

Product Disclosure Statement
Alpha Strategic Fund

ARSN 115 962 368



Issue No. 3

15th February 2006

Issuer and Responsible Entity **Astarra Capital Limited** ABN: 33 001 277 256
Authorised Financial Services Licence No. 238 000

CONTACT DETAILS

For further information, or a copy of the Product Disclosure Statement ("PDS"), please contact Astarra Capital Limited:

BY TELEPHONE:

Toll free within Australia: Client Service Line 1800 064 694
Monday to Friday: 8:45am to 5:00pm (EST)

BY POST:

Astarra Capital Limited
PO Box 1282 Albury NSW 2640

BY FACSIMILE:

Investors and advisers: (02) 6041 9355

BY EMAIL:

service@astarra.com.au

BY WEBSITE:

www.astarra.com.au

OFFICES OF ASTARRA CAPITAL LIMITED

SYDNEY	ALBURY
Level 41, 2 Park Street	Suite 3, Level 1, 540 Swift Street
Sydney NSW 2000	Albury NSW 2640

About The Responsible Entity

Astarra Capital Limited (referred to in this PDS as "we", "us" or "Astarra" the "Responsible Entity") (ABN 33 001 277 256) (Australian Financial Services Licence No. "AFSL" 238000) is the issuer and Responsible Entity of the Alpha Strategic Fund (the "Fund") offered through this PDS dated 15 February 2006. As an Australian Financial Services Licensee, the Responsible Entity is authorised by the Australian Securities and Investments Commission ("ASIC") to operate registered managed investment schemes. ASIC takes no responsibility for the contents of this PDS.

Astarra is a diversified financial services provider specialising in asset management. Astarra provides investment management services for a number of corporations, professional groups and private clients as well as Public Offer Superannuation Funds.

Neither Astarra nor any of its related bodies corporate or associated parties, guarantee the performance of the Fund offered through this PDS or the repayment of capital invested. This product is subject to investment risk including loss of income and loss of capital invested.

This PDS should not be used as a substitute for financial advice and you should speak to a licensed financial adviser before investing in the managed investment scheme offered through this PDS. This PDS does not take into account your individual objectives, financial situation or needs.

Alpha Strategic Fund

ARSN 115 962 368



Accessing up-to-date Investment Information

Information contained in this PDS that is not materially adverse to unit holders is subject to change from time to time and may be updated. If the change is materially adverse to you, Astarra will notify you and replace this PDS or issue a supplementary PDS. For the most up-to-date information on this PDS, you can check our website: www.astarra.com.au or contact us via email: service@astarra.com.au.

A paper copy of this information will be given to you without charge on request. Likewise, you should advise us in writing, as soon as possible, if there is any change in your personal details (e.g. address, bank account etc).

Astarra invites you to invest in the Fund. Astarra is the issuer of this PDS and of interests in the Fund (called "units"). Astarra acts as the Responsible Entity of the Fund.

This Fund is an Australian managed investment scheme, investing in deferred purchase agreements ("DPA"), which gives you an indirect exposure to absolute return funds in Australia and other global markets. Section Three of this PDS describes the DPA.

Investors in the Fund should accept that the value of their investments can rise or fall. Though this Fund's objective is to deliver consistent returns through rising and falling markets by giving you a synthetic exposure to underlying funds that use absolute return strategies, there is no guarantee that your investment will grow. This Fund is not intended to be a short-term investment and investors should intend to hold the investment for at least three to five years.

We recommend that you get professional advice from a licensed investment adviser and/or tax adviser before investing.

Structure of The Fund

The Fund is an Australian managed investment scheme registered by ASIC in accordance with the *Corporations Act 2001* ("Corporations Act").

When you invest, you are allocated a number of "units" in the Fund. Each unit represents an equal interest in the assets of the Fund. A unit holder in the Fund does not have any direct interest in the assets held by the Fund. Unit prices will fluctuate with changes in the value of the investments held in each Fund's portfolio. A unit holder is entitled to receive income distributions that are attached to each unit.

There are two classes of units offered under the PDS, Class A and Class B. Class A units are for retail investors who are investing less than \$500,000. Class B units are for wholesale investors (as defined in section 761G of the *Corporations Act*) including master trusts and wrap account operators. In this document, references to units are to units in either class unless a specific class is mentioned.

Table of Contents

The Responsible Entity & The Manager	5
Investment Objective & Strategies	6
What are Absolute Return Funds?	6
The Deferred Purchase Agreement ("DPA")	11
Benefits and Risks of Investing	12
Summary of the Fund	15
Fees and Other Costs (including Examples)	16
How the Fund Works	24
Income of the Fund	27
Taxation	28
Additional Information	31
Application Forms	35

Section One

The Responsible Entity & The Manager

The Responsible Entity

As the Responsible Entity, Astarra Capital Limited ("Astarra") is responsible for the management and administration of the Fund and its investments.

Astarra acts as Trustee and Responsible Entity for over \$240 million in Australia.

For all queries, please contact:

Astarra Capital Limited
PO Box 1282
Albury NSW 2640

Monday to Friday
8:45am — 5:00pm (Eastern Standard Time)

Toll Free: 1800 064 694
Telephone: (02) 6041 9300
Fax: (02) 6041 9355

More information on the Responsible Entity is available
on: www.astarra.com.au

The Manager

As Responsible Entity of the Fund, Astarra is responsible for the control, operations, functions and management of the Fund.

To assist Astarra in managing the investments in the Fund, Astarra has appointed Absolute Alpha Pty Ltd (ACN 113 940 953), an authorised representative of Wright Global Investments Pty Ltd (AFSL 225058, ACN 097 478 487), as the investment manager of the Fund ("Manager"). The Manager acts as an agent for the Fund. The Manager is not an agent of EMA International Limited (counter-party to the DPA). The Manager and the Responsible Entity's holding company share a common director.

The Manager, is a specialist manager of absolute return strategies. Refer to Section Two of this PDS for a description of absolute return strategies. The Manager's investment management team has a combined 24 year history in managing absolute return strategies in global markets, including New York, Hong Kong, Taiwan and Sydney.

Over this time, the Manager has been responsible for assets in excess of USD\$500 million in this sector and has assisted institutional investors navigate tumultuous markets to deliver consistent returns in varying market conditions for their clients.

More information on the Manager is available on:
www.absolutealpha.com.au

From absolute return and market neutral trading strategies in international equities markets to hedged equities in the Australian markets, the Manager can add diversification and non-correlated returns to investors' portfolios.

External Consents

The Manager has consented to the references made to it in this PDS, and has not withdrawn that consent. The Manager also accepts responsibility for the accuracy and completeness of the statements made in this PDS about and descriptions of the investment management of the Fund, in the form and context in which they appear.

Section Two

Investment Objective & Strategies

The Manager's Investment Philosophy

The Manager's investment philosophy is based on identifying and exploiting market inefficiencies that cause mis-priced securities. The Manager works with specialist absolute return managers ("managers") to advise the Fund on absolute return funds or other managers that optimises the return from these mis-pricings while maintaining an appropriate level of risk. The Manager's "multi-strategy multi-manager" approach gives the Fund a more diversified portfolio that can provide less volatile returns.

Investment Objective

The Fund's investment objective is to provide investors with consistent long-term capital appreciation in both rising and falling market conditions. Over the long term, the Fund is aiming to produce returns closely matching equity markets with less volatility risk.¹

Investment Strategies

The Fund's principal strategy is to invest in leading absolute return investment managers through a deferred purchase agreement (detailed in Section Three). The Manager believes that investing among a number of top absolute return fund managers who employ absolute return strategies in different markets will allow for more consistent and less volatile returns over the long term.

The Fund adopts a "multi-strategy-multi-manager/fund of funds" approach in investing in investment managers to create a diversified absolute return portfolio. This allows the Manager to select investments in funds and other investment vehicles to maximise returns while maintaining an appropriate level of risk for varying market conditions.

By blending several absolute return strategies and investment managers the Fund aims to provide more stable long-term investment returns than individual funds. Neither Astarra nor the Manager guarantees the capital, returns or performance of the Fund.

Although the Manager believes that the use of different trading strategies and managers provides greater diversification that could mitigate losses in generally declining markets, there can be no assurance that losses will be avoided.

The Fund will not use leverage. Some of the assets comprising the funds may use leverage.

What are Absolute Return Funds?

Absolute return funds are more commonly referred to as hedge funds and are generally regarded as investments which offer risk and return opportunities not easily obtained through traditional investments. These funds seek to derive positive returns independent of traditional performance benchmarks by employing a range of investment strategies which aim to generate 'absolute' returns (i.e. a return greater than zero) in both rising and falling markets.

Absolute return funds differ from traditional investments as they are more reliant on the performance and skills of the investment manager as a source of investment returns rather than on returns from the market.

Generally, these funds are considered to provide increased returns on investments and reduced risk opportunities relative to traditional investments primarily because:

(1) of their ability to participate in a wide variety of financial products and global markets not available in traditional investor products; and

Section Two

Investment Objective & Strategies

absolute
ALPHA

(2) of their ability to take both "long" and "short" security positions which provides the opportunity to profit in many economic environments. This means that if the manager expected the price of a security to rise, it would establish a "long" position in that security (i.e. it would "buy" the security), which would increase in value if the price of that security did in fact rise (and would cause a loss in value if the price fell).

If the manager expected the price of a security to fall, it would establish a "short" position in that security (i.e. it would "sell" that security), which would increase in value if the price of that security did in fact fall (and would cause a loss in value if the price increased).

Application of Strategies

The Manager determines the Fund's composition and weightings and allocates assets (under a DPA arrangement) to the investment portfolio using both qualitative and quantitative analysis.

Among the principal strategies utilised by the managers are: convertible-securities arbitrage, merger arbitrage, long/short trading, statistical arbitrage, capital-structure arbitrage and warrant/option arbitrage. For more details on these strategies, please see pages 8-9.

Asset allocations among strategies and managers are based on the Manager's ongoing analysis of prevailing market conditions. The Fund will seek a level of diversification and may do this by gaining exposure to a number of funds, which in the aggregate, maintain exposure to a range of managers and strategies to lessen the adverse impact of risk events. The Manager may also focus on a particular strategy or combination of strategies as a result of its assessment of prevailing market conditions. The Fund is not subject to any formal diversification requirements, and the Fund's portfolio may from time to time be concentrated in a limited number of managers or strategies. - Max of 6 - Min of 2.

The Fund's investment strategies can generally be categorised into three broad categories: relative value, event-driven and tactical, although other strategies may also be utilised. There are no clear dividing lines among these categories, and any strategy employed by the Fund may be cross categorised to the extent its guiding logic is multi-disciplinary.

Relative Value Strategies

Relative value strategies seek to profit from the relative mis-pricing of related assets: for example, convertible bonds and the common stock underlying the conversion option, other options and futures and their underlying reference assets, debt instruments of the same issuer or of different issuers (including credit default swaps on the issuer(s)) with different maturities or yields, and the common stock of different issuers in the same industry sector.

These strategies may be highly quantitative and based on theoretical or historical pricing relationships.

Because they focus on capturing value from the relative mis-pricing of related assets, relative value strategies can generate returns independent of overall movements in the global level of debt or equity prices, although many of these strategies in fact are constructed with a long or short equity or debt bias.

Few relative value strategies involve pure arbitrage, in which a profit will inevitably be recognised if the position can be held until maturity (for example, taking positions based on mis-pricings between stock index futures contracts and the underlying stock index, each of which necessarily will have the same value at the expiration of the futures contracts). Moreover, it is typical of relative value strategies not to, and the Fund does not, hedge all the risks of each strategy, due to the associated costs, and certain risks cannot be effectively hedged. Relative value strategies are all (even in the case of pure arbitrage) subject to the fundamental risk that aberrational market prices, even if correctly identified, will not revert to fair value during the period that the Fund is able to maintain its positions.

Event-Driven Strategies

Event-driven strategies concentrate on the profit potential created by major corporate events: for example, mergers, acquisitions, restructurings, bankruptcies, and liquidations. Unlike relative value strategies, which emphasise the (theoretically compelled) quantitative relationship among different but related assets, event-driven strategies are highly issuer and transaction-specific and rely more on fundamental research and judgment than on mathematical precision. Positions are taken which will be profitable if a particular event comes to pass, while a variety of techniques are used to mitigate the risk that the event does not happen. The uncertainty associated with the event is not quantifiable in the same sense as a deviation between a theoretical and an actual price level, which creates an added dimension of risk. 7

Section Two

Investment Objective & Strategies

Event-driven strategies are dependent on market conditions conducive to major corporate events. For example, the probability of a merger being consummated is generally higher during a "bull" market. A basic distinction among event-driven strategies is whether a position will be established prior to, or only after, the announcement of a proposed transaction.

"Pre-announcement" event-driven investing involves not only the risk of eventual non-consummation but also the risk that the anticipated "event" will never be announced in the first place. In the case of merger arbitrage, the Fund may, but generally does not, engage in "pre-announcement" strategies.

Tactical Strategies

Tactical strategies attempt to predict absolute movements in the prices of equities, debt instruments or other assets. Price forecasting may be based on fundamental analysis of an issuer or industry, which may be based on subjective evaluation of the strength of management, the prospects for the business or other factors. Although diverse in their methods, these strategies attempt to predict future prices based not on relative mis-pricing or on the happening of a particular event that will itself define value, but rather on the belief that the market will come to realise the "fair" value of an asset. These strategies are subject to the risk that the traders will have incorrectly identified fair value or that such fair value will not be reflected in market value within the time horizon of the strategy.

Hybrid and Other Strategies

The alternative investment field has, in recent years, seen a proliferation of new strategies and techniques as well as of instruments available for trading. The relative value, event-driven and tactical strategy categories are generally adequate to characterise the currently active strategies employed by fund managers, but these categories may not be sufficient to describe all techniques currently employed, or new techniques which may be employed by the Manager or underlying fund managers.

The managers will implement strategies incorporating elements of relative value, event-driven and tactical approaches, as well as such other opportunistic investment tactics, as it may consider advantageous from time to time.

Illustrative Trading Strategies and Techniques

Certain of the specific trading techniques that have historically been used by the managers of the Fund are outlined below for illustrative purposes. The following does not purport to be a complete list of all trading strategies employed, and each individual manager may have different positions involving a combination of, or a departure from, these strategies. At different times, the managers may employ certain, all or none of the following strategies, and the Manager may also employ numerous other trading techniques, including strategies involving materially higher levels of risk than any of the following. There are no geographical restrictions for investment made or held with investment managers.



Convertible-Securities Arbitrage:

Buying "long" a convertible security and selling "short" the underlying stock into which the convertible security may be converted and/or another of the issuer's debt instruments (or a credit default swap on the issuer) in anticipation of profiting from a relative mispricing among them.



Merger Arbitrage:

Investing in the securities of publicly-traded companies involved in prospective mergers, acquisitions, cash tender offers, exchange offers or corporate recapitalisations in the expectation of profiting from the difference between the price of such securities at the inception of the investment and the price of such securities in expectation of or upon consummation of the event.

Section Two

Investment Objective & Strategies



Long / Short Trading:

Buying "long" a stock or basket of stocks and selling "short" a stock or basket of stocks in anticipation of profiting from changes in the price differential between the respective long and short positions. Historically, the managers long/short books have been confined to the utilities and technology sectors, but the Fund anticipates that additional sectors will be added in the future.

Statistical Arbitrage:

One form of statistical arbitrage used by the managers is buying "long" a security (or basket of securities) and selling "short" a related security, option, or futures contract (or basket of securities, options or futures) when the relative prices of such securities, options or futures deviate from their historical relationship in anticipation of profiting from a reversion in the prices of such securities, options or futures to their historical relationship.

Capital-Structure Arbitrage:

Buying "long" and selling "short" different classes of securities of the same issuer in anticipation of profiting from a relative mis-pricing among them. One particular form of capital-structure arbitrage involves buying "long" a fixed-income security of an issuer and entering into a credit default swap, which calls for payment to the manager of the principal amount of the fixed-income security against that security's delivery in the event that the issuer suffers a "credit event" (essentially, an event tantamount to default on its debt). Another form of capital-structure arbitrage involves buying "long" an issuer's equity and selling "short" that issuer's debt, based on the determination that the equity is under-priced relative to the debt.

Warrant / Option Arbitrage:

Buying "long" a warrant (or similar derivative) and selling "short" the stock purchasable upon exercise of the warrant in anticipation of profiting from a relative mispricing between them.

Any number of variations on the foregoing, or any other, strategies may be implemented. For example, instead of selling stock short, the managers may sell short stock futures or other instruments expected to act in a manner similar to stock. In addition, as related opportunities arise, the managers may take inverse positions to the ones described above (e.g. going "short" a convertible bond

and "long" the underlying stock when the price relationship of such securities warrants).

Generally, the instruments that the Fund has an indirect exposure in are publicly-traded, although from time to time the Fund may obtain synthetic exposure to other instruments including non-publicly-traded securities.

Certain indirect investments of the Fund may be subject to holding requirements of one or two years or much longer, during which period the Fund will be unable to liquidate such indirect investments.

The Fund may invest in trading entities affiliated with the Manager.

The Manager believes that the Fund's strategies are sound and provides protection to investments in declining market conditions but there can be no assurance that losses will be totally avoided and neither Astarra nor the Manager guarantees the capital, returns, or performance of the Fund.

Assessment used by the Manager in selecting the Underlying Investment Fund Managers

The Manager chooses its absolute return managers by using both qualitative and quantitative analysis, involving a proprietary analytical model which includes a detailed screening process with its own internal rating system. In addition, the Manager adopts a due-diligence process that involves site visits and face-to-face meetings with prospective managers.

Quantitative Assessment of the Performance of the Underlying Investment Manager

The Manager evaluates performance in two aspects: return and risk. The Manager measures returns against an appropriate benchmark and a well-defined peer universe. For example, a typical expectation is that a manager will outperform their benchmark over a market cycle by a certain level (which varies depending upon the investment strategy adopted by the fund) as well as being among the top half of their peer group over that time.

The Manager regularly monitors performance and significant deviations from expectations are closely examined for any indication that the quality or nature of the investment process has changed.

Section Two

Investment Objective & Strategies

Similarly, the risk of each fund is regularly evaluated and any significant change in a manager's risk profile or the level of risk assumed by the manager is evaluated for its implications as to whether the manager's investment process has fundamentally changed.

Qualitative Analysis of the Performance of the Underlying Manager

Accessing top-tier managers is a critical component of successful hedge fund investing. The Manager's investment team has an extensive track record in advising and investing in hedge funds and benefits from longstanding relationships and institutional clout, which gives the Fund an indirect access to leading managers in the hedge fund industry. Investment manager due diligence, selection and monitoring are part of the proprietary model that the Manager's investment team implements in advising the Fund.

Section Three

The Deferred Purchase Agreement ("DPA")



The DPA is a contract between the Manager (as agent of Astarra) and EMA International Limited. If considered appropriate by the Fund, a DPA will be entered into by the parties whenever an investment is made with an investment manager in offshore global markets. Consequently, the Fund will have exposure to counter-party risk in respect of EMA International Limited. For more detail on the risks, refer to Section Four of this PDS.

When you redeem units in the Fund, you will receive the value equal to the net asset value of the units in the Fund, which will depend on the return received by the Fund on the DPA investments the Fund has made at the time of redemption less any Delivery Costs and Taxes*. Delivery Costs and Taxes mean any incidental costs or expenses incurred by EMA International Limited in relation to the transfer of any investment under the DPA to or for the benefit of the Fund following redemption plus any Transfer Taxes** (if applicable) and brokerage (if applicable). In other words, the value of your investment in the Fund depends on the performance of the investment funds.

Over the term of the investment, you will not be entitled to any distributions generated by indirectly investing in the investment funds nor will you have any voting rights in any of the absolute return funds.

Neither Astarra nor the Manager guarantees the capital, returns or performance of the Fund.

EMA International Limited

EMA International Limited is a special purpose vehicle established for the purpose of entering into the DPA and performing activities in connection with the DPA. EMA International Limited is an exempted limited liability company established in the British Virgin Islands. EMA International Limited cannot conduct any other unrelated business activities, or incur unrelated obligations, without the prior written consent of Astarra and the Manager.

Exiting The Fund

In order for you to exit the Fund, you must fill out the redemption request form and lodge it with the Responsible Entity. The redemption request form allows you to receive the equivalent of the net asset value of the units in the Fund being redeemed in cash.

*Delivery Costs and Taxes means any incidental costs or expenses incurred by EMA International Limited in relation to the transfer of any investments under the DPA to or for the benefit of the Fund following redemption plus any Transfer Taxes (if applicable) and brokerage (if applicable).





** Transfer Taxes means any income tax, capital gains tax, goods and services tax (GST), withholding tax, stamp, financial institutions, registrations and other duties, bank accounts and debits tax and other related taxes, levies, imposts, deductions, interest, penalties and charges payable by any person on, as consequences of, or in connection with, the purchase, sale or transfer of, or the completion of the purchase of an investment under the DPA.

Section Four

Benefits & Risks of Investing

What are the Benefits of Investing in The Fund?

Some of the benefits of investing in the Fund are:

-  **Access to investment professionals**
The Fund offers access to the investment professionals of the Manager. The Manager generally has access to investment techniques, opportunities and diversity which ordinary investors may not be able to access or manage.
-  **Invest for less**
Managed funds can often invest for less cost than ordinary investors because of buying power and lower buy/sell spreads.
-  **Risk Management**
Managed funds can often access risk management techniques not usually available to ordinary investors (for example, helping protect against interest rate changes).
-  **Capital gains**
Investors can have the benefit of capital gains (or incur losses) when they dispose of their investment by exiting the Fund or transferring ownership of their units.

Principal Risks of Investing in the Fund

Investors should be aware that there are inherent risks associated with investing in the Fund. It is important to consider these risks prior to investing in the Fund. Please talk to your financial adviser about the risks involved in investing in the Fund, and how they might impact on your individual circumstances.

The Risks include:

Individual Investment Risk

Investors should be aware that their investment in the Fund is not guaranteed. The value of their investment can rise or fall for many reasons including, for example, changes in operations and management of the company invested in as well as changes in the business environment. Therefore, a concentration of investments across only a few companies or assets increases the risk of your total investments. In general, the higher the volatility of an investment, the higher the risk and potential return. On the other hand, generally the lower the volatility of an investment, the lower the risk and potential return.

The Manager manages (but does not eliminate) investment risk by obtaining an indirect exposure to diversified investments and obtaining synthetic exposure to market neutral strategies, such as the use of arbitrage e.g. buying an asset for a low price in one market and then selling the asset for a higher price in another market.

Market Risk

Changes in economic, social, technological, political, legal or even accounting conditions, as well as market sentiment both in relation to Australian and International markets can impact the value and returns of the Fund. This risk can be managed (but not eliminated) by obtaining an indirect exposure to investment managers who engage in market and performance trend analysis. The ability to access such information assists the Manager in building a synthetic exposure to a diversified portfolio of investments, which can be adjusted according to market trends and conditions.

Interest Rate Risk

Investments in longer-term (in particular) fixed interest securities can be exposed to the risk of capital losses when long-term interest rates rise. Changes in interest rates can have a positive or negative impact directly or indirectly on investment value or returns. For example, rising interest rates can have a negative impact on a fund's or company's value as increased borrowing costs may cause earnings to decline. As a result the unit or share value may fall. This risk can be managed (but not eliminated) by obtaining an indirect exposure to carefully selected fund managers who display the appropriate level of experience and expertise, therefore minimising the impact of this risk as much as possible within the funds they manage.

Section Four

Benefits & Risks of Investing



Currency Risk

Currency risk applies to funds that have international asset exposure. The Fund, through its investments in the underlying funds, will have investment exposure in other countries. If the currencies of those countries change in value relative to the Australian dollar, the value of the investment can change. For example, if the Australian dollar falls, the value of international investments expressed in Australian dollars can increase and vice versa if the Australian dollar rises.

Whilst no active decisions are made to hedge the currency risk, the underlying funds in which the Fund invests consider the currency risk and have policies in place to address (but does not eliminate) this risk. This may or may not involve active hedging decisions.

Derivative Risk

The Fund may obtain an indirect exposure to companies or other funds that may use derivatives to reduce risk or gain exposure to other types of investments. The use of derivatives can enhance returns (both positive and negative). Risks associated with these types of investments are that losses may occur where there is an adverse movement in the asset underlying the derivative, derivatives may be illiquid or the counter-party to the derivative contract may not be able to meet its obligations under the contract.

This risk is managed (but not eliminated) through obtaining an indirect exposure to carefully selected fund managers who have expertise in dealing in derivatives.

Liquidity Risk

Liquidity risk is the risk that there may be insufficient cash available to pay redemption requests. Because the Fund obtains an indirect exposure in a significant percentage of underlying equity funds, there may be delays in processing redemption requests particularly if there is a national or international event which disrupts regular share market trading (which may result in the underlying funds being unable to give effect to timely redemptions).

This risk is managed (but not eliminated) by closely monitoring cash levels in the Fund to ensure there is normally sufficient liquidity to meet the needs of unit holders.

Fund Risk

Risks specific to the Fund include the risk that the Fund could be terminated, the fees and charges could change and the Manager could change or the Responsible Entity could be replaced.

There is also a risk that investing in the Fund may give different results than investing directly in equities (because of the consequences of investment and withdrawal by other investors which may be at different times to you) and because of income or capital gains and losses accrued in the Fund. This is an inherent risk associated with the Fund.

Other Risks

In addition to the specific risks identified, an investment in the Fund is also subject to the following non-exhaustive list of risk factors:

- changes in government legislation, including adverse changes to taxation laws, which may affect the viability or profitability of current and future investment projects;
- breach of any material contracts;
- future business competition; and
- loss of key staff.

Please refer to page 25 for information on "Access to Your Investment".

Section Four

Benefits & Risks of Investing

Risks Relating to The Structure and Operation of The Fund

Diversification Risk

The Manager may only use up to six fund managers and at times a minimum of two. This could give rise to the Fund's assets being concentrated and the investment fund's portfolio may become more susceptible to fluctuations in value resulting from adverse results from a particular manager. This risk can be managed through the portfolio construction process by ensuring that investment manager returns do not have strong correlations among each other. The Manager believes that the addition of new managers will serve only to dilute returns and provide no more diversification benefit.

Counter-party Risk

Counter-party risk includes the possibility that EMA International Limited does not perform its obligations under the DPA. EMA International Limited may default for a number of reasons including the insolvency of EMA International Limited or income or failure to observe its other obligations under the DPA. In the event of default by EMA International Limited, the investments of the Fund could be realised with a value of zero. This risk may result in possible loss of income, principal invested or delays in repayment. This risk is managed by ensuring that the managers mandates through EMA International Limited to invest the subscription amounts in the funds are to be made within certain time frame. Further, EMA International Limited is a single product vehicle, which means its sole purpose is to enter into the DPA with the Fund and perform its obligations under the DPA. EMA International Limited has no other business.

Valuation

The value of units is largely dependent on factors affecting the value of the investment funds which are valued by a party external to the Responsible Entity. The value of the Fund's investment at any time, however, will reflect many factors and cannot be predicted. Units in the Fund may become less valuable over time. This could happen because of, for example, the negative performance of the investment funds.

Investments in the Fund are intended to be "buy and hold" investments. The net asset value of the funds and the units in the Fund could fluctuate significantly over a relatively short period of time.

Fund Termination

The Responsible Entity may, at its discretion, terminate the Fund in the following circumstances:

- there are changes in circumstances such that the Responsible Entity believes that the Fund will be unable to achieve its investment objectives as set out in this PDS. This would include, for example, a situation where exposure to the investment funds is otherwise not possible; or
- such other circumstances in accordance with the constitution of the Fund.

Section Five Summary of The Fund

absolute
ALPHA

Alpha Strategic Fund Profile

Investment Objective	To provide investors with consistent long term capital appreciation in both rising and falling market conditions. Over the long term, the Fund is aiming to produce returns closely matching global equity markets with less volatility risk ² .
Investment Strategy (Note: this is the means by which the Fund seeks to achieve its investment objective)	To identify and indirectly invest in leading international absolute return managers who employ a range of absolute return styles and strategies in different markets, providing consistent and less volatile returns. The Fund may make investments by indirectly investing in a wide variety of assets including shares in companies or units in other managed investment schemes.
Responsible Entity	Astarra Capital Limited
Manager	Absolute Alpha Pty Ltd
Time Horizon	Investors should not consider investing in the Fund unless they intend to hold the investment for a minimum of 3-5 years. However, investors are able to withdraw from the Fund at any time, subject to adequate liquidity.
Commencement Date	27 October 2005 (with a change in investment strategy being effective on 15 February 2006)
Income Distributions	Half-yearly at 30 June and 31 December
Reinvestments	Yes
Benchmark	S&P 500 (subject to the Fund's stated investment objectives and strategy) Returns are not guaranteed.
Risk Profile	Medium ³
Historic Returns	As this Fund is newly established, there are no historical returns to report. When returns become available, they will be posted to our website: www.astarra.com.au

General Information		
	Retail Investors (A Class Units)	Wholesale Investors (B Class Units)
Minimum Initial Investment	\$1,000	\$500,000
Minimum Additional Investment / Minimum Withdrawal	\$1,000 / \$1,000	\$10,000 / \$10,000
Minimum Holding	\$1,000	\$100,000
Maximum Investment	No Maximum	No Maximum
Regular Savings Plan	\$1,000 per month	n/a
Applications	Monthly	n/a
Redemption	Monthly	Monthly

² There is no guarantee that this objective will be achieved. The investment objective is not intended to be a forecast. It is merely an indication of what the Fund aims to achieve over the medium to long term. The Fund may not be successful in meeting these objectives. **Returns are not guaranteed.**

³ The risk profile of the Fund is based on the conservative nature of the fund strategies. The Fund may in fact not have a medium risk profile at certain static points in the investment chain. Investments in the fund are not guaranteed and you may lose money as a result of investing in the Fund. **Returns are not guaranteed.**

Section Six

Fees & Other Costs

DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns.
For example, total annual fees and costs of 2% of your fund balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from \$100,000 to \$80,000).
You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.
You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask Astarra or your financial adviser.

