

COLLINS ST  
SPECIAL SITUATION FUND NO.1

## Information Memorandum

---

20 July 2021

Offer to invest in a basket of global listed securities in the oil services industry

# Contents

---

1. Key Features
2. Investment Details
3. Benefits and Risks
4. Management
5. Investment Process
6. Fees and Other Costs
7. Taxation Information
8. Other Information
9. Glossary
10. Corporate Directory

# Important Notice

---

## **Issuer**

The issuer of units in the Fund is Collins St Finance Pty Ltd (**CSF**). CSF is the trustee of the Fund and is an authorised representative of Collins St Asset Management Pty Ltd. CSAM holds an Australian Financial Services Licence (AFSL No. 468935).

## **This document**

This IM is dated 20 July 2021. It relates to the Offer of Units.

This IM is not a product disclosure statement for the purposes of Part 7.9 of the Act. The level of disclosure in this IM is less than that of a product disclosure statement, prospectus or similar disclosure document. A copy of this IM does not need to be and has not been lodged with ASIC.

## **Not a registered scheme**

At the date of this IM the Fund is not required to be and is not registered as a managed investment scheme pursuant to section 601ED of the Act.

## **No performance guarantee**

Neither CSF nor any of its directors or associates guarantee the performance or success of the Fund, the repayment of capital or any particular rate of capital or income return, if any. There are inherent risks in investing in the Fund. These risks include that an investment in the Fund is speculative, that the investment may result in a reduction or complete loss in the capital value of the investment and loss of income and that the risk that returns are less than expected or that there are delays in repayment of capital.

## **No personal investment advice**

This IM contains important information. However, it does not take into account your investment objectives, financial situation or particular needs. Before you invest you should read this IM (and any supplementary IM or web site updates) carefully and in its entirety having regard to your objectives and financial situation. You should obtain independent financial and taxation advice about whether an investment in the Fund is suitable for you.

## **Information**

No one is authorised to provide any information or to make any representation in connection with the Offer which is not contained in this IM. No such information or representation may be relied on as having been approved by CSF. CSF does not give any warranty as to the accuracy, reliability, currency or completeness of the information or assumptions contained in this IM nor does it, to the extent that the law permits, accept any liability however caused to any person relating in any way to reliance on information contained in this IM.

## **Availability of Offer**

The Offer under this IM is available to persons receiving the IM within Australia. The IM does not constitute and should not be construed as an offer, invitation or recommendation by CSF to apply for Units in any jurisdiction where such an offer, invitation or recommendation may not be lawfully made.

Unless otherwise determined by CSF at its sole and unfettered discretion an application for Units in the Fund is limited to investors that are wholesale clients as set out in section 761G(7) of the Act.

## **Our website**

In places this IM indicates that certain information can be viewed on our website [www.csvf.com.au](http://www.csvf.com.au). You can locate and view such information by accessing our website. Where this IM indicates certain information is available on our website, we recommend that you view that information before deciding on whether to invest.

**Updates to this IM**

Information contained in this IM may change from time to time. If the change will be materially adverse to the Offer and the Offer is still open then we will provide a supplementary IM. However, if the change will not be materially adverse to the Offer, then we will not issue a supplementary IM but will include information about the change on our website.

**Risks**

There are risks associated with investing in the Fund. See section 3.2 for more information.

# Letter

---

Dear Investor

We are pleased to present you with this offer to invest in the Collins St Special Situation Fund No.1 (**Fund**). The Fund is a sector specific, long only, equities managed fund which seeks to create strong investment returns from the global oil and gas services sector over the investment term (expected to be three years), with capital preservation a priority. We focus on identifying deep value investment opportunities in the global oil and gas services sector which are trading at a discount to our assessment of value. We believe that there are opportunities in the global oil and gas services sector in which we can achieve strong returns.

The trustee of the Fund and issuer of the Units in the Fund is Collins St Finance Pty Ltd (**CSF**), an authorised representative of Collins St Asset Management Pty Ltd (**CSAM**). The directors of CSAM have significant experience in analysing and investing in listed securities.

The Fund is open to persons considered “wholesale clients” under Section s761G of the Act.

A key feature of the Fund is its fee structure. No ongoing management fee is payable to CSF or CSAM. The managers of the Fund receive fees based solely on performance of the Fund.

The performance fee incentivises the Fund managers to add value for investors.

We encourage you to review the IM and discuss the opportunity with your adviser/s.



Vasilios Piperoglou

CO-FOUNDER



Michael Goldberg

CO-FOUNDER

# 1. Key Features

The table below sets out the key features of the Fund. However, potential investors should read this IM in its entirety before making a decision to invest in the Fund.

Key Feature	Details	Further Information see section
<b>Fund Name</b>	Collins St Special Situation Fund No. 1 (ABN: 73 536 295 715)	
<b>Trustee</b>	Collins St Finance Pty Ltd ACN: 644 430 875 Authorised representative of Collins St Asset Management Pty Ltd AFSL: 468935	4
<b>Prime Broker</b>	Bell Potter	4.3
<b>Registry and Unit Pricing</b>	Apex Fund Service (Australia) Pty Ltd	4.3
<b>Auditors</b>	Pitcher Partners	
<b>Investment Objective</b>	The Fund seeks to create strong investment returns over the investment term (expected to be three years), with capital preservation a priority.	2.1
<b>Investment Strategy</b>	The Fund will invest in a concentrated portfolio of securities issued by entities listed on the exchanges in western Europe and North America. It will focus on identifying deep value investment opportunities in the oil and gas services sector that we have identified as trading at a significant discount to our assessment of intrinsic value.	2.4
<b>Index Benchmark</b>	The Fund is index unaware	
<b>Asset Class</b>	Long-only, global securities (and cash)	
<b>Gearing</b>	There is no gearing at the Fund level.	2.6
<b>Initial Issue Price</b>	\$1.00 per unit.	
<b>Investment Term</b>	The investment term is expected to be three years. CSF may, in its absolute discretion, extend the term of the Fund for a further one year if it considers that the investment objectives of the Fund are more likely to be met with that extension.  If CSF wishes to extend the term for longer than four years, the Fund will offer each investor the opportunity to redeem their Units. The terms of redemption will allow for the orderly sell down of the Fund's investments to meet redemption requests.	2.5
<b>Offer Period</b>	The offer of Units will commence on the date of this IM and will close on a date determined by the Trustee (in its absolute discretion).	

