



## ADDITIONAL INFORMATION

CC Redwheel Global Emerging Markets Fund APIR: CHN8850AU

Class A Units

28 February 2023

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### Contact

#### Channel Client Services

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The information in this document forms part of the Product Disclosure Statement ('PDS') dated 28 February 2023 issued by Channel Investment Management Limited ACN 163 234 240 AFSL 439007 ('RE') about the CC Redwheel Emerging Markets Fund (ARSN 630 341 249) ('the Fund').

You should read this information together with the PDS before making a decision to invest in the Fund.

The information is general information only and does not take into consideration your personal financial situation, objectives or needs. You should obtain financial advice tailored to your personal circumstances.

### Updated Information

Information in this Additional Information document may change. Any updates to information that are not materially adverse to investors will be provided at [www.channelcapital.com.au](http://www.channelcapital.com.au). Please check the website or call us or your financial adviser for any updates prior to investing. A paper copy of any updates will be provided free of charge upon request.

## 1. How the CC Redwheel Global Emerging Markets Fund works

### Additional investments

Additional investments can be made at any time by sending a completed additional unit application form, together with your electronic funds transfer (EFT) confirmation to Channel Client Services. It is not necessary for you to complete another Application Form. You can obtain an additional unit application form by contacting Channel Client Services. Additional investments are made on the basis of the PDS current at the time of investment. The latest PDS is available at [www.channelcapital.com.au](http://www.channelcapital.com.au) or by calling 1800 940 599.

### How to withdraw

You can withdraw from your investment by sending us a completed withdrawal request form. You can obtain a withdrawal request form by contacting Channel Client Services on 1800 940 599.

Withdrawal requests must be signed by the appropriate authorised signatories.

Bank accounts must be in the name/s of the investor/s as specified in the Application Form or as otherwise notified to the RE.

Proceeds will be paid in Australian Dollars.

Partial withdrawals are subject to you maintaining a minimum balance of \$100,000.

### Restrictions on withdrawals

The RE endeavours to ensure that proceeds are paid within 10 Business Days from the date of receipt of the withdrawal request, although the Fund constitution permits up to 21 days to pay withdrawal proceeds after a withdrawal request is accepted.

Alternate withdrawal procedures will apply if the Fund is determined not to be liquid. The Fund is considered non-liquid if less than 80% of its assets are cash, marketable securities or assets which can be realised at market value within the period specified in the constitution.

If the Fund becomes non-liquid the withdrawal procedures set out in the Corporations Act will apply.

### Processing application and withdrawal requests

If we receive an application or withdrawal request by 12 noon (Sydney time) on a Business Day you will receive the Unit price for that Business Day. An application or withdrawal request received after 12 noon (Sydney time) on any Business Day is deemed to be received the following Business Day and the withdrawal amount payable is calculated using the Unit price for that Business Day.

In circumstances where we receive an incomplete application or withdrawal request you will receive the Unit price applicable on the Business Day we receive the completed documentation and, for applications, cleared application funds.

### Unit pricing

A Unit price for each class of unit is usually calculated each Business Day by dividing the Net Asset Value of the Fund's assets apportioned to each applicable unit class by the number of units on issue in that class. The Fund's assets are valued in accordance with the Fund's constitution, based on market values of securities and other assets such as cash. Unit prices will vary as the market value of the Fund's assets rise or fall.

The RE has a policy for unit pricing discretions we use in relation to the Fund for the purposes of Class Order 13/657. The unit pricing policy and discretions exercised by the RE are available from us free of charge upon request.

### Reinvestment of distributions

You can choose to reinvest some or all of your distributions. Distribution reinvestment is generally effective the first day following the end of the distribution period.

For tax purposes certain components of a distribution are included as assessable income regardless of whether the distribution is reinvested.

### Transfers

You can request a transfer of some or all of your Units to a third party by completing and signing a transfer form and providing us with any other documentation required by us or any law. You can obtain a transfer form by contacting Client Services on 1800 940 599. The RE reserves the right to refuse to register a transfer of Units.

### Custodian

A custodian has been appointed to hold the assets of the Fund on our behalf. Any fees we pay to the custodian are paid out of the Management Fee referred to in the following section and are not an additional charge to you.

## 2. Risks of managed investment schemes

### Fraud Risk

The Fund may be exposed to the risk of fraud by third party service providers to, or the directors, officers or agents of, the Underlying Fund. These risks include fraud or bad faith relating to dealings with, or on behalf of, the Underlying Fund where such officers, agents and third parties may receive direct or indirect benefits from dealings with or for that entity or where fees are received, or cash flows handled in respect of that entity. We intend to seek to obtain transparency and monitor the activities of service providers and other agents of the Underlying Fund. However, there is no guarantee that the measures taken will be effective in eliminating the risk of fraud or other bad faith acts or practices.