TO FIND OUT MORE

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

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

Taxes are set out in another part of this document. Amounts shown are inclusive of GST and net of any applicable reduced input tax credits available.

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

Section Six

Fees & Other Costs

TYPE OF FEE OR COST	AMOUNT		HOW AND WHEN PAID
Fees when your money moves in or out of the fund			
	Retail investors	Wholesale investors	
Establishment fee The fee to open your investment	Nil	Nil	Not applicable
Contribution fee ⁴ The fee on each amount contributed to your investment in the Fund	0 – 4%	0 – 4%	If payable, the contribution fee is deducted monthly from the investor's balance. Please refer to 'Differential Fees' and 'Financial Planner Commission' under the heading 'Additional Explanation of Fees and Costs' on page 18 for more information.
Withdrawal fee The fee on each amount you take out of your investment	Nil	Nil	Not applicable
Termination fee The fee to close your investment	Nil	Nil	Not applicable
Management Costs ⁵			
Management Fees The fees and costs for managing your investment	1.4% pa (including 0.1% pa expense recovery costs) For a worked dollar example of the fees, see 'Example of annual fees and costs.'	0.8% pa (including 0.2% pa expense recovery costs) For a worked dollar example of the fees, see 'Example of annual fees and costs.'	The management fees for wholesale and retail investors consist of an issuer fee, expense recoveries fee and investment management fee (detailed below). The management fees (including the expense recovery costs) are calculated monthly, accrued at least monthly and paid out of the Fund monthly in arrears. These amounts are not deducted from your account but reduce the returns you would otherwise receive. Please refer to 'Management Fees' under the heading 'Additional Explanation of Fees and Costs' on page 18 for more information.
Performance Fees The fee charged if the Fund's return exceeds the hurdle return and certain other conditions are met (see 'Performance fee' on page 18 for further details). The hurdle is equal to 10% per annum.	20% pa of any excess return above the hurdle return. For a worked dollar example of the management fees (both inclusive and exclusive of performance fees), please refer to 'Additional Explanation of Fees and Costs' on page 18.	20% pa of any excess return above the hurdle return. For a worked dollar example of the management fees (both inclusive and exclusive of performance fees), please refer to 'Additional Explanation of Fees and Costs' on page 18.	When payable, the performance fee is paid to the Manager on a six monthly basis, deducted directly from the Fund monthly and is reflected in the unit price. For more information on when the performance fee is payable and how it is calculated see 'Performance fee' on page 18.
Service Fees ⁶			
Investment switching fee The fee for changing investment options	Nil	Nil	Not applicable

⁴This fee may include an amount payable to an adviser. See Section Six under the heading 'Additional Explanation of Fees and Costs' on page 18.

⁵The Responsible Entity may pay some master trusts and wrap account operators or custodians of investor directed portfolio services (IDPS) or IDPS-like service an annual fixed product access payment for offering the Fund on their menus. The product access payment is not an additional fee paid by you, it is deducted from the management cost and does not reduce any returns you may receive.

⁶The Responsible Entity is entitled to charge an adviser service fee. For more information refer to 'Adviser Service Fees' in the 'Additional Explanation of Fees & Costs' on page 18.

Section Six

Fees & Other Costs

Additional Explanation of Fees & Cost

Management Cost

The Fund's management fee (including an expense recovery cost) is set out in the table on page 17. The management fees are calculated monthly, accrued at least monthly and paid out of the Fund monthly in arrears. These amounts are not deducted from your account but reduce the returns you would otherwise receive. For a worked dollar example of the fees and costs, see "Example of annual fees and costs" on pages 20-23.

The Fund primarily gains exposure to investments by investing in absolute return funds. When the Fund does this the investment managers of these funds may charge other fees (such as management fees, performance fees and expenses if any) which are referred to in this PDS, as Delivery Costs and Taxes. For a definition of Delivery Costs and Taxes please refer to Section Three, page 11. These Delivery Costs and Taxes will not be paid directly by you but will reduce the value of your investments.

Performance Fee

A performance fee is payable to the Manager when the cumulative value of the unit price (unit price index) is in excess of the cumulative hurdle rate⁷ of 10% per annum. Earned performance fees will only be payable if the Fund's performance exceeds this hurdle rate.

The performance fee is currently set at 20% per annum (inclusive of GST) of the increase in net asset value of the Fund (adjusted for management fees, issues, withdrawals of units and distributions) in excess of the hurdle rate. The performance fee (where payable) is paid to the Manager on a six monthly basis, deducted directly from the Fund monthly and is reflected in the unit price.

Where the net return is less than 10% pa, the difference would be carried forward to succeeding periods.

⁷ The "Hurdle Rate" is equal to 10% per annum. In other words, no performance fee is payable in a period unless the return of the Fund is greater than the "Hurdle Rate" of 10% per annum.

Shortfalls from prior periods must be added to the net return calculation in determining whether a performance fee is payable.

Worked Example

Zoe wishes to invest \$50,000 into the Fund. In the first year, the Fund returns 15% pa. As the return of the Fund is greater than the Hurdle Rate of 10%, the excess performance above the Hurdle Rate (5% x \$50,000) will be \$2,500.

The performance fee would be calculated as follows:

20% of positive return above Hurdle Rate

$(20\% \times \$2,500) = \500 per annum.

Expense Recovery Costs

The Responsible Entity will be reimbursed for all expenses and liabilities relevant to the Fund which are properly incurred. The expense recovery cost is included in the management fee and is as set out in the table on page 17. Some of the most common reimbursements include: cost of correspondence, accounting, audit and legal services, bank charges, taxes, unit issue, registration and redemption, compliance plan and committee costs, costs to prepare and print this PDS. A more complete list of reimbursable expenses may be found in the Fund's constitution which is available upon request at no cost from the Responsible Entity.

Adviser Service Fees

The Responsible Entity may deduct an adviser service fee of up to 1% per annum from your account balance. The adviser service fee is calculated based on your monthly account balance and, if payable, is deducted monthly from your own individual investment in the Fund.

Commissions Payable to Advisers and or Agents

Any ongoing fee or commission (excluding the contribution and adviser service fee discussed in "Adviser Service Fees" and "Differential Fees") paid by Astarra is not an extra amount paid by you or from the Fund. Rather, it is deducted from Astarra's own fees. Your exposure to the Fund is not reduced and so does not impact the return you may receive. The payment and terms of payment of any fees or commissions are entirely within the discretion, and at the expense, of Astarra.

Section Six

Fees & Other Costs



Differential Fees

The contribution fee and adviser service fee are negotiable between you and your adviser.

Astarra may individually negotiate our fees with wholesale investors (as defined in section 761G of the Corporations Act) and otherwise in accordance with ASIC policy. The size of the investment and other relevant factors may be taken into account. The terms of these arrangements are at our discretion.

If you qualify as a wholesale investor contact the Responsible Entity to see if you are eligible to negotiate fees.

Financial Planner Commissions

Typically, Astarra may pay financial advisers up to 4% (inclusive of GST) up front commission on all contributions (i.e. the contribution fee).

Your financial adviser or Investor Directed Portfolio Services ("IDPS") provider may decide to waive part or all of the contribution fee; however, your adviser is not obliged to do so. Where an up front fee is waived, your contribution fee will be effectively reduced by the amount waived. Details of any remuneration and/or commission we might pay to advisers are in the financial services guides and statements of advice which they will give to you.

Bank or Government Charges

In addition to the fees set out in this section, standard government fees, duties and bank charges may also apply to investments and withdrawals (including dishonour fees and conversion costs and bank cheques) and are paid by the investor. If your application cheque or direct debit is dishonoured we will charge you a dishonour fee, currently \$20, together with any bank dishonour fee we incur.

Buy / Sell Spread

A buy/sell spread is also referred to as buy/sell charges or transaction costs. A buy / sell spread is an adjustment to the unit price reflecting Astarra's estimate of the transaction costs that may be incurred as a result of the purchase/sale of assets arising from the issue/withdrawal of units. This adjustment ensures that existing investors do not pay costs associated with other investors acquiring/withdrawing units in the Fund. The buy/sell spread is reflected in the issue/withdrawal price. Astarra has elected not to charge a buy/sell spread for the life of this PDS.

Can the Fees Change?

Yes, the rates for all fees, charges and expenses may change. Reasons might include changing economic conditions and changes in regulation. However, we expect that management costs will be maintained at 1.4% per annum for retail investors and 0.8% per annum for wholesale investors (excluding any performance fee) noted above.

We will provide you with 30 days' notice of any proposed change, to allow enough time for you to withdraw if you wish. You should carefully consider the taxation implications of withdrawing.

Taxation

Astarra intends to distribute all of the net taxable income of the Fund (after deducting Fund expenses) to investors. If this occurs, under the present taxation legislation, no Australian income tax will be paid by the Fund. Please refer to Section Nine of this PDS for further information on taxation and your investment in the Fund.

Section Six

Fees & Other Costs

Example of Annual Fees and Costs

The following tables give four examples of how the fees and costs in the Fund can affect your investment over a 1 year period. You should use these tables to compare this product with other managed investment products.

RETAIL INVESTOR EXAMPLE – WHERE NO PERFORMANCE FEE IS PAYABLE BALANCE OF \$50,000 INCLUDING A CONTRIBUTION OF \$5,000 AT THE BEGINNING OF THE YEAR		
Contribution Fees	0-4%	For the additional \$5,000 you put in, you will be charged between \$0 and \$200.
PLUS Management Costs ⁸	1.4% pa	And , for the \$50,000 you have in the Fund you will be charged \$700 each year.
PLUS Adviser Service Fee	0-1%	And , for the \$50,000 you have in the Fund you will be charged between \$0 - \$500 each year.
EQUALS Cost of Fund		If you invest \$5,000 at the beginning of the year and your balance was \$50,000 over the course of the year, you would be charged fees from: \$700 to \$900*. (This does not include the Adviser Service Fee, which is between \$0 - \$500 each year.) What it costs you will depend on the fees you negotiate with your adviser.

* The example assumes that your balance remains constant at \$50,000 throughout the year (i.e. no further contributions are made and the Fund's unit price does not change) and fees are not individually negotiated with your adviser. The example does not include any performance fees charged, adviser services fee, commissions or financial planner commissions charged or bank or government charges that may reduce the value of your investment further.

Section Six

Fees & Other Costs



Example of Annual Fees and Costs

RETAIL INVESTOR EXAMPLE – WHERE A PERFORMANCE FEE IS PAYABLE BALANCE OF \$50,000 INCLUDING A CONTRIBUTION OF \$5,000 AT THE BEGINNING OF THE YEAR		
Contribution Fees	0-4%	For the additional \$5,000 you put in, you will be charged between \$0 and \$200.
PLUS Management Costs ⁹	1.4% pa	And , for the \$50,000 you have in the Fund you will be charged \$700 each year.
PLUS Adviser Service Fee	0-1%	And , for the \$50,000 you have in the Fund you will be charged between \$0 - \$500 each year.
PLUS Performance Fee*	20% of positive return above the hurdle rate	And , if the Fund exceeds the cumulative hurdle rate of 10% per annum, the Fund will pay the Manager a performance fee of 20% of the positive return above the hurdle rate of 10% based on the value of your investment.
EQUALS Cost of Fund		If you invest \$5,000 at the beginning of the year and your balance was \$50,000, over the course of the year you would be charged fees from: \$700 to \$900.** (This does not include the Adviser Service Fee, which is between \$0 - \$500 each year.) What it costs you will depend on the fees you negotiate with your adviser.

* For a performance fee to be payable, the Fund has to earn a positive return as well as exceed the hurdle rate return. See "Performance fee" on page 18 for a more detailed description of how the performance fee is calculated.

** The example assumes that your balance remains constant at \$50,000 throughout the year (i.e. no further contributions are made and the Fund's unit price does not change) and fees are not individually negotiated with your adviser. The example does not include any performance fees charged, adviser services fee, commissions or financial planner commissions charged or bank or government charges that may reduce the value of your investment further. In reality, if the unit price does not change throughout the year, then no performance fee would be payable because this implies that there is a return of 0% and the return must be positive for a performance fee to be payable. See "Performance fee" on page 18 for more information. **The Fund's performance is not guaranteed.**

⁹ See "Management Fees" in the table on page 17 for a more detailed description of how management costs are calculated.

Section Six

Fees & Other Costs

Example of Annual Fees and Costs

WHOLESALE INVESTOR EXAMPLE – WHERE NO PERFORMANCE FEE IS PAYABLE BALANCE OF \$500,000 INCLUDING A CONTRIBUTION OF \$10,000 AT THE BEGINNING OF THE YEAR		
Contribution Fees	0-4%	For the additional \$10,000 you put in, you will be charged between \$0 and \$400.
PLUS Management Costs ¹⁰	0.8% pa	And , for the \$500,000 you have in the Fund you will be charged \$4,000 each year.
PLUS Adviser Service Fee	0-1%	And , for the \$500,000 you have in the Fund you will be charged between \$0 - \$5,000 each year.
EQUALS Cost of Fund		If you invest \$10,000 at the beginning of the year and your balance was \$500,000, over the course of the year you would be charged fees from: \$4,000 to \$4,400.* (This does not include the Adviser Service Fee, which is between \$0 - \$5,000 each year.) What it costs you will depend on the fees you negotiate with (us and) your adviser.

* The example assumes that your balance remains constant at \$500,000 throughout the year (i.e. no further contributions are made and the Fund's unit price does not change) and fees are not individually negotiated with us or your adviser. The example does not include any performance fees charged, adviser services fee, commissions or financial planner commissions charged or bank or government charges that may reduce the value of your investment further.

Section Six

Fees & Other Costs



Example of Annual Fees and Costs

WHOLESALE INVESTOR EXAMPLE – WHERE A PERFORMANCE FEE IS PAYABLE BALANCE OF \$500,000 INCLUDING A CONTRIBUTION OF \$10,000 AT THE BEGINNING OF THE YEAR		
Contribution Fees	0-4%	For the additional \$10,000 you put in, you will be charged between \$0 and \$400.
PLUS Management Costs ¹¹	0.8% pa	And , for the \$500,000 you have in the Fund you will be charged \$4,000 each year.
PLUS Adviser Service Fee	0-1%	And , for the \$500,000 you have in the Fund you will be charged between \$0 - \$5,000 each year.
PLUS Performance Fee*	20% of positive return above the hurdle rate	And , if the Fund exceeds the cumulative hurdle rate of 10% per annum, the Fund will pay the Manager a performance fee of 20% of the positive return above the hurdle rate of 10% based on the value of your investment.
EQUALS Cost of Fund		If you invest \$10,000 at the beginning of the year and your balance was \$500,000 over the course of the year, you would be charged fees from: \$4,000 to \$4,400.** (This does not include the Adviser Service Fee, which is between \$0 - \$5,000 each year.) What it costs you will depend on the fees you negotiate with (us and) your adviser.

* For a performance fee to be payable, the Fund has to earn a positive return as well as exceed the hurdle rate return. See "Performance fee" on page 18 for a more detailed description of how the performance fee is calculated.

** The example assumes that your balance remains constant at \$500,000 throughout the year (i.e. no further contributions are made and the Fund's unit price does not change) and fees are not individually negotiated with us or your adviser. The example does not include any performance fees charged, adviser services fee, commissions or financial planner commissions charged or bank or government charges that may reduce the value of your investment further. In reality, if the unit price does not change throughout the year, then no performance fee would be payable because this implies that there is a return of 0% and the return must be positive for a performance fee to be payable. See "Performance fee" on page 18 for more information. **The Fund's performance is not guaranteed.**

¹¹ See "Management Fees" in the table on page 17 for a more detailed description of how management costs are calculated.

Section Seven

How The Fund Works

Making an Investment

To invest in the Fund simply complete the application form found at the back of this PDS and send it with a cheque payable to Astarra Investment Service.

Alternatively you may lodge it with your adviser.

The minimum investment for retail investors is \$1,000 and \$1,000 for additional investments. The minimum initial investment for wholesale investors is \$500,000 and \$10,000 for additional investments.

Processing Your Application

If we are unable to process an application because the application is invalid, the request will not be processed and the application monies will be placed into a trust account. Any interest earned on the application monies in the trust account is not payable to an investor; but will be credited to the benefit of the Fund.

Application money will remain in the trust account until the corrected documentation is received or the money is returned to the investor. Money may normally be retained in the trust account for a maximum of one month before it is returned. However, if it is not reasonably practicable for us to return the money within one month, we will return it by the end of such longer period as is reasonable in the circumstances. If valid documentation is not received by this time, the application money (without interest) will be returned to you by cheque.

The applications to invest are processed monthly. Applications must be received at least 5 business days prior to the commencement of the next monthly application price. If we receive your application after this time, your application will be processed using the unit price applicable to the following month.

We have the right to reject any application received or accept it in part only.

How the Issue Price of Units is Determined

Units will be issued based on the issue price on the day the application is received and approved by Astarra. The issue price is calculated by determining the net asset value of the Fund and dividing that value by the number of units on issue. For more information on other fees and expenses, please refer to Section Six "Fees and Other Costs" on pages 16-19.

Making Regular Investments

As a retail investor, the Fund allows you to build up your investment by regularly investing \$1,000 or more once you have invested your initial \$1,000. You may make investments on a monthly basis. These investments will be made on the fifteenth of each month, or, where this is not a business day, the following business day by direct debit transfers from your nominated Australian bank, building society or credit union account. Should your circumstances change you may stop and restart your regular investment plan at any time simply by writing to us. If you cease regular payments, you may retain your investment in the Fund, providing there is a minimum balance of \$1,000.

Adding to your Investment

Once you have made an initial investment, you can make additional investments on the terms of the current PDS by completing an Application Form which is attached to the PDS. Additional applications for Class A units must be for amounts of \$1,000 or more. Additional applications for Class B units must be for amounts of \$10,000 or more.

Copies of the current PDS are available free of charge from Astarra Capital Limited by calling 1800 064 694 or from our website <http://www.astarra.com.au>

Section Seven

How The Fund Works

Cooling Off

Unless the Fund is not liquid, a 14-day cooling-off period applies to investments made by retail investors in the Fund. During this 14-day period, retail investors have the right to cancel their initial investment, by writing to Astarra. An investor's initial investment will then be repaid.

As a retail investor, your cooling-off period will begin on the earlier of the receipt of your confirmation statement or the 5th day after units are issued and will end on the 14th day after that date.

The confirmation statement you receive will state the date on which the units were issued. The cooling-off period will not apply when an investor exercises a right in respect of the relevant units, such as voting on the units held. The cooling-off period does not apply in certain circumstances, such as where the Fund is not liquid for the purposes of the Corporations Act (a Fund will be liquid if 80% of its assets can be readily turned into cash). Cooling off does not apply to investments made by "wholesale clients" (as defined in the Corporations Act) or where an investment is made under a distribution reinvestment plan or switching facility. Investors investing via an IDPS or IDPS-like scheme should seek advice from their service operator as to whether cooling off rights apply.

Social Security

An investment in the Fund may affect your entitlement to a pension or other social security benefit. We suggest you seek advice from an adviser or the Department of Family and Community Services through Centrelink.

Access to your Investment

You may withdraw some or all of your units in the Fund monthly, when the withdrawal requests are processed. Withdrawal requests must be received at least 30 days prior to the last business day of the month. If we receive your withdrawal request after this time, your withdrawal will be processed using the unit price applicable to the following month.

This is subject to the provisions of the Corporations Act and the constitution of the Fund, which may restrict withdrawals if the Fund is no longer liquid. The minimum amount that can be redeemed is \$1,000 for retail investors and \$10,000 for wholesale investors.

If your total investment in the Fund has a current unit value of less than \$1,000, Astarra may redeem all of your units without you asking.

Your withdrawal request will need to be in writing and include:

- your name and current address;
- your investment account number;
- the amount to be withdrawn (in dollars or units);
- details of the bank, building society or credit union account where you wish to have the money deposited including account name, account number and BSB number; and
- the signature of relevant unit holder(s).

Please note that requests from joint unit holders must be signed by all joint investors. In the case of a company unit holder, a nominated representative of the company should sign.

Send your request by mail to:

Astarra Capital Limited
PO Box 1282
Albury NSW 2640

The amount withdrawn will be remitted directly into your nominated account. A cheque can be sent to you (the investor) upon request, although this process may take longer than direct crediting.

The Manager has the right to defer redemptions for up to 24 months if it believes such a deferral to be in the best interest of all unit holders.

Astarra may delay or refuse a withdrawal request from this Fund for such other period as considered reasonable in the Responsible Entity's view in all the circumstances if:

- there is a circumstance outside its control which impacts on its ability to fairly calculate unit prices; or
- it receives a redemption request(s) in respect of 10% or more of the value of the net assets of the Fund.

Units will be redeemed at the current withdrawal price. The withdrawal price will be calculated as an amount equal to the current unit value.

Section Seven

How The Fund Works

The Custodian

Astarra has appointed Australia and New Zealand Banking Group Limited (ACN 005 357 522) (AFSL number 234527) as the Custodian to hold all the assets of the Fund.

The Custodian will be paid as part of the expense recoveries. The Custodian has consented and not withdrawn its consent as at the date of this PDS, to be named as custodian for the Fund. It has had no involvement in the preparation of this PDS and makes no representations or warranties as to the completeness or appropriateness of the information contained in this PDS.

Making a Complaint

Any complaints regarding your investment should be directed to Astarra (refer – inside front cover).

We will endeavour to resolve your complaint by:

- ① acknowledging the complaint as soon as practicable;
- ② ensuring the complaint receives proper consideration by the appropriate person or body;
- ③ acting in good faith by attempting to correct any error capable of being corrected;
- ④ taking appropriate action (if action is required) to remedy the complaint; and
- ⑤ communicating to you the outcome of our investigations, the remedies (if any) available to you and information regarding avenues available for further complaint, remedy or action to you as soon as practicable (but not more than 45 days after receiving your complaint).

If you are still dissatisfied with our response, you may lodge your complaint with the Financial Industry Complaints Service Limited ("FICS"), an external industry complaints resolution service approved by ASIC and of which Astarra Capital Limited is a member.

FICS
PO Box 579
Collins Street West
Melbourne VIC 8007
Telephone 1300 780 808

In order for a complaint to be considered by FICS, the claim must be under \$100,000 (unless Astarra and you agree otherwise in writing).

Section Eight Income of The Fund



Payment of Income Distributions

As an investor in the Fund, you may receive any income attributable to your investment in the form of a distribution.

Income distributions may include interest, dividends and realised capital gains.

Income distributions may be paid half-yearly, calculated on the close of business of 30 June and 31 December each year.

Distributions are reinvested or paid to you within three months following the specified dates. Astarra will send you an annual income tax summary showing the various distribution components, to assist you with your tax return. After a distribution is paid the unit price usually falls by a similar amount of the distribution per unit. When you invest, the price of each unit you acquire will include a share of income that has accrued since the last distribution date.

This means that if you invest just prior to a distribution (30 June and 31 December), the unit price may already include income/capital that you may be entitled to receive at the distribution date. Consequently, by investing just prior to a distribution, you may have some of your investment returned as income/capital. This could affect your tax position therefore we recommend you seek independent professional tax advice.

Reinvestment of Income

To accelerate your savings, you can choose to have your income distribution entitlements directly reinvested into the Fund.

Please note that unless you provide instructions otherwise, reinvestment will be automatic in the Fund. There is no Contribution Fee payable for reinvesting income.

The additional units acquired in this way will be purchased on the basis of the current unit value of the units immediately after the distribution.

Alternatively, you can choose for distributions to be paid directly into your nominated bank, building society or credit union account by specifying your choice on the application form in this PDS. You can change your distribution choice at any time by making a request in writing to Astarra signed by the investor/ investors.

Investor Services

Astarra recognises the importance of keeping you informed about your investment.

We will provide you with a statement confirming the following transactions as soon as is reasonably practicable after the transaction occurs:

- initial contributions;
- additional investments; and
- withdrawals.

We will also send you:

- a half-yearly income distribution statement;
- an annual tax statement to assist with your tax return; and
- an annual report.

Section Nine

Taxation

This Section of the PDS is a general guide to the key income tax implications arising for Australian resident investors who are not under a legal disability and enter into the Fund in their own capacity with a view to holding their units in the Fund as capital assets for tax purposes (so that returns on the asset are treated as capital gains) (e.g. complying superannuation funds and, in certain circumstances, individuals).

This statement is not relevant for an investor who enters into the Fund with a view to holding their units as trading stock or otherwise as a revenue asset (as this would mean that any return on the units would be treated as income rather than as a capital gain).

References in this statement to the "1936 Act" or "1997 Act" are references to the *Income Tax Assessment Act 1936* and *Income Tax Assessment Act 1997*. References to the "CGT Provisions" are references to the capital gains provisions contained in Part 3-1 and 3-3 of the 1997 Act.

This statement is based on the law in force, and administrative practice, as of 15 February 2006. However, potential investors should be aware that the ultimate interpretation of the taxation law rests with the Courts and that the law, and the way the Commissioner of Taxation (the "Commissioner") administers the law, may change at any time.

This statement is provided only for the benefit of Astarra and is necessarily general in nature. It does not take into account the specific taxation circumstances of each individual investor. Potential investors should seek their own independent advice on the taxation implications relevant to their own circumstances before making any investment decision.

The Fund

The taxable net income of the Fund is calculated as if it were a separate Australian resident taxpayer. The Fund should not be taxed on this net income (as the Fund will fully distribute each year). Rather, investors should include in their assessable income their share of the Fund's net taxable income, calculated by reference to the portion of the Fund's income to which they are entitled.

An annual tax statement will be sent to investors to assist in the completion of tax returns. The relevant components of this statement are discussed in greater detail below.

Investors

Any distribution an investor receives will retain its character as it passes through the Fund.

Capital gains derived by the Fund from the sale of its assets, including the investments acquired under the DPA, will retain their character on distribution.

Assessable net capital gains derived by the Fund will be specifically referred to in your annual tax statement. If the period from when the DPA is executed to when the investments are disposed exceeds 12 months, any gain derived by the Fund on sale may qualify for the CGT discount under the relevant provisions of the income tax legislation. Very broadly, under these provisions, should the Fund satisfy the required 12 month holding period, any gain on disposal should qualify for a 50% discount in the hands of the unitholders, assuming the investor is an individual. If the investor is a complying superannuation fund, the discount is one third.

If the period from when the DPA is executed to when the investments are disposed is less than 12 months, any gain derived by the Fund on sale may not qualify for the CGT discount under the relevant provisions of the income tax legislation and therefore, you will not be entitled to a CGT discount when the investments disposed under a DPA are held by the Fund for less than 12 months.

Other income derived by the Fund, including any distributions under the DPA and any distributions paid on the investments under the DPA, will retain their character on distribution and will be assessed as such in the hands of the investors.

Section Nine Taxation

absolute
ALPHA

Investors will also be required to include their share of dividend income and franking credits in their assessable income. A tax-offset equal to the franking credits may generally be offset against tax payable by the investor. If franking credits exceed the tax on the grossed up franked dividend, investors may reduce their tax liability for that year by offsetting the credits against other tax payable (excluding the Medicare levy). Should the franking credits exceed the investors total notional tax liability for the income year, the excess may be refundable (by the Commissioner).

An investor may be denied the franking credits and franking tax offset in respect of distributions on units which the investor has not owned, at risk, for a continuous period of 45 days.

Sale or Redemption of Units

Units in the Fund are also CGT Assets. Consequently, any gain on the sale or redemption of a unit by an investor may also be assessable under the CGT provisions of the income tax legislation.

A capital gain arises for the investor on a CGT event occurring in relation to a unit if the capital proceeds from the CGT event (such as the sale or redemption of the unit) exceeds the cost base of the unit. If the capital proceeds are less than the reduced cost base of the units, then the investor will make a capital loss. Capital losses can only be set off against capital gains.

Broadly speaking, the capital proceeds will be the money (or other property) an investor receives or is entitled to receive in respect of the CGT event that has occurred in relation to the unit by the investor.

The cost base of the unit includes:

1. the money the investor pays to acquire the unit;
2. the incidental costs of acquisition and disposal, which include costs such as professional advisory fees and the costs of transfer and stamp duty (if any); and
3. non capital costs of ownership of the units.

The reduced cost base of a CGT asset include (1) and (2) but not (3) of the matters listed immediately above.