<b>Units on Offer</b>	There is no minimum or maximum number of Units on offer. Investors may acquire as many Units as they wish, subject to the Minimum Subscription	
<b>Minimum Subscription</b>	\$1 million	
<b>Subsequent Investment</b>	There will be no opportunity for subsequent investment (other than the compulsory reinvestment of distributions).	
<b>Distribution Policy</b>	<p>If the companies in which the Fund invests pay dividends or other distributions, then those funds will be distributed to Unitholders during the financial year in which the dividend or other distribution is received by the Fund. Costs of operating the Fund may be deducted from the amount available for distribution.</p> <p>Distributions paid will be required to be reinvested into the Fund until the end of the investment term.</p>	2.7
<b>Frequency of the issue of Units</b>	CSF will issue Units once at the commencement of the investment term and upon reinvestment of any distribution.	
<b>Unit Structure</b>	There will be one class of Units on issue.	
<b>Redemption request and exit fee</b>	<p>Redemptions for Units will occur once at the end of the investment term. Units will be redeemed at the Unit price calculated on the last day of the month in which the Fund's investment term is determined.</p> <p>If the term is proposed to be extended beyond four years, then Unitholders will be given the opportunity to redeem their Units. In that event, Units prices will be calculated and Units redeemed in a manner that allows for an orderly sell down of the assets of the Fund.</p>	2.5
<b>Fees and other costs</b>	<p><u>Entry Fee:</u> There is no entry fee.</p> <p><u>Ongoing Management Fee:</u> There is no ongoing management fee payable.</p> <p><u>Performance Fee:</u> 25% of performance. The performance fee is payable at the end of the investment term. The performance fee will be payable on the amount by which the value of all assets in the Fund is greater than the sum of all initial subscription monies. Please see section 6.2 for worked examples.</p> <p><u>Other Costs:</u> Normal expenses, such as (and not limited to) brokerage, custody, registry, unit pricing, accounting, legal, audit, and investor reporting expenses will be payable by</p>	6

	the Fund.	
<b>Buy / Sell Spread</b>	None	6.6
<b>Key Benefits</b>	The opportunity to participate in a one-off investment in what CSF believes is a significantly undervalued global oil and gas services sector.	3.1
<b>Key Risks</b>	All investments carry risk, including the risk income is not received and that the value of the Fund assets decrease.	3.2
<b>Currency</b>	Applications and redemptions will be in Australian dollars. As the Fund will not enter into currency or other hedging arrangements, Unitholders are exposed to currency fluctuations and risk.	2.2 and 3.2



## 2. Investment Details

---

### 2.1 Investment Objective

The Fund seeks to create strong investment returns over the investment term (expected to be three years) with capital preservation a priority.

### 2.2 The Opportunity

Collins St Finance Pty Ltd (**CSF**) is pleased to present a unique, one-off opportunity to invest in a basket of listed global securities that operate in the oil and gas services sector. The Fund will take a high conviction approach and invest in a breed of listed global securities that CSF believes are materially undervalued by the market relative to CSF's short to medium term outlook for the global oil and gas services sector.

In our view, securities listed on the Australian Securities Exchange do not provide sufficient opportunity for exposure to the global oil and gas services sector. CSF has undertaken extensive due diligence on the sector in Australia and internationally. Based on that research, it is expected that the vast majority if not all investment by the Fund will occur on stock exchanges in Western Europe and North America.

Applications and redemptions in the Fund will be made in Australian currency. As the Fund will invest on foreign stock exchanges, it will need to convert application moneys into the currency of the exchange on which it is investing. When it sells an investment and seeks to return the moneys by redemption or to invest in a different jurisdiction, it will need to convert the sale proceeds either to Australian currency or the currency of the new jurisdiction in which it wishes to invest. There will be foreign currency exposure risk in all of these transactions. The Fund will not enter into hedging arrangement to manage this risk.

We consider that the oil sector, especially the offshore oil services sector, has been out of favour in recent years. In addition, a combination of fluctuating oil prices, political pressure to reduce fossil fuels, and a misunderstanding /overestimation of the alternatives have seen oil companies cutting their expenditure relating to oil exploration and production, especially offshore production.

Our analysis indicates that offshore oil accounts for close to half of the world's oil reserves. Despite continued base demand, oil and gas exploration has substantially declined since 2014. This has been driven by the reasons outlined above as well as fluctuations in oil prices and the growth of US shale. However, shale deposits are quickly depleted (on average at a rate of approximately 70% p.a.). This depletion rate compares poorly to offshore oil reserves (which deplete on average at a rate of approximately 10% p.a.).

In our view, an analysis of the opportunity in the oil sector should be focussed on oil supply rather than demand. Even if oil demand falls significantly from present levels (which CSF is not predicting to occur in the short to medium term) the reduction in current and expected future

supply has been so great that a lack of supply will mean that oil prices will likely remain elevated.

CSF is cognisant of the arguments for a reduction in the demand for oil, with the most common reason being the move to electric vehicles (EVs). On our analysis, even a complete shift from combustion engine vehicles to EVs would only reduce oil demand by 15% by 2030. CSF does not anticipate such a significant shift in the near term. However, in the unlikely event that a complete global transition occurs by 2030, CSF believes that the market has underestimated the quantum of oil used in plastics and industrial production.

CSF believes that there is the opportunity to achieve significant investment returns in the oil and gas services sector. Due to the growth in US shale over the last decade, which in our view is now peaking, many North American and European offshore oil service-related companies have merged with competitors or have required corporate restructuring and/or a recapitalisation. In our view, many of those companies with strong balance sheets are well placed to capitalise on meeting ongoing demand. Our analysis suggests there is a significant disconnect between the share prices of many offshore oil and gas services companies and their prospects for earnings. This is especially so in those companies that restructured their balance sheet.

CSF believes this investment will provide asymmetric returns due to the downside risk being mitigated by the value of the hard assets (some trading at 10% to 20% of replacement costs) of these companies.

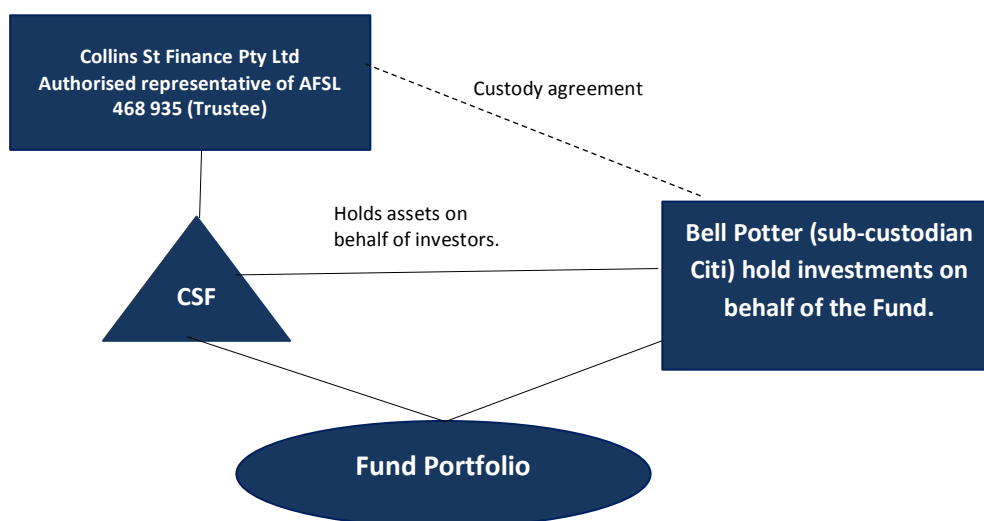
Investors and management of the Fund have aligned interests. This is achieved by implementing a zero ongoing management fee structure with the only fee being a performance fee payable upon the redemption of Units.

The trustee for the Fund is CSF, which is an authorised representative of CSAM. CSAM holds Australian Financial Services Licence 468935. CSF is authorised to operate the Fund. CSF's offices are located in Suite 903, 365 Little Collins St, Melbourne, Victoria.

