established

Name of each beneficiary or details of class.

3. Contact (please indicate the method via which you would prefer to receive communications from the RE)

By post to residential address By post to postal address By post to financial adviser By email

Postal Address

Suburb State Postcode

Country

Email Address

HALIDON YIELD ENHANCED FUND

APPLICATION FORM

4. Identification

Please attach a copy of identification for each individual, Director/s of the Company or Trustee/s of the Trust or Fund. Acceptable identification is a legible copy of **drivers licence** or **passport page** containing the **signature, photograph, residential address** and **date of birth** of each individual.

5. Tax File Number (if exempt please attach proof of exemption, see page 17)

Investor 1

Type Individual Joint Company Trust/Fund Other
TFN

Investor 2

Type Individual Joint Company Trust/Fund Other
TFN

6. Distribution

I/We elect to receive distributions Distribution Reinvestment Plan Paid to nominated account (below) By cheque
If no preference is selected, your income distribution will be reinvested in units in the fund

7. Nominated financial institution account

The following nominated account will be credited with payment of distributions and redemptions (if applicable)

Account Name
Name of Institution
Branch
BSB No. - Account No.

8. Investment Details

Halidon Yield Enhanced Fund \$ Cheque EFT/Direct Deposit

If paying by cheque, please make payable to: Sandhurst Trustees Limited - Halidon Yield Enhanced Fund

If paying by Electronic Funds Transfer/Direct Deposit, please pay to the following bank account:

Bank: Macquarie Bank

Branch: 101 Collins Street, Melbourne VIC 3000

Account Name: Sandhurst Trustees Limited - Halidon Yield Enhanced Fund

BSB: 183 334

Account Number: 119 443 844

Reference: New investors, please use the applicant name in Section 2

Existing investors, please use your unitholder number



APPLICATION FORM

9. Adviser Details

I/We confirm that I/we have agreed to a Contribution Fee of % + GST (maximum of 2%+ GST) of the total investment amount and direct you to deduct that fee from my/our total investment amount and it to be paid to the nominated adviser below.

Account Name

Advisor Group

AFS Licence No.

ABN

Address

Suburb State Postcode

Country

Telephone

Adviser Stamp

10. Declaration

- + All details in this application form are true and correct;
- + I/we have read the PDS to which this application form relates and agree to the offer contained in it and to be bound by the provisions of the Constitution (as amended) governing the Fund;
- + I/we have legal power to invest in accordance with this application.

Joint applicants must both sign

Signature Investor 1 or Director or Trustee

Print name

Date / /

Signature Investor 2 or Director/Secretary or Trustee 2

Print name

Date / /



Level 31 Rialto North Tower
525 Collins Street
Melbourne, Victoria 3000

Telephone (03) 8611 4099
Fax (03) 9649 7253
Email info@halidonam.com.au
www.halidonam.com.au