An individual investor may be able to benefit from the 50% discount for capital gains made in respect of CGT events that happen to units acquired by that investor at least 12 months prior. For the purposes of determining when the units were acquired for the purposes of the CGT provisions (set out above), the units will be regarded as having been acquired on the date the relevant contract for acquisition was entered into or, if there is no contract, when the change in ownership occurs.

Exiting the Fund

Investors can exit the Fund by way of redemption. Broadly, any capital gains included in the net income of the Fund on exit will reduce the assessable capital gain made by the investor (thus eliminating any double taxation on the same gain).

For investors that have acquired their units in the secondary market, relying on the delivery option may result in the investor being assessed on any appreciation in the value of their units prior to acquisition. This should not occur if the redemption option is utilised. This is an issue each investor should review with their tax adviser.

Early Redemption

Early redemption does not affect the tax analysis unless the early redemption occurs within 12 months of the Issue Date and the investments under the DPA are also disposed of by the investor within 12 months of the Issue Date. If this occurs, the investor will not meet the 12 month holding period required for the 50% CGT discount to be applicable.

If the investor receives a cash refund, the investor will not qualify for the concessional CGT tax rules and any gain should be recognised as assessable income.

Foreign exchange gains and losses

Foreign exchange gains and losses are potentially taxable as discrete assets under Australia's foreign exchange provisions. Typically, such gains and losses are on revenue account. On balance, it is Astarra's view that the rules do not apply to this product. This is despite the fact that the underlying funds are denominated in a foreign currency.

Section Nine

Taxation

Tax File Numbers

Although it is not compulsory for investors to provide a tax file number ("TFN"), failure to do so will require the Responsible Entity to withhold 48.5% of the gross amount on any payment made to a investor.

Part IVA – general anti-avoidance

Australia has a comprehensive anti-avoidance regime under its tax laws which can apply to any tax benefit obtained under a scheme where any party to the scheme has entered into it for the dominant purpose of enabling a tax payer to obtain a tax benefit in connection with the scheme. The application of the anti-avoidance regime will depend upon the circumstances of each investor. The potential application of these rules to each investor's investment should be discussed with a tax adviser.

Taxation of Financial Arrangements

On 16 December 2005, Treasury released an Exposure Draft of the Tax Laws Amendment (Taxation of Financial Arrangements) Bill 2006 setting out new tax-timing arrangements, including a mark to market election, an accruals/realisation framework, internal hedging rules, disposal rules, specific rules for disposal and partial disposal of assets and extinguishment of liabilities in respect of financial arrangements and further tax avoidance rules.

Based on our review of the Exposure Draft, we do not consider that these rules will apply to investors given that the Exposure Draft provides for specific exclusion in relation to ordinary interests in trusts.

The Exposure Draft is also unlikely to apply to the DPA held by the Fund given that the DPA is a deliverable derivative. However, this position is not entirely clear under the Exposure Draft. We anticipate that the position will be clarified by the time the relevant Bill is passed by Parliament.

Non-Australian Tax Residents

If you are not an Australian resident, Australian non-resident withholding tax may be withheld from your distributions at the prescribed rates issued from the Australian Taxation Office. You may be entitled to claim a tax credit in your home country for this tax.

Tax will be payable on distributions to non-resident investors consisting of income and capital gains derived by the Fund from sources in Australia. Tax is payable at the rates of tax applicable to non-resident investors. Non-residents will not be subject to Australian tax on income derived from sources outside Australia. Furthermore, investors will not be taxed on their share of the net income of the Fund that includes a capital gain where the capital gain relates to an asset that does not have the necessary connection with Australia.

Non-resident investors are also subject to Australian tax on capital gains realised on disposal or switching of their units if the investor held 10% or more of the issued units in the Fund at any time during the 5 years prior to that event taking place. Furthermore, even where the units do have the necessary connection with Australia, investors will not be taxed on disposal of their units where at least 90% of the assets (by market value) of the Fund do not have the necessary connection with Australia. Non-resident investors should seek their own advice on the tax implications in their own jurisdiction of investing in the Fund.

Stamp Duty and GST

The sale, redemption and acquisition of units is a financial supply and, therefore, no GST will be payable in respect of the sale, redemption or acquisition of the units.

Section Ten Additional Information

The logo for 'absolute ALPHA' is located in the top right corner. The word 'absolute' is in a bold, lowercase sans-serif font, and 'ALPHA' is in a smaller, uppercase sans-serif font below it. The logo is set against a dark background with a curved, segmented design.

Your Rights

The Constitution establishes the Fund and sets out the rules. Together with this document and the law, it governs our relationship with you. You can request a copy of the Fund's Constitution by calling our toll free number 1800 064 694.

The Constitution limits our need to compensate you if things go wrong — generally, if we comply with our duties, then we do not need to compensate you unless the law so requires.

The Constitution is the source of our relationship with you and excludes, to the extent possible, the operation of other laws.

We must have investor approval to make changes to the Constitution which are adverse to the rights of investors.

Our Duties as Responsible Entity

As Responsible Entity of the Fund we must comply with all obligations set out in the Constitution for the Fund. We are also subject to many duties under the law including duties to act honestly, exercise care and diligence, and treat investors equally. We receive fees for acting as Responsible Entity of the Fund.

Compliance

Under the Corporations Act, the Fund is required to have a compliance plan. The Compliance Plan sets out measures and procedures that Astarra, as the Responsible Entity of the Fund, will implement to ensure that the operation of the Fund complies with the Corporations Act and the Constitution. The Compliance Plan will be audited at least once a year by an external auditor who will report on their findings to us and ASIC.

A Compliance Committee, with a majority of external members, has been established for the purpose of monitoring Astarra's adherence to the Fund's Compliance Plan.

Authorised Investments

The Fund's Constitution provides very wide powers of investment. The Fund can invest in anything it chooses, subject to the terms of the Responsible Entity's Australian Financial Services Licence. This includes (but is not limited to):

- shares in or securities of companies listed on the Australian Stock Exchange or any other recognised exchange;
- units or interests in any listed or unlisted trust or managed fund;
- interests in exchanged traded funds; and
- money market securities.

Cash may also be held from time to time for liquidity and market timing purposes.

Labour Standards or Environmental, Social and Ethical Considerations

We do not take labour standards, or environmental, social or ethical considerations into account when making investment decisions for the Fund. However, such issues may financially affect an investment. Any such financial effect would influence our investment decisions.

The Manager may have various policies regarding the extent to which they take into account such matters when investing. Astarra does not consider such factors when selecting external investment managers for the Fund.

Protecting your Privacy

Astarra must comply with the Privacy Act 1988 (Cth). This Act generally regulates the collection, storage, quality, use and disclosure of personal information. If you are an individual, it will be necessary for Astarra to collect your personal information to provide you with the financial products you have requested. We will not tell anyone any information that we have about you unless:

- the law requires;
- we consider that your adviser needs the information; or

Section Ten

Additional Information

- we or someone from our group needs it to send promotional material to you. If you don't want this, please tell us in the application form.

If you think our records are wrong or out of date, particularly your address, email address or adviser, it is important that you contact us and we will correct them.

You can always access the personal information we hold about you by written request to us. We do not disclose any non-public personal information about our current or former unit holders to non-affiliated third parties, except as permitted by law.

For example, we are permitted by law to disclose all of the information we collect, as described above, to our transfer agent to process your transactions. Furthermore, we restrict access to your non-public personal information to those persons who require such information to provide products or services to you. We maintain physical, electronic, and procedural safeguards that comply with federal standards to guard your non-public personal information.

In the event that you hold units of the Fund through a financial intermediary, including, but not limited to, a broker-dealer, bank, or trust company, the privacy policy of your financial intermediary would govern how your non-public personal information would be shared with non-affiliated third parties.

Eligible Investors

You must be 18 years or over to invest in the Fund. An adult can make an investment on behalf of a minor by completing the application form in the adult's name on account for the minor. The offer of units in the Fund is available to persons receiving a copy (electronic or otherwise) of this PDS within Australia. Applications from outside Australia will not be accepted.

Nominated Representatives

You may wish to appoint a person, partnership or company as your nominated representative. To do so, the nominated person or party must complete the relevant section of the application form.

A nominated representative is able to act on behalf of a unit holder in all matters relating to the Fund, to the extent permitted by law.

Investment Adviser

If the Fund was recommended to you by an investment adviser (as evidenced on your application form) then details of your investment will be provided to that adviser.

Investing through a Master Trust or Wrap Account

It is generally the operator of that service which becomes the investor in the Fund (not you). It follows that they have the rights of an investor and can exercise them in accordance with their arrangements with you.

The Responsible Entity, Trustee or Operator of any Master Trust or Wrap Accounts service through which you invest, is responsible for that service.

If you are investing through a Master Trust or Wrap Account, then enquiries and complaints should be directed to the Operator of that service, not to Astarra (unless Astarra is the Responsible Entity of the service).

Where an investor is a Master Trust, Wrap Service or other IDPS type investment service, the minimum investment applicable to that service provider shall be the minimum initial and ongoing investment amount as agreed with the IDPS-like service provider.

In addition to reading this document, you should read the document, which explains the Master Trust, Wrap Account or IDPS-like scheme.

Section Ten Additional Information



Disclosing Entities

The Fund may become a 'disclosing entity' during the life of this PDS if 100 or more people invest and it will then be subject to regular reporting and disclosure obligations under the Corporations Act. Copies of documents lodged with ASIC may be obtained from, or inspected at, an ASIC office.

If you wish to obtain:

- the Fund's annual financial report most recently lodged with ASIC;
- any half-year report lodged with ASIC after the lodgement of the annual report amount as agreed and before the date of this PDS; or
- any continuous disclosure notices given by the Fund after lodgement of the annual report and before the date of the PDS,

please contact 1800 064 694. However, as this is a new fund, none of the above documents are available at the date of this PDS.

The Trust Auditor

The Auditor of the Fund must be a registered company auditor and is currently KPMG Chartered Accountants. KPMG is also the auditor of the Compliance Plan for the Fund. KPMG has consented and has not withdrawn its consent as at the date of this PDS, to be named as auditor for the Fund. It has had no involvement in the preparation of this PDS and makes no representations or warranties as to the completeness or appropriateness of the information contained in this PDS.

Section Eleven

Application Forms

ARSN 115 962 368

Dated 15 February 2006

The logo for Absolute Alpha, featuring the word "absolute" in a bold, lowercase sans-serif font, with "ALPHA" in a smaller, uppercase sans-serif font below it. The logo is set against a dark background with a curved, segmented design.

INVESTOR APPLICATION FORM — Alpha Strategic Fund

This form must be completed to apply for units in the Fund.

DIRECT DEBIT REQUEST — Retail Investors

This form should be completed if you wish to make regular monthly contributions directly from a nominated account to the Alpha Strategic Fund. Please ensure that you have read and understood the Direct Debit Request Service Agreement before signing the Direct Debit Request Form.

INSTRUCTIONS

Completing your application form – Please write legibly in block letters and tick boxes. Use black or dark blue pen.

Section 1 — Complete your account details (if applicable) making sure you provide your membership number (if applicable).

Section 2 — Complete your investor details.

Section 3 — Complete your additional investor if a joint account (if applicable).

Section 4 — Complete your Company/Trust/Other incorporated associated details (if applicable).

Section 5 — Complete your address and contact details.

Section 6 — Nominate your financial adviser (if applicable).

Section 7 — Initial and additional regular contributions - Please nominate the amount of your initial investment and any additional investments.

Section 8 — Nominate the bank account you would like to have distributions directly credited to. If you do not complete this section, distributions will be reinvested as additional units.

Section 9 — If you have completed section 8, this section must be completed.

Section 10 — Declaration - this section must be completed.

Section 11 — This section must be completed if you have selected a regular investment plan.

Any questions?

Contact Client Services on 1800 064 694

Cheques should be made payable to:

Astarra Investment Service

Please forward cheques and forms to:

Astarra Investment Service

PO Box 1282

ALBURY NSW 2640



Investor Application Form

Before you sign this application form, Astarra Capital Limited the Responsible Entity (AFSL 238000) or your financial adviser is obliged to give you a 'Product Disclosure Statement' ("PDS") dated 15 February 2006 (which is a summary of important information relating to the Alpha Strategic Fund). The details in the PDS will help you to understand the product and decide if it is appropriate to your needs. If you receive this PDS electronically, paper copies are available free of charge on request from Astarra.

1 Unit Holder Details

OFFICE USE ONLY

Do you hold units in the Alpha Strategic Fund?

No: go to 2 Yes, my member number is

If yes, complete your name and the relevant sections.

Entered by _____

Checked by _____

2 Investor Details

Male ☐ Female ☐ Date of birth / /

Surname

Given name/s

Title Mr ☐ Mrs ☐ Miss ☐ Ms ☐ Other ☐

Tax File Number

OR exemption/reason (please tick one):

Age service veteran or invalid pension ☐

Not required to lodge tax return ☐

Non-resident ☐

3 Additional Investor Details (if joint investment)

Male ☐ Female ☐ Date of birth / /

Surname

Given name/s

Title Mr ☐ Mrs ☐ Miss ☐ Ms ☐ Other ☐

Tax File Number

OR exemption/reason (please tick one):

Age service veteran or invalid pension ☐

Not required to lodge tax return ☐

Non-resident ☐

4 Company/Trust Name/Other Incorporated Association

Name of company,
trust, inc. association

Trustee name/s

ACN/ABN

ARBN

Contact Person

Phone

5 Address and Contact Details

Residential address

Suburb

State

Postcode

Postal address (if different)

Suburb

State

Postcode

Phone (home)

Phone (work)

Mobile

Facsimile

Email address

6 Nominated Financial Adviser

I wish to nominate the following person as my financial adviser:

Adviser name

Phone (work)

Facsimile

Adviser service fee

% maximum 1%

Contribution fee

% maximum 4%

Investor Signature

Date (DD/MM/YY)

To be filled out by Financial Adviser:

Authorised Representative No

AFS Licence Holder Name

AFS Licence No

Investor Application Form



7 Initial and Additional Regular Contributions

TYPE OF INVESTOR : Retail (Class A Units) ☐ Wholesale (Class B Units) ☐

INITIAL INVESTMENT: Retail (minimum \$1,000) Wholesale (minimum \$500,000)

\$

\$

ADDITIONAL INVESTMENT: Retail (minimum \$1,000) Wholesale (minimum \$10,000)

\$

\$

DISTRIBUTIONS & REGULAR PAYMENT PLAN (regular payment plan available to retail investors only):

I / We elect to receive my/our distribution by way of:

☐ Reinvestment as additional units or ☐ Direct credit to my bank account, nominated in step 8

DIRECT DEBIT

Would you like to establish regular monthly contributions paid directly from your bank account?

☐ Yes: Please complete the Direct Debit Request Form on page 39

Amount per month: \$

☐ No

8 Name and Address of Financial Institution at which Account is held

Financial institution name

Address

Suburb

State

Postcode

9 Details of Account to be Credited

Name of account

BSB number

Account number

10 Declaration

In signing this Application Form:

- I / We acknowledge that I/we have read and understood the Product Disclosure Statement (PDS) of the Alpha Strategic Fund dated 15 February 2006 and agree to the conditions specified in the PDS in respect of any benefit I/we are entitled to as a unit holder of the Alpha Strategic Fund.
- I / We hereby apply for units in the Alpha Strategic Fund and agree to be bound by the provisions of the constitution dated 28 August 2005 as amended from time to time.
- I / We acknowledge that I/we have read and understood the implications of supplying or not supplying my TFN (see Section 9 of this PDS) and authorise Astarra to quote my/our TFN or exemption to the ATO.
- I / We agree to provide any information relating to my/our application for units in the Alpha Strategic Fund as and when requested, or upon any change of information previously advised.
- I / We understand that the Alpha Strategic Fund is a registered managed investment scheme.
- I / We consent to Astarra Capital Limited disclosing information that I/we have provided to Astarra to an entity that is related to Astarra Capital Limited. I/we also consent to the use of that information to market services and products provided by an entity related to Astarra.
- I / We acknowledge that I/we can access the personal information that I/we have provided to Astarra Capital Limited.
- I / We acknowledge that I/we have received a complete copy of the Product Disclosure Statement (PDS) of the Alpha Strategic Fund, or a printout of it with this application form attached.
- I / We have read all questions contained in this Application and all other forms submitted to Astarra Capital Limited in relation to this Application and to the best of my/our knowledge and belief, the answers are true, correct and complete.
- I / We acknowledge that neither Astarra nor any other related company nor the investment manager guarantees the payment of capital or the performance of the Alpha Strategic Fund.

☐ I / We do not wish to receive any marketing material.

Investor Signature

Investor Signature

Date (DD/MM/YY)

Date (DD/MM/YY)

11 Signatories

Where I / We have elected to use the Regular Investment Plan I / We:

- agree to be bound by the respective terms and conditions as set out in this PDS dated 15 February 2006; and
- release, discharge and indemnify the Fund and the Responsible Entity from all losses, liabilities, actions, proceedings, claims and demands arising out of the use of Regular Investment Plan (even if such use is fraudulent or unauthorised).

I / We:

- have read the Alpha Strategic Fund PDS and completed the Application Form; and
- agree to be bound by the provisions of this PDS and the applicable constitution (as amended from time to time); and
- agree to the use of personal information as outlined on page 31 under 'Protecting your Privacy'.

The Responsible Entity, at its discretion, reserves the right to refuse any applications for units.

Signature

Date (DD/MM/YY)

Signature

Date (DD/MM/YY)

Seal

Direct Debit Request Form

absolute
ALPHA

1 Request and Authority To Debit

Surname or company name

Given names or ACN/ABN/ARBN

("you") request and authorise Astarra Capital Limited [User ID Number 180798] to arrange through its own financial institution, for any amount Astarra Capital Limited may debit or charge you to be debited through the Bulk Electronic Clearing System from an account held at the financial institution identified below and paid to the Debit User, subject to the terms and conditions of the Direct Debit Request Service Agreement (and further instructions provided below).

2 Insert the Name and Address of Financial Institution at which Account is held

Financial institution name

Address

Suburb

State

Postcode

3 Insert Details of Account to be Debited

Name of account

BSB number

Account number

4 Acknowledgement

By signing this Direct Debit Request I/we acknowledge that we have read and understood the terms and conditions governing the debit arrangements between me/us and Astarra Capital Limited as set out in this Request and in the Direct Debit Request Service Agreement.

5 Payment Details

Amount in words

The first and subsequent debits will be made on the fifteenth day of the month.

6 Insert Your Signature And Address

Signature

Date (DD/MM/YY)

(If signing for a company, sign and print full name and capacity for signing eg. director)

Address

Suburb

State

Postcode

ASTARRA CAPITAL LIMITED

ABN 33 001 277 256

Level 1, 540 Swift Street ALBURY NSW 2640

PO Box 1282 ALBURY NSW 2640

Telephone 02 6041 9300 Facsimile 02 6041 9355

Client Service Line 1800 064 694



Definitions

Account means the account held at your financial institution from which we are authorised to arrange for funds to be debited.

Agreement means this Direct Debit Request Service Agreement between you and us.

Banking day means a day other than a Saturday or a Sunday or a public holiday listed throughout Australia.

Debit day means the day that payment by you to us is due.

Debit payment means a particular transaction where a debit is made.

Direct debit request means the Direct Debit Request between us and you.

Us or we means Astarra Capital Limited you have authorised by signing a direct debit request.

You means the customer who signed the direct debit request.

Your financial institution is the financial institution where you hold the account that you have authorised us to arrange to debit.

1. Debiting your account

1.1 By signing a direct debit request, you have authorised us to arrange for funds to be debited from your account. You should refer to the direct debit request and this agreement for the terms of the arrangement between us and you.

1.2 We will only arrange for funds to be debited from your account as authorised in the direct debit request.

1.3 If the debit day falls on a day that is not a banking day, we may direct your financial institution to debit your account on the following banking day. If you are unsure about which day your account has or will be debited you should ask your financial institution.

2. Changes by us

2.1 We may cancel or vary any details of this agreement or a direct debit request at any time by giving you at least fourteen (14) days' written notice.

3. Changes by you

3.1 Subject to 3.2 and 3.3, you may change the arrangements under a direct debit request by contacting us on the Client Service Line on 1800 064 694.

3.2 If you wish to stop or defer a debit payment you must notify us in writing at least seven (7) days before the next debit day. This notice should be given to us in the first instance.

3.3 You may also cancel your authority for us to debit your account at any time by giving us seven (7) days notice in writing before the next debit day. This notice should be given to us in the first instance.

4. Your obligations

4.1 It is your responsibility to ensure that there are sufficient clear funds available in your account to allow a debit payment to be made in accordance with the direct debit request.

4.2 If there are insufficient clear funds in your account to meet a debit payment:

- (a) you may be charged a fee and/or interest by your financial institution;
- (b) you may also incur fees or charges imposed or incurred by us; and
- (c) you must arrange for the debit payment to be made by another method or arrange for sufficient clear funds to be in your account by an agreed time so that we can process the debit payment.

4.3 You should check your account statement to verify that the amounts debited from your account are correct.

4.4 If Astarra Capital Limited is liable to pay goods and services tax (GST)

on a supply made in connection with this agreement, then you agree to pay Astarra Capital Limited on demand an amount equal to the consideration payable for the supply multiplied by the prevailing GST rate.

5. Dispute

5.1 If you believe that there has been an error in debiting your account, you should notify us directly on the Client Service Line on 1800 064 694 and confirm that notice in writing with us as soon as possible so that we can resolve your query more quickly.

5.2 If we conclude as a result of our investigations that your account has been incorrectly debited we will respond to your query by arranging for your financial institution to adjust your account (including interest and charges) accordingly. We will also notify you in writing of the amount by which your account has been adjusted.

5.3 If we conclude as a result of our investigations that your account has not been incorrectly debited we will respond to your query by providing you with reasons and any evidence for this finding.

5.4 Any queries you may have about an error made in debiting your account should be directed to us in the first instance so that we can attempt to resolve the matter between us and you. If we cannot resolve the matter you can still refer it to your financial institution which will obtain details from you of the disputed transaction and may lodge a claim on your behalf.

6. Accounts

You should check:

(a) with your financial institution whether direct debiting is available from your account as direct debiting is not available on all accounts offered by financial institutions.

(b) your account details which you have provided to us are correct by checking them against a recent account statement; and

(c) with your financial institution before completing the direct debit request if you have any queries about how to complete the direct debit request.

7. Confidentiality

7.1 We will keep any information (including your account details) in your direct debit request confidential. We will make reasonable efforts to keep any such information that we have about you secure and to ensure that any of our employees or agents who have access to information about you do not make any unauthorised use, modification, reproduction or disclosure of that information.

7.2 We will only disclose information that we have about you:

(a) to the extent specifically required by law; or

(b) for the purposes of this agreement (including disclosing information in connection with any query or claim).

8. Notice

8.1 If you wish to notify us in writing about anything relating to this agreement, you should write to Astarra Capital Limited, PO Box 1282, ALBURY NSW 2640.

8.2 We will notify you by sending a notice in the ordinary post to the address you have given us in the direct debit request.

8.3 Any notice will be deemed to have been received on the third banking day after posting.



ASTARRA CAPITAL LIMITED

Issuer and Responsible Entity

Astarra Capital Limited ABN: 33 001 277 256

Australian Financial Services

Licence No: 238 000

Registered Office

Level 41, 2 Park Street, Sydney NSW 2000

Telephone (02) 8267 8600

Facsimile (02) 8267 8690



Client Services

PO Box 1282
Albury NSW 2640
Phone 1300 785 742
Fax 02 6041 9355
Web absolutealpha.com.au
Email service@absolutealpha.com.au

To
Astarra Capital Limited
Suite 3, Level 1
540 Swift Street
ALBURY NSW 2640

Re: Alpha Strategic Fund

I hereby authorise Astarra Capital Limited as the Responsible Entity (RE) of the Alpha Strategic Fund, to release personal information to my adviser and his appointed Business Development Manager (BDM) for the purpose of efficient management of my account.

I understand that Astarra may use my personal information for the purpose of providing additional information about my investment, or to let me know about other products and services that Astarra or its related entities provide.

Dated: _____

Signed

(Print name)

VanMac

Global Hedge Fund Consultants

Absolute Alpha

Alpha Strategic Fund

ARSN 115 962 368

March 2006

This report is not an invitation, offer, recommendation or advice to apply for units or shares in any fund offered in Australia or offshore. It contains general information only and does not take into account the objectives, financial situation or needs of any person or institution who may read this report. This report has been prepared with all reasonable care from sources which are believed to be reliable, no representations as to completeness or accuracy is made or implied and no responsibility is accepted by Van Macdonald Global Partners Pty Ltd its officers or Directors as to any errors or omissions or misstatements.

Table of Contents

Van Mac opinion and rating.....	3
Portfolio management summary.....	3
Investment manager.....	8
Due diligence and monitoring.....	8
Staff and personnel.....	9
Summary and conclusions.....	10

VanMac Opinion

- The Alpha Strategic Fund is a diversified, multi strategy, multi manager hedge fund. Generally the managers in which the fund will be investing with are all tier 1 type managers and have impressive track records with in the relative value/ arbitrage space.
- Absolute Alpha, has an impressive track record operating within the alternative strategies field, advising Australian wholesale investors. Importantly, whilst Absolute Alpha has only offered this program within Australia since March 2003, the current management team at Absolute Alpha has managed these strategies directly since 1996. In addition to a solid performance record since inception, the managers have demonstrated a strong degree of flexibility in altering investment strategies to suit market conditions.
- Given the poor performance of the global equity markets in recent years absolute return funds have become increasingly popular as an alternative investment option for institutional investors.
- Absolute return managers continue to outperform the traditional markets on volatility and risk adjusted measures. These results attest to the main goals of absolute return managers: capital preservation combined with achieving attractive risk adjusted returns.
- In terms of exposure we continue to suggest an exposure of 10% to absolute return fund of funds managers within a well diversified portfolio (for a “balanced” investor.)
- Fees charged by absolute return managers are typically higher than fees charged by long only equity managers. The Alpha Strategic Fund has a very competitive management fee and performance fee compared to its peer group.

VanMac

Global Hedge Fund Consultants

Van Mac Rating: **HIGHLY RECOMMENDED**

Alpha Strategic Fund	VanMac Quick Rank				
Performance Rating	★	★	★	★	★
Risk Rating	★	★	★	★	★
Skill Rating	★	★	★	★	

Performance Rating -- This is a relative measure of a fund's performance, comparing the fund's return to the average for its category. Scale of 1-5 with 5 representing high out-performance relative to peers.

Risk Rating -- This is the ratio of a fund's standard deviation to the average standard deviation of all funds in its category. Scale of 1-5 with 5 representing the least risk relative to peers.

Skill Rating -- This composite measure combines a fund's relative performance and risk to provide the investor with a measure of a fund manager's overall performance. Scale of 1- 5 with 5 representing the best rating by VanMac.

Portfolio Management Summary

The Alpha Strategic Fund will give investors exposure to multiple absolute return managers. The primary investment objective is to achieve a consistent positive return combined with less volatility risk, independent of global equity debt market conditions.

Overview

Company	Absolute Alpha Pty Ltd Specialist absolute return fund of fund manager Website www.absolutealpha.com.au ABN 24 113 940 953
---------	---

Fund Name	Alpha Strategic Fund.
-----------	-----------------------

Strategy Characteristics

Investment Approach and Objectives

Style	Relative value and event driven
Objectives	To provide returns similar to equity markets with lower volatility and some downside protection
Benchmark	S&P 500
Volatility	Absolute Alpha Composite Volatility (Annual Standard Deviation) between 1997-2005 is 2.62%. Anticipated annual standard deviation <7.5%

Manager Selection

Manager Selection	Expected returns and volatility relative to benchmarks and peers, risk characteristics in line with mandates
Universe followed	Over 3,000 funds
Approved Managers	32
Investment Horizon	Medium to long-term

Portfolio Statistics

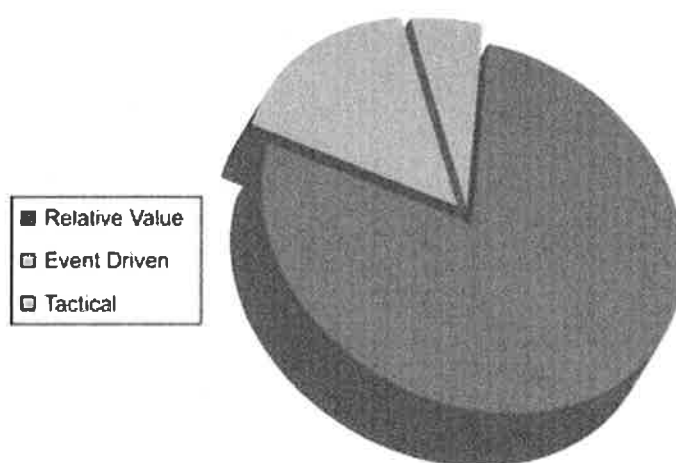
Number of Managers	5 invested managers as at March 1 2006
Strategy Biases	Relative value (80%)
Max Allocation to Strategy	60% of total assets
Max Allocation to Manager	30% of total assets
Leverage	No leverage at Fund of Fund level

Product Information	
Management Fee (including GST)	0.8% to 1.4%
Performance Fee and criteria	20% per annum of excess above the hurdle rate
Liquidity	Monthly
FIF	No
Distribution	Growth only
Hedging to AUD	In most instances, the Fund will not be currency hedged.