There is no minimum or maximum number of Units to be issued in the Fund. There is no buy / sell spread applying to this offer (see section 6.5). The minimum initial investment is \$1 million (subject to variation at the absolute discretion of CSAM). The Fund is closed ended and is expected to be wound up on or before the third anniversary of the issue of the Units (subject to extensions).

## 2.3 Trust Structure

The Fund is an unlisted unit trust. The Fund is not registered with ASIC. CSF is the trustee of the Fund.



## 2.4 Investment Strategy

CSF believes that investment returns are enhanced when fund managers properly understand the particulars and sector dynamics of the companies in which they have invested.

The investment team will assess the attractiveness of potential investments using a number of common industry based measures, a proprietary in-house model and by speaking with management, industry experts and competitors. Once the managers form a view that an investment offers sufficient upside potential relative to the downside risk, the Fund seeks to make an investment. The investment may be executed by way of an acquisition of shares on or off market, participation in a placement or other share issue or by purchasing a debt instrument issued by the relevant entity that is convertible into equity.

The managers of the Fund intend to maintain a concentrated portfolio of investments in companies in the global oil and gas services sector that they have investigated and consider to be undervalued.

The Fund endeavours not to allow a single position to represent a stake so great as to single handedly dictate the overall viability of the Fund. The managers have implemented procedures to assist in achieving this outcome.

## 2.5 Investment Term, Redemptions and Exit Fee

The Fund is closed-ended.

The investment term is expected to be three years. The investment term may be less than three years if CFS believes that it is in the interests of investors to end the investment term earlier. CSF may, in its absolute discretion, extend the term of the Fund for a further one year if it considers that the Fund's investment objectives are more likely to be met with that extension.

If CSF wishes to extend the term for longer than four years, the Fund will first offer each investor the opportunity to redeem their Units.

The terms of redemption will allow for the orderly sell down of the Fund's investments to meet redemption requests.

Other than as set out above, redemptions may not be submitted during the life of the Fund. All Units will be redeemed at the end of the investment term.

CSF retains absolute discretion to suspend or delay redemptions beyond the fourth year anniversary of the issue of Units if it believes such suspension or delay is necessary.

CSF may wind up the Fund following a determination by CSF that it is the optimal time for this to occur. However, to complete this in an orderly manner, CSF may give effect to the redemption process by treating it as a series of smaller redemptions over a number of weeks or months.

## **2.6 Debt**

The Fund does not include gearing in its structure. However, many or perhaps all of the companies that the Funds will invest in will have debt on their balance sheet.

The Fund will consider the extent of such debt in determining whether to invest in those companies. We generally prefer to invest in companies with minimal debt on their balance sheet.

## **2.7 Distribution Policy**

The Fund intends to notionally distribute to investors (by book entry) any distributions received by the Fund from the companies in which it is invested. However, all such distributions will be subject to compulsory reinvestment in the Fund.

Each time there is a notional distribution, CSF will calculate the price of Units and each recipient of a distribution will be taken to have applied for Units at that price in the amount of the distribution.

Distributions are intended to be calculated and paid annually.

## **2.8 Applications**

The Offer opens on the date of this IM and remains open until determined by CSF in its absolute discretion. Applications will not be accepted after the initial raising is completed.

The minimum initial subscription amount is \$1 million. However, CSF retains absolute discretion to alter minimum subscription amounts. To invest in the Fund, initial investors must complete and sign the Fund application form and return it to Collins St Finance, Suite 903, 365 Little Collins St, Melbourne 3000. CSF retains the discretion to reject an application for Units without giving a reason.

Investors need to meet CSF's application requirements including identification of the investor for the purposes of meeting our obligations under Australian law in respect of terrorism financing and money laundering.

All investors investing directly into the Fund will receive an investment confirmation following the issue of their Units.

## 2.9 Wholesale clients

Units will be issued only to investors under this IM who qualify as "wholesale clients"

An investor is generally a "wholesale client" for the purposes of the Act, where any one of the following applies:

- (a) the investor's investment is \$500,000 or more;
- (b) the investor provides an accountant's certificate stating that the investor has net assets of at least \$2.5 million or has earned at least \$250,000 in each of the last two financial years;
- (c) the investor is a "professional investor" (including those that hold an Australian Financial Services Licence, are APRA regulated or have at least \$10 million worth of assets); or
- (d) CSF is satisfied on reasonable grounds that the investor has suitable previous experience in financial products, subject to certain conditions.

By lodging an application form in respect of the Offer of Units contained in this IM you declare and warrant to CSF that you are and will remain a wholesale client within the meaning of Section 761G of the Act.

## 3. Benefits and Risks

---

### 3.1 Benefits

- (a) The managers' and investors' interest are closely aligned. Management will make a substantial personal investment in the Fund. Additionally, Investors are not charged any ongoing management fees. Fees are only charged on appropriate positive performance.
- (b) The Fund has experienced managers with almost 60 years of combined investing experience.
- (c) The Fund managers have a proprietary investment selection process that they have used over many years.
- (d) The Fund managers have a strong track record of identifying investment opportunities.
- (e) The Fund managers have a strong record of regulatory compliance, corporate governance and risk management.
- (f) A unique investment opportunity to invest in a materially undervalued sector.

### 3.2 Risks

Like any investment, there are risks associated with investing in the Fund. By nature, the risks associated with investments in securities cannot be exhaustively listed. Every investment is influenced by many factors that can affect both its value and the income it produces. Each investment can decline as well as increase in value. Many risk factors fall outside our control and cannot be completely mitigated.

The following is a non-exhaustive list of some risks associated with investment in the Fund. You should consider and weigh them up carefully and make your own assessment in respect of them and where necessary seek professional advice.

Investors should be aware that there is no guarantee that the implementation of the investment objective or process will not result in losses to the investors. Income distributions are not guaranteed, and neither is the return of capital.

- (a) **Currency exchange risk:** Exchange rates between the Australian dollar and foreign currencies change. This can affect the performance of securities and assets held by the Fund. The Fund invests in securities issued by entities listed on the stock exchanges in Western Europe and North America. To purchase those securities, the Fund will need to convert the funds that it holds into the currency of the exchange in which it seeks to invest. It will need to convert those moneys back into Australian currency when the Units are to be redeemed. Further, CSF may wish to change an investment by selling securities on one exchange and buying securities on a different exchange that trades in a different currency. To do that, it will need

to purchase the currency of the exchange on which it wishes to invest. In addition, these securities may be in companies operating in various other jurisdictions and therefore directly exposed to currency fluctuations in those jurisdictions in the course of their operations. In each of these instances, the Fund will be exposed to exchange rate risk.