### Terrorist Action

There is a risk of terrorist attacks causing significant loss of life and property and damage and disruptions in global markets. Economic and diplomatic sanctions may be in place or imposed on certain states and military action may be commenced. The impact of such events is unclear but could have a material effect on general economic conditions and market liquidity which may in turn adversely affect the Underlying Fund and its investments, and consequently, the Fund and its unitholders.

### 3 Fees and costs

#### Additional explanation of fees and costs

Set out below is additional information about Management fees and costs of the Fund, Transaction costs, and other information about fees and other costs in relation to the Fund.

##### Management fees and costs

Management fees and costs are expressed as a percentage of the Fund's NAV relating to Class A Units. The Management fees and costs of the Fund include the Management Fee, expenses incurred in administering the Fund and indirect, if any.

From the Management fee, the RE will pay all the fees and costs associated with managing your investment, including paying a fee to Redwheel for investing in the Redwheel CE Fund Class F Shares ('Underlying Fund') which is managed by Redwheel (but excluding extraordinary expenses or Transaction costs).

Expenses incurred in administering the Fund are paid by the RE from the Management Fee it receives. These expenses include registry, administration, custodian, accounting, audit and legal costs. If extraordinary or unusual expenses are incurred, the RE may choose to recover these costs from the Fund and this will be reflected in the Unit price.

The Fund's constitution allows the RE to pay from the Fund for certain reasonable expenses including but not limited to administration expenses incurred in relation to the operation of the Fund. However, as the RE receives the Management Fee it will not pay expenses incurred in operating the Fund from the Fund (other than extraordinary or unusual expenses) and will pay these expenses from the Management Fee which it receives.

Management costs do not include Transaction costs (i.e., costs associated with investing the underlying assets of the Fund, some of which may be received through buy-sell spreads).

##### Management fees

The Management Fee is charged directly by the RE for acting as Responsible Entity and manager of the operations and assets of the Fund. The Management Fee is calculated and accrues daily and is paid monthly in arrears.

The Management fee is 1.23% per annum (inclusive of GST after being reduced by any RITC) of the Net Asset Value of the Class A Units.

##### Extraordinary expenses

Generally, expenses incurred in managing the Fund will be paid from the Management Fee referred to above. However, if extraordinary or unusual expenses are incurred, the RE has the right under the Constitution to recover abnormal or extraordinary expenses out of the assets of the Fund. Abnormal or extraordinary expenses are expected to occur infrequently and may include (without limitation):

- convening a meeting of investors;
- termination of the Fund;
- amending the Fund constitution;
- defending or bringing of litigation proceedings; or
- replacement of the responsible entity.

The management costs disclosed in this PDS does not include any amount for extraordinary expenses as the RE does not reasonably anticipate such expenses being incurred in the foreseeable future.

##### Indirect costs

Indirect costs of the Fund are costs (excluding the Management fee, expenses, Transaction costs and buy-sell spread) incurred in managing the Fund's assets which we know, or reasonably estimate, have or will reduce the return on the Fund. Indirect

costs are the administrative and operational fees of the Underlying Fund. These fees are deducted from the Underlying Fund's assets and the impact is reflected in the price of the Class F Shares in the Underlying Fund. The administrative and operational fees are reasonably estimated to be 0.15% p.a. of total average net assets attributable to the Class F Shares in the Underlying Fund.

However, we will reimburse the Fund from our Management fee or other resources, periodically in arrears, the amount of the administrative and operational fees charged by the Underlying Fund in relation to the Fund's investment in Class F Shares. This amount will be accrued daily and reflected in the Fund's Unit price and reimbursed periodically. Therefore, as the Fund will be reimbursed for any administrative and operational fees charged by the Underlying Fund (and consequently the net cost to the Fund will be nil), the Management fees and costs contained in the 'Fees and costs summary' table, as provided in section 6 of the PDS, does not include an amount for such indirect costs.

##### Transaction costs

In managing the assets of the Fund; the Fund, or the Underlying Fund, may incur Transaction costs when assets are bought and sold by the Fund and such transaction costs may include, but are not limited to, brokerage, buy-sell spread, settlement costs, clearing costs and stamp duty custody transaction costs on investment transactions.