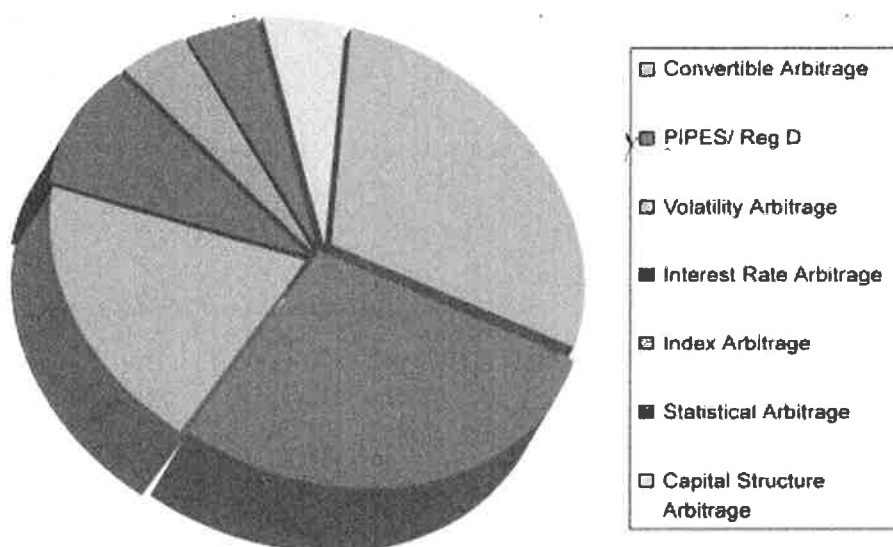
Management Expense Ratios (MER) as at review date			
		Minimum Balance (A\$)	MER*
Retail	Alpha Strategic Fund	\$1,000	MER 1.4% (plus performance based fee 20%)
Wholesale	Alpha Strategic Fund	\$1,000	MER 0.8% (plus performance based fee 20%)

Alpha Strategic Fund Target Strategy Allocation

Allocation by Strategy



Relative Value Allocation



Investment Manager Summary – Absolute Alpha

Absolute Alpha is a newly established entity with a relatively short track record of 18 months in the Australian managed funds industry, however key staff of the investment manager have demonstrated a proven track record of over ten years in global markets including New York, Hong Kong, Taiwan and Sydney.

Due Diligence

The Alpha Strategic Fund is a fund-of-funds (or multi-manager fund). The manager, Absolute Alpha, invests the fund's capital in several funds.

Designed by the investment professionals at Absolute Alpha, the due diligence process is highly dependant on the manager's existing relationships and seeks to identify the best absolute return managers in the relative value sector. Factors that Absolute Alpha uses to screen potential investment managers include:

- Past investment performance
- The depth, quality and overall experience level of the people managing the assets
- A clearly defined investment process that has been applied consistently over time
- A record of performance that compares favourably to appropriate benchmarks and their peers
- Risk characteristics that are in line with their investment mandates

Ongoing Monitoring Process

Once an investment fund is selected, Absolute Alpha applies the same level of analysis used to originally select the manager. The due diligence review includes an examination of the return characteristics of the fund and continued face-to-face meetings with the fund manager.

Relationships and Capacity with underlying managers

Because Absolute Alpha's experience in the absolute return space, the managers have a strong understanding in the return characteristics of their underlying managers. Therefore if an underlying fund's performance does not meet its mandate, Absolute Alpha will work with the manager to address specific concerns.

Underlying managers know that Absolute Alpha's understanding of their strategies ultimately creates a more stable investor base.

Absolute Alpha has also entered into capacity agreements with several fund managers who are currently soft closed.

Personnel and Staffing

The primary investment team has significant experience working in absolute return type products. Managers of Absolute Alpha have previously worked with managers implementing these strategies direct. The management team also has working relationships with most arbitrage type managers from their experience in structuring convertible products for hedge funds.

The managers' experience is a key advantage for the fund over traditional fund of funds.

Summary

Absolute Alpha's relationships with the underlying managers combine to form a strong investment process that has the downside protection of a relative value fund with some of the growth characterised by long only funds.

Though the Fund has returned above average returns compared to its peer group the relatively short track record could be a concern to investors. Because the Fund has a limited track record we analysed the past returns of the individual strategies of the underlying managers leading us to conclude that the underlying strategies have provided excess risk adjusted returns.

VanMac Conclusions;

- The managers of the Alpha Strategic Fund are an experienced, motivated and stable team with an excellent track record in US equities and equity-linked products.
- The use of multiple investment styles provides an extra diversification effect that protects the portfolio from short-term performance of individual styles. At times this could also reduce performance.
- The Fund should provide returns that are not correlated to the general equity market and will help investors diversify a portfolio of high beta investments.
- A focused and uncomplicated approach to research and portfolio management, which can be easily leveraged to investors benefit.
- A portfolio construction process that is intuitively appealing, permitting close monitoring of positions and a more in-depth understanding of the risks within the portfolio.
- The potential to obtain above market returns over time with less risk as measured by volatility.

VanMac

Global Hedge Fund Consultants

DISCLAIMER:

This report has been prepared by Van MacDonald Global Partners Pty Ltd, on March 31, 2006. This report is not an invitation, offer, recommendation or advice to apply for units or shares in any fund offered in Australia or offshore.

This report does not constitute personal advice and is the opinion of the author only. It contains general information only and does not take into account the objectives, financial situation or needs of any person or institution who may read this report. This report should not be relied upon by the reader to be complete or accurate and is merely a statement of opinion and not a statement of fact. Investors should understand that statements regarding future prospects may not be realised and that past performance is no guarantee of future performance. Whilst the information contained in this report has been prepared with all reasonable care from sources which are believed to be reliable, no representations as to completeness or accuracy is made or implied and no responsibility is accepted by Van Macdonald Global Partners Pty Ltd its officers or Directors as to any errors or omissions or misstatements however caused. This report is exclusively for use by licensed financial intermediaries to offer this product. Van MacDonald Global Partners Pty Ltd expressly limits any and all liabilities or actions arising from this report or any related involvement with the above nominated parties in the Directory to the fee that was paid for the preparation of this report. Information and opinions in this report reflect a judgement at the original date of publication and are subject to change without variation to this report, without notice.

This report does not form part of any offering document for the Alpha Strategic Fund or any of the Investment managers mentioned. Investors must read the authorised information memorandum issued by the appropriate authorities issuing any investment offering and ensure that such offerings meet their specific investment and compliance rules and objectives.

Sound : off



Welcome to Absolute Alpha

"An absolute return philosophy seeking to capitalise on market inefficiencies and emphasising capital preservation in any market environment"

► [Read more about Absolute Alpha](#)

Quick Links

- [Fund Performance](#)
- [Products](#)
- [Investment Committee](#)

Click here to view our latest
Research Rating
on the Absolute Alpha Strategic Fund

Absolute Alpha Pty Ltd
ABN 24 113 940 953, AFSL Representative No. 289387
Absolute Alpha is an Authorised Representative of Wright Global Investments Pty Limited AFSL
225058 and Solutions Wealth Strategies Pty Ltd AFSL 262103

[Email us](#) | Copyright © Absolute Alpha

Disclaimer: The information contained on this website, including information about the funds we manage or those that are educational in nature are general information only. The information has been prepared without taking into account the objectives, financial situation or needs of any particular investor. None of the information is, nor is intended to be, a financial forecast or projection in relation to the performance of the funds. Any information of a fund's past performance is not necessarily a guide to future performance.

Offer documents available from this website, including those accessible from this website via link to third party websites do not constitute an offer or invitation where it would not be lawful to make such an offer or invitation. Absolute Alpha has not been involved in the construction of any third party website and disclaims any responsibility or liability as to its completeness or accuracy. While we have taken reasonable care in providing the information on this website we make no representation or warranty as to the accuracy or completeness of the information contained on this website.

site requires flash player [download here](#)

Extracts from Absolute Alpha website – 20 August 2008

ABOUT US:

Absolute Alpha is a specialist manager of absolute return strategies in the fund of funds business. Our mission is the creation of wealth regardless of the economic climate or the performance of traditional benchmarks. Absolute Alpha is active in asset management and employs a team of investment specialists with expertise and experience in managing absolute return strategies in global markets on behalf of retail, institutional and professional investors.

Absolute return funds (or hedge funds as they are more commonly known) are actively managed investments that aim to produce returns in both rising and falling markets through the use of a broad range of securities and investment techniques.

The investment techniques adopted by absolute return funds may be different to the methods employed by traditional fund managers and as such, the performance of these funds is not highly correlated to the performance of traditional assets such as shares, property or fixed interest. Therefore investors can reduce the volatility and smooth the returns of their investment portfolio by using absolute return funds as a counter-balance to falling markets.

Having worked with some of the largest hedge funds in the world, the Absolute Alpha investment team is exclusively focused on the absolute return product sector and although our investment universe and our absolute return investment products are global in terms of opportunity, diversification and exposure, Absolute Alpha is an Australian based investment management company.

Investment Committee Members

Shawn Richard Chief Executive Officer

Shawn is the founder of Absolute Alpha and a key member of the investment team. Prior to founding Absolute Alpha, Shawn has held and continues to hold, various senior positions, including directorships of companies both in Australia and overseas.

Shawn has been involved in financial markets since 1996 and had been specialising in alternative investments for more than 8 years, both offshore and in Australia. Over this time, Shawn has established relationships with some of the most exclusive hedge fund managers around the globe.

Shawn's offshore experience in alternative investments includes among others, structuring and analysis of derivative instruments with some of the largest private hedge funds in the United States. Shawn was also part of a small team of professionals providing risk management services to Asian institutions and regional banks in relations to their exposure in equities.

Shawn holds a bachelors degree in Finance from the University of Moncton.

Eugene Liu Chief Investment Strategist

Eugene is the Chief Investment Strategist of Absolute Alpha. As Chief Investment Strategist, Eugene is involved in the development and evaluation of asset strategic plans, development and modelling of analytic tools, reviewing and analysing investment data to formulate investment strategies, and the investment risk management process. Prior to joining Absolute Alpha, Eugene worked with the Asset Management team of Pacific Continental Securities and World Financial Capital Markets in the US and Asia. In these roles, Eugene performed extensive financial modelling and valuation analyses of various hedge fund strategies.

Eugene also led a team of arbitrage specialists who provided structured product deal flow to many of the largest hedge funds in the industry.

Eugene holds a degree in economics from Trenton State College in New Jersey.

Charles Provini (US)
Asset Consultant

Charles has been involved in hedge funds for more than 20 years and is a senior asset consultant and member of Absolute Alpha's investment committee. Currently, he is the President of Paradigm Global Advisors, a well established hedge fund manager based in NY and he is also the Chairman of C.R. Provini & Co., Inc., a financial services firm, founded in 1991. Prior to this, Charles held various senior positions, including, President of Ladenburg Thalmann Asset Management, Director at Ladenburg Thalmann, Inc., one of the oldest members of the New York Stock Exchange, President of Laidlaw Asset Management, Chairman and Chief Investment Officer of Howe & Rusling, Laidlaw's Management Advisory Group, President of Rodman and Renshaw's Advisory Services, and President of LaSalle Street Corporation, a wholly-owned subsidiary of Donaldson, Lufkin & Jenrette.

Charles has been a leadership instructor at the U.S. Naval Academy, Chairman of the U.S. Naval Academy's Honour Board and is a former Marine Corp. officer. He is frequent speaker at financial seminars and has appeared on "The Today Show" and "Good Morning America" discussing financial markets.

Charles is a graduate of the U.S. Naval Academy and has an MBA from the University of Oklahoma.

Dr Peter Blood, PhD
Specialist Derivatives Consultant

Peter is an acknowledged expert on investment analysis of complex hedge fund strategies. He is currently a member of Absolute Alpha's investment committee. For more than 10 years, Peter has consulted various financial institutions on investment analytics, collectivised securities, derivatives, etc. Peter holds an Adjunct Professorship at Bond University. He has been teaching Applied Derivatives and International Investment at Bond University since 1997 up to December 2004. He is currently involved in melding Academic with Industrial/Government-licensed Finance training to be taught online in Asia, Middle East, the U.S. & Australia (Gryphon Ed Invest Associates).

Peter's success in the industry gave him directorships of Australian public & private corporations involved in the finance sector with some significant funds under management.

Peter has also worked for World Bank, Asian Development Bank and other multilateral organisations in some dozen countries and was a former senior bureaucrat in UNDP (in charge of US\$500M portfolio).

Peter has a PhD from the University of London and holds other degrees and qualifications including Diplomas in Advanced Derivatives from the Chicago Mercantile Exchange & DePaul University and in International Taxation Law from the Robert Kennedy College in Zurich, Switzerland.

DR PETER SMITH B.SC (HONS), MBA, PhD
Asset Consultant

Peter has worked in funds management for more than 12 years in a number of senior positions. These included; as the CIO and Director for Investec Australia where he managed a successful structured equity fund and a number of alternative fund-of-fund hedge fund strategies. Additionally, Peter headed the team at Van Eyk Research Ltd that designed, built

and managed the Van Eyk 'Blue Print' Alternative hedge fund-of-fund portfolio. He also headed the Asset Consulting team at Van Eyk Research which, through his hedge fund experience was well known for specialist hedge fund design and management to institutional clients. As such, Peter has managed and built many hedge funds for clients for a number of years and has also been a central figure in the research and rating of hedge funds during this period at Van Eyk Research.

Peter's knowledge and experience in recognising quality hedge funds and designing hedge fund portfolios using his own models and methodologies are recognised and sought throughout the industry. He is also active in the research of hedge fund-of-fund design and management and has contributed many papers and presentations on this subject.

Investment Process

Absolute Alpha's Investment Process

Our flexible, yet disciplined, approach to asset allocation and portfolio construction gives Absolute Alpha an advantage over more conventional managers.

Absolute Alpha is an investment specialist with an absolute return philosophy and a focus on providing positive results for investors over the long term.

Key Benefits to Investing in Absolute Alpha

- Potential to achieve positive return in both rising and falling markets.
- Diversification into non-traditional financial instruments and funds __management techniques.
- Access to professional and world class funds managers.
- ✕ Focus is on absolute performance, not following an index.
- ✕ Access to strategies generally only available to professional or wholesale __investors.

View Investment Process

PRODUCTS:

Alpha Strategic Fund

The Alpha Strategic Fund ("ASF", "Fund") is managed by Absolute Alpha Pty Ltd. The ASF is an open ended managed investment scheme employing a multi-manager, multi strategy investment approach. By blending several hedge fund or absolute return strategies and investment managers, the Fund aims to provide more stable long term returns while maintaining an appropriate level of risk for varying market conditions.

The objective of the Fund is to provide investors with consistent long term capital appreciation in both rising and falling market conditions. Over the long term, the Fund is aiming to produce returns closely matching global equity markets with less volatility risk.

Strategy The Manager's strategy is to identify and directly or indirectly gain exposure in leading absolute return managers who employ a range of absolute return styles and strategies in different markets, potentially providing consistent and less volatile returns.

Benefits of Investing

By investing in the ASF, investors will potentially be provided with a range of benefits including:

- diversification of their portfolio by investing in strategies with low ___ correlation to any major financial market index or benchmark. *PDS = benchmark is S&P 500*
- the opportunity to invest in a Fund which offers the potential for ___ consistent, attractive long term returns in both rising and falling ___ markets.
- access to specialist trading and investment strategies generally ___ available only to professional or wholesale investors.

Absolute Return Funds

Absolute return funds are more commonly referred to as hedge funds and are generally regarded as investments which offer risk and return opportunities not easily obtained through traditional investments. They employ skill based rather than market determined strategies, have total investment flexibility and offer strong diversification benefits to traditional portfolios ensuring strong and stable returns.

Absolute return funds aim to generate positive returns independent of a benchmark or index return and seek to generate these returns by exploiting market inefficiencies while minimising exposure and correlation to traditional investments.

Absolute return funds may add value to your portfolio and can serve as powerful diversification tools. They have the ability to make valuable contributions to the risk/return profile of any investment portfolio because their performance lacks correlation to other asset classes.

Absolute return funds can serve as powerful diversification tools. They have the ability to make valuable contributions to the risk/return profile of any investment portfolio because their performance lacks correlation to other asset classes.

Risks

There are specific risks associated with investing in the Fund including but not limited to individual investment risk, market risk, interest rate risk, currency risk, derivative risk and liquidity risk. The Manager has a number of strategies in place to minimise, if not eliminate, the risk associated with investing in the Fund.

Investment Timeframe

The Manager has indicated that it believes absolute return funds are a medium to long term investments with a three (3) to five (5) years commitment.

Product Disclosure Statement

The Product Disclosure Statement ("PDS") and other disclosure documents provide information about the Fund including, relevant terms, significant risks, the fees and costs associated with investing in the Fund. These documents will help you make an informed decision about the investing in the Fund. We recommend that you get professional advice from a licensed financial or tax adviser before investing in the Fund.

View the FSG

This Financial Services Guide ("FSG") is issued by Astarra Capital Limited (ABN 33 001 277 256) ("Astarra", "we" or "us") to inform you of the financial services offered.

NOTE: FSG – page could not be found.

FUND PERFORMANCE:

Unit Prices print out

Search | off



Fund Performance

- ▶ Unit Prices
- ▶ Research Reports

Unit Prices
2008

Month	Class A Unit Price	Class B Unit Price	Performance Report
May	1.2841	1.2630	May PDF
April	1.2724	1.2706	April PDF
March	1.2663	1.2639	March PDF
February	1.2542	1.2511	February PDF
January	1.2484	1.2447	January PDF

2007

Month	Class A Unit Price	Class B Unit Price	Performance Report
December	1.2528	1.2473	December PDF
November	1.2402	1.2351	November PDF
October			October PDF

Absolute Alpha Pty Ltd

ABN 24 113 940 953, AFSL Representative No. 289387

Absolute Alpha is an Authorised Representative of Wright Global Investments Pty Limited AFSL 205952 and Solutions Wealth Strategies Pty Ltd AFSL 262103

Email us | Copyright © Absolute Alpha

Disclaimer: The information contained on this website, including information about the funds we manage or those that are educational in nature are general information only. The information has been prepared without taking into account the objectives, financial situation or needs of any particular investor. None of the information is, nor is intended to be, a financial forecast or projection in relation to the performance of the funds. Any information of a fund's past performance is not necessarily a guide to future performance.

Offer documents available from this website, including those accessible from this website via link to third party websites do not constitute an offer or invitation where it would not be lawful to make such an offer or invitation. Absolute Alpha has not been involved in the construction of any third party website and disclaims any responsibility or liability as to its completeness or accuracy. While we have taken reasonable care in providing the information on this website, we make no representation or warranty as to the accuracy or completeness of the information contained on this website.

site requires flash player download here

Sound | off

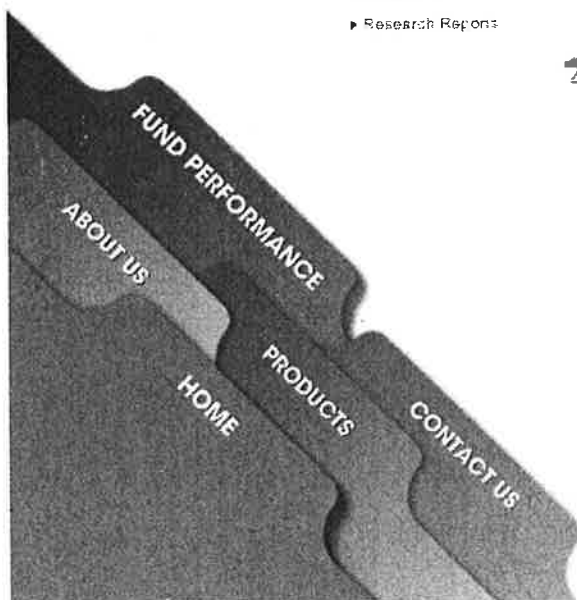


Fund Performance

Research Reports

- ▶ Unit Prices
- ▶ Research Reports

 **Download PDF** - March '06 Report by Van Mac has been prepared for financial advisers on Alpha Strategic Fund Review for Absolute Alpha



Absolute Alpha Pty Ltd
 ABN 24 113 940 953 AFSL Representative No. 289387
 Absolute Alpha is an Authorised Representative of Wight Global Investments Pty Limited AFSL
 205068 and Solutions Wealth Strategies Pty Ltd AFSL 282103

[Email us](#) | Copyright © Absolute Alpha

Disclaimer: The information contained on this website, including information about the funds we manage or those that are educational in nature are general information only. The information has been prepared without taking into account the objectives, financial situation or needs of any particular investor. None of the information is, nor is intended to be, a financial forecast or projection in relation to the performance of the funds. Any information of a fund's past performance is not necessarily a guide to future performance.

Offer documents available from this website, including those accessible from this website via link to third party websites do not constitute an offer or invitation where it would not be lawful to make such an offer or invitation. Absolute Alpha has not been involved in the construction of any third party website and disclaims any responsibility or liability as to its completeness or accuracy. While we have taken reasonable care in providing the information on this website, we make no representation or warranty as to the accuracy or completeness of the information contained on this website.

[site requires flash player download here](#)



Alpha Strategic Fund

Profile May 2008

Performance Overview

The Alpha Strategic Fund delivered another positive month in May for our investors returning 0.98% and 0.93% for wholesale and retail units respectively. Within the ASF portfolio all allocated managers were positive for the month. Gains for the month are largely attributed to relative value strategies and to a lesser extent equity based strategies. There was also renewed deal flow within the structured convertibles space which added to the fund's performance for the month. Overall we continue to maintain a highly risk averse investment position in the short term.

For the month of May all hedge fund strategies (As listed on the HFR daily HF indices) were able to post positive returns. Market directional and macro strategies which benefited the most from the rising equity markets and commodity prices continued to lead the group. Relative value strategies such as convertible arbitrage also posted strong returns with volatility driving higher trading profits.

Volatility returned to the markets as the continued potential risks from the mortgage / credit crisis, higher energy and food prices affected confidence levels in the short term.

At Absolute Alpha our short term outlook has not substantially changed from previous periods, opportunities for future growth will be realised by managing liquidity focusing on high quality assets and credit plays.

We are continuing our due diligence of an Australian based ASX listed shares manager.

Performance History: % Net Returns

Class A: Retail

	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Rolling average 12 months
07/08	1.81%	0.19%	0.02%	1.54%	1.73%	0.28%	1.01%	-0.35%	0.46%	0.96%	0.48%	0.93%	9.41%
06/07	1.08%	1.04%	1.26%	2.26%	2.30%	0.67%	0.36%	1.58%	0.43%	1.29%	0.79%	0.66%	14.59%
05/06	-	-	-	-	-	0.20%	0.32%	0.85%	2.58%	3.66%	1.25%	0.62%	N/A

Class B: Wholesale

	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Rolling average 12 months
07/08	1.82%	0.25%	0.07%	1.59%	1.73%	0.38%	0.99%	-0.21%	0.51%	1.02%	0.53%	0.98%	10.07%
06/07	1.38%	1.08%	1.31%	2.30%	2.33%	0.74%	0.45%	1.62%	0.49%	1.33%	0.84%	0.71%	15.57%
05/06	-	-	-	-	-	0.61%	1.56%	0.50%	2.80%	3.39%	0.58%	0.07%	N/A

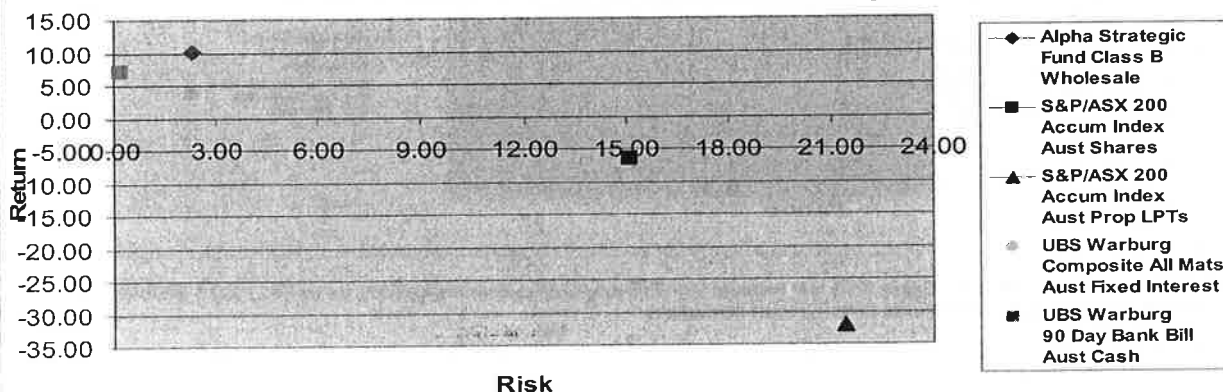
Key Statistics

Percentage Returns

	Class A	Class B
Cumulative Return since Inception:	37.69%	39.76%
Rolling average since inception p.a.:	13.18%	13.83%
1 month:	0.93%	0.98%
3 months:	2.39%	2.54%
6 months:	3.54%	3.88%
1 year:	9.41%	10.07%
2 year average p.a.:	11.97%	12.79%
Compounded monthly return:	1.04%	1.09%
Highest monthly return:	3.66%	3.39%
Negative months (Since Nov 2005)*:	1	1
Annualised volatility:	2.40%	2.30%
Sharpe Ratio:	0.90	1.23

*Based on pre-distribution NAV, distributions exceeded earnings in select periods.

ASF & Aust Traditional Asset Classes Risk to Return 1 Year Ended 31st May 2008



Disclaimer

Whilst every care has been taken in the preparation of this document, Absolute Alpha Pty Ltd (ACN 113 940 953) or Astarra Capital Limited (ABN 33 001277 256) AFSL 238000 makes no representation or warranty as to the accuracy or completeness of any statement contained herein, including, without limitation, any forecasts. Past performance is not an indication of future performance. The opinions expressed in this document are simply our opinions based on our observation of the market, which may not necessarily be shared by the reader. This information is supplied for the purposes of providing general advice only, and is not personal advice. It does not take into account your individual objectives, financial situation or needs. The offer to invest in the Alpha Strategic Fund ("The Fund") is made in the Product Disclosure Statement ("PDS"). Anyone who wishes to invest in the Fund should read the PDS carefully. A copy of the PDS may be obtained from your adviser. Source Data: Astarra Capital Limited and Van Eyk Research.

Volatility (Risk) revisits local and global markets

Volatility in share prices and markets around the world have seen a sharp increase over the past twelve months compared to the relative calm of the previous years. In a recent article, Bloomberg reported that the S&P 500 has moved by more than 1% on half of all trading days this year and we have witnessed the price of commodities such as oil bounce from \$100 to over \$130 a barrel which has surprised markets and investors with the size and speed of changes in pricing.

March was especially tough in the hedge fund sector recording one of the worst months ever across all strategies and classes, but especially tough for single strategy long / short equity managers and fund of funds with large exposures to equities. 75% of them are reported to have lost money.

Some of the most respected quant managers lost money in March with their funds down as much as 12% and more proving how difficult / **impossible** it is for long / short managers to time the markets and their trades in volatile conditions thus proving absolute returns are not easily achievable in all market conditions for all managers and higher returns are accompanied by higher risk.

Absolute return managers and funds are not just myths

Q. Is the ASF an absolute return fund?

Advisers and investors often ask us for comparisons to other funds and in the next breath tell us that recent hedge fund sector performance proves there is no such thing as absolute return managers or absolute return funds. Investors and advisers are tired of every fund calling themselves an absolute return fund while delivering occasional positive months, multiple negative months and potentially negative yearly returns.

First, we must look at what an absolute return manager and fund specifically a hedge fund or diversified fund of fund should be delivering in outright "bear" markets or continued periods of higher risk and volatility. Absolute return funds should deliver absolute returns.

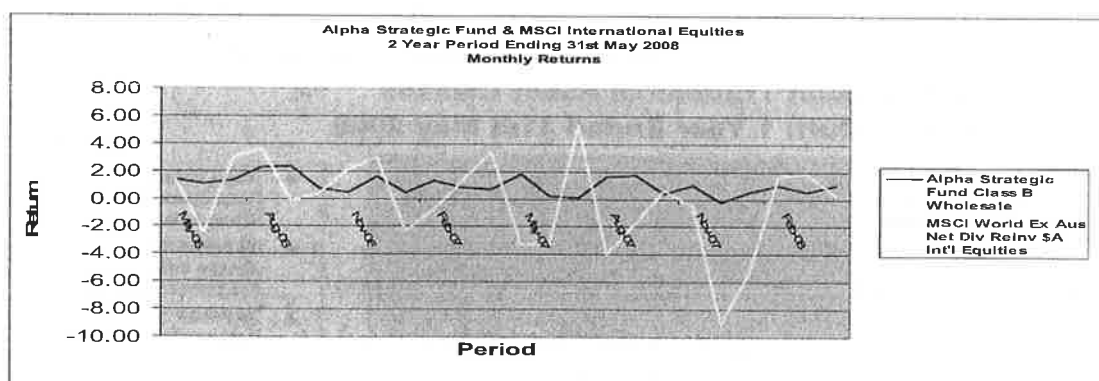
By definition "absolute return funds should consistently deliver absolute returns which are positive returns in all market conditions, returns that are not correlated to traditional asset classes." Recent performance of some absolute return managers has seen positive correlations with traditional asset classes specifically equity based strategies like long / short resulting in multiple negative months as some funds chase higher returns by employing increasingly higher allocations to higher risk equity strategies and compounding volatility and potential losses with increased levels of leverage.