- (b) **Changes in global economic conditions:** A downturn or general change in the economy may negatively affect the value of securities held by the Fund and therefore the value of Units.
- (c) **Industry risk:** There is a risk that the particular industry in which the Fund has invested (intended to be the oil services industry) may perform poorly or suffer a downturn due to global or local factors or changes to government policy in one or more jurisdiction. There can be no guarantee that losses equivalent to or greater than the overall industry will not be incurred as a result of investing in the industry.
- (d) **Concentration Risk:** The Fund is likely to hold a concentrated portfolio of securities. The relatively small number of investments means that a significant decline in the price of a security may have a material impact on the unit price of the Fund and therefore the value of Units.
- (e) **Variations in certain global stock market conditions including the value and demand for listed securities:** Any downturn in the securities market in general may affect the resale value of the securities held by the Fund.
- (f) **Changes in the law:** Changes in government policy and legislation including changes to the environmental laws, taxation systems, securities law or laws relating to certain overseas jurisdictions or the management of managed investment schemes within Australia may affect the financial performance of the Fund.
- (g) **Inflation and interest rate risk:** Fluctuations in inflation and interest rates may affect the income and resale value of the securities held by the Fund and therefore the value of the Fund's investment in those securities.
- (h) **Natural disasters, social unrest, pandemics and terrorist attacks:** These events may occur throughout the world and, in particular in locations in which companies in which the Fund has invested operates and may affect the income and resale value of the securities held by the Fund and therefore the value of the Fund's investment in those securities.
- (i) **Security specific risk:** An investment in a company's securities may be affected by unexpected changes in that company's operations (such as changes in management or the loss of a key customer) and change in business environment.
- (j) **Small and medium capitalisation company risk:** Whilst it is expected that most investments will be made in listed companies with a market capitalisation in excess of US\$500 million, it is possible that some of the opportunities may be smaller listed companies. Securities in these companies may trade less frequently and may experience greater price volatility than larger companies. Smaller capitalisation companies may also have more limited operating histories, markets, product lines or financial resources than larger companies. They may also depend heavily on key personnel.

- (k) **Liquidity risk:** There is the risk that a security may not easily be convertible into cash without a loss of capital or a significant delay.
- (l) **Market risk:** Investment in a specific group of securities is exposed to the universal risks of the securities market. However, there can be no guarantee that losses equivalent to or greater than the overall market will not be incurred as a result of investing in such securities.
- (m) **Personnel risk:** The risk that people key to the management of the Fund become unable or unavailable to perform their role.
- (n) **Taxation:** The Fund is a unit trust. Taxation law is constantly evolving and being amended. Changes to taxation legislation may impact adversely on an investment in the Fund. Investors are advised to obtain their own professional taxation advice. While the Fund expects to be treated as a tax flow through entity, there is a risk that it will be taxed as a company. The AMIT regime (see section 7) may qualify this risk but there is Fund may not be an Attribution Managed Investment Trust. Further, distributions made by the Fund during the investment term must be reinvested. To implement this, the Fund will not actually pay out the distributions. Rather, the Fund will record distributions and reinvestments by book entry. Investors will need to fund any tax payable on those distributions. As is the case with the funds invested on the initial application for Units, there is no guaranteed return on the funds that are distributed and reinvested. Those funds may not achieve any return and the return of the capital is not guaranteed.
- (o) **Disputes and defaults:** The Fund may be involved in disputes and possible litigation with counterparties or services providers. There exists a risk that a material or costly dispute or litigation could affect the amount of expected income of the Fund.
- (p) **Counterparty risk:** Counterparty risk is the risk of loss caused by another party defaulting on its financial obligations either because it becomes insolvent or cannot otherwise meet its obligations to the Fund. A party defaulting on its obligations could subject the Fund to substantial losses because the Fund will still be required to fulfil its obligations on any transactions which were to have substantially offset other contracts.
- (q) **Debt instruments:** The Fund may invest in debt instruments that are convertible into equity which are issued by listed entities. There can be no guarantee that the issuer of the instrument will be able to pay any or all of the coupon payments or the principal (if the instrument is not converted into equity before its expiry). Further, there is no guarantee that the price at which the shares in the issuer of the instrument trade on the relevant stock exchange will be greater than the price at which shares in the entity will be issued to the Fund if an election is made by the Fund to convert the debt instrument into equity.



## 4. Management

---

### 4.1 Collins St Finance Pty Ltd

CSF is the trustee of the Fund. The founders of CSF are Michael Goldberg and Vasilios Piperoglou.

The managers of the Fund place a strong emphasis on identifying value investment opportunities. The investment team have significant experience in listed securities investment.

### 4.2 Key Executives

#### MICHAEL GOLDBERG **Managing Director**

Michael is a Founder, Executive Director and Investment Manager of the Fund.

Michael is a co-founder and director of the top rated Collins St Value Fund. Prior to founding that fund, Michael was a senior portfolio manager at Leyland Private Asset Management. During Michael's almost 8 years at Leyland he managed portfolios for and advised some of Australia's largest family offices and high net worth individuals.

Investors in the Fund will benefit from Michael's experience and be well served with his attention focused on a single managed fund. The Fund is the realisation of Michael's aim to build a successful fund for his investors.

Michael has a bachelor's degree from Monash University where he studied Banking and Finance and Management. Additionally, Michael is RG146 compliant in superannuation, securities and geared investments.

Michael has previous experience in the service and retail industry, both as an employee of his family business and as the founder of a service business overseas. Michael's experience gives him a unique insight into business and business relationships enabling him to better understand and identify attractive investments.

#### VASILIOS PIPEROGLOU **Co-Founder and Chief Investment Officer**

Vas is a co-founder of the top rated Collins St Value Fund. Prior to founding that fund Vas managed equity portfolios for wholesale clients at Leyland Private Asset Management where he was a Portfolio Manager from 2010 to 2014. Additionally, Vas has managed a private equity portfolio for over 10 years.

Vas has also managed a number of businesses, including a state wide food and beverage business, a highly profitable publishing company and an enterprise within the hospitality industry.

With a wealth of first-hand experience across several industries, Vas has a unique ability to see through much of the market noise and identify quality investments.

Vas is RG 146 certified in securities and margin lending and is certified to provide financial advice by the Investment Banking Institute.

Having generated a sound investing track record, the creation of the Fund was the next obvious step in Vas' career.

When Vas is not identifying the next opportunity for his investors, he can be found devouring any number of value investing books written by, or about, the generations' greatest investors.

**ANTON LAWRENCE**  
**Chief Strategist**

Anton has over 30 years' experience as an investment analyst and fund manager.

Specialising in product structuring, due diligence, and regulatory compliance, Anton provides the advice and know how necessary to drive the Fund's compliance and processes, while also providing invaluable advice on the impact of macroeconomic effects on the global and local economy.

Anton played an integral role in the launch of the Collins St Value Fund. He heavily invested in the Funds success.

Anton is RG146 compliant and is a responsible manager on CSAM's AFSL.

**ROBERT HAY**  
**Head of Distribution and Investor Relations**

Rob Hay is the Head of Distribution and Investor Relations of the Collins St Value Fund, having joined in 2019.

Rob has worked for over 15 years in the Financial Services industry where he has held a diverse range of national and state based rolls.

Rob's expertise includes distribution, research, and advisory across a wide range of product types with a specific focus on providing services to the wholesale and high net worth communities

Rob has a Master of Business Administration, Juris Doctor, Bachelor of Arts, Graduate Diploma of Financial Planning, is ADA2 qualified and holds a range of industry specific qualifications across equities, margin lending and self-managed superannuation.

As a passionate investor and advocate for investors Rob is well placed to support both existing and prospective investors with any queries or needs that they may have.

