

Forager Wholesale Value Fund

ARSN 110 619 488 (**Fund**).

This is an update in accordance with ASIC Corporations (Updated Product Disclosure Statements) Instrument 2016/1055 to Section 4 of the Product Disclosure Statement (PDS) dated 01 July 2014 for the Fund.

The updated risks of managed investment schemes information in this document is as at 19 January 2018.

Please contact Macro using the contact details below if you would like a paper copy of this update at no charge.

Contact details

If you have any questions or would like more information about the Fund, including hard copies of this PDS or the important additional information, please contact Investor Services on:

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4. Risks of managed investment schemes

All investments carry risk. Different investment strategies may carry different levels of risk, depending on the assets that make up the strategy. Assets with the highest long-term returns may also carry the highest level of short-term risk.

It is possible that the Fund may be exposed to the risks described below either directly or indirectly through the underlying investments of the Fund:

Security specific risk

Returns are affected by the underlying strength of the cash flows, balance sheets and management (i.e. business) of the entities in which the Fund invests. Specific investments held in the Fund can fall in value for many reasons, such as changes in an entity's internal operations or management, or in the business environment in which the entity operates. If specific investments held in the Fund fall in value, the value of units in the Fund will also fall.

Market risk

The returns from investments are affected by a range of economic factors including changes in interest rates, exchange rates, inflation, general investment market conditions, government policy (including monetary and taxation policy and other laws), fluctuations in general market prices for shares, bonds and other tradeable investments, and the general state of the domestic and world economies. These factors can affect the value of the investments held in the Fund and thus the level of returns to you and the value of units in the Fund.

Fund risk

These are risks specific to the Fund. These risks include that the Fund terminates, that the Fund's fees and expenses change, that Macro is replaced as responsible entity and that Forager, the investment manager, changes. There is also a risk that investing in the Fund may lead to a different result than investing individually, because of income or capital gains accrued in the Fund, the consequences of investment by and withdrawal of other investors and the deduction of fees.

Income risk

The level of income generated on the Fund's investments can fall as well as rise and the tax status of such income can change. Income returns are not guaranteed and you may lose some or all of the money you invest in the Fund.

Concentrated risk

The Fund will invest a relatively high percentage of its assets in a limited number of securities (typically around 15 and rarely more than 20 positions) which may cause the value of the Fund's investments to be more affected by any single adverse business, economic, political or regulatory event than the investments of a more diversified portfolio.

Currency risk

Whilst the Fund invests in securities listed on the ASX, these investments may have significant functional exposure to other currencies which exposes the Fund to currency risk.

Asset risk

Asset risk is the risk that a particular asset or asset class in which the Fund invests may fall in value, which may have an impact on the value of units in the Fund.

Liquidity risk

Liquidity risk is the risk of being unable to transact in a market for a particular asset within a reasonable period of time. There is also a withdrawal risk where the Fund is deemed to be illiquid (as defined in the Corporations Act), where liquid assets do not account for at least 80% of the value of scheme property. If the Fund is illiquid, investors do not have an automatic right to request a withdrawal. This may also apply to any underlying fund into which the Fund invests.

Counterparty risk

Counterparty risk is the risk of loss due to the failure of another party (the counter party) to a transaction or contract to meet their obligations. The Fund may, as a result of the counterparty failure, experience an adverse investment outcome or liability.

Capacity Constraint risk

All active investment managers need to determine the size of funds under management that they can manage without compromising performance. High levels of funds under management can limit the ability of the investment manager to enter or exit a stock at the desired price, which in turn impacts performance. Forager's investment strategy means that it often invests in smaller, less liquid stocks, possibly making the capacity issue more pronounced.

Forager is also the manager of the ASX listed Forager Australian Shares Fund, which employs a similar investment strategy to the Forager Wholesale Value Fund and invests in many of the same stocks. Forager believes that if the combined value of both funds were to exceed \$200m, the ability to replicate the historical investment strategy may be impeded and the capacity restraint risk would exist. Where Macro and Forager believe the capacity constraint risk exists, the Fund may close to new applicants or may close to all applications, whether from new or existing investors. Such action is to protect the existing unitholders and enable Forager to continue to manage the Fund and identify stocks that are likely to provide returns consistent with its investment strategy.

Macro has the right to accept or reject any application in whole or in part. Where all applications are closed due to capacity constraints, Macro will advise via Fund updates on its website.

Legal risk

Governments or regulators may pass laws, create policy, or implement regulation that affects the Fund, its underlying investments or for the investment strategies to be executed. Such initiatives may impact either a specific transaction type or market, and may be either country specific or global. Such changes may result in the Fund failing to achieve its investment objectives. Similarly, laws affecting registered managed investment schemes (including taxation and corporate and regulatory laws) may change in the future, affecting investors' rights and investment returns.

While risks can be managed, they cannot be eliminated. It is important to understand that:

- the value of investments will vary;
- the level of returns will vary, and future returns may differ from past returns;
- returns are not guaranteed, and investors may lose some of their money; and
- laws affecting registered managed investment schemes may change in the future.

The appropriate level of risk for you will depend on a range of factors, including your age, investment time frame, where other parts of your wealth are invested and your risk tolerance.