Marketing terminology has emerged to play down or spin the negatives by using words like "only or slightly negative this month or year but equity indices were more negative, so we have preserved your capital." Guess the bottom line is, "sorry we lost your money but at least we lost less than the other guy." Is that indicative of consistently positive?

The interpretation of whether a fund is a successful absolute return fund comes down to the investors and advisers' definition of what is consistently positive? Is it 50%, 60%, or 60%-70% positive months, or being in the top quartile or the 95th percentile? It is very subjective, perhaps teachers should grade whether absolute return funds have done enough to pass the test, the 80-90% (B) for consistency let alone the 90-100% required for an A.

At Absolute Alpha we continue to stay with our conservative market neutral strategies utilising relative value managers that buy volatility and profit from hedging their positions. It is a case of selecting and investing in the best managers that deliver quality and consistency, not "shooting out the lights".

NEWS: ASF has recently been added to Macquarie Wrap and BT Wrap Platforms in May.



If you would like further information please visit our website www.absolutealpha.com.au, contact us on (02) 9233 9800 or email your corresponding Absolute Alpha Business Development Manager:

Head of Distribution
NSW
QLD

Peter Wood peter@absolutealpha.com.au
Sean McIntyre seanm@absolutealpha.com.au
Hugo Dremeyer hugo@absolutealpha.com.au

Head Office: Level 53, MLC Centre
19-29 Martin Place
Sydney NSW 2000
Fax: (02) 9233 9810

Disclaimer

Whilst every care has been taken in the preparation of this document, Absolute Alpha Pty Ltd (ACN 113 940 953) or Astarra Capital Limited (ABN 33 001277 256) AFSL 2386001 makes no representation or warranty as to the accuracy or completeness of any statement contained herein, including, without limitation, any forecasts. Past performance is not an indication of future performance. The opinions expressed in this document are simply our opinions based on our observation of the market, which may not necessarily be shared by the reader. This information is supplied for the purposes of providing general advice only, and is not personal advice. It does not take into account your individual objectives, financial situation or needs. The offer to invest in the Alpha Strategic Fund ("The Fund") is made in the Product Disclosure Statement ("PDS"). Anyone who wishes to invest in the Fund should read the PDS carefully. A copy of the PDS may be obtained from your adviser. Source Data: Astarra Capital Limited and Van eyk Research.

Sound | off



Contact Info

**Diversify and enhance total portfolio returns - The alpha advantage**

Our flexible, yet disciplined, approach to asset allocation and portfolio construction gives Absolute Alpha an advantage over more conventional managers

Absolute Alpha Pty Ltd
Suite 5302, Level 53 MLC Centre
19 - 19 Martin Place
Sydney NSW 2000

Telephone: +61 2 9233 9800
Facsimile: +61 2 9233 9810

Email Enquiry:

[Email Us](#)

Absolute Alpha Pty Ltd
ABN 24 113 940 953, AFSL Representative No. 289387
Absolute Alpha is an Authorised Representative of Wright Global Investments Pty Limited AFSL
225056 and Solutions Wealth Strategies Pty Ltd AFSL 282103

[Email us](#) | Copyright © Absolute Alpha

Disclaimer: The information contained on this website, including information about the funds we manage or those that are educational in nature are general information only. The information has been prepared without taking into account the objectives, financial situation or needs of any particular investor. None of the information is, nor is intended to be, a financial forecast or projection in relation to the performance of the funds. Any information of a fund's past performance is not necessarily a guide to future performance.

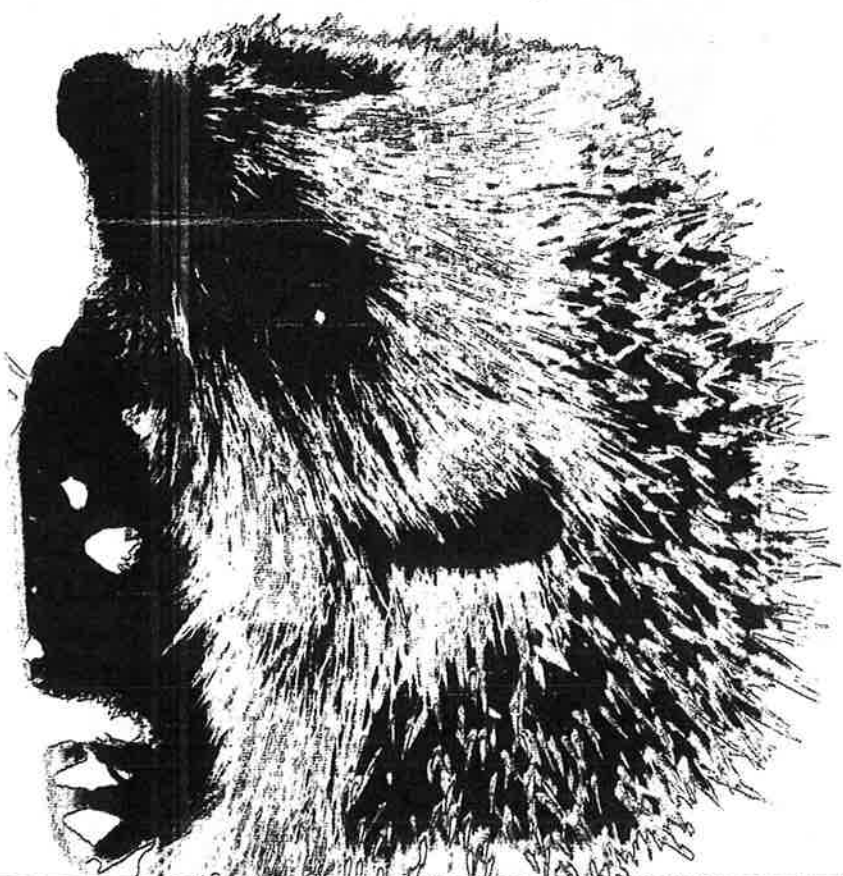
Offer documents available from this website, including those accessible from this website via link to third party websites do not constitute an offer or invitation where it would not be lawful to make such an offer or invitation. Absolute Alpha has not been involved in the construction of any third party website and disclaims any responsibility or liability as to its completeness or accuracy. While we have taken reasonable care in providing the information on this website, we make no representation or warranty as to the accuracy or completeness of the information contained on this website.

site requires flash player download [here](#)

Not All Spikes Bite
and deliver

8.84%

Alpha Strategic Fund Wholesale FY 30 June 2008



Investment Philosophy

Absolute Alpha's investment philosophy is characterised by a systematic approach to evaluate investment managers who successfully identify and profit from market inefficiencies.

Absolute Alpha believes that the ability to generate consistent risk-adjusted returns over the long term requires:

- constant assessment of the risk and reward of all investments;
- the ability to understand and manage unique strategy risks; and
- gaining access to proper and accurate data.

As markets evolve and become more dynamic a detailed understanding of the factors influencing returns allow us to separate managers' performance from luck and skill.

For a PDS or more information please call Absolute Alpha on 02 9233 9300

Key Statistics

Percentage Return

Absolute Alpha's investment philosophy is characterised by a systematic approach to evaluate investment markets and profit from market inefficiencies.

Absolute Alpha believes that the ability to generate consistent risk-adjusted returns over the long term requires:

- constant assessment of the risk and reward of all investments;
- the ability to understand and manage unique strategy risks; and
- gaining access to proper and accurate data.

As markets evolve and become more dynamic a detailed understanding of the factors influencing returns allow us to separate managers' performance from luck and skill.

For a PDS or more information please call Absolute Alpha on 02 9233 9300

Alpha Strategic Fund Performance History: % Net Returns

Class A: Retail

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Rolling average 12 months
07/08	0.19%	0.02%	1.54%	1.73%	0.28%	1.01%	-0.35%	0.48%	0.96%	0.48%	0.93%	0.63%	8.14%*
08/07	1.04%	1.26%	2.26%	2.30%	0.67%	0.36%	1.58%	0.43%	1.29%	0.79%	0.66%	1.81%	14.59%
06/06	-	-	-	-	0.20%	0.32%	0.85%	2.58%	3.66%	1.25%	0.62%	1.08%	N/A

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Rolling average 12 months
07/08	0.25%	0.07%	1.59%	1.73%	0.38%	0.99%	-0.21%	-0.51%	1.02%	0.53%	0.98%	0.68%	8.64%*
08/07	1.08%	1.31%	2.30%	2.33%	0.74%	0.45%	1.62%	0.49%	1.33%	0.84%	0.71%	1.82%	16.07%
06/06	-	-	-	-	0.61%	1.56%	0.56%	2.80%	3.39%	0.55%	0.07%	1.39%	N/A

* The information on Fund Performance is not an indication of future performance. Returns are net of fees.

Key Statistics

Percentage Returns

	Class A	Class B
Cumulative Returns since Inception	38.55%	40.70%
Rolling average since inception p.a.	13.01%	13.67%
1 month	0.63%	0.66%
3 months	2.05%	2.20%
6 months	3.15%	3.55%
1 year	8.14%	8.64%
2 year average p.a.	11.72%	12.40%
Compound monthly return	1.02%	3.39%
Highest monthly return	3.66%	3.39%
Negative months (Since Nov 2005 (32)†	1	1
Annualised volatility	2.11%	2.68%
Sharpe Ratio	0.42	

†Based on pre-distribution NAV, distributions exceeded earnings in select periods.

Aegis Independent
Equities Research

Absolute

ALPHA

Alpha Strategic Fund currently approved on these platforms



ASAP
Personal Choice

netwealth

Symmetry Portfolio Service



BT Financial Group

www.absolutealpha.com.au

we get it.

However, as with most qualitative data, it is unable to explain why certain dealer group more popular than others out relying on the corporate responses of the business question.

Therefore, in the lead up to year's survey, *Money Management* felt it was time to express the report, and who better for their opinion on which best dealer group than ad themselves?

Introducing the Money Management/CoreData Dealer Group of the Year

Money Management, in association with independent research CoreData, has assessed Australian financial planning industry three separate perspectives advisers rate their own (group); how they view other groups; and how large business productive each business.

The findings of each survey were combined to reveal the dealer groups (non-bank) that have been judged the Dealer Group of the Year the full methodology, see page 10.

Winner (non-bank)

With a compelling proposition and boasting the highest ratios of FUL adviser, Australia's eighth dealer group by adviser number ABN AMRO Morgans, has won the 2008 Dealer Group of the Year (Non-Bank) Award.

The national network advisers have beaten numerous professional Investment Service which maintained its leadership in the Top 100 with advisers.

When asked why he believed ABN AMRO Morgans received such a good rating both internally and externally, the

Important Information: This information has been prepared by Absolute Alpha Pty Ltd (ABN 24 113 940 953, Reg No. 288397) for general information purposes only. It has not taken into account any potential investor's financial situation or needs. None of the information is, nor is intended to be a financial projection or forecast for the Fund. The opinions expressed in this advertisement are simply our opinion's based on our observation of the market, which may not necessarily be shared by the reader. Anyone who wishes to invest in the Fund should read the relevant Product Disclosure Statement (PDS) carefully. A copy of the PDS is available from www.absolutealpha.com.au or from the Product Issuer's Asitara Capital Limited (AFSL 228000) website at www.asitara.com.au. Whilst every care has been taken by Absolute Alpha in producing the information, subsequent changes may impact on the accuracy of the information. Absolute Alpha makes no representation or warranty on the accuracy or completeness of the information. Absolute Alpha is an authorised representative of Wright Global Investments Pty Limited (AFSL 225058). Source Data: Asitara Capital Limited and van Eck Research.

* The Aegis award may be subject to the full Aegis report entitled Alpha Strategic Fund and dated October 2007 and the Legal Notice which can be located at <http://www.aegis.com.au/Public/Disclaimer.aspx>

GGDI

Supplementary Product Disclosure Statement (effective 22 March 2006)

MillhouseIAG Private Equity Fund ARSN 112 314 931

This Supplementary Product Disclosure Statement (SPDS) is issued by Astarra Capital Limited (ABN 33 001 277 256), (AFSL 238000).

This SPDS is supplementary to, and should be read together with the Product Disclosure Statement for the MillhouseIAG Private Equity Fund issued on 27 April 2005 (PDS).

This SPDS sets out new information in relation to reduced fees for the MillhouseIAG Private Equity Fund (**Fund**).

Section Five

Management Fee

In the fees and costs table on page 11 of the PDS, the text under the subheading "Management Fee" in the second column titled "Amount" on page 11 of the PDS is deleted and replaced with the following:

"The annual fees payable will be 2% per annum (including GST) of the gross value of the assets of the Fund."

Examples of Fees and Charges

The text and tables under the heading "Example of Fees and Charges" on pages 15 and 16 of the PDS are removed and replaced with the following:

"Adam wishes to invest \$10,000 in the Fund, and invests directly without consulting the adviser. During the year, the Fund return is less than the hurdle rate of 10% per annum. During the first year his cost would be:

Fees moving in or out of the Fund		
Establishment Fee	Nil	Nil
Contribution Fee	Nil	Nil
Withdrawal Fee	Nil	Nil
Termination Fee	Nil	Nil
Management Costs		
Administration Costs	Issuer Fee 1.2%	\$120.00
	Expense Recoveries 0.5%	\$50.00
Investments Costs	Management Fee: 2% per annum of gross assets.	\$200.00
Performance Fee	20% of positive return above the hurdle rate of 10% per annum.	Nil
Additional Services Fee		
Switching Fee	Nil	Nil
Adviser Service Fee	Nil	Nil
Total Fees & Charges for the Year		\$370.00

Clayton sees an adviser who recommends that he invest \$10,000 into the Fund. The adviser charges Clayton a 3% contribution fee. In Clayton's first year, the Fund returns 15% per annum*. Clayton's gross portfolio return will be \$1,455 (\$9,700 x 15%) per annum, while his costs during the first year would be calculated as follows:

Fees moving in or out of the Fund		
Establishment Fee	Nil	Nil
Contribution Fee	3%	\$300
Withdrawal Fee	Nil	Nil
Termination Fee	Nil	Nil
Management Costs		
Administration Costs	Issue Fee 1.2%	\$116.40
	Expense Recovery 0.5%	\$48.50
Investment Costs	Management Fee: 2% per annum of gross assets	\$194.00
Performance Fee	20% of positive return above the hurdle rate of 10% per annum	\$97.00
Additional Service Fees		
Switching Fee	Nil	Nil
Adviser Servicing Fee	Nil	Nil
Total Fees & Charges for the year		\$755.90

*These figures are not forecasts or guarantees of return. They are included solely for the purpose of illustrating the effect of the Performance Fee on the overall Fees & Costs of the Fund."

Should you have any questions in relation to the MillhouseIAG Private Equity Fund please contact the Astarra Client Service Line on 1800 064 694.

This Supplementary Product Disclosure Statement (SPDS) for the MillhouseIAG Private Equity Fund is effective from 22 March 2006 and must be read together with the Product Disclosure Statement for the MillhouseIAG Private Equity Fund issue date 27 April 2005. This SPDS has been prepared to assist you in understanding the fees and charges applicable to the Fund and to enable you to make informed choices about the product before you acquire it. The information contained herein is up to date at the time of issue to prospective members.

Issue date: 22 March 2006
 Issuer and Responsible Entity: Astarra Capital Limited
 ABN 33 001 277 256
 Australian financial services licence No 238000
 Registered Office: Level 41, 2 Park St, Sydney NSW 2000
 Telephone 02 8267 8600 Facsimile 02 8267 8690

MA/16a Milhouse SPDS FINAL.DOC

MILLHOUSE
The Power of
Private Equity
IAG

MillhouseIAG
Private Equity Fund
ARSN 112 311 931

Product Disclosure Statement

Issue 27 April 2005
Issuer and Responsible Entity: Astara Capital Limited
ABN 33 001 271 258
Australian Financial Services Licence No 238000
Registered Office: Level 41, 2 Park St, Sydney NSW 2000
Telephone 02 8267 8600 Facsimile 02 8267 8690

CONTACT DETAILS

For further information, or a copy of any Product Disclosure Statement ("PDS"), please contact Astarra Capital Limited:

BY TELEPHONE:

Toll free within Australia: Client Service Line 1800 064 694
Monday to Friday: 8.45am to 5.00pm (EST)

BY POST:

Astarra Capital Limited
PO Box 1282 Albury NSW 2640

BY FACSIMILE:

Members and advisers: 02 6041 9355

BY EMAIL:

service@astarra.com.au

BY WEBSITE:

www.astarra.com.au

**OFFICES OF ASTARRA
CAPITAL LIMITED**

SYDNEY

Level 41, 2 Park Street
Sydney NSW 2000

ALBURY

Suite 3, Level 1, 540 Swift Street
Albury NSW 2640

**ABOUT THE
RESPONSIBLE
ENTITY**

Astarra Capital Limited (referred to in this PDS as "Astarra", "ACL", "RE", "we", "us" or "the Responsible Entity") (ABN 33 001 277 256) (Australian Financial Services Licence No. 238000) is the Issuer of the MillhouseIAG Private Equity Fund. The MillhouseIAG Private Equity Fund is a managed investment scheme (please see section 1). Astarra is the responsible entity (RE) of the fund (that is an Australian Financial Services Licensee, authorised by the Australian Securities Investment Commission ("ASIC") to operate registered managed investment schemes). ASIC takes no responsibility for the contents of this PDS.

Astarra is a diversified financial services provider specialising in administration, asset management and consulting services. Since its establishment in 1992, Astarra (formerly known as "Tolhurst Capital Limited") has developed a reputation for excellence in the financial services industry for administrative and client services as a specialised investment administrator. Astarra administers managed investment funds and public offer superannuation funds.

Neither Astarra nor any of its related bodies corporate or associated parties guarantee the performance of the MillhouseIAG Private Equity Fund, or the repayment of capital invested. This product is subject to investment risk including loss of income and loss of capital invested.

**ACCESSING UP-TO-DATE
INVESTMENT INFORMATION**

Information contained in this PDS that is not materially adverse to unit holders is subject to change from time to time and may be updated. For the most up-to-date information on your investment, you can check our website:

www.astarra.com.au

or contact us via email:

service@astarra.com.au

A paper copy of this information will be given to you without charge on request. Likewise, you should advise us in writing, as soon as possible, if there is any change in your personal details (e.g. address, bank account etc).

The MillhouseIAG Private Equity Fund

Astarra Capital Limited (ACL) invites you to invest in the MillhouseIAG Private Equity Fund ("the Fund"). ACL is the issuer of this product disclosure statement and of interests in the Fund (called "units"). ACL also acts as the Responsible Entity of the Fund.

This Fund is a managed investment scheme, investing in Australian and international shares, options and other securities, in a venture capital and private equity environment.

Investors in the Fund should accept that the value of their investments could go up or down. Though this Fund's objective is to deliver consistent returns through rising and falling markets by using a private equity investment strategy there is no guarantee that your investment will grow. This Fund is not intended to be a short-term investment and investors should look to invest for at least five years.

We recommend that you get professional advice from a licensed investment adviser and/or tax adviser before investing.

STRUCTURE OF THE FUND

The MillhouseIAG Private Equity Fund is a managed investment scheme registered by the Australian Securities & Investments Commission ("ASIC") in accordance with the Corporations Act 2001 (C'w/ith) ("Corporations Act"). Each unit represents an equal interest in the assets of the Fund. A unit holder in the Fund does not have any direct interest in the underlying assets held by the Fund. However, a unit holder is entitled to receive income distributions, if any, that are attached to each unit.

TABLE OF CONTENTS

	PAGE
The Responsible Entity - Astarra Capital Limited	2
The Investment Manager	2
Investment Objective	2
What is 'Private Equity' and How Does the Strategy Work	3
Benefits and Significant Risks	5
Table: Summary of the Fund	8
Table: Fees & Costs	10
Important Additional Information	13
How the Fund Works	17
Income of the Fund	19
Taxation & Your Investment	21
Your Rights	23
Application Forms	27

Redacted

Section Two

WHAT IS PRIVATE EQUITY AND HOW DOES THE STRATEGY WORK?

WHAT IS "PRIVATE EQUITY" ?

At its most basic, private equity and venture capital involves providing the cash resources needed by small or early-stage development companies to grow into large, more profitable businesses. The investor participates in the profits obtained from the business growth. This can focus on funding early stage and technology enterprises, or may involve more substantial existing businesses.

WHAT IS THE PRINCIPAL STRATEGY?

The principal strategic objective of the Fund is to provide venture capital for emerging growth companies. The Fund aims to match "Hubs of Innovation" with "Hubs of Capital" with an emphasis on the Australian, Singapore, China, Germany and US markets.

Hubs of Innovation are countries like Australia where new ideas are constantly generated, but where expansion capital may be limited.

Hubs of Capital are countries like Singapore which has a highly developed investment banking sector, and capital is more readily available to business.

The Fund will strive to implement world best practice in venture capital and private equity with an Australian-based fund. Some investments will be co-investments with significant world class institutional investors, and some investments may involve other trusts (such as the wholesale Millhouse IAG Private Equity Trusts No's 1 and 2). The investments within the Fund may take the form of pure equity investments, or may be structured to include investments with fixed-interest characteristics (such as preference

shares, bonds or convertible notes).

The Fund will generally invest in three types of opportunities:

1. Direct investment in "Platform Companies" with strategic opportunities
2. Strategic Funds Investments
3. Venture Capital Investments

Investing in "Platform Companies" means that the Fund will have a significant interest in a company that focuses on one business sector, has market niches, a defensible business franchise or technology and competent management. A Platform Company would be held by the Fund for the long term, continuously building value, and generally reaching the stage of becoming a publicly listed company.

Platform Companies will often purchase other smaller companies (which may be assets of the Fund) in order to achieve greater synergies, and value for the investors.

Investing through "Strategic Funds" means that the Fund may take a position in existing private equity or venture capital funds that are distressed but, in the Manager's opinion, offer value. The Fund will be looking to access high-quality underlying portfolios at acceptable prices; these can be either single investments or co-investments from a fund of funds manager. One advantage of this strategy is that it allows the Fund to obtain private equity holdings at an advanced stage in their life-cycle, which has the effect of diversifying the portfolio, and building a stream of returns.

The Manager's approach to "Venture Capital" is centered on a longer-term orientation and making substantial investments in the form of majority, controlling or minority stakes which allow for significant influence or control. This results in a better alignment of interest with the owner-managers and an improved environment for the principals to take a lead in strategic direction, allowing for the building of long-term value in management and corporate functions. There will be significant focus on the human resources issues, including the setting of Key Performance Indicators through internal capitalisation planning, training of management, remuneration systems and oversight of employee stock issuance and trading.

- The Key Components of the Investment Strategy include:
- Substantial investments in Platform Companies, and a focus on growing the value of these companies over time
 - The attitude that it is better to "build and grow" rather than "buy and sell"
 - Providing "hands-on" management leadership by the principals; introducing and infusing "best of breed" practices in corporate functions such as capitalisation planning, finance and control, human and resource management and corporate governance
 - Adopting an Australia-Singapore-China-Germany-USA orientation which matches Hubs of Innovation and Hubs of Capital with the markets of Asia and central Europe
- The Fund approach is long-term and focused on building value for investors.

Section Three

BENEFITS AND SIGNIFICANT RISKS

PRINCIPAL BENEFITS OF INVESTING IN THE FUND

An investment in the Fund has a number of benefits including:

- access to the principal strategies. The Fund offers access to a diversified range of investment strategies.
- access to investment professionals. The Fund offers access to the investment professionals of the Manager, and also a diverse range of talented professionals in the underlying private equity funds.
- access to various markets. The Fund provides access to overseas markets which are, in the Manager's opinion, relatively under-served and with high growth potential.

PRINCIPAL RISKS OF INVESTING IN THE FUND

Investors should be aware that there are inherent risks associated with investing in the Fund. It is important to consider these risks prior to investing. Please talk to your financial adviser about the risks involved in investing in the Fund, and how they might impact on your individual circumstances. Risks include:

INVESTMENT RISK

Investors should be aware that your investment in the Fund is not guaranteed and the value of your investment can rise or fall. The risk that your investment may fall is generally known as investment risk. In general, the higher the volatility of an investment, the higher the risk and potential return. On the other hand, generally the lower the volatility of an investment, the lower the risk and potential return.

SHARE MARKET RISK

Share investments can fluctuate significantly in value, they may decline in value or may not pay income. These fluctuations can be due to general movements in the share market or movements specific to individual shares.

In relation to general movements in the share market, factors may include changes in economic, social, technological, political, legal or accounting conditions, as well as market sentiment both in relation to Australian and international markets.

In relation to movements specific to individual shares, factors may include poor management, changes in the company's competitive environment or internal operations and changes in dividend policy or other internal policies.

The Responsible Entity manages this risk related to specific shares through the selection of an investment manager who, in turn, has expertise in managing investments of this nature.

INTEREST RATE RISK

Investments in longer term fixed securities can be exposed to the risk of capital losses when long-term interest rates rise.

Changes in official interest rates can directly or indirectly impact (negatively or positively) on investment returns. For example, rising interest rates can have a negative impact on a fund's or company's value as increased borrowing costs may cause earnings to decline. As a result, the unit value or share value may fall.

CREDIT RISK

This is the risk of losing capital due to the default on a debt, fixed interest security (for example, the issuer of a fixed interest security may not be able to repay the principal payment or the interest payments).

FOREIGN EXCHANGE RISK

Investments in international markets carry the risk that foreign currencies may rise or fall in value relative to the Australian dollar. This risk can be reduced by the use of foreign currency hedging. The Manager may use derivatives to hedge or insure against the risk of a rise in the Australian dollar.

For example, if the Australian dollar falls, the value of international investments expressed in Australian dollars may increase. On the other hand, if the Australian dollar rises, the value of international investments expressed in Australian dollars may decrease.

DERIVATIVE RISK

The Fund may use derivatives to reduce risk or gain exposure to other types of investments as the Manager considers appropriate. Such use of derivatives can enhance returns (both positive and negative). The derivatives used may fail to move in line with the asset, may be illiquid, or the counterparty to the derivative contract may not be able to meet its obligation under the contract.

CASH FLOW AND LIQUIDITY RISK

This is the risk of funds not being available to meet unit holder withdrawal requests in a timely manner. Investments in the Fund are investments which may involve a lengthy realisation period and the market for selling shares in unlisted companies in Australia or overseas may be limited.

Neither the Responsible Entity nor the Manager guarantees the liquidity of the Fund's investments.

PRIVATE EQUITY RISK

Investment in the Fund is likely to involve exposure to the following risks:

- a) leverage (or borrowing) risks – investments in private companies may involve varying degrees of leverage and as a result, recessions, adverse market conditions, operating problems and other general business and economic risks have a greater effect on the profitability or survival of investee companies, businesses or entities. Further rising interest rates may increase interest expenses related to such leverage;
- b) minority interests – the Fund may be unable to protect its minority interests in companies effectively;

- c) liquidity risk – it is anticipated there will be a significant period of time before the Fund has fully realised its investments. Such investments typically take from 2 to 7 years from the date of initial investment to reach a state of maturity when realisation of the investment can be achieved.

In light of this, there is strong potential that no significant returns from the Fund investments will occur until after a lengthy period of time (five years or more). Investments in the Fund should be regarded as long term in nature;

- d) limited market – generally there is no readily available market for a substantial number of investments (i.e. investments in private companies) made by the Fund. Realisation of such investments may require a lengthy time period. Investments may be distributed in specie so that the Fund may then become minority shareholder in a number of unquoted companies;
- e) risk of investment in overseas markets – to the extent the Fund invests in companies, businesses or entities organised outside of or incorporated outside of Australia, those investments will be subject to risks associated with foreign investments which include fluctuations in political affairs, market conditions, enforcement of contracts, foreign exchange controls and foreign taxation issues;

- f) venture capital – The Fund intends primarily to pursue investment opportunities of a private equity nature – that is in respect of established companies, businesses or entities. However the Fund may also make venture capital and seed capital type investments from time to time (for example in respect of "start-up" companies, businesses or entities). The risks and returns inherent in venture capital type investments are more pronounced than in private equity type investments;

sufficient?

g) skill of the Manager – decisions with respect to investment management will be made solely by the Manager. The success of the Fund will depend on the ability of the Manager to identify and consummate suitable investments, to improve the operating performance of portfolio investments and to dispose of investments at a profit. The Fund's success will depend in substantial part upon the skill and expertise of the investment professionals employed by the Manager. There can be no assurance that such individuals will continue to be employed by the Manager or to function on behalf of the Fund;

h) no past operating history – The Fund has no operating history. Past performance of the Manager of the Fund cannot be relied upon as an indicator of future performance of the Fund.

An investor wishing to invest in the Fund must rely on the ability of the Manager chosen by the Responsible Entity to identify, structure and implement investments consistent with the Fund's investment objectives and policies.