Transaction costs which are incurred are reflected in the Fund's unit price. As these costs are factored into the asset value of the Fund's assets and reflected in the unit price, they are an additional cost to the investor and are not a fee paid to the RE. Transaction costs are not included in the Management fees and costs. Instead, they are recovered from the assets of the Fund as and when they are incurred and therefore are an additional cost to you

Transaction costs may vary as the turnover in the underlying assets may change substantially as investment and market conditions change, which may affect the level of transaction.

The Fund will invest in the Underlying Fund and cash, consequently, the RE does not expect the Fund to incur Transaction costs on dealing with the Fund's assets. However, the Underlying Fund will incur Transaction costs associated with dealing with its investments and such costs will be recovered from the Underlying Fund's assets. These costs will be reflected in the price of Class F Shares and therefore are indirectly payable by the Fund.

The total gross Transaction costs for the Fund for the financial year ending 30 June 2022 were approximately 0.42% per annum as a percentage of the Fund's average NAV relating to Class A Units for that period. This means that for every \$150,000 you have in the Fund, the Underlying Fund's total gross Transaction costs indirectly incurred is \$630.00 for the year.

The total net Transaction costs incurred in the previous financial year ending 30 June 2022 by the Fund's investment in Class F Shares in the Underlying Fund were approximately 0.42% per annum as a percentage of the Fund's average NAV for that period. This means that for every \$150,000 you have in the Fund, the Underlying Fund's total net Transaction costs indirectly incurred is \$630.00 for the year. The total net Transaction costs as set out in the 'Fees and costs summary' are shown net of any amount recovered by way of the buy-sell spread, and as a percentage of the Fund's average NAV in that period.

Please note, the Fund's historical transaction costs may not provide an accurate indicator of the actual transaction costs you may incur in the future.

## Buy-sell spreads

A buy-sell spread is an amount deducted from the value of a Unitholder's application money or withdrawal proceeds that represents the estimated costs incurred in transactions by the Fund as a result of the application or withdrawal.

The Fund constitution permits the RE to impose a buy-sell transaction cost to cover the expenses relating to the purchase or sale of Fund assets associated with an application or withdrawal.

The buy-sell spread as at the date of this PDS is 0.00% of the application amount on application and 0.00% of the withdrawal amount on withdrawal. The buy-sell spread cost to you is based on the transaction value. For example, if you made an application of \$150,000 into the Fund the buy-spread amount deducted from your application money would be \$0.

The application of a buy-sell spread means that transaction costs for investor-initiated transactions are allocated to the investor initiating the transaction, rather than being spread across the whole Fund.

The buy-sell spread is reviewed on an annual basis to ensure it reflects up-to-date costs of acting on investor initiated transactions.

There is no buy-sell spread on distributions from the Fund that are re-invested. We may vary the buy-sell spread from time to time and prior notice will not normally be provided to you. Updated information will be posted on our website ([www.channelcapital.com.au](http://www.channelcapital.com.au)).

Currently, no buy-sell spread applies to applications to or withdrawals from the Fund as no transaction costs are charged by the Underlying Fund on the Fund's purchase or redemption of Class F Shares. If the Underlying Fund commences applying a buy-sell spread to applications and withdrawals, we would seek to apply the buy-sell spread to applications and withdrawals from the Fund to pass such costs to investors entering or exiting the Fund. We will give at least 30 days' notice prior to applying a buy-sell spread to applications and withdrawals.

If buy and sell spreads are charged and represent only a portion of the Fund's transaction costs incurred during a financial year, the balance of the Fund's transaction costs will be borne by the Fund from the Fund's assets without any recovery from individual investors. If buy and sell spreads charged exceed the Fund's transaction costs during a financial year, the balance of the buy and sell spreads will be retained by the Fund.

## Remuneration of financial advisers

Your financial adviser (if you use one) may receive fees for services they provide to you. These fees and benefits will be directly paid by you and, depending on your adviser, may be deducted from your initial investment in the Fund by your adviser prior to you being allocated Units.

The RE does not pay commissions to financial advisers.

## Payment to platforms

Payments may be made to a platform where they include one or more funds operated by the RE on their menu. Any platform payments are deducted from the Management fee and are not a separate charge to you.

## Differential fees

There may be differing fee arrangements for investors in different classes. Rebates of management fees and costs may be negotiated between Redwheel and / or the RE and certain wholesale clients as defined by the Corporations Act. These arrangements reflect terms privately agreed with each wholesale client. Neither Redwheel nor the RE (contact details can be found on the cover page of this additional information booklet) are under any obligation to make arrangements on these terms available to all other investors (including other wholesale clients).