## **4.3 External Service Providers**

### **4.3.1 Prime Broker**

CSF has engaged Bell Potter as the prime broker for the Fund. Bell Potter uses Citibank as the custodian to keep international securities in safe custody. The Fund's securities will be

registered in the name of Bell Potter as the legal owner. The securities will be held by Citibank in an omnibus account together with securities Citibank holds on behalf of other clients.

#### **4.3.2 Investment Administration**

Apex Fund Service (Australia) Pty Ltd provides all investment administration services to the Fund including trade matching, broker liaison, portfolio reconciliation, processing of corporation actions and dividends, portfolio valuations, tax records, post-trade compliance, investment performance and attribution and calculation of management fees.

#### **4.3.3 Unit Pricing and Fund Accounting**

Apex Fund Service (Australia) Pty Ltd undertakes all unit pricing functions including net asset value and unit price calculations. Apex Fund Service (Australia) Pty Ltd also prepares and lodges Business and Instalment Activity Statements, calculates distributions, communicates these to investors, prepares half yearly and full year financial statements and liaises with the Fund's auditors.

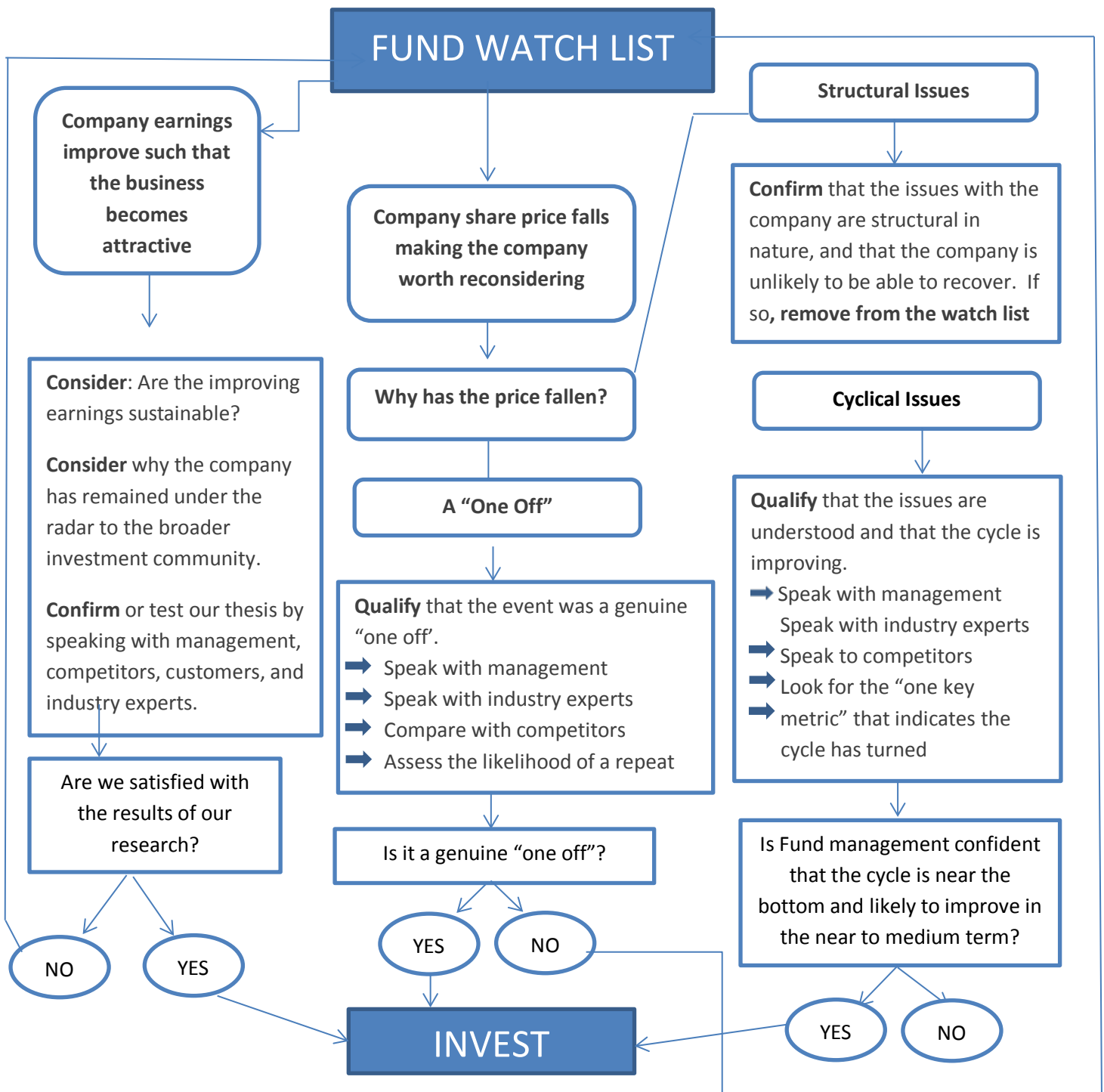
#### **4.3.4 Unit Registry**

Apex Fund Service (Australia) Pty Ltd provides the Fund with the full range of registry services including processing of applications, redemptions, transfers and Unitholder reporting. This includes conducting identification checks in line with Australian law, processing distributions, preparation of annual tax and distribution statements, preparation of various compliance related periodic statements and various reports to the Australian Taxation Office.