Note: You should be aware that the Fund will invest in illiquid investments. The Responsible Entity will endeavour to meet a withdrawal or switch request within 30 days. However, the Responsible Entity reserves the right to delay processing a withdrawal from this Fund for up to 24 months or such other period as considered reasonable in the Responsible Entity's view in all the circumstances (e.g. where withdrawal requests equalling 10% or more of the value of the assets of the Fund would force liquidation of underlying investments generating a large financial loss to the Fund or there is a circumstance outside Astarra's control which impacts on its ability to properly or fairly calculate prices);

FUND RISK

Risks specific to the Fund include the risk that the Fund could be terminated, the fees and charges could change, the Manager could change or the Responsible Entity could be replaced. There is also a risk that investing in the Fund may give different results than investing directly in equities (because of the consequences of investment and withdrawal by other investors which may be at different times to you). This is an inherent risk associated with the Fund.

Section Four

SUMMARY
OF THE FUND
- MILLHOUSEIAG
PRIVATE
EQUITY
FUND

FUND PROFILE				
Investment Objective	<p>To achieve a gross return (i.e. before fees and charges are deducted) equal to the top quartile of performers in the industry where the benchmark is derived from the Private Equity Performance Monitor. Returns are not guaranteed.</p> <p>The industry benchmark is published in the United Kingdom. Its objective is to provide performance information for as much of the global investable universe of private equity and venture capital funds as possible. It provides key performance metrics on 1,722 funds around the world, comparing each vehicle against benchmarks to discover the true top quartile performers.</p>			
	<p>Investment Strategy (Note this is the means by which the Fund seeks to achieve its investment objective.)</p> <p>The principal strategic objective of this Fund is to provide venture capital for emerging growth companies. The principal strategy is to match Hubs of Innovation with Hubs of Capital on an Australia-Singapore-China-Germany-USA orientation. To achieve this goal, we undertake the following investment strategies;</p> <ul style="list-style-type: none"> Private Equity into "Platform Companies" - aim is to build platform companies from Hubs of Innovation to tap low-cost production in China, India and Eastern Europe with product marketing to the world using the world's Hubs of Capital; Venture Capital - earlier stage investments which can later be sold into Platform Companies or other exit; and "Strategic Fund investments" - investments into other private equity and venture capital fund managers in Germany, Singapore, Australia and North America which have considerable diversification. This will accelerate the diversification process on a multi-country and multi-end use markets basis. <p>Investments will be structured using one or a combination of the following:</p> <p>- equity - convertible debt - term debt - capital guarantee</p>			
Asset Allocation (Note this is the likely asset mix used to give effect to the investment strategy. Astarra may change the asset mix from time to time without prior notice to you.)	Investment	Target Allocation	Maximum %	Minimum %
	Cash	10%	25%	0%
	Private Equity	90%	100%	75%
Responsible Entity		Astarra Capital Limited		

Investment Manager	Millhouse IAG Ltd
Time Horizon	<p>Investors should not consider investing in the Fund unless they intend to hold the investment for a minimum of five years. However, investors are able to withdraw from the Fund at any time, subject to adequate liquidity. Please refer to page 18 for further information.</p> <p>You should be aware that the Fund will invest in illiquid investments. The Responsible Entity will endeavour to meet a withdrawal or switch request within 30 days. However, the Responsible Entity reserves the right to delay processing a withdrawal for up to 24 months or other such period as considered reasonable in the Responsible Entity's view in all the circumstances (e.g. where withdrawal requests equalling 10% or more of the value of the assets of the Fund would force liquidation of underlying investments generating a large financial loss to the Fund).</p>
Commencement Date	27 April 2005
Income Distributions	Half-yearly at 30 June and 31 December
Reinvestments	Yes
Risk Profile	HIGH
Historic Returns	As this Fund is newly established there are no historical returns to report. When returns become available, they will be posted to our website: www.astarra.com.au
GENERAL INFORMATION	
Minimum Initial Investment	\$1,000
Minimum Additional Investment/ Minimum Withdrawal	\$1,000 / \$1,000
Minimum Holding \$	\$1,000
Maximum Investment	No Maximum
Regular Savings Plan Minimum	\$1,000 per month

Section Five

FEES AND COSTS

This table shows fees and other costs you may be charged. These fees and costs may be deducted from your money or from the returns on your investment (if any) or from the the Fund's assets as a whole. Taxation information is set out in Section Eight. You should read the information about fees and costs as it is important to understand their impact on your investment. Amounts shown are inclusive of GST and any applicable reduced input tax credits.

Type of Fee or Cost	Amount	How and When Paid
Fees when your money moves in or out of the Fund You may also incur a buy-sell spread ¹ when your money moves in or out of the Fund		
Establishment Fee: This is the fee to set up your initial investment	Nil	Not applicable
Contribution Fee: This is the fee for the initial and every subsequent investment and you make.	Nil to 4% of the amount of your contributions.	If you use an adviser you may be charged a contribution fee (which is deducted by the Responsible Entity paid to your adviser). If you do not use an adviser, then you will not be charged the fee. The amount of the fee can be negotiated. This fee is deducted upfront from each contribution at the time of receipt, before the net amount is deposited into your account. For more information, see "Important Additional Information" below. Example: A 3% Contribution Fee is \$30 for every \$1000 invested.
Withdrawal Fee: This is the fee for each withdrawal you make.	Nil	Not Applicable
Termination Fee: This is the fee when you finally close your investment.	Nil	Not Applicable

Redacted

Type of Fee or Cost	Amount	How and When Paid
Additional Service Fees		
Switching Fee: This is the fee for when you switch between investment options offered by the Fund. You may also incur a buy-sell spread ¹ when switching between investment options.	Nil	Not Applicable
Adviser Service Fee: This is the fee charged by your and adviser for advice about your investment(s) in the Fund. (An adviser may also be paid other amounts as commission out of one or more of the fees listed above.)	Up to 1% per annum (charged on the value of your account balance) as agreed between you and your adviser.	<p>This fee is based on the monthly account balance of your investment will be charged to your account each month.</p> <p>This fee is negotiable between you and your adviser and may range from NIL to 1%.</p> <p>Example: A 0.25% Adviser fee is \$2.50 per year for every \$1,000 invested.</p>

- 1 For more information on the buy-sell spread please refer to page 14.
- 2 This fee includes an amount payable to an adviser for advice about this product. See 'Commission Payable to Advisers and/or Agents' in the Important Additional Information section, below.
- 3 The Responsible Entity will be reimbursed for all expenses and liabilities relevant to the Fund which are properly incurred. Some of the most common reimbursements include: cost of correspondence, accounting & audit services, legal fees, bank charges, taxes, unit issue, registration and redemption, compliance plan and committee costs, cost to prepare and print this PDS. A more complete list of reimbursable expenses may be found in the Fund Constitution which is available upon request at no cost from the Responsible Entity.
- 4 See 'buy-sell spread' in the Important Additional Information section, below.

IMPORTANT
ADDITIONAL
INFORMATION

PERFORMANCE FEE

A performance fee is payable by the Manager when the cumulative value of the unit price (unit price index) is in excess of the hurdle rate¹ of 10% p.a. Earned performance fees will only be payable if the Fund's performance exceeds its high watermark*. The performance fee is currently set at 20% (inclusive of GST) of the increase in net asset value of the Fund (adjusted for management fees, issues, withdrawals of units and distributions) in excess of the hurdle rate. The fee (where payable) is passed on to the Manager and is paid on a 6 monthly basis in arrears deducted directly from the Fund and is reflected in the unit price.

* If the unit price index is below the 10% hurdle rate or below the high watermark at the end of a financial year, the indices (hurdle rate index and/or unit price index) may be reset for the following financial year to that year-end position. Indices are cumulative based on the commencement of the Fund or resetting date.

A 'high watermark' is set for the unit price in every financial year. The high watermark is the highest unit price achieved year to date during the financial year. No performance fee can be earned in a period unless the unit price at the end of the period is above the high watermark for the financial year.

MANAGEMENT EXPENSE RATIO ("MER")

The MER is a useful measure of the ongoing fees and expenses you can expect to pay if you invest in the Fund. It is the total of ongoing fees and expenses of the Fund during a financial year represented as a percentage of the average net asset value of the Fund. The MER excludes any contribution fee, transaction costs (e.g. buy/sell spread) and any performance fee.

The MER for the life of this PDS will not exceed 6.7% per annum on the average net asset value of the Fund (excluding any performance fee). To give you a better idea of what this means and generally speaking, these ongoing fees and expenses will not total more than \$670 per annum for each

\$10,000 of your investment.

Historical MER: As this Fund is a new fund there is no MER history to report.

CAN THE CHARGES CHANGE?

Yes, the rates for all fees, charges and expenses may change. Reasons might include changing economic conditions and changes in regulation. However, we expect that ongoing fees will be maintained within the 6.7% per annum MER (excluding any performance fee) noted above.

We will provide you with 30 days notice of any proposed change, to allow enough time for you to withdraw if you wish. You should also carefully consider the taxation implications of withdrawing.

The Constitution for the Fund allows us to charge up to 2% per annum (excluding GST) as an issuer fee. It also allows us to charge up to 4% (excluding GST) for establishment fees, contribution fees, withdrawal fees, termination fees and switching fees respectively. We can charge up to 5% per annum (excluding GST) for management fees. To change the Constitution in this regard would require unit holder approval.

The Australian Securities and Investments Commission ("ASIC") website, www.asic.gov.au offers a fee calculator to help investors understand the impact of charges over time. The impact of small increases or decreases can be significant. The fee calculator may also help investors compare the charges of the Fund to others. We may individually negotiate fees with "wholesale investors".

The law restricts us from negotiating our fees with other investors unless specific ASIC relief permits it.

1 The 'Hurdle Rate' is equal to 10% per annum. In other words, no performance fee is payable in a period unless the return of the Fund is greater than the "hurdle rate" of 10% per annum.

BANK/GOVERNMENT CHARGES

In addition to the fees set out in this section, standard government fees, duties and bank charges may also apply to investments and withdrawals (including dishonour fees and conversion costs, and bank cheques) and are paid by the investor. If your application cheque or direct debit is dishonoured we will charge you a dishonour fee, currently \$20, together with any bank dishonour fee we incur.

COMMISSION PAYABLE TO ADVISERS AND/OR AGENTS

Astarra may pay to its agents, distributors, operators or custodians of investor directed portfolio services (IDPS) or IDPS-like service such as a master trust or wrap account, or to licensed / authorised financial advisers a fee or ongoing commission from its contribution or management fee.

Any ongoing fee or commission other than the Adviser Service Fee paid by Astarra is not an extra amount paid by you or from the Fund. Rather, it is deducted from Astarra's own fees. Your exposure to the Fund is not reduced in any way and so does not impact the return an investor may receive. The payment and terms of payment of any trail fees or commissions are entirely within the discretion, and at the expense, of Astarra.

Typically, Astarra may pay up to:

4% (inclusive of GST) up front commission on all contributions (i.e. the Contribution Fee);

and

0.8% p.a. (inclusive of GST) trail commission on all funds under management. (i.e. from the administration costs)

Your financial adviser or IPDS provider may decide to waive part or all of the contribution fee; however, your adviser is not obliged to do so. Where an up front fee is waived, your contribution fee will be effectively reduced by the amount waived. Details of any remuneration and/or commission we might pay to advisers are in the financial services guides and statements of advice they provide you from time to time.

BUY/SELL SPREAD

When you invest or withdraw from the Fund, we use what we call a buy/sell spread. A buy/sell spread is also referred to as buy/sell charges or transaction costs. A buy/sell spread is an adjustment to the unit price reflecting Astarra's estimate of the transaction costs that may be incurred as a result of the purchase/sale of assets arising from the issue/withdrawal of units. This adjustment ensures that existing investors do not pay costs associated with other investors acquiring/withdrawing units in the Fund. The buy/sell spread is additional to the fees and costs set out in the table on pages 10 - 12. The buy/sell spread payable on issue and withdrawal is as follows:

Issue: + 0.20%

Withdrawal: - 0.20%

The buy/sell spread is reflected in the issue/withdrawal price. As such, an investor who invests into the Fund will pay 0.20% of the issue price of a unit as a buy charge. Similarly an investor who withdraws from the Fund will pay 0.20% of the amount withdrawn as a sell charge. As the buy/sell spread is an estimate, the percentage rate may change during the life of this PDS. However, the buy/sell spread will not exceed 0.60% (i.e. the maximum difference between the issue and withdrawal price) in total during the life of this PDS. We will of course provide you with 30 days notice if we increase the buy or sell spread.

EXAMPLES OF FEES AND CHARGES

Adam wishes to invest \$10,000 in the Fund, and invests directly without consulting an adviser. During the year, the Fund return is less than the hurdle rate of 10% per annum. During the first year his cost would be:

Fees moving in or out of the Fund		
Establishment Fee	Nil	Nil
Contribution Fee	Nil	Nil
Withdrawal Fee	Nil	Nil
Termination Fee	Nil	Nil
Management Costs		
Administration Costs	Issuer Fee: 1.2%	\$120.00
	Expense Recoveries: 0.5%	\$50.00
Investment Costs	Management Fee: 5% per annum (assuming the Fund has less than \$10 million funds under management)	\$500.00
Performance Fee	20% of positive return above the hurdle rate of 10% per annum	Nil
Additional Service Fees		
Switching Fee	Nil	Nil
Adviser Service Fee	Nil	Nil
Total Fees & Charges for the year		\$670.00

Clayton sees an adviser who recommends that he invest \$10,000 into the Fund. The adviser charges Clayton a 3% Contribution Fee. In Clayton's first year, the Fund returns 15% per annum¹. Clayton's gross portfolio return will be \$1,455 (\$9,700 x 15%) while his costs during the first year would be \$1,046.90 calculated as follows:

Fees moving in or out of the Fund		
Establishment Fee	Nil	Nil
Contribution Fee	3%	\$300
Withdrawal Fee	Nil	Nil
Termination Fee	Nil	Nil
Management Costs		
Administration Costs	Issuer Fee: 1.2%	\$116.40
	Expense Recovery: 0.5%	\$48.50
Investment Costs	Management Fee: 5% per annum (assuming the Fund has less than \$10 million funds under management)	\$485.00
Performance Fee	20% of positive return above the hurdle rate of 10% per annum	\$97.00
Additional Service Fees		
Switching Fee	Nil	Nil
Adviser Service Fee	Nil	Nil
Total Fees & Charges for the year		\$1,046.90

- 1 These figures are not forecasts or guarantees of return. They are included solely for the purpose of illustrating the effect of the Performance Fee on the overall Fees & Costs of the Fund.

Section Six

HOW THE FUND WORKS

MAKING AN INVESTMENT

To invest in the Fund simply complete the application form found at the back of this PDS and send it with a cheque payable to "Astarra Investment Trust". Alternatively you may lodge it with your adviser. Astarra will process all applications upon receipt.

The minimum investment amount is \$1,000.

PROCESSING YOUR APPLICATION

If we are unable to process an application because the application is invalid, the request will not be processed and the monies will be placed into a holding account. Any interest earned in the holding account is not payable to an investor; but will be credited to the benefit of the Fund. Application money will remain in the holding account until the corrected documentation is received or the money is returned to the investor. Money may normally be retained in the holding account for a maximum of one month before it is returned. However, if it is not reasonably practicable for us to return the money within one month, we will return it by the end of such longer period as is reasonable in the circumstances. If valid documentation is not received by this time, the application money (without interest) will be returned to you by cheque. We have the right to reject any application received or accept it in part only.

HOW THE ISSUE PRICE OF UNITS IS DETERMINED

Units will be issued based on the issue price on the day the application is received and approved by Astarra. The issue price is calculated by determining the net asset value of the Fund divided by the number of units on issue plus any allowance for the buy/sell spread.

The buy/sell spread is Astarra's estimate of the transaction costs that may be incurred as a result of the purchase of assets arising from the issue of units. For more information on the buy/sell spread and other fees and expenses, please refer to the Fees and Expenses Table on pages 10 - 12.

MAKING REGULAR INVESTMENTS

The Fund allows you to build up your investment by regularly investing \$1,000 or more once you have invested your initial \$1,000. You may make regular investments on a monthly basis. These investments will be made on the fifteenth of each month, or, where this is not a business day, the following business day by direct debit transfers from your nominated Australian bank, building society, credit union account, or charge card.

Should your circumstances change you may stop and restart your Regular Investment Plan at any time simply by writing to us. If you cease regular payments, you may retain your investment in the Fund providing there is a minimum balance of \$1,000.

ADDING TO YOUR INVESTMENT

Once you have made an initial investment, you can make additional investments on the terms of the current PDS from \$1,000 in the Fund by completing an Application Form attached to or accompanying the PDS.

Copies of the current PDS are available free of charge from Astarra by contacting 1 800 064 694 or from our website www.astarra.com.au.

COOLING OFF

Unless the Fund is not liquid, a 14-day cooling-off period applies to investments made by retail investors in the Fund. During this 14-day period, retail investors have the right to cancel their initial investment, by writing to Astarra. An investor's initial investment will then be repaid after Astarra makes adjustments up or down for changes in the value of the investment, and reasonable administrative and transaction costs incurred.

As a retail investor, your cooling-off period will begin on the earlier of the receipt of your confirmation statement or the 5th day after units are issued and will end on the 14th day after that date.

The confirmation statement you receive will state the date on which the units were issued.

The cooling-off period will not apply if and when an investor exercises a right in respect of the relevant units, such as voting on the units held. The cooling-off period does not apply in certain circumstances, such as where the Fund is not liquid for the purposes of the Corporations Act (a fund will be liquid if 80% of its assets can be readily turned into cash). Cooling off does not apply to investments made by 'wholesale investors' (as defined in the Corporations Act) or where an investment is made under a distribution reinvestment plan or switching facility. Investors investing via an IDPS or IDPS-like scheme should seek advice from their service operator as to whether cooling off rights apply.

SOCIAL SECURITY

An investment in the Fund may affect your entitlement to a pension or other social security benefit. We suggest you seek advice from an adviser or the Department of Family and Community Services through Centrelink.

ACCESS TO YOUR INVESTMENT

You may withdraw some or all of your units in the Fund at any time. This is subject to the provisions of the Corporations Act and the Constitution of the Fund, which may restrict withdrawals if the Fund is no longer liquid. Please refer to page 6 for details on liquidity risk. The minimum amount that can be redeemed is \$1,000. If your total investment in the Fund has a current unit value of less than \$1,000, Astarra may redeem all of your units without asking you.

Your withdrawal request will need to be in writing and include:

- Your name and current address;
- Your investment account number;
- The amount to be withdrawn (in dollars or units);
- Details of the bank, building society or credit union account where you wish to have the money deposited including account name, account number and BSB number; and

- The signature of relevant unit holder(s).

Please note that requests from joint unit holders must be signed by all joint investors. In the case of a company unit holder, a nominated representative of the company should sign.

Send your request by mail to:

Astarra Capital Limited
PO Box 1282
Albury NSW 2640, Australia

The amount withdrawn will be remitted directly into your nominated account. A cheque can be sent to you (the investor) upon request, although this process usually takes longer than direct crediting.

Following receipt of a request for withdrawal of units, Astarra has up to 30 days to effect payment. However, we will endeavour to pay any amount withdrawn within 10 business days of receiving your request.

Note: You should be aware that the Fund will invest in illiquid investments. The Responsible Entity will endeavour to meet a withdrawal or switch request within 30 days. However, the Responsible Entity reserves the right to delay processing a withdrawal for up to 24 months or such other period as considered reasonable in the Responsible Entity's view in all the circumstances (e.g. where withdrawal requests equalling 10% or more of the value of the assets of the Fund would force liquidation of underlying investments generating a large financial loss to the Fund).

Units will be redeemed at the current withdrawal price. The withdrawal price will be calculated by determining the net asset value of the Fund divided by the number of units on issue, less the buy/sell spread (currently estimated to be 0.20%).

THE CUSTODIAN

Astarra has appointed Australia and New Zealand Banking Group Limited as the Custodian to hold all the assets of the Fund.

The Custodian will be paid by the Responsible Entity as part of the expense recovery.

Section Seven

INCOME OF THE FUND

PAYMENT OF INCOME DISTRIBUTIONS

As an investor in the Fund, you may receive any income attributable to your investment in the form of a distribution.

Income distributions may include interest, dividends and realised capital gains.

Income distributions may be paid half-yearly, calculated on the close of business of 30 June and 31 December each year.

Distributions are reinvested or paid to you within three months following the specified dates. Astarra will send you an annual income tax summary showing the various distribution components, to assist you with your tax return. After a distribution is paid the unit price usually falls by a similar amount of the distribution per unit. When you invest, the price of each unit you acquire will include a share of income that has accrued since the last distribution date.

This means that if you invest just prior to a distribution (30 June and 31 December), the unit price may already include income/capital that you may be entitled to receive at the distribution date. Consequently, by investing just prior to a distribution, you may have some of your investment returned as income/capital. This could affect your tax position therefore we recommend you seek independent professional tax advice.

REINVESTMENT OF INCOME

To accelerate your savings, you can choose to have your income distribution entitlements directly reinvested into the Fund.

Please note that unless you provide instructions otherwise, reinvestment will be automatic in the Fund. There is no contribution fee payable for reinvesting income.

The additional units acquired in this way will be purchased on the basis of the current unit value of the units immediately after the distribution.

Alternatively, you can choose for distributions to be paid directly into your nominated bank, building society or credit union account by specifying your choice on the application form in this PDS. You can change your distribution choice at any time by making a request in writing to Astarra signed by the investor/investors.

INVESTOR SERVICES

Astarra recognises the importance of keeping you informed about your investment.

We will provide you with a statement confirming the following transactions as soon as is reasonably practicable after the transaction occurs:

- Initial contributions;
- Additional investments; and
- Withdrawals.

We will also send you:

- a half-yearly income distribution statement;
- an annual tax statement to assist with your tax return; and
- an annual report.

MAKING A COMPLAINT

Any complaints regarding your investment should be directed to Astarra (refer - inside front cover). We will endeavour to resolve your complaint by:

- acknowledging the complaint as soon as practicable;
- ensuring the complaint receives proper consideration by the appropriate person or body;
- acting in good faith by attempting to correct any error capable of being corrected;
- taking appropriate action (if action is required) to remedy the complaint; and
- communicating to you the outcome of our investigations, the remedies (if any) available to you and information regarding avenues available for further complaint, remedy or action to you as soon as practicable (but not more than 45 days after receiving your complaint).

If you are still dissatisfied with our response, you may lodge your complaint with the Financial Industry Complaints Service Limited ("FICS"), an external industry complaints resolution service approved by ASIC and of which Astarra Capital Limited is a member.

FICS
PO Box 579
Collins Street West
Melbourne VIC 8007
Telephone
1300 780 808

In order for a complaint to be considered by FICS, the claim must be under \$100,000 (unless Astarra and you agree otherwise in writing).

Section Eight

TAXATION AND YOUR INVESTMENT

As the Australian taxation system is complex and individual investors have different circumstances, we urge you to seek professional taxation advice before investing in the Fund. Reliance should not be placed on the limited information provided below.

GENERAL

Astarra Capital Limited intends to distribute all of the net taxable income of the Fund (after deducting Fund expenses including management fees) to investors. If this occurs, under the present taxation legislation, no Australian income tax will be paid by the Fund.

This is on the basis that the Fund is not taxed like a company. Astarra Capital Limited intends to manage the trust in a manner that ensures it is not deemed to be a company under Division 6C of the Income Tax Assessment Act 1936.

TAX POSITION OF AUSTRALIAN RESIDENT INVESTORS

Distributions: Unless investors are advised otherwise, all distributions of income, including amounts reinvested, will form part of the investor's assessable income and should be included in their tax return.

Imputation Credits: If the Fund receives dividend income from Australian companies, we will seek to pass on the benefits of any imputation credits attached to these dividends to Australian resident investors through the payment of distributions with attached franking credits.

Investors will be required to include their share of dividend income and imputation credits in their assessable income. A tax-offset equal to the imputation credits may generally be offset against tax payable by the investor. If imputation credits exceed the tax on the grossed up franked dividend, investors may reduce their tax liability for that year by offsetting the credits against other tax payable (excluding the Medicare levy).

An investor may be denied the franking credits, franking rebates or the inter-corporate dividend rebate in respect of distributions on units which the investor has not owned, at risk, for a continuous period of 45 days.

Capital Gains Tax: Any redemption or transfer of units in the Fund will constitute a disposal of those units which can result in the realisation of a taxable gain or loss. The amount of tax payable on any gain will depend on your own circumstances.

GST: GST will not be payable on your investment in the Fund or on distributions you receive from the Fund. Expenses charged to the Fund (including Astarra Capital Limited's management fees) may include GST. The Fund may not be entitled to claim an input tax credit for the full amount of that GST. The GST included in expenses that cannot be claimed as an input tax credit will be a net cost to the Fund.

The amount of fees and charges stated in this PDS are inclusive of any GST (net of input tax credits), unless otherwise stated.

Tax File Numbers/Withholding Tax: Collection of Tax File Numbers ("TFN") is authorised and their use or disclosure are strictly regulated by the Australian Tax laws and Privacy Act. Quotation of a TFN is not compulsory, but tax may be taken out of your distributions at the highest marginal rate plus Medicare levy if you do not quote your TFN or claim an exemption. By quoting your TFN, you authorise us to apply it to your investment and disclose it to the Australian Taxation Office.

In relation to the use of Australian Business Numbers ("ABN"), a business may quote its ABN in lieu of its TFN to avoid any withholding tax deductions.

TAX INFORMATION FOR NON-AUSTRALIAN TAX RESIDENTS

Australian Tax Position of Non-Resident Investors: If you are not an Australian resident, Australian non resident withholding tax may be withheld from your distributions at the prescribed rates issued from the Australian Taxation Office. You may be entitled to claim a tax credit in your home country for this tax.

Tax will be withheld from distributions to nonresident unitholders consisting of income and capital gains derived by the Fund from sources in Australia. The amounts withheld will be at the rates of tax applicable to non-resident unitholders. Non-residents will not be subject to Australian tax on income derived from sources outside Australia.

Non-resident unitholders are also subject to Australian tax on capital gains realised on disposal or switching of their units if the unitholder held 10% or more of the issued units in the Fund at any time during the 5 years prior to that event taking place. Non-resident unitholders should seek their own advice on the tax implications in their own jurisdiction of investing in the Fund.

Section Nine

ADDITIONAL INFORMATION

YOUR RIGHTS

The Constitution establishes the Fund and sets out the rules. Together with this document and the law, it governs our relationship with you. You can request a copy of the Fund's Constitution by calling our toll free number 1800 064 694.

The Constitution limits our need to compensate you if things go wrong – generally, if we comply with our duties, then we do not need to compensate you unless the law so requires.

The Constitution is the source of our relationship with you and excludes, to the extent possible, the operation of other laws.

We must have investor approval to make changes to the Constitution which are adverse to the rights of investors.

OUR DUTIES AS RESPONSIBLE ENTITY

As Responsible Entity of the Fund we must comply with all obligations set out in the Constitution for the Fund. We are also subject to many duties under the law including duties to act honestly, exercise care and diligence, and treat investors equally. We receive fees for acting as Responsible Entity of the Fund.

COMPLIANCE

Under the Corporations Act, the Fund is required to have a Compliance Plan. The Compliance Plan sets out measures and procedures that Astarra, as the Responsible Entity of the Fund, will implement to ensure that the operation of the Fund complies with the Corporations Act and the Constitution. The Compliance Plan will be audited at least once a year by an external auditor who will report on their findings to us.

A Compliance Committee, with a majority of external members, has been established for the purpose of monitoring Astarra's

adherence to the Fund's Compliance Plan.

AUTHORISED INVESTMENTS

The Fund's Constitution provides very wide powers of investment. The Fund can invest in anything it chooses, subject to its Australian Financial Services Licence. This includes (but is not limited to):

- securities;
- units or interests in any listed or unlisted trust or managed fund;
- interests in exchanged traded funds;
- money market securities;
- debt; and
- cash.

Cash is generally held from time to time for liquidity and market timing purposes.

LABOUR STANDARDS OR ENVIRONMENTAL, SOCIAL AND ETHICAL CONSIDERATIONS

We do not take labour standards, or environmental, social or ethical considerations into account when making investment decisions for the Fund. However, such issues may financially affect an investment. Any such financial effect would influence our investment decisions. The investment manager may have various policies regarding the extent to which they take into account such matters when investing. Astarra does not consider such factors when selecting external investment managers for the Fund.

PROTECTING YOUR PRIVACY

Astarra must comply with the Privacy Act 1988 (C'with). This Act generally regulates the collection, storage, quality, use and disclosure of personal information. If you are an individual, it will be necessary for Astarra to collect your personal information to provide you with the financial products you have requested. We will not tell anyone any information that we have about you unless:

- the law requires;
- we consider that your adviser needs the information; or
- we or someone from our group needs it to send promotional material to you ~ if you don't want this, tell us in the application form.

If you think our records are wrong or out of date, particularly your address, email address or adviser, it is important that you contact us and we will correct them.

You can always access the personal information we hold about you by written request to us.

We do not disclose any nonpublic personal information about our current or former unit holders to nonaffiliated third parties, except as permitted by law. For example, we are permitted by law to disclose all of the information we collect, as described above, to our transfer agent to process your transactions. Furthermore, we restrict access to your nonpublic personal information to those persons who require such information to provide products or services to you. We maintain physical, electronic, and procedural safeguards that comply with federal standards to guard your nonpublic personal information.

