

29 JULY 2020

## NOTICE OF CHANGE OF INVESTMENT MANAGER

**Ironbark LHP Global Long/Short Fund**

ARSN 093 497 600    APIR HFL0108AU (Wholesale) | APIR HFL0106AU (Retail)

**Ironbark LHP Diversified Investments Fund**

ARSN 093 497 468    APIR HFL0104AU

On or around 1 October 2020, Ironbark Asset Management ('Ironbark') as the responsible entity intends to change the underlying fund in which the Ironbark LHP Global Long/Short Fund invests, and on or around 2 November 2020, Ironbark intends to change the underlying fund in which the Ironbark LHP Diversified Investments Fund invests.

The Ironbark LHP Global Long/Short Fund will invest into the Apis Offshore Capital, Ltd. (Flagship) (the '**Apis strategy**'), which is managed by Apis Capital Advisors ('**Apis**'). As part of this change, we have also reviewed the feasibility of keeping the Retail class open for ongoing investment. Due to reduced investor demand for the Retail class together with the significant reduction in funds under management, we have made the decision to close the Retail class and return investors' proceeds.

The Ironbark LHP Diversified Investments Fund will invest into the Fulcrum Diversified Absolute Return Fund (the '**Fulcrum strategy**') which is managed by Fulcrum Asset Management ('**Fulcrum**').

APIR	Current Fund Name	New Manager	New Fund Name	Change effective date
HFL0108AU	Ironbark LHP Global Long/Short Fund (Wholesale)	Apis Capital Advisors	<b>Apis Global Long/Short Fund</b>	<b>1 October 2020</b>
HFL0106AU	Ironbark LHP Global Long/Short Fund (Retail)	Retail class closed	<b>Retail class closed</b>	--
HFL0104AU	Ironbark LHP Diversified Investments Fund	Fulcrum Asset Management	<b>Fulcrum Diversified Investments Fund</b>	<b>2 November 2020</b>

**How will this change affect application and redemption requests?**

If investors wish to make a full redemption from the **Ironbark LHP Global Long/Short Fund (Wholesale)** and receive the unit price as at 31 August 2020, investors must submit a **completed withdrawal form by 14 August 2020**. Investor application or withdrawal requests received between 17 August 2020 and 2.00pm on 30 September 2020, will receive the Apis Global Long/Short Fund unit price for 1 October 2020, which will be issued on 2 October 2020. Daily pricing will commence on 1 October 2020.

If investors wish to make a full redemption from the **Ironbark LHP Diversified Investments Fund** and receive the unit price as at 30 September 2020, investors must submit a **completed withdrawal form by 28 August 2020**. Investor application or withdrawal requests received between 31 August 2020 and 2.00pm on 30 October 2020, will receive the Fulcrum Diversified Investments Fund unit price for 2 November 2020, which will be issued on 3 November 2020. Daily pricing will commence on 2 November 2020.

Withdrawal forms are available on the Ironbark website, [www.ironbarkam.com/our-funds](http://www.ironbarkam.com/our-funds).

## Why are we making this change?

Ironbark aims to deliver best-in-class investment solutions and we are committed to providing high quality capabilities that continue to meet the needs of our investors. Alternatives play an important role in investors' portfolios by delivering diversification and different sources of return whilst mitigating downside risk. Investors are also seeking Alternatives products that are highly liquid and cost competitive.

We have taken this feedback onboard and recognise the need to refine our Alternatives offerings to ensure the ongoing relevancy of our product set. The investment manager of these funds will change, offering the following enhancements to investors;

- **a substantial reduction in management costs**
- **daily liquidity, and**
- **access to a highly regarded and successful investment manager in Apis and in Fulcrum**

Following an extensive due diligence process, we selected the Apis Offshore Capital, Ltd. (Flagship), managed by Apis and the Fulcrum Diversified Absolute Return Fund, managed by Fulcrum and as the underlying funds in which our respective funds will invest.

We believe the benefits of these changes are in the best interests of investors in the long term.

## How will the funds change?

Other key changes to the funds are summarised below,

- Management costs of the funds will be reduced
- There will be a change to the funds' pricing frequency from monthly to daily
- There will be an adjustment to the funds' investment objectives and to their strategies
- There will be a change to the funds' minimum investment amounts to \$20,000
- There will be NO change to the timing of distributions which will continue to be annual (if any)
- There will be NO change to the buy/sell spreads, currently nil

A new Product Disclosure Statement ('PDS') and Application Form for the funds will be issued on or around the change effective dates mentioned above and made available on the Ironbark website, [www.ironbarkam.com/our-funds](http://www.ironbarkam.com/our-funds).