# 5. Investment Process

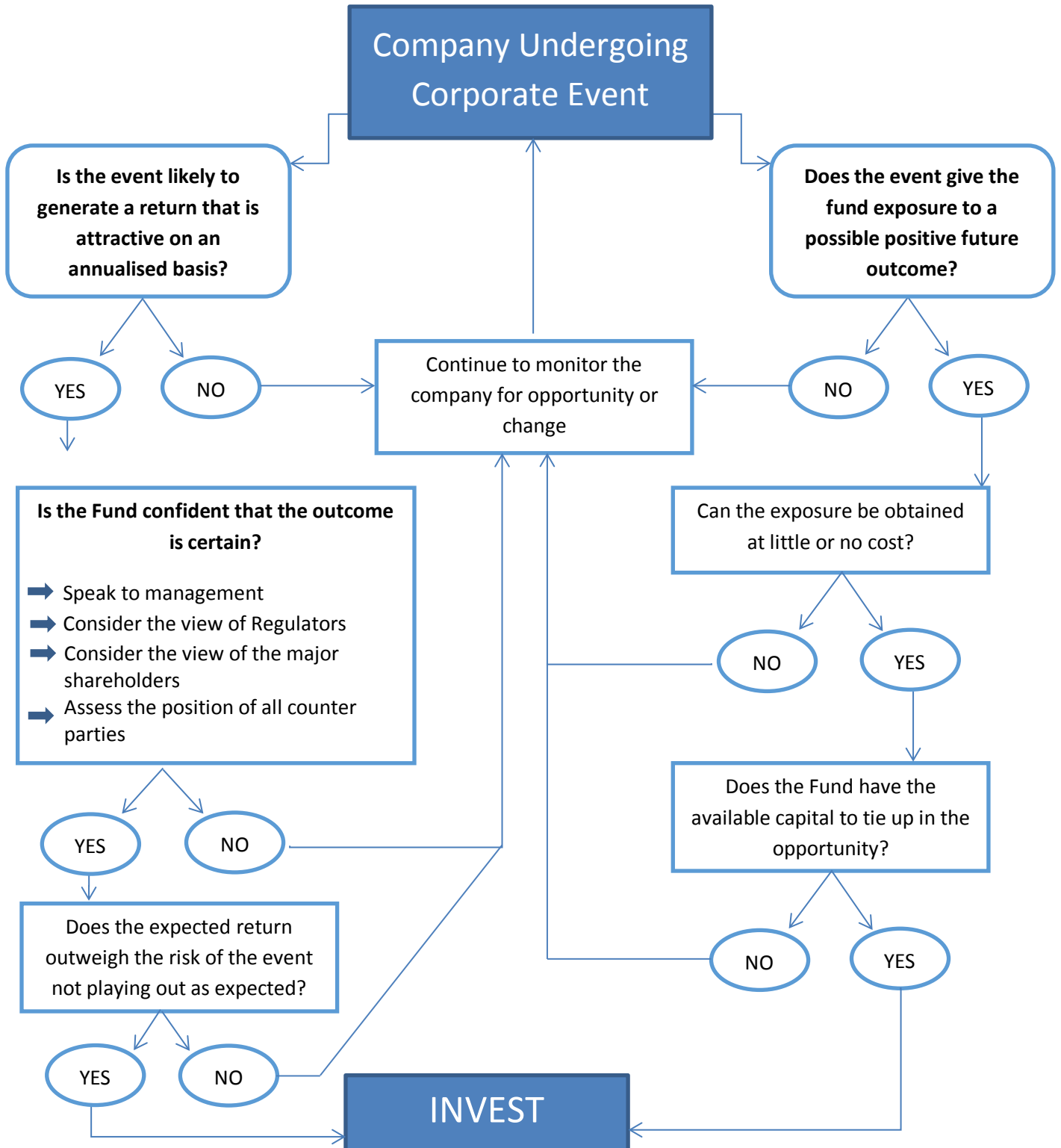
CSF will seek to invest in businesses in the oil services industry that the managers consider to be trading at a discount to their assessment of underlying value. To achieve this goal, the managers have an ever-evolving watch list of companies that they consider interesting but overvalued investment grade businesses.

Using the above-mentioned watch list as a basis for analysis the managers keep a close watch to determine when those businesses also become, in their view, strong investment prospects.



From time to time the Fund may find special situations that allows the Fund to invest in companies that may provide more certain returns over a short period of time or allow the Fund to gain exposure to a possible future return at little risk to the Fund. These types of situations generally arise out of one off corporate events or restructurings and may include: special dividends, cash takeovers, buy backs, capital returns or scrip bids.

Though the net returns on some of these opportunities may be small, the relative certainty of the outcome, and the relatively short time frame involved can make these opportunities an attractive option for the Fund.



## 6. Fees and Costs

### 6.1 Fees and Other Costs

This section outlines the fees and other costs that may be charged to the Fund. You should read all information about fees and costs as it is important to understand their impact on the Fund.

Type of fee or cost	Amount <sup>1</sup>	How and when paid
<b>Fees when money moves in or out of the Fund</b>		
<i>Establishment fee</i> The fee to open your investment	Nil	Not applicable
<i>Contribution fee</i> The fee on each amount contributed by you	Nil	Not applicable
<i>Exit fee</i> The fee to close your investment	Nil	Not applicable

Type of fee or cost	Amount <sup>1</sup>	How and when paid
<b>Management costs</b>		
The fees and costs for managing your investment	There is no ongoing management fee.	
	Ongoing costs including (but not limited to) broking fees, custody, registry, unit pricing, accounting, audit, and investor reporting expenses are payable by the Fund.	Payable when incurred.
	A performance fee of 25% of performance is used to calculate the performance fee.	Payable at the end of the investment term. The performance fee is payable in the increase in value in Fund from the initial investment.
	Trustee removal fee equivalent to any stated fees that CSF has deferred over the life of the Fund and an amount equivalent to the performance fee that would have been payable if all assets held by the Fund were sold and all Units redeemed on the date CSF ceases to be trustee and/or manager of the Fund.	Any deferred fees payable on removal. No other removal fee applies.

## One-off Fees

<b>Buy / Sell Spread</b>	No buy or sell spread applies.	Not applicable
The fees to cover the costs of an application or redemption.		

<sup>1</sup> All fees set out in this section are exclusive of Goods and Services Tax.

## 6.2 Additional explanation of fees and costs

### 6.2.1 Ongoing fees and costs

These fees and costs are paid by the Fund and therefore indirectly by Unitholders in proportion to their investment in the Fund. If CSF or a related party is liable to pay GST on any fees charged to the Fund, CSF is entitled to be reimbursed by the Fund for the GST liability.

### Ongoing administration costs

The Fund incurs administration costs such as broking fees, audit fees, custodial costs, compliance costs, accounting, tax, legal advice, bank charges, printing and stationery costs, and postage and handling fees.

### Performance fee

CSF is entitled to be paid a performance fee at the end of the investment term, as defined in Section 2.5. The performance fee is 25% of the growth in the Fund since the date of issue of the initial Units. CSF believes that this performance fee structure fully aligns the interests of investors in the Fund with its managers and is appropriate having regard to the Fund's mandate for capital preservation and growth.

The performance fee is payable at the end of the investment term, prior to the distribution of returns to investors and the wind up of the Fund.

### Performance fee examples

These examples are provided for information only to illustrate the calculation of the performance fee. They do not take into account any fees other than the performance fee. They also do not take into account taxes that are required to be paid by the Fund or any Unitholder. Actual results may vary significantly from this example. Further examples may be obtained from CSF.

#### **Example 1: - No distributions are made**

Assume the following:

- CSF issues 20 million Units at \$1.00 per Unit to raise \$20 million.
- At the end of the investment term the value of the Fund is \$30 million.
- No distributions are made during the investment term, so the number of Units on issue remain at 20 million.

The value of the Fund is \$10 million greater than the initial subscription monies received. Accordingly, the performance fee will be \$2.5 million (25% of that \$10 million) (excluding GST).

The remaining \$7.5 million (75% of that \$10 million) of performance will be distributed to investors together with their original investment of \$20 million. That is, the balance of the Fund of \$27.5 million will be paid to Unitholders.

**Example 2: - Distributions are made, which are reinvested, and Fund performance is strong**

Assume the following:

- At inception of the Fund CSF issues 20 million Units at \$1.00 per Unit to raise \$20 million.
- During the investment term, the Fund distributes \$1 million which must be reinvested in full.
- The reinvestment of the \$1 million is undertaken by the issue of new Units. If we assume that the value of the Fund has doubled at the time of the distribution (and subsequent reinvestment) then the \$1 million will be reinvested by way of an issue of 500,000 Units at a subscription price of \$2.00 per Unit.
- At the end of the investment term the value of the Fund is \$32 million and there are 20,500,000 Units on issue (20 million initial Units and 500,000 Units issued on reinvestment).