In the event that you hold units of the Fund through a financial intermediary, including, but not limited to, a broker-dealer, bank, or trust company, the privacy policy of your financial intermediary would govern how your nonpublic personal information would be shared with nonaffiliated third parties.

ELIGIBLE INVESTORS

You must be 18 years or over to invest in the Fund. An adult can make an investment on behalf of a minor by completing the application form in the adult's name on account for the minor. The offer of units in the Fund is available to persons receiving a copy (electronic or otherwise) of this PDS within Australia. Applications from outside Australia will not be accepted.

NOMINATED REPRESENTATIVES

You may wish to appoint a person, partnership or company as your nominated representative. To do so, the nominated person or party must complete the relevant section of the application form. A nominated representative is able to act on behalf of a unit holder in all matters relating to the Fund.

INVESTMENT ADVISERS

If the Fund was recommended to you by an investment adviser (as evidenced on your application form) then details of your investment will be provided to that adviser.

INVESTING THROUGH A MASTER TRUST OR WRAP ACCOUNT?

It is generally the operator of that service which becomes the investor in the Fund (not you). It follows that they have the rights of an investor and can exercise them in accordance with their arrangements with you. The Responsible Entity, trustee or operator of any Master Trust or Wrap account service through which you invest, is responsible for that service.

If you are investing through a Master Trust or Wrap Account, then enquiries and complaints should be directed to the operator of that service, not to Astarra (unless Astarra is the Responsible Entity of that service).

Where an investor is a Master Trust, Wrap Service or other Investor Director Portfolio Services (IDPS) type investment service, the minimum investment applicable to that service provider shall be the minimum initial and ongoing investment amount as agreed with the IDPS like service provider.

In addition to reading this document, you should read the document, which explains the Master Trust, Wrap Account or IDPS like scheme.

DISCLOSING ENTITIES

The Fund may become a 'disclosing entity' during the life of this PDS if 100 or more people invest and will then be subject to regular reporting and disclosure obligations under the Corporations Act.

Copies of documents lodged with ASIC may be obtained from, or inspected at, an ASIC office.

If you wish to obtain:

- The Fund's annual financial report most recently lodged with ASIC;
- Any half-year report lodged with ASIC after the lodgement of the annual report and before the date of this PDS; or
- Any continuous disclosure notices given by the Fund after lodgement of the annual report and before the date of the PDS,

please contact 1800 064 694.

However, as this is a new Fund, none of the above documents are available as at the date of this PDS.

DIRECTORS OF ASTARRA CAPITAL LIMITED

Some directors of Astarra are also directors of Millhouse IAG Limited, the Manager of the Fund. Some directors of Astarra may also be directors of the dealer group associated with your financial adviser.

THE TRUST AUDITOR

The Auditor of the Fund must be a registered company auditor and is currently KPMG Chartered Accountants.

KPMG is also the auditor of the Compliance Plan for the Fund. KPMG has consented, and has not withdrawn its consent as at the date of this PDS, to be named as auditor for the Fund.

It has had no involvement in the preparation of this PDS and makes no representations or warranties as to the completeness or appropriateness of the information contained in this PDS.

Section Ten

FORMS

Please find attached:

INVESTOR APPLICATION FORM -- MillhouseIAG Private Equity Fund

This form must be completed to apply for units in the Fund.

DIRECT DEBIT REQUEST

This form should be completed if you wish to make monthly savings plan deductions directly from a nominated account to the MillhouseIAG Private Equity Fund.

Please ensure that you have read and understood the Direct Debit Request Service Agreement before signing the Direct Debit Request Form.

CREDIT CARD AUTHORITY

This form should be completed if you wish to have regular monthly savings plan deductions directly from your credit card to the MillhouseIAG Private Equity Fund.

INSTRUCTIONS/CHECKLIST

COMPLETING YOUR APPLICATION FORM

MILLHOUSEIAG PRIVATE EQUITY FUND

Please write legibly
in
block letters.

Tick ☒ boxes

Use a black
or dark blue pen.

- | | |
|--|---|
| <input type="checkbox"/> Section 1 – Compulsory | Complete your account details (if applicable) making sure you provide your membership number (if applicable). |
| <input type="checkbox"/> Section 2 – Compulsory | Complete your investor details. |
| <input type="checkbox"/> Section 3 – Compulsory | Complete your additional investor if a joint account (if applicable). |
| <input type="checkbox"/> Section 4 – Compulsory | Complete your Company/Trust/Other incorporated associated details (if applicable). |
| <input type="checkbox"/> Section 5 – Compulsory | Complete your address & contact details. |
| <input type="checkbox"/> Section 6 – Optional | Nominate your financial adviser (if applicable). |
| <input type="checkbox"/> Section 7 – Compulsory | Initial and additional regular contributions - Please nominate the amount of your initial investment and any additional investments. |
| <input type="checkbox"/> Section 8 – Optional | Nominate the bank account you would like to have distributions directly credited to. If you do not complete this section, distributions will be reinvested as additional units. |
| <input type="checkbox"/> Section 9 – Compulsory | |
| <input type="checkbox"/> Section 10 – Compulsory | |
| <input type="checkbox"/> Section 11 –Optional | |

Investor Application Form

Before you sign this application form, the Responsible Entity or your financial adviser is obliged to give you a 'Product Disclosure Statement' dated 27 April 2005 (which is a summary of important information relating to the MillhouseIAG Private Equity Fund). The details in the PDS will help you to understand the product and decide if it is appropriate to your needs. If you receive this PDS electronically, paper copies are available free of charge on request from Astarra.

1 Unit Holder Details

Do you hold units in the MillhouseIAG Private Equity Fund?

No: go to 2 Yes, my member number is _____
If yes, complete your name and the relevant sections.

OFFICE USE ONLY

Entered by _____

U/W Entered by _____

Checked by _____

2 Investor Details

Male Female Date of birth / /

Surname

Given name/s

Title Mr Mrs Miss Ms Other

Tax File Number OR exemption/reason (please tick one):

Age service veteran or invalid pension Not required to lodge tax return Non-resident

3 Additional Investor Details (if joint investment)

Male Female Date of birth / /

Surname

Given name/s

Title Mr Mrs Miss Ms Other

Tax File Number OR exemption/reason (please tick one):

Age service veteran or invalid pension Not required to lodge tax return Non-resident

4 Company/Trust Name/Other Incorporated Association

Name of company,
trust, inc. association

Trustee name/s

ACN/ABN ARBN

Contact Person

Phone

5 Address And Contact Details

Residential address

Suburb

State

Postcode

Postal address (if different)

Suburb

State

Postcode

Phone (home)

Phone (work)

Mobile

Facsimile

Email address

6 Nominated Financial Adviser

I wish to nominate the following person as my financial adviser:

Adviser name

Phone (work)

Facsimile

Adviser service fee % maximum 1%

Contribution fee % maximum 4%

Investor Signature

Date (DD/MM/YY) / /

To be filled out by Financial Adviser:

Authorised Representative No

AFS Licence Holder Name

AFS Licence No

MILLHOUSEIAG PRIVATE EQUITY FUND

7 Initial and Regular Investment Details / Distribution Details

INITIAL INVESTMENT

Amount: \$

DISTRIBUTIONS AND REGULAR PAYMENT PLAN

Distributions

I / We elect to receive my / our distributions by way of:

Re-investment as additional units.

or

Direct credit to my bank account, nominated in step 9

DIRECT DEBIT

Would you like to establish regular monthly contributions paid directly from your bank account?

Yes: Please complete the Direct Debit Request Form on page 31

Amount per month: \$

No

CREDIT CARD

Would you like to establish regular monthly contributions paid directly from your credit card?

Yes: Please complete the Direct Debit Request Form on page 33

Amount per month: \$

No

8 Insert the Name and Address of Financial Institution at which Account is held

Financial institution name

Address

Suburb

State

Postcode

9 Insert Details of Account to be Credited

Name of account

BSB number

Account number

MILLHOUSEIAG PRIVATE EQUITY FUND

10 Declaration

In signing this Application Form:

- I acknowledge that I have read and understood the Product Disclosure Statement (PDS) of the MillhouseIAG Private Equity Fund dated 27 April 2005 and agree to the conditions specified in the PDS in respect of any benefit I am entitled to as a unit holder of the MillhouseIAG Private Equity Fund.
- I hereby apply for units in the MillhouseIAG Private Equity Fund and agree to be bound by the provisions of the Constitution dated 15 December 2004 as amended from time to time.
- I acknowledge that I have read and understood the implications of supplying or not supplying my TFN (see Section 8 of this PDS) and authorise Astarra to quote my TFN or exemption to the ATO.
- I agree to provide any information relating to my application for units in the MillhouseIAG Private Equity Fund as and when requested, or upon any change of information previously advised.
- I understand that the MillhouseIAG Private Equity Fund is a registered managed investment scheme.
- I consent to Astarra Capital Limited disclosing information that I have provided to Astarra to an entity that is related to Astarra Capital Limited. I also consent to the use of that information to market services and products provided by an entity related to Astarra.
- I acknowledge that I can access the personal information that I have provided to Astarra Capital Limited.
- I acknowledge that I have received a complete copy of the Product Disclosure Statement (PDS) of the MillhouseIAG Private Equity Fund, or a printout of it with this application form attached.
- I have read all questions contained in this Application and all other forms submitted to Astarra Capital Limited in relation to this Application and to the best of my knowledge and belief, the answers are true, correct and complete.
- I acknowledge that neither Astarra nor any other related company nor the investment manager guarantees the payment of capital or the performance of the MillhouseIAG Private Equity Fund.

I do not wish to receive any marketing material.

Member's Signature

Date (DD/MM/YY) / /

11 Signatories

Where I / We have elected to use the Regular Investment Plan I / We:

- agree to be bound by the respective terms and conditions as set out in this PDS; and
- release, discharge and indemnify the Responsible Entity from all losses, liabilities, actions, proceedings, claims and demands arising out of the use of any of it / them including any unauthorised or fraudulent use of it / them.

I / We:

- have read the MillhouseIAG Private Equity Fund PDS and completed the Application Form; and
- agree to be bound by the provisions of this PDS and the applicable Constitution (as amended from time to time); and
- agree to the use of personal information as outlined on page 24 under 'Protecting your Privacy'.

The Responsible Entity, at its discretion, reserves the right to refuse any applications for units.

Signature

Date (DD/MM/YY) / /

Signature

Date (DD/MM/YY) / /

Please make your cheque payable to 'Astarra Investment Trust'

Direct Debit Request Form

1 Request And Authority To Debit

Surname or company name

Given names or ACN/ABN/ARBN

("you")

request and authorise Astarra Capital Limited [User ID Number 180798] to arrange through its own financial institution, for any amount Astarra Capital Limited may debit or charge you to be debited through the Bulk Electronic Clearing System from an account held at the financial institution identified below and paid to the Debit User, subject to the terms and conditions of the Direct Debit Request Service Agreement (and further instructions provided below).

2 Insert the Name and Address of Financial Institution at which Account is held

Financial institution name

Address

Suburb

State

Postcode

3 Insert Details of Account to be Debited

Name of account

BSB number

Account number

4 Acknowledgement

By signing this Direct Debit Request I/we acknowledge that we have read and understood the terms and conditions governing the debit arrangements between me/us and Astarra Capital Limited as set out in this Request and in the Direct Debit Request Service Agreement.

5 Payment Details

Amount in words

The first and subsequent debits will be made on the fifteenth day of the month.

6 Insert Your Signature And Address

Signature

Date (DD/MM/YY)

/ /

(If signing for a company, sign and print full name and capacity for signing eg. director)

Address

Suburb

State

Postcode

ASTARRA CAPITAL LIMITED

ABN 33 001 277 256

Level 1, 540 Swift Street ALBURY NSW 2640

PO Box 1282 ALBURY NSW 2640

Telephone (02) 6041 9300 Facsimile (02) 6041 9355

Client Service Line 1800 064 694

MILLHOUSEIAG PRIVATE EQUITY FUND

DIRECT DEBIT REQUEST SERVICE AGREEMENT

Definitions

Account means the account held at your financial institution from which we are authorised to arrange for funds to be debited.

Agreement means this Direct Debit Request Service Agreement between you and us.

Banking day means a day other than a Saturday or a Sunday or a public holiday listed throughout Australia.

Debit day means the day that payment by you to us is due.

Debit payment means a particular transaction where a debit is made.

Direct debit request means the Direct Debit Request between us and you.

Us or we means Astarra Capital Limited you have authorised by signing a direct debit request.

You means the customer who signed the direct debit request.

Your financial institution is the financial institution where you hold the account that you have authorised us to arrange to debit.

1 Debiting your account

1.1 By signing a direct debit request, you have authorised us to arrange for funds to be debited from your account. You should refer to the direct debit request and this agreement for the terms of the arrangement between us and you.

1.2 We will only arrange for funds to be debited from your account as authorised in the direct debit request.

1.3 If the debit day falls on a day that is not a banking day, we may direct your financial institution to debit your account on the following banking day. If you are unsure about which day your account has or will be debited you should ask your financial institution.

2 Changes by us

2.1 We may cancel or vary any details of this agreement or a direct debit request at any time by giving you at least fourteen (14) days' written notice.

3 Changes by you

3.1 Subject to 3.2 and 3.3, you may change the arrangements under a direct debit request by contacting us on the Client Service Line on 1800 064 694.

3.2 If you wish to stop or defer a debit payment you must notify us in writing at least seven (7) days before the next debit day. This notice should be given to us in the first instance.

3.3 You may also cancel your authority for us to debit your account at any time by giving us seven (7) days notice in writing before the next debit day. This notice should be given to us in the first instance.

4 Your obligations

4.1 It is your responsibility to ensure that there are sufficient clear funds available in your account to allow a debit payment to be made in accordance with the direct debit request.

4.2 If there are insufficient clear funds in your account to meet a debit payment:

(a) you may be charged a fee and/or interest by your financial institution;

(b) you may also incur fees or charges imposed or incurred by us; and

(c) you must arrange for the debit payment to be made by another method or arrange for sufficient clear funds to be in your account by an agreed time so that we can process the debit payment.

4.3 You should check your account statement to verify that the amounts debited from your account are correct.

4.4 If Astarra Capital Limited is liable to pay goods and services tax (GST) on a supply made in connection with this agreement, then you agree to pay Astarra Capital Limited on demand an amount equal to the consideration payable for the supply multiplied by the prevailing GST rate.

5 Dispute

5.1 If you believe that there has been an error in debiting your account, you should notify us directly on the Client Service Line on 1800 064 694 and confirm that notice in writing with us as soon as possible so that we can resolve your query more quickly.

5.2 If we conclude as a result of our investigations that your account has been incorrectly debited we will respond to your query by arranging for your financial institution to adjust your account (including interest and charges) accordingly. We will also notify you in writing of the amount by which your account has been adjusted.

5.3 If we conclude as a result of our investigations that your account has not been incorrectly debited we will respond to your query by providing you with reasons and any evidence for this finding.

5.4 Any queries you may have about an error made in debiting your account should be directed to us in the first instance so that we can attempt to resolve the matter between us and you. If we cannot resolve the matter you can still refer it to your financial institution which will obtain details from you of the disputed transaction and may lodge a claim on your behalf.

6 Accounts

You should check:

(a) with your financial institution whether direct debiting is available from your account as direct debiting is not available on all accounts offered by financial institutions.

(b) your account details which you have provided to us are correct by checking them against a recent account statement; and

(c) with your financial institution before completing the direct debit request if you have any queries about how to complete the direct debit request.

7 Confidentiality

7.1 We will keep any information (including your account details) in your direct debit request confidential. We will make reasonable efforts to keep any such information that we have about you secure and to ensure that any of our employees or agents who have access to information about you do not make any unauthorised use, modification, reproduction or disclosure of that information.

7.2 We will only disclose information that we have about you:

(a) to the extent specifically required by law; or

(b) for the purposes of this agreement (including disclosing information in connection with any query or claim).

8 Notice

8.1 If you wish to notify us in writing about anything relating to this agreement, you should write to Astarra Capital Limited, PO Box 1282, ALBURY NSW 2640.

8.2 We will notify you by sending a notice in the ordinary post to the address you have given us in the direct debit request.

8.3 Any notice will be deemed to have been received on the third banking day after posting.

Credit Card Authority

Credit Card Authority

Member number (if known)

Please debit my

Bankcard

Visa

MasterCard

Card number

Expiry date

Name as it appears on card

This authority enables Astarra Capital Limited to debit your credit card on the 15th of every month until you advise Astarra Capital Limited in writing to cancel this authority. The amount debited will not vary from the amount nominated on page 29 of the Application Form.

Surname

Given Name/s

Address

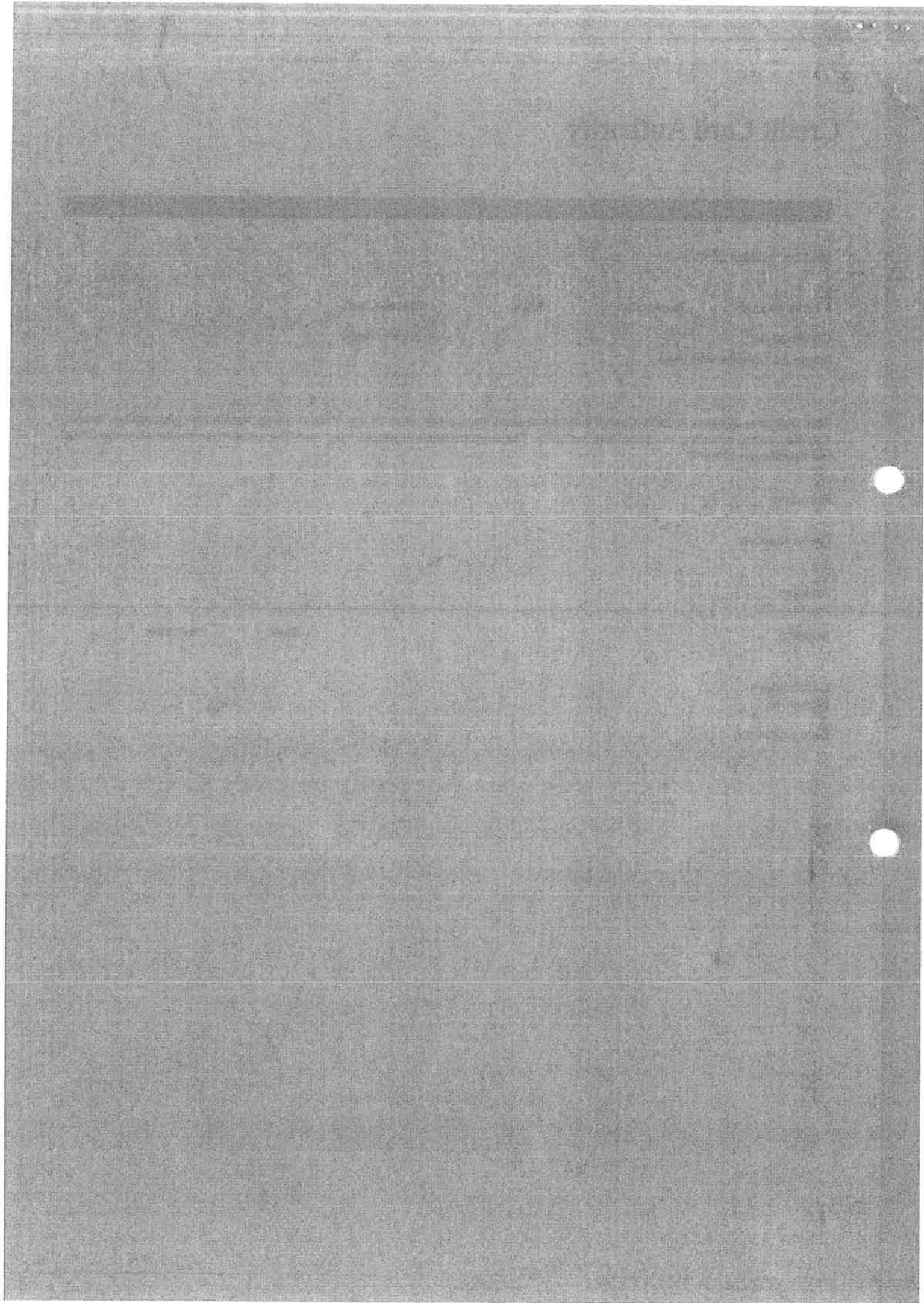
Suburb

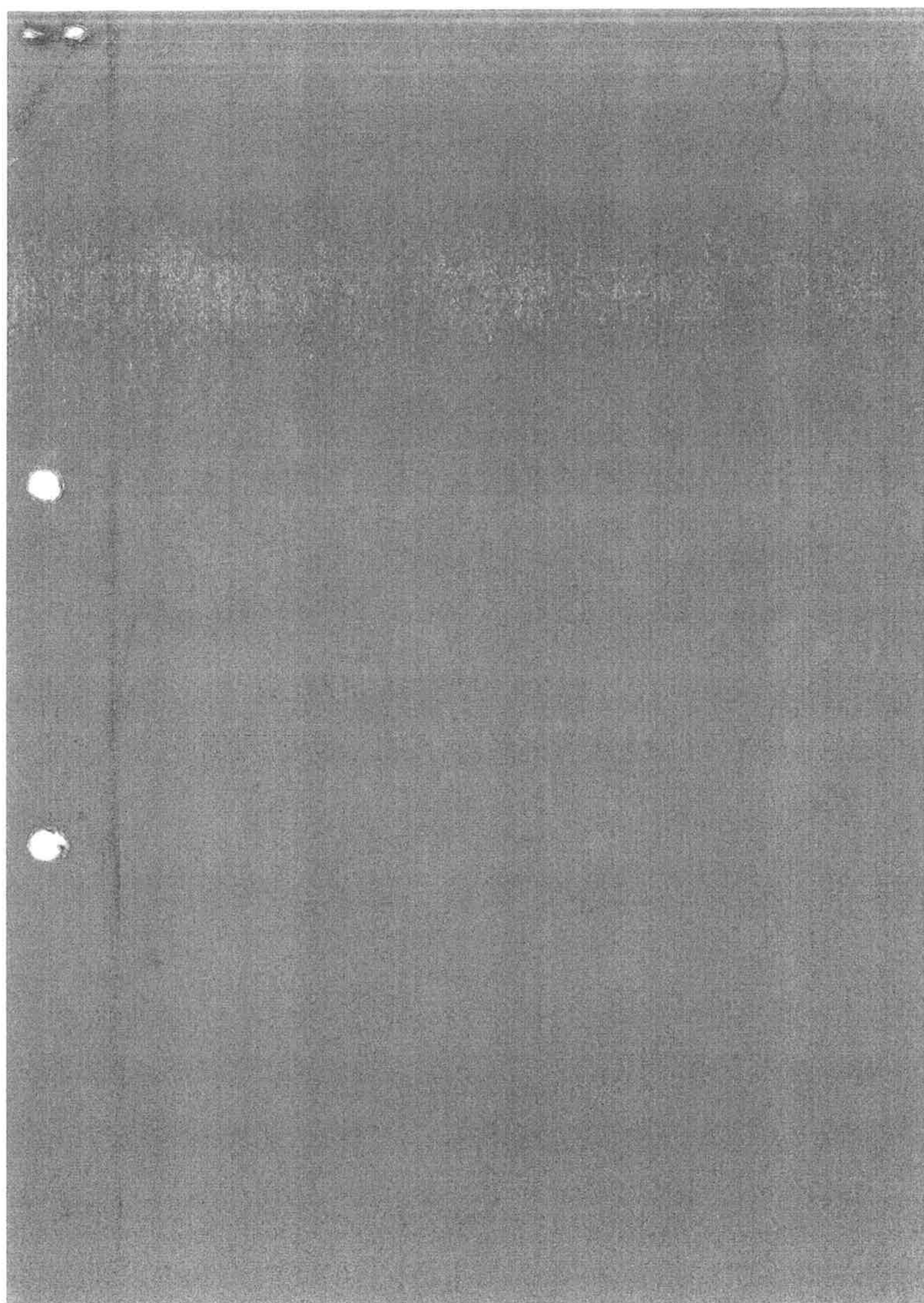
State

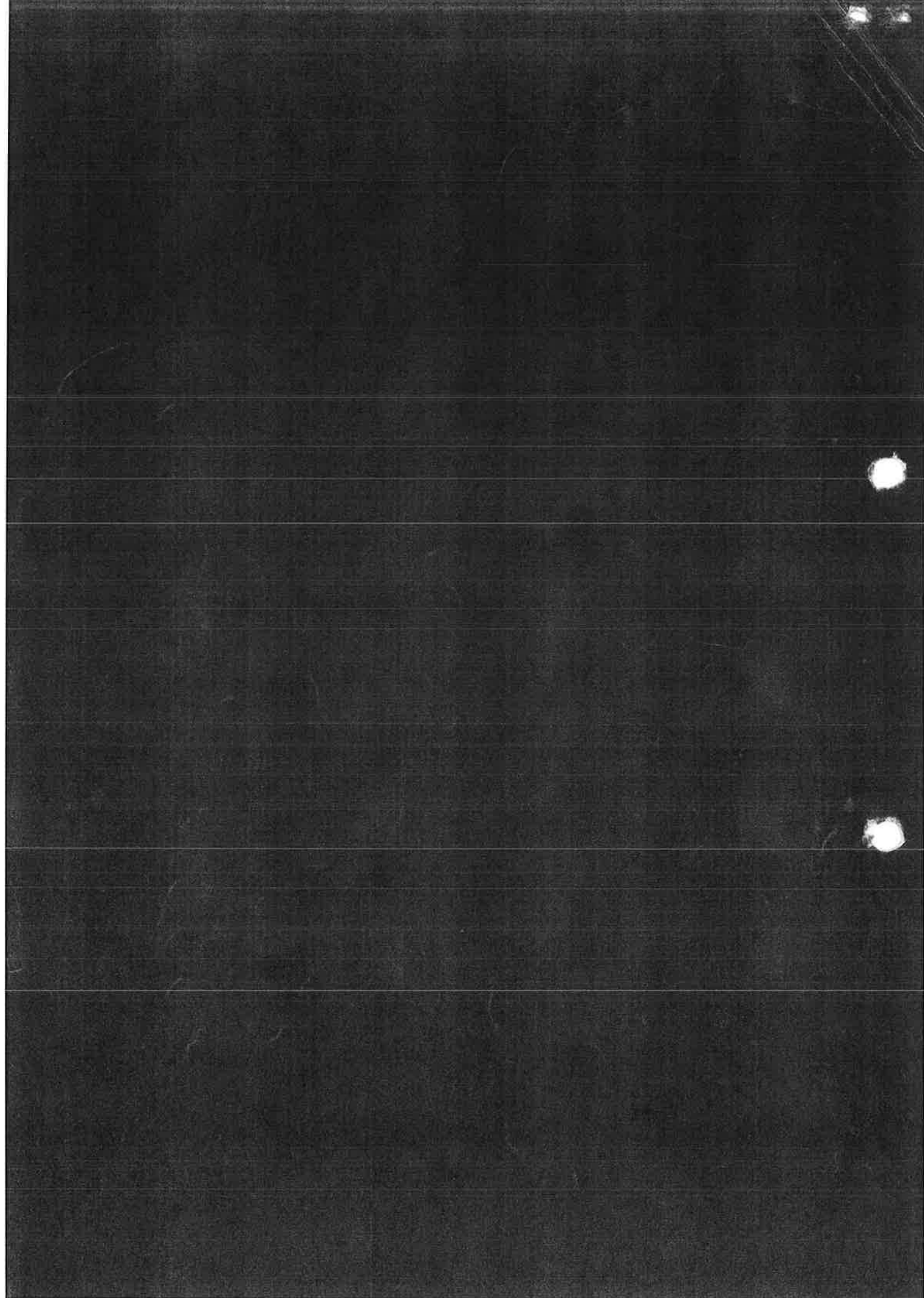
Postcode

Cardholder's
Signature

Date (DD/MM/YY)







Filenote: Financial Services Surveillance - Targeted

ASTARRA CAPITAL LIMITED - FSR 2007/8564

Status: INITIAL

Last updated on 17/04/2007 by Melissa Trees (WA)

Subject: Advertising guidelines - no issues identified

Epsom FSR 2007/8564

Security Classification

In Confidence

ID:

Date 17/04/2007

Include in Filenote Summary

☒ Yes ☐ No

Details:

Advertising reviewed - website.

Documents:



Astarra - ADVERTISING GUIDELINES for PDSs.doc

Document Activity

Filenote: Financial Services Surveillance - Targeted

ASTARRA CAPITAL LIMITED - FSR 2007/8564

Status: INITIAL

Last updated on 12/04/2007 by Melissa Trees (WA)

Subject: Private Equity Performance Monitor

Epsom FSR 2007/8564

Security Classification

In Confidence

ID:

Date 12/04/2007

Include in Filenote Summary

☒ Yes ☐ No

Details:

The fund's investment objective is to achieve gross returns equal to the top quartile of performers as derived from the Private Equity Performance Monitor. This is a study published in the UK. It seems to be the leading review of the private equity industry but it is not readily available (it can be purchased at a cost of about 600 pounds!)