## Maximum fees

Please note the fees set out below represent the maximum amounts payable under the Fund's constitution and are not the actual amounts charged. The Fund's constitution provides that the following fees may be payable to the RE:

- a) Management fee – the Fund's constitution permits the RE to charge a Management fee of up to 3.30% per annum (including GST) of the gross asset value of the Fund; and
- b) Performance fee – the Fund's constitution allows a performance fee of up to 38.50% (including GST) of the amount by which the Fund's performance outperforms the Benchmark (as defined in the Fund's constitution). The RE does not currently charge a Performance fee; and
- c) removal fee – the Fund's constitution allows a removal fee of up to 5.50% (including GST) of the gross asset value of the Fund if the RE is removed as responsible entity of the Fund (other than as a result of a determination by ASIC or an Australian Court, or on acknowledgement by the RE, of gross negligence in the management of the Fund or a material fiduciary breach). For example, if the Fund's gross asset value was \$5 million; the RE would be entitled to receive a removal fee of up to \$275,000 if removed as responsible entity of the Fund. The Management Fee amount stated in the table in section 6 of the PDS does not include any removal fee.

Any estimates of fees and costs stated in the PDS are based on information available as at the date of the PDS. As such, the actual fees and costs may differ and are subject to change from time to time.

The Fund's constitution sets the maximum amount the RE can charge for all fees. If the RE wishes to raise fees above the amounts allowed for in the Fund's constitution, the RE will need to amend the Fund's constitution in accordance with the Corporations Act and the relevant provision in the Fund's constitution.

The RE may in its absolute and unfettered discretion waive, reduce, refund or defer any part of the fees and expenses that the RE is entitled to receive under the Fund's constitution.

## Tax and duties

In addition to the fees and costs described in this Section, you should also consider the government taxes and other duties that may apply to an investment in the Fund.

All fees and expenses referred to in the PDS and this Section are quoted on a GST inclusive basis less any RITC available to the Fund, unless otherwise specified (refer to Section 6 of this PDS). The benefits of any tax deductions are not passed on to Unitholders.

See further information on taxation in Section 7.

## 4 Terms used in this PDS

### Terms used in this PDS

**Business Day** means a day other than a Saturday, Sunday or a public holiday in Sydney, New South Wales, the 24th of December and all bank holidays in London, United Kingdom or Luxembourg City, Luxembourg.

**Channel** means Channel Capital Pty Ltd ACN 162 591 568.

**Class A Unit/s** means a unit/s in the Fund.

**Class F Shares** means the class of shares the Fund invests in via the Underlying Fund.

**Emerging Markets** means countries which include, but are not limited to, those considered at the time of investing to be (1) countries that have an “emerging stock market” in a “developing economy” as defined by the International Finance Corporation; (2) countries that have “low or middle economies” according to the World Bank; (3) countries listed in a World Bank publication as “developing”; (4) countries considered as “industrially developing countries” by the International Monetary Fund; and (5) countries considered to be emerging markets countries by the Redwheel Fund Investment Manager.

**Frontier Markets** means countries included in the MSCI Frontier Markets Index and any other country that the Redwheel Fund Investment Manager may determine as a frontier market and excluding any country that the Redwheel Fund Investment Manager may determine no longer qualifies as a frontier market.

**Fund** means the CC Redwheel Global Emerging Markets Fund ARSN 630 341 249 APIR CHN8850AU.

**IDPS** means Investor Directed Portfolio Service, IDPS-like scheme or a nominee or custody service (collectively known as master trusts or wrap accounts).

**Management Fee** means the fee payable to the RE for managing the Fund's investments as described in section 6.

**Net Asset Value** or **NAV** means Fund assets less Fund liabilities.

**RE** or **CIML** means the responsible entity of the Fund, Channel Investment Management Limited ACN 163 234 240 AFSL 439007.

**Redwheel** or **Redwheel Fund Investment Manager** means Redwheel Asset Advisors (US) LLC.

**Redwheel Funds** means an open-ended collective investment company established under the laws of the Grand-Duchy of Luxembourg, for an unlimited period with an ‘umbrella’ structure comprising different sub-funds and classes.

**UCI** means Undertakings for the Collective Investment.

**UCITS** means Undertakings for the Collective Investment of Transferable Securities being a mutual fund based in the European Union.

**Underlying Fund** or **Redwheel GEM Fund** means a sub-fund of the Redwheel Funds known as the Redwheel Global Emerging Markets Fund.

**Unit/s** means a Class A unit/s in the Fund.