As the value of the Fund has increased by \$12 million from the initial investment amount, the performance fee will be \$3 million (25% of \$12 million) (excluding GST). The remaining \$9 million (75% of \$12 million) of performance will be distributed to investors together with the original investment of \$20 million. That is, the balance of the Fund of \$29 million will be paid to Unitholders.

**Example 3: - Distributions are made, which are reinvested, and Fund performance is moderate**

Assume the following:

- At inception of the Fund CSF issues 20 million Units at \$1.00 per Unit to raise \$20 million.
- During the investment term, the Fund distributes \$1 million which must be reinvested in full.
- The reinvestment of the \$1 million is undertaken by the issue of new Units. If we assume that the value of the Fund has doubled at the time of the distribution (and subsequent reinvestment) then the \$1 million will be reinvested by way of an issue of 500,000 Units at a subscription price of \$2.00 per Unit.
- At the end of the investment term the value of the Fund is \$21 million and there are 20,500,000 Units on issue (20 million initial Units and 500,000 Units issued on reinvestment).

As the value of the Fund has increased by \$1 million from the initial investment amount, the performance fee will be \$250,000 (25% of \$1 million) (excluding GST). The remaining \$750,000 (75% of \$1 million) of performance will be distributed to investors together with the original investment of \$20 million. That is, the balance of the Fund of \$20,750,000 million will be paid to Unitholders.

**Example 4: - Distributions are made, which are reinvested, and there is no Fund performance**

Assume the following:

- At inception of the Fund CSF issues 20 million Units at \$1.00 per Unit to raise \$20 million.



- During the investment term, the Fund distributes \$1 million which must be reinvested in full.
- The reinvestment of the \$1 million is undertaken by the issue of new Units. If we assume that the value of the Fund has doubled at the time of the distribution (and subsequent reinvestment) then the \$1 million will be reinvested by way of an issue of 500,000 Units at a subscription price of \$2.00 per Unit.
- At the end of the investment term the value of the Fund is \$20 million and there are 20,500,000 Units on issue (20 million initial Units and 500,000 Units issued on reinvestment).

As the value of the Fund has not increased, no performance fee will be payable. The \$20 million will be distributed back to Unitholders.

### **Termination / Removal fee**

Should investors in the Fund vote to remove CSF as trustee of the Fund, CSF will require payment of any costs it has previously incurred and an amount equivalent to the performance fee that would have been payable if the assets of the Fund were sold on the date CSF ceases to be trustee and all Units redeemed. No other removal or termination fee will be payable.

### **Abnormal expenses**

CSF is entitled to be reimbursed from the Fund for abnormal expenses, such as the cost of Unitholder meetings, legal costs of any proceedings involving the Fund and terminating the Fund. Whilst it is not possible to estimate such expenses with certainty, CSF anticipates that the events that give rise to such expenses will rarely occur.

### **Reimbursement of costs**

Under the Fund's trust deed CSF is entitled to be reimbursed for all expenses and liabilities (which may include the ongoing administration costs and abnormal expenses referred to above) which it may incur in the proper performance of its duties as trustee. These expenses include but are not limited to:

- costs, charges and expenses of establishing the Fund and the trust deed including the preparation, due diligence, registration, promotion and distribution of any disclosure document in respect of the Fund;
- costs, charges and expenses incurred in connection with the acquisition of any assets of the Fund (including any stamp duty payable in accordance with the law);
- costs, charges and expenses of maintaining or improving any assets of the Fund;
- fees and expenses charged by brokers or other participants in the equities market such as prime brokers or other brokers;
- fees and expenses of the auditors;
- fees and expenses of any consultant or other expert employed by the Fund;
- costs of convening and holding any meeting of investors;
- expenses incurred in connection with the keeping and maintaining of accounting and financial records and registers including the register of Unitholders;
- costs, charges and expenses and disbursements paid or payable to the custodian; and
- any costs incurred in connection with the issue of Units.

### **6.3 Waiver or Deferral of Fees**

CSF may at its discretion:

- partially or fully waive any fees or costs to which it is entitled: or
- defer its entitlement to fees or costs to which it would otherwise be entitled and may claim these if it is removed as trustee of the Fund.

### **6.4 Other Payments**

CSF or its related entities may pay a fee to third parties who introduce new investors to the Fund. In instances where this occurs, there is no additional cost to investors. Any fee of this type will be paid from CSF's own funds.

### **6.5 Goods and Services Tax**

All the fees in the above table are expressed as excluding GST.

### **6.6 Buy / Sell Spread**

There is no buy / sell spread applicable to the Fund.

## 7. Taxation Information

---

Taxation rules are complex and different investors have different circumstances. Therefore, you should seek professional taxation advice prior to making an investment decision. CSF does not know the individual taxation position of any Unitholders and cannot take any such circumstances into account in making decisions regarding the operation of the Fund and the investments made by CSF.

The Fund is a trust and is expected to be treated as a flow through vehicle for income tax purposes. Accordingly, Unitholders will be taxed on their proportionate share of the taxable income of the Fund. In some circumstances, you may qualify for a discount on certain taxable capital gains made by the Fund.

If you dispose of your Units (e.g. by way of sale or redemption) you may be required to pay capital gains tax. Depending on your situation you may qualify for a discount on certain taxable capital gains. When you redeem Units, CSF may make a special distribution to you of some or all of the funds to which you would become entitled in respect of the redemption.

A new attribution managed investment trust (**AMIT**) regime has been introduced. Broadly, the taxation treatment of Unitholders and the Fund would be the same under the AMIT regime as compared to the current income tax regime. However, the AMIT regime has been enacted to provide more certainty regarding the taxation treatment of both the Unitholders and the Fund.

It is at the discretion of trustees of the relevant trust to determine if the AMIT regime should apply. A trustee of a qualifying managed investment trust (**MIT**) for income tax purposes is entitled to elect for the AMIT regime to apply to the MIT where the members of the scheme have clearly defined interests in relation to the income and capital of the MIT.

Under the AMIT regime, an MIT that is entitled to participate in the regime and that has made an election to do so, must attribute the taxable income of the scheme to members on a fair and reasonable basis consistent with their interests in the scheme.

The Trust Deed permits the Fund to elect to participate in the AMIT regime. The Trustee has not yet determined whether it will or is able to make an election to have the AMIT regime apply to the Fund.

## 8. Other Information

---

### 8.1 Investor Communication

CSF reports to Unitholders on at least a quarterly basis. Our reporting comprises the following:

- An investment confirmation upon issuing Units.
- Full year income distribution statements detailing your investment and distributions (if any) paid to you.
- Periodic performance update reports.
- An annual tax statement detailing information required for inclusion in your annual income taxation return.

### 8.2 Summary of Material Documents

Applicants should consider whether it is necessary for them to obtain advice on any of the documents.

#### (a) Trust Deed

The trust deed dated 15 July 2021 as amended from time to time establishes the Fund and sets out the rules. Together with this IM and the terms of issue of Units it governs the relationship between Unitholders and CSF. It contains extensive provisions about the legal obligations of the parties and the rights and powers of each. Each Unitholder shall be bound by the terms of the trust deed as if it were a party to the trust deed.

The trustee has broad powers, including the power to invest the Fund assets as though it was the absolute owner of the assets acting in its personal capacity.