Documents:



Astarr - Info re Performance Monitor.doc

Document Activity



Melissa
Trees/Perth/WA/ASIC
15/05/2007 02:34 PM

To Anne Phelan/Perth/WA/ASIC@ASIC
cc
bcc
Fax to
Subject Fw: Astarra [SEC=IN-CONFIDENCE]
Classification IN-CONFIDENCE

Melissa Trees
Manager, Capital Markets, Compliance
(t) 08 9261 4107, (f) 08 9261 4248
melissa.trees@asic.gov.au

----- Forwarded by Melissa Trees/Perth/WA/ASIC on 15/05/2007 02:34 PM -----



Alex Purvis/Hobart/TAS/ASIC
11/05/2007 10:38 AM

To Melissa Trees/Perth/WA/ASIC@ASIC
cc
Subject Re: Astarra [SEC=IN-CONFIDENCE]

Classification IN-CONFIDENCE

Hi Melissa

That sounds great - Maria is currently away at the conference, but will be back Monday, I think.
Attached below is the spreadsheet that Maria asks to be filled in before a delegate will be allocated:



Blank delegates spreadsheet as of 1 March 07.xls

I'm happy for you to send it through to Maria (if you could cc me in that would be really good - helps me keep track of things for the fortnightly report!). Then it's just a matter of sending the delegate allocated to the matter all the material they need (covering letter/notice of hearing, hearing sheet, PDS etc). As it's fee disclosure related, it might even help to send the delegate a link to our Fee Guide online? Upt o you, but they may ask about it, depends who you get allocated to this matter.

Sorry I didn't send this information through yesterday - I had intended to and then forgot about it!

Thanks, Melissa. Have a lovely weekend.

Kind regards

Alex
x76828



Melissa
Trees/Perth/WA/ASIC
11/05/2007 12:33 PM

To Alex Purvis/Hobart/TAS/ASIC@ASIC
cc
Fax to



Subject Astarra [SEC=IN-CONFIDENCE]

Classification IN-CONFIDENCE by melissa.trees@asic.gov.au

Hi Alex

The PDS is still available and operative. So, I will process on PRIME as referred to a delegate and get to the SOC on Monday. Shall I contact Maria Kombos for a delegate?

Melissa Trees
Lawyer
Compliance Directorate
+61 8 9261 4107



Maria
Kombos/Melbourne/VIC/ASIC
16/05/2007 02:10 PM

To Anne Phelan/Perth/WA/ASIC@ASIC
cc
bcc

Subject Re: Delegate please for Astarra Capital Ltd
[SEC=IN-CONFIDENCE]

Classification IN-CONFIDENCE

Ok - I will wait to hear from you on Friday

Thanks, Maria

Maria Kombos | Executive Assistant to Darren Williams and Sharman Grant | Compliance Financial Services |
Australian Securities and Investments Commission | ☎ 61 3 9280 3667 | ☎ 61 3 9280 3266 | ✉
maria.kombos@asic.gov.au
Anne Phelan/Perth/WA/ASIC

Anne Phelan/Perth/WA/ASIC
16/05/2007 03:50 PM

To Maria Kombos/Melbourne/VIC/ASIC@ASIC
cc

Subject Re: Delegate please for Astarra Capital Ltd
[SEC=IN-CONFIDENCE]

Classification IN-CONFIDENCE

Hi Maria

Mel Trees gave me the matter yesterday and asked me to finalise the SOC by this Friday. I should have to SOC's finished by this Friday.

Anne

Maria Kombos/Melbourne/VIC/ASIC



Maria
Kombos/Melbourne/VIC/ASIC
16/05/2007 12:13 PM

To Anne Phelan/Perth/WA/ASIC@ASIC
cc

Subject Re: Delegate please for Astarra Capital Ltd
[SEC=IN-CONFIDENCE]

Classification IN-CONFIDENCE

Hi Anne

Is the statement of concerns ready to go to the delegate?

Thanks, Maria

Maria Kombos | Executive Assistant to Darren Williams and Sharman Grant | Compliance Financial Services |
Australian Securities and Investments Commission | ☎ 61 3 9280 3667 | ☎ 61 3 9280 3266 | ✉
maria.kombos@asic.gov.au



Anne Phelan/Perth/WA/ASIC

16/05/2007 01:50 PM

To Maria Kombos/Melbourne/VIC/ASIC@ASIC

cc

Fax to

Subject Delegate please for Astarra Capital Ltd
[SEC=IN-CONFIDENCE]

Classification IN-CONFIDENCE by Anne.Phelan@asic.gov.au

Hi Maria

Melissa Trees has requested that I send you the spreadsheet for a delegate.

[attachment "Blank delegates spreadsheet as of 1 March 07.xls" deleted by Maria Kombos/Melbourne/VIC/ASIC]

Many thanks

Anne



Anne Phelan/Perth/WA/ASIC
23/05/2007 03:09 PM

To Melissa Trees/Perth/WA/ASIC@ASIC
cc
bcc

Fax to

Subject Astarra Capital Ltd: SOC
[SEC=IN-CONFIDENCE]

Classification IN-CONFIDENCE by Anne.Phelan@asic.gov.au

Hi Mel
Here is the SOC's



Astarra SOC 220507.doc

Thanks

Anne



Anne Phelan /Perth/WA/ASIC
29/05/2007 04:49 PM

To Melissa Trees/Perth/WA/ASIC@ASIC
cc
bcc
Fax to
Subject Astarra Capital Ltd: SOCs
[SEC=IN-CONFIDENCE]
Classification IN-CONFIDENCE by Anne.Phelan@asic.gov.au

Hi Mel
Here is the latest draft SOCs.



SOC 290507.doc

Cheers

Anne

Anne Phelan/Perth/WA/ASIC
05/06/2007 11:18 AM

To Ken Cheung/Sydney/NSW/ASIC@ASIC
cc
bcc

Subject Re: Delegate - Astarra Capital Ltd
[SEC=IN-CONFIDENCE]

Classification IN-CONFIDENCE

Hi Ken

Thank you for being the delegat on this matter. Yesterday was a public holiday in WA. Please find enclose the SOC's, PDS and Supplementary PDS. I have taken over this matter from Melissa Trees. I will forward you other relevant emails.



SOC to delegate 050607.doc



MillhouseAGPrivateEquityFundPDS.pdf

Many thanks

Anne Phelan
Compliance, Capital Markets
Australian Securities & Investments Commission, WA
Phone: (08) 9261 4235

Ken Cheung/Sydney/NSW/ASIC

Ken
Cheung/Sydney/NSW/ASIC
04/06/2007 09:59 AM

To Maria Kombos/Melbourne/VIC/ASIC@ASIC
cc Anne Phelan/Perth/WA/ASIC@ASIC
Subject Re: Delegate - Astarra Capital Ltd
[SEC=IN-CONFIDENCE]

Classification IN-CONFIDENCE

Hi Maria

I will be taking annual leave on 18 to 20 June. As long as we can work around those dates, I should be able to take on this matter.

Regards
Ken Cheung
Tel: (02) 9911 2360
Fax: (02) 9911 2138
Email: ken.cheung@asic.gov.au



Maria
Kombos/Melbourne/VIC/ASIC
04/06/2007 11:48 AM

To Ken Cheung/Sydney/NSW/ASIC@ASIC
cc Anne Phelan/Perth/WA/ASIC@ASIC, Melissa
Trees/Perth/WA/ASIC@ASIC, Alex
Purvis/Hobart/TAS/ASIC@ASIC, Kathleen
Cuneo/Sydney/NSW/ASIC@ASIC, Chris
Green/Hobart/TAS/ASIC@ASIC



Fax to
Subject Delegate - Astarra Capital Ltd
[SEC=IN-CONFIDENCE]

Classification IN-CONFIDENCE by Maria.Kombos@asic.gov.au

Hi Ken,

You have been selected to be a delegate for Astarra Capital Ltd which is a PDS Interim stop order referral. The action officer for this matter is Anne Phelan (x64235).

If you are available to take this matter on, please let me and the action officer know, and the brief and draft statement of concerns will immediately be sent to you by the action officer.

If you can't take this matter on (for example, your current work load is too high or you have a conflict) please contact Kathy Cuneo or Chris Green to discuss.

Thanks,

Maria Kombos | Executive Assistant to Darren Williams and Sharman Grant | Compliance Financial Services | Australian Securities and Investments Commission | ☎ 61 3 9280 3667 | 📠 61 3 9280 3266 | ✉ maria.kombos@asic.gov.au



Anne Phelan /Perth/WA/ASIC

08/06/2007 12:42 PM

To Ken Cheung/Sydney/NSW/ASIC@ASIC

cc

bcc

Fax to

Subject MillhouseIAG Private Equity
[SEC=IN-CONFIDENCE]

Classification IN-CONFIDENCE by Anne.Phelan@asic.gov.au

Hi Ken

Please find enclosed:

- 1) Information sheet; and
- 2) Hearing letter.

Many thanks




Hearings Information Sheet.pdf 20061220 PDS1- Letter notifying of hearing under1020E(4) - no interim order made .doc

Anne

Ken
Cheung/Sydney/NSW/ASIC
08/06/2007 03:32 PM

To Anne Phelan/Perth/WA/ASIC@ASIC
cc
bcc

Subject Re: Millhouse IAG Private Equity
[SEC=IN-CONFIDENCE] 

Classification IN-CONFIDENCE

Thanks Anne.

Please keep me informed of progress. I will be in the office next week.

Regards
Ken Cheung
Tel: (02) 9911 2360
Fax: (02) 9911 2138
Email: ken.cheung@asic.gov.au



ASIC

Australian Securities & Investments Commission

Our Reference: FSR2007/8564
Direct Phone: (08) 9261 4235
Direct Facsimile: (08) 9261 4168
Email: anne.phelan@asic.gov.au

66 St George's Terrace, Perth
GPO Box 9827 Perth WA 6001
DX 158 Perth

Telephone: (08) 9261 4000
Facsimile: (08) 9261 4010

8 June 2007

BY POST & FACSIMILE (02) 6041 9355

The Directors
Astarra Capital Limited
ACN 001 277 256
Level 41
2 Park Street
SYDNEY NSW 2000

Attention: Mr Rex Phillpott

Dear Sirs

PRODUCT DISCLOSURE STATEMENT FOR MILLHOUSEIAG PRIVATE EQUITY FUND - NOTICE OF HEARING

The Australian Securities and Investments Commission ("ASIC") has conducted a review of the product disclosure statement dated 27 April 2005 for the MillhouseIAG Private Equity Fund and the supplementary product disclosure statement dated 22 March 2006 (together the "PDS") and has concerns that the PDS may be defective and may not be worded and presented in a clear, concise and effective manner. Accordingly, ASIC may have grounds to make an order under subsection 1020E(2) of the Corporations Act 2001 ("the Act").

The effect of an order made under subsection 1020E(2) of the Act ("Stop Order") would be that the specified conduct in the Stop Order in respect of the financial products to which the PDS relates must not be engaged in while the order is in force.

I refer to my telephone conversation with Mr Phillpott on 8 June 2007 during which he agreed to accept service of this Notice of Hearing by facsimile.

The purpose of this letter is to:

- (i) inform you of ASIC's concerns in relation to the PDS which may be the basis of ASIC making a Stop Order;

- (ii) offer you the opportunity to make written or oral submissions on the question of whether a Stop Order should be made on the basis of the Statement of Concerns enclosed with this Notice; and
- (iii) advise you that ASIC intends to hold a hearing under subsection 1020E(4) of the Act on this question.

Opportunity for a hearing

An ASIC Delegate will decide whether a Stop Order should be made.

In deciding whether a Stop Order should be made, ASIC is required to give you an opportunity to be heard in accordance with subsection 1020E(4) of the Act.

The hearing is your opportunity to make submissions or give evidence or to do both in relation to this matter. The hearing will be conducted in private.

Hearing procedures

ASIC's hearings are administrative proceedings which are conducted with informality and as expeditiously as possible. The rules of evidence do not apply, but ASIC is required to observe the rules of natural justice: section 59 of the Australian Securities and Investments Commission Act 2001 ("ASIC Act").

You have a right to legal representation: section 56 and subsection 59(8) of the ASIC Act. However, it is a matter for you to decide whether to have legal representation or not.

Enclosed is an Information Sheet on Administrative Hearings with further details on the hearing procedures.

Hearing arrangements if you wish to appear

Assuming you wish to appear, the Delegate has set aside 2 hours on Monday 25 June 2007 for you to give evidence or make submissions or both. The hearing will commence at 11.00 am EST and be held at:

Australian Securities and Investments Commission
Level 18
No 1 Martin Place
SYDNEY NSW 2000.

If this is not convenient or if you consider the period that the Delegate has allowed for the hearing is inappropriate, please let me know as soon as possible.

If you wish to rely on statements of witnesses in responding to the concerns ASIC has identified, you should provide me with copies of those statements by 5.00 pm on 20 June 2007. This will allow the hearing to proceed expeditiously. Except in unusual circumstances, written statements will suffice. The Delegate shall notify you before the hearing if it is necessary to call any witnesses to give oral evidence.

Arrangements if you do not wish to appear

If you do not wish to appear at the hearing you may nevertheless make written submissions, which the Delegate will take into account in reaching his or her decision. Submissions should be provided to the Delegate (via me) by 5.00 pm on 20 June 2007.

Areas of concern

To assist you, I enclose a document, which identifies ASIC's areas of concern in relation to the PDS. Please note that it is not possible, at this time, to give an assurance that ASIC will not have additional concerns about the PDS in the future. Should additional concerns arise we will advise you promptly in writing.

At the hearing we will discuss these concerns. Accordingly, your written submissions, if any, should address:

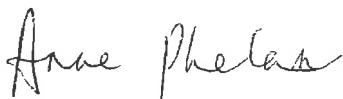
- (i) ASIC's concerns; and
- (ii) reasons why the Delegate should not make a Final Order after considering all the material before them including any submissions that you may make.

If you do not wish to appear at the hearing or make any written submissions, a decision will be made on the information that the Delegate has before him, namely the PDS and the attached statement of ASIC's areas of concern. In such circumstances, ASIC may, without further notice to you, make a Stop Order.

Please contact me on (08) 9261 4235 by 5.00 pm on 20 June 2007 to confirm how you wish to proceed.

As discussed above, the appropriate way to make submissions in response to ASIC's areas of concern is in writing before the hearing, or orally, at the hearing.

Yours faithfully



Anne Phelan
Australian Securities and Investments Commission

- Encl.
- 1. Statement of Concerns
 - 2. Information Sheet on Administrative Hearings



"Rex Phillpott"
<rphillpott@astarra.com.au>
14/06/2007 03:15 PM

To <anne.phelan@asic.gov.au>
cc
bcc
Fax to
Subject Astarra Capital Limited RE for Millhouse AG
Private Equity Fund PDS Notice of Hearing.
Classification UNCLASSIFIED

Hi Anne,

Please find attached response from our board meeting yesterday, we will forward our new PDS shortly.

Please let me know if you have any concerns or issues.

Regards

Rex Phillpott

Chief Executive Officer

Astarra Funds Management

Ph : 02 60 419 300

Fax: 02 60 419 355

Email: rphillpott@astarra.com.au

This transmission has been issued by a staff member of Astarra Funds Management for the information of the addressee only and should not be reproduced and / or distributed to any other person except as authorised by Astarra Funds Management. This transmission is neither an offer nor the solicitation of an offer to sell or purchase any investment. Its contents are based on information obtained from sources believed to be reliable but Astarra Funds Management makes no representation and accepts no responsibility or liability as to its completeness or accuracy. Astarra Funds Management Group also includes Astarra Capital Limited (ABN 33 001 277 256) APRA approved trustee and ASIC Responsible Entity holder of AFSL No 238000.



ASIC RESPONSE 14-6-2007.TIF



"Rex Phillpott"
<rphillpott@astarra.com.au>

19/06/2007 02:24 PM

To <anne.phelan@asic.gov.au>

cc "Frances Etty" <fetty@astarra.com.au>

bcc

Fax to

Subject MillhouseIAGPrivateEquityFundPDS final.pdf
PMR2007/8564

Classification UNCLASSIFIED

History:

✉ This message has been replied to and forwarded.

This email message has been processed by MIMESweeper

Dear Anne,

Further to our letter dated the 14th Of June 2006 and our subsequent telephone conversation, we are please to provide you with our Final Draft of the MillhouseIAG Private Equity Fund as discussed.

We have received legal signoff to the PDS, we believe this new version of PDS now covers all of the ASIC issues raised and look forward to your review.

Should you have any questions or issues please contact me so that we may resolve them.

Yours faithfully,

Rex Phillpott

Chief Executive Officer

Astarra Funds Management

Ph : 02 60 419 300

Fax: 02 60 419 355

Email: rphillpott@astarra.com.au

This transmission has been issued by a staff member of Astarra Funds Management for the information of the addressee only and should not be reproduced and / or distributed to any other person except as authorised by Astarra Funds Management. This transmission is neither an offer nor the solicitation of an offer to sell or purchase any investment. Its contents are based on information obtained from sources believed to be reliable but Astarra Funds Management makes no representation and accepts no responsibility or liability as to its completeness or accuracy. Astarra Funds Management Group also includes Astarra Capital Limited (ABN 33 001 277 256)APRA approved trustee and ASIC Responsible Entity holder



of AFSL No 238000. MillhouseIAGPrivateEquityFundPDS final.pdf

Anne Phelan/Perth/WA/ASIC
19/06/2007 02:55 PM

To "Rex Phillpott" <rphillpott@astarra.com.au>
cc
bcc
Subject Re: MillhouseIAGPrivateEquityFundPDS final.pdf
PMR2007/8564 [SEC=UNCLASSIFIED]

Classification UNCLASSIFIED

Dear Rex
Thank you for your email. I will forward the email onto the delegate and contact you as soon ASIC has reviewed the PDS.

Regards

Anne

ANNE PHELAN | Compliance | **ASIC** | ☎ 61 8 9261 4235 | 📠 61 8 9261 4168 | ✉ anne.phelan@asic.gov.au



"Rex Phillpott"
<rphillpott@astarra.com.au>
19/06/2007 02:24 PM

To <anne.phelan@asic.gov.au>
cc "Frances Etty" <fetty@astarra.com.au>
Fax to
Subject MillhouseIAGPrivateEquityFundPDS final.pdf
PMR2007/8564

Classification

This email message has been processed by MIMESweeper

Dear Anne,

Further to our letter dated the 14th Of June 2006 and our subsequent telephone conversation, we are please to provide you with our Final Draft of the MillhouseIAG Private Equity Fund as discussed.

We have received legal signoff to the PDS, we believe this new version of PDS now covers all of the ASIC issues raised and look forward to your review.

Should you have any questions or issues please contact me so that we may resolve them.

Yours faithfully,

Rex Phillpott
Chief Executive Officer
Astarra Funds Management
Ph : 02 60 419 300
Fax: 02 60 419 355



Anne Phelan/Perth/WA/ASIC
19/06/2007 02:57 PM

To Ken Cheung/Sydney/NSW/ASIC@ASIC
cc
bcc

Fax to

Subject Fw: MillhouseAGPrivateEquityFundPDS
final.pdf PMR2007/8564
[SEC=UNCLASSIFIED]

Classification UNCLASSIFIED by Anne.Phelan@asic.gov.au

Hi Ken

I realise that you are either on leave or going on leave. I will review the PDS and look forward to your comments.

Regards

Anne

ANNE PHELAN | Compliance | **ASIC** | ☎ 61 8 9261 4235 | ☎ 61 8 9261 4168 | ✉ anne.phelan@asic.gov.au
----- Forwarded by Anne Phelan/Perth/WA/ASIC on 19/06/2007 02:55 PM -----



"Rex Phillpott"
<rphillpott@astarra.com.au>
19/06/2007 02:24 PM

To <anne.phelan@asic.gov.au>
cc "Frances Etty" <fetty@astarra.com.au>

Fax to

Subject MillhouseAGPrivateEquityFundPDS final.pdf
PMR2007/8564

Classification

This email message has been processed by MIMESweeper

Dear Anne,

Further to our letter dated the 14th Of June 2006 and our subsequent telephone conversation, we are please to provide you with our Final Draft of the MillhouseAG Private Equity Fund as discussed.

We have received legal signoff to the PDS, we believe this new version of PDS now covers all of the ASIC issues raised and look forward to your review.

Should you have any questions or issues please contact me so that we may resolve them.

Yours faithfully,

Rex Phillpott
Chief Executive Officer

2-48



Anne Phelan/Perth/WA/ASIC
21/06/2007 03:10 PM

To Ken Cheung/Sydney/NSW/ASIC@ASIC

cc

bcc

Fax to

Subject Fw: MillhouseAG Private Equity Fund - Notice
Of Hearing [SEC=UNCLASSIFIED]

Classification UNCLASSIFIED

ANNE PHELAN | Compliance | **ASIC** | ☎ 61 8 9261 4235 | 📠 61 8 9261 4168 | ✉ anne.phelan@asic.gov.au
----- Forwarded by Anne Phelan/Perth/WA/ASIC on 21/06/2007 03:10 PM -----

Anne Phelan/Perth/WA/ASIC
21/06/2007 03:10 PM

To "Rex Phillpott" <rphillpott@astarra.com.au>

cc

Subject Re: MillhouseAG Private Equity Fund - Notice Of
Hearing [SEC=UNCLASSIFIED]

Classification UNCLASSIFIED

Dear Rex
Thank you for your email. I will forward it to the Delegate.

Regards

Anne Phelan

ANNE PHELAN | Compliance | **ASIC** | ☎ 61 8 9261 4235 | 📠 61 8 9261 4168 | ✉ anne.phelan@asic.gov.au



"Rex Phillpott"
<rphillpott@astarra.com.au>
21/06/2007 02:44 PM

To <anne.phelan@asic.gov.au>

cc

Fax to

Subject MillhouseAG Private Equity Fund - Notice Of
Hearing

Classification

This email message has been processed by MIMESweeper

Dear Anne,

Further to our discussion, I wish to confirm that we will not be attending the Hearing in Sydney, as you have stated this is not mandatory, also as previously advised Astarra Capital Limited has withdrawn the Product Disclosure Statement & Supplementary from websites and we are not issuing or accepting any application under the Product Disclosure Statement & Supplementary Product Disclosure Statement.

Please also note Astarra Capital Limited has in progress the new PDS to be dated 27th June 2007 which you have the final draft.

Having regard to the above, if ASIC have no other alternative decision it can make, other than to place a STOP ORDER on the PDS & SPDS then Astarra Capital Limited consent to this action.

Regards

Rex Phillipott

Chief Executive Officer

Astarra Funds Management

Ph : 02 60 419 300

Fax: 02 60 419 355

Email: rphillpott@astarra.com.au

This transmission has been issued by a staff member of Astarra Funds Management for the information of the addressee only and should not be reproduced and / or distributed to any other person except as authorised by Astarra Funds Management. This transmission is neither an offer nor the solicitation of an offer to sell or purchase any investment. Its contents are based on information obtained from sources believed to be reliable but Astarra Funds Management makes no representation and accepts no responsibility or liability as to its completeness or accuracy. Astarra Funds Management Group also includes Astarra Capital Limited (ABN 33 001 277 256) APRA approved trustee and ASIC Responsible Entity holder of AFSL No 238000.



ASIC

Australian Securities & Investments Commission

AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION

FINAL ORDER

**ORDER – SUBSECTION 1020E(2)
CORPORATIONS ACT 2001**

To: Astarra Capital Limited
A.C.N. 001 277 256
Level 1
540 Swift Street
ALBURY NSW 2640

Under subsection 1020E(2) of the Corporations Act 2001 the Australian Securities and Investments Commission hereby makes an order that no offers, issues, sales or transfers of interests in the MillhouseIAG Private Equity Fund ARSN 112 314 931 be made under the Product Disclosure Statement dated 27 April 2005 and the Supplementary Product Disclosure Statement dated 22 March 2006 while this order is in force.

Signed by Ken Cheung
as a delegate of the Australian Securities and Investments Commission

Dated: 25 June 2007



ASIC

Australian Securities & Investments Commission

Level 18, No.1 Martin Place, Sydney
GPO Box 9827 Sydney NSW 2001
DX 653 Sydney

Telephone: (02) 9911 2000
Facsimile: (02) 9911 2414

Our Reference: FSR 2007/8564
Your Reference:
Direct Phone: (02) 9911 2360
Direct Facsimile: (02) 9911 2138
Email: ken.cheung@asic.gov.au

25 June 2007

The Directors
Astarra Capital Limited
Level 1
540 Swift Street
ALBURY NSW 2640

Attention: Mr Rex Phillpott

Dear Directors

Astarra Capital Limited A.C.N. 001 277 256
Product Disclosure Statement dated 27 April 2005 and the Supplementary Product Disclosure Statement dated 22 March 2006 of MillhouseIAG Private Equity Fund Final Order

I refer to the hearing held on 25 June 2007, under subsection 1020E(4) of the Corporations Act 2001 ("**the Act**"), in relation to the Product Disclosure Statement dated 27 April 2005 and the Supplementary Product Disclosure Statement dated 22 March 2006 of MillhouseIAG Private Equity Fund ("**the PDS**").

I also refer to Mr Phillpott's email of 21 June 2007 to Anne Phelan of ASIC advising of Astarra Capital Limited's consent to the issue of a stop order on the PDS. Please find enclosed the final order made under subsection 1020E(2) of the Act ("**Final Order**").

Given that the Final Order was made by consent, the reasons for the order are not enclosed. However, formal reasons can be provided if you so request.

Right to review ASIC's decision

You have certain rights in connection to this decision. For example, the Administrative Appeals Tribunal and the Commonwealth Ombudsman may be able to review the decision. You can also apply to ASIC for access to documents about the decision.

Information on your rights is set out in the enclosed information sheet: *"ASIC Decisions: Your Rights"*.

Enquiries

If you have any queries regarding this matter, please contact me on (02) 9911 2360.

Yours faithfully



Ken Cheung

As a delegate for Australian Securities and Investments Commission

- Encl. 1. Final Order
 2. Information Sheet *"ASIC Decisions: Your Rights"*.



AUSTRALIAN SECURITIES & INVESTMENTS COMMISSION

ASIC DECISIONS: YOUR RIGHTS

ASIC makes many decisions about corporations, securities and financial products and services provided to consumers. If ASIC has made a decision that directly affects you, you may have rights connected with the decision.

This information sheet sets out an overview of your rights and how to exercise them. You may have other rights in addition to those discussed here.

Help from ASIC

ASIC staff

If you need to clarify anything relating to the decision, you may find it helpful to discuss it with the ASIC staff member who made the decision.

ASIC also has an Administrative Law Coordinator in each Regional Office and its National Offices in Sydney and Melbourne. You can contact the coordinator in the ASIC office you have been dealing with. He or she can explain how to exercise the rights set out in this information sheet. It would be best to do this promptly because there is a 28-day time limit on some applications.

Practice note

ASIC has also published Practice Note 57 about rights of review. You can obtain a copy of the practice note from the *ASIC Digest*, the ASIC website at www.asic.gov.au or from the Administrative Law Co-ordinator in the ASIC office with which you have been dealing.

Why did ASIC make the decision?

If ASIC has not told you why it made the decision when it notified you about it you may be entitled to ask for a written statement of reasons.

How to apply

To make an application for a statement of reasons you must write to the person who made the decision within 28 days of being told about the decision.

Administrative Appeals Tribunal (AAT)

You may have a right to seek review of the decision by the Administrative Appeals Tribunal (AAT). The AAT is an independent body which can review some of ASIC's decisions.

What the AAT can do

The AAT can, among other things:

- (a) confirm ASIC's decision;
- (b) vary the decision; or
- (c) set it aside and replace it with its own decision.



Ken
Cheung/Sydney/NSW/ASIC
25/06/2007 09:27 AM

To Anne Phelan/Perth/WA/ASIC@ASIC
cc
bcc
Fax to
Subject Millhouse/AG docs
[SEC=IN-CONFIDENCE:COMMERCIAL]
Classification IN-CONFIDENCE:COMMERCIAL by ken.cheung@asic.gov.au

Hi Anne

As discussed, please find attached



millhouse/AG letter re stop order.doc



millhouse/AG final stop order.doc



ASIC Decisions your rights.doc



millhouse/AG hearing minutes.doc

A hard copy of the above is also being sent to you by internal mail.

Regards
Ken Cheung
Tel: (02) 9911 2360
Fax: (02) 9911 2138
Email: ken.cheung@asic.gov.au

Financial Services Surveillance - Targeted

ASTARRA CAPITAL LIMITED - FSR 2007/8564

Status: ACTION COMPLETE

Last updated on 05/02/2013 by Application Messenger
(NSW)

Fields marked with an asterisk (*) must be completed before this document can be finalised.

Activity Details

Summary

Product Area:	Surveillance	Program:	Financial Services
PRIME Activity Name:	Financial Services Surveillance - Targeted (PFV)	Activity State:	WA
PRIME Activity ID:	PFV/07/6MMT/00002	ASCTEC Activity ID:	12073/07
Team:			
Security Classification:	In Confidence		
Start Date:	11/04/2007	End Date:	11/05/2007
*Action Officer:	Melissa Trees/Perth/WA/ASIC	*Supervisor:	