For further updates on the changes, please refer to our website at [www.ironbarkam.com/news](http://www.ironbarkam.com/news).

## Why Apis? How will Apis manage the Apis Global Long/Short Fund?

Established in New York in 2004, Apis is a highly experienced team of international stock pickers who have managed the Apis strategy through various market conditions and global crises. Apis seeks to deliver consistent positive absolute returns through a combination of long investment positions and short selling.

The objective of the Apis strategy is to outperform global equity markets on an absolute and volatility-adjusted basis, net of fees, over the medium to long term.

Apis employs a fundamental, bottom-up process to construct a global long/short equity portfolio with an emphasis on companies that operate in global industries such as technology, healthcare, consumer and industrials/cyclicals. Geographically, the Apis strategy invests in North America, Asia, and Europe, with some Emerging Markets exposure, and invests across the capitalisation spectrum.

Apis was a standout manager in our selection process;

- **A stable and highly experienced firm and investment team** – Extensive tenure and long/short investing experience with an ability to leverage global relationships built over 25 years of international investing.

- **A highly differentiated stock picker** – Apis’ global perspective and deep understanding of industries across geographies uncovers unique opportunities to construct a diversified portfolio that can generate significant long and short alpha.
- **A refined investment process with a robust track-record** – Well-established strategy with a successful 15-year track record that has navigated various market environments and global crises.

Net Returns as at 31 May 2020 (%)	CYTD	1 Year	3 Years (p.a.)	5 Years (p.a.)	7 Years (p.a.)	Since Inception (p.a.) <sup>2</sup>
<b>Apis Global Long/Short Composite<sup>1</sup></b>	<b>8.58</b>	<b>17.48</b>	<b>8.58</b>	<b>9.55</b>	<b>14.17</b>	<b>10.26</b>
Ironbark LHP Global Long/Short Fund (W)	0.64	6.15	2.48	2.66	5.01	6.46
<i>MSCI ACWI NR AUD</i>	<i>-3.80</i>	<i>10.04</i>	<i>9.29</i>	<i>8.33</i>	<i>12.64</i>	<i>7.38</i>

Past performance is not indicative of future performance. Returns are stated net of fees. Source: Morningstar Direct.

<sup>1</sup>The Apis Global Long/Short Composite reflects the Apis Offshore Capital Ltd (Flagship) (the ‘strategy’) in USD converted to AUD terms. Source: Apis Capital Advisors.

<sup>2</sup>Since inception of the strategy on 16 April 2004.

### Why Fulcrum? How will Fulcrum manage the Fulcrum Diversified Investments Fund?

Fulcrum was founded in London in 2004 and is a well-established firm defined by the strength of its research and disciplined investment approach that has a core focus on global, multi-asset investing across liquid markets. Fulcrum’s strategy seeks to deliver consistent diversified absolute returns, low beta versus global equities and smaller peak-to-trough drawdowns with quick recoveries.

The objective of the Fulcrum strategy is to achieve long-term absolute returns in all market conditions over a rolling five-year period, with lower volatility than equity markets and in excess of inflation.

Fulcrum employs a top-down investment process which combines fundamental and behavioural research to identify a handful of core macro themes and satellite ideas to construct a highly diversified and liquid portfolio with low directional exposure. The Fulcrum strategy invests globally, with exposure to equities, fixed income, commodities, alternatives and cash.

Fulcrum was a standout manager in our selection process;

- **A stable and technically skilled team with a highly collaborative approach** – This experienced team has a long history working together and strive to be at the frontier of knowledge in areas that impact the strategy.
- **A robust and repeatable investment process with disciplined risk management** – A dynamic investment process that is highly diversified across asset classes, strategies and time horizons, with a multi-dimensional approach to risk management.
- **A strong 12-year track record** – The strategy has historically delivered attractive risk-adjusted returns and strong downside protection during difficult market periods.

Net Returns as at 31 May 2020 (%)	CYTD	1 Year	3 Years (p.a.)	5 Years (p.a.)	7 Years (p.a.)	Since Inception (p.a.) <sup>2</sup>
<b>Fulcrum Diversified Investments Composite<sup>1</sup></b>	<b>4.90</b>	<b>9.89</b>	<b>4.00</b>	<b>1.66</b>	<b>3.59</b>	<b>5.44</b>
Ironbark LHP Diversified Investments Fund	-16.11	-14.34	-3.81	-1.15	2.50	2.38
<i>RBA Cash Rate Target</i>	<i>0.19</i>	<i>0.73</i>	<i>1.24</i>	<i>1.45</i>	<i>1.74</i>	<i>2.65</i>

Past performance is not indicative of future performance. Returns are stated net of fees. Source: Morningstar Direct.