Subject to the trustee acting in good faith and without gross negligence, the trustee shall not be liable to Unitholders in contract, tort or otherwise for any loss suffered relating to the Fund. The trustee shall be entitled to be indemnified out of the assets of the Fund for any liability incurred by it in properly performing or exercising any of its powers or duties in relation to the Fund.

Under the trust deed, each Unit gives the Unitholder an equal and undivided interest in the Fund. However, a Unit does not give Unitholder an interest in any particular asset of the Fund. Subject to the trust deed, Unitholders have the following rights:

- the right to share in any distributions.
- the right to attend and vote at meetings of investors.
- the right to participate in the proceeds of winding up of the Fund.

The trust deed contains provisions about convening and conducting meetings of Unitholders.

CSF can amend the trust deed without Unitholders' approval provided CSF reasonably considers the changes will not adversely affect Unitholders' rights as a whole. The trust deed can also be amended by special resolution passed by investors with a 75% approval by value of Units voted at the meeting.

Under the trust deed, CSF is able to issue Units in different classes having preferential rights and may vary or cancel the rights and privileges attached to Units in different classes, including by converting or reclassifying Units from one class to another. CSF may also, in its absolute discretion, cancel Units and issue replacement units of a different class.

The trustee may retire as the trustee of the Fund with one month's notice to investors. The trustee may be removed as trustee of the Fund by a resolution passed by at least 90% of votes of all Units.

A copy of the trust deed is available free of charge from CSF's registered office.

#### **(b) Unit terms**

The Unit terms detail the fees payable in respect of Units. These terms will be provided to investors on request.

#### **(c) Agreements with Bell Potter**

CSF has entered into agreements with Bell Potter for it to act as prime broker of the Fund. Under these agreement Bell Potter provides custodial trading services

CSF has obligations under these documents such as placing the Fund assets under the control of Bell Potter and indemnifying Bell Potter for certain liabilities it may incur.

#### **(d) Administrative Services Agreement**

This agreement sets out the terms under which Apex Fund Service (Australia) Pty Ltd, the registry service provider and Fund administrator appointed by CSF will carry out its role.

In relation to registration services, the general obligations of Apex Fund Service (Australia) Pty Ltd within this agreement is to maintain a register of Unitholders interests and provide such services required to facilitate investor services including but not limited to personal details, unit holdings, distribution payments and remittance advice and other communications as deemed necessary by CSF.

In relation to administration services, the general obligations of Apex Fund Service (Australia) Pty Ltd within this agreement includes but is not limited to, recording investments, undertaking cash reconciliation to CSF, provision of daily valuations to CSF, portfolio reconciliation, the tracking of various corporate actions and the preparation of the monthly unit price.

### **8.3 Unit Pricing**

The trust deed has a Unit pricing mechanism which explains how CSF may calculate the value of Units. Units are priced quarterly.

### **8.4 No Cooling Off Period**

No cooling off period applies to application to invest.

## 8.5 Disclosure of Interests

CSF is entitled to management, performance and other fees and to be reimbursed out of the Fund for costs and expenses in accordance with the Fund's trust deed.

CSF and its directors, employees and agents may invest in units in the Fund and any underlying investments.

## 8.6 AML/CTF

The *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth) requires us to verify your identity prior to accepting your investment. You will be required to provide the identification information set out in the Application Form. We will not issue you with Units unless satisfactory identification documents are provided.

## 8.7 Privacy

When you make an application to invest in the Fund, we will collect information from you in the Application Form which is classified as 'personal information' under the *Privacy Act 1988* (Cth) (Act). We may also collect additional Personal Information from you by other means. Examples of how we may collect additional personal information include (but are not limited to) through our website or by telephone if you access our investor services, or through forms you submit to us. We generally collect your personal information directly from you but may also collect it from other sources such as from third parties who have hosted events or marketing promotions in which CSF has been represented and you have expressed an interest in the Fund.

We may also be required by the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth) and corporate and taxation legislation to collect your personal information.

More information about how we collect your personal information is found in our Privacy Policy, available at [www.csvf.com.au](http://www.csvf.com.au). If you have questions about the personal information we collect you should contact us using the contact information set out in our Privacy Policy.

We collect your personal information primarily so we can verify your identity and establish your investment in the Fund. We will also collect and may use and disclose your personal information for the purposes of:

- processing your application and administering your investment;
- complying with our obligations under applicable laws and regulations;
- improving our products and services;
- protecting against fraud or any other activity which could result in harm to the products or services provided; and
- to run our business.

We may also use your personal information to gain an understanding of you, your needs and your interaction with us so we can identify and notify you (including by email) of other investment opportunities products and services, which may be of use to you. However, if you so request, no further material of that nature will be sent to you.

We will take reasonable steps to protect your personal information that we collect and ensure that the information is accurate and up-to-date. Unitholder information is held on secure servers or in storage locked in controlled environments. Our employees and services providers are required to maintain the confidentiality of any personal information held by us. We will not disclose your personal information out of Australia.

If you do not provide us with all the personal information we request, we may be unable to establish your investment in the Fund, process your application and administer your investment, or provide you with any, some, or all of the features of our products or services otherwise available to you.

The types of organisations to which we may disclose the personal information provided by you include:

- with your consent, your financial or legal adviser or accountant;
- any third party service provider we may engage to provide custody, registry, auditing, mailing, printing or other services;
- government authorities when, and to the extent required by law; and
- our professional advisers (including legal and accounting firms, auditors, consultants and other advisers).

You can request access to or seek correction of your personal information by notifying us in writing at any time (including by email) or by phone, subject to passing our security checks. Our Privacy Policy contains further details of how to access and seek correction of your personal information. It also provides information about how to submit a complaint if you are concerned that there may have been breach of the Australian Privacy Principles with regard to your information, and how we will deal with such complaints.

## 9. Glossary

---

<b>Act</b>	<i>Corporations Act 2001</i> (Cth)
<b>ASIC</b>	Australian Securities and Investments Commission
<b>Bell Potter</b>	Bell Potter Securities Ltd ACN 006 390 772
<b>Business Day</b>	A day that is not a Saturday, Sunday, or any other day which is public holiday or a bank holiday in New South Wales or Victoria.
<b>CSF</b>	Collins St Finance Pty Ltd (ACN 644 430 875)
<b>CSAM</b>	Collins St Asset Management Pty Ltd (ACN 601 897 974)
<b>Fund</b>	Collins St Special Situation Fund No.1 (ABN 73 536 295 715)
<b>IM</b>	This Information Memorandum dated 20 July 2021
<b>Offer</b>	The offer of Units pursuant to this IM
<b>Units</b>	Means units in the Fund
<b>Unitholder</b>	A holder of Units



## 10. Corporate Directory

---

<b>Trustee</b>	Collins St Finance Pty Ltd ACN 644 430 875  Authorised Representative of AFSL 468935  Suite 903 Level 9 365 Little Collins Street Melbourne VIC 3000  Director: Michael Goldberg
<b>Prime Broker</b>	Bell Potter Securities Ltd ACN 006 390 772
<b>Registry</b>	Apex Fund Service (Australia) Pty Ltd
<b>Auditor of the Fund</b>	Pitcher Partners