<sup>1</sup>The Fulcrum Diversified Investments Composite reflects the Fulcrum Diversified Absolute Return Fund (the ‘strategy’) in AUD terms. Source: Fulcrum Asset Management.

<sup>2</sup>Since inception of the strategy on 16 September 2008.

## How will the Management Costs of the funds change?

	Ironbark LHP Global Long/Short Fund <sup>1</sup>	Apis Global Long/Short Fund	Changes to Fees & Costs
<b>Total MER</b>	<b>1.35% p.a.</b>	<b>1.08% p.a.</b>	<b>(0.27% p.a.)</b>
<i>Management Fee</i>	1.27% p.a.	1.00% p.a.	(0.27% p.a.)
<i>Expense Recovery</i>	0.08% p.a.	0.08% p.a.	--
<b>Performance Fee</b>	<b>0.38% p.a.</b>	<b>Nil</b>	<b>(0.38% p.a.)</b>
<b>Indirect Costs</b>	<b>2.75% p.a.</b>	<b>0.80% p.a.</b>	<b>(1.95% p.a.)</b>
<i>Operating costs</i>	1.34% p.a.	0.45% p.a.	(0.89% p.a.)
<i>Performance-related fee</i>	1.41% p.a.	0.35% p.a.	(1.06% p.a.)
<b>Total Management Costs</b>	<b>4.48% p.a.</b>	<b>1.88% p.a.</b>	<b>(2.60% p.a.)</b>
Net T&O	0.29% p.a.	0.95% p.a.	0.66% p.a.
Buy/Sell Spread	Nil	Nil	--

Management Fees and Costs are rounded to two decimal places. Slight variations to actual fees and costs may occur.

<sup>1</sup>Management Costs reflect the current wholesale class of the fund for the calendar year ending 31 December 2018.

	Ironbark LHP Diversified Investments Fund <sup>1</sup>	Fulcrum Diversified Investments Fund	Changes to Fees & Costs
<b>Total MER</b>	<b>1.31% p.a.</b>	<b>1.15% p.a.</b>	<b>(0.16% p.a.)</b>
<i>Management Fee</i>	1.20% p.a.	1.05% p.a.	(0.15% p.a.)
<i>Expense Recovery</i>	0.11% p.a.	0.10% p.a.	(0.01% p.a.)
<b>Performance Fee</b>	<b>Nil</b>	<b>Nil</b>	<b>--</b>
<b>Indirect Costs</b>	<b>2.38% p.a.</b>	<b>0.28% p.a.</b>	<b>(2.10% p.a.)</b>
<i>Operating costs</i>	1.15% p.a.	0.28% p.a.	(0.87% p.a.)
<i>Performance-related fee</i>	1.23% p.a.	Nil	(1.23% p.a.)
<b>Total Management Costs</b>	<b>3.69% p.a.</b>	<b>1.43% p.a.</b>	<b>(2.26% p.a.)</b>
Net T&O	0.34% p.a.	0.19% p.a.	(0.15% p.a.)
Buy/Sell Spread	Nil	Nil	--

Management Fees and Costs are rounded to two decimal places. Slight variations to actual fees and costs may occur.

<sup>1</sup>Management Costs reflect the calendar year ending 31 December 2018.

If you have any questions with regards to the information in this document, please contact your Ironbark Account Manager. The contact details for your Ironbark Account Manager can be found on the following page.

We are delighted to be partnering with both Apis and Fulcrum and we appreciate your support whilst we work through this investment manager transition.

Yours faithfully,

Ironbark Asset Management (Fund Services) Limited

**Contact your Ironbark Account Manager:**

**Alex Donald**  
*Head of Funds Management*

E. [Alex.Donald@ironbarkam.com](mailto:Alex.Donald@ironbarkam.com)  
M. 0408 292 331



**Lee Comper**  
*Institutional & Consultant Relationship Manager*

E. [Lee.Comper@ironbarkam.com](mailto:Lee.Comper@ironbarkam.com)  
M. 0402 902 856



**Scott Baker**  
*Strategic Accounts & Research Relationship Manager*

E. [Scott.Baker@ironbarkam.com](mailto:Scott.Baker@ironbarkam.com)  
M. 0410 453 131



**Ryan Manente**  
*Key Account Manager*  
*Covers: NSW, QLD, ACT*

E. [Ryan.Manente@ironbarkam.com](mailto:Ryan.Manente@ironbarkam.com)  
M. 0428 061 905



**Rene Daquino**  
*Key Account Manager*  
*Covers: VIC, SA, WA, NT, TAS*

E. [Rene.Daquino@ironbarkam.com](mailto:Rene.Daquino@ironbarkam.com)  
M. 0417 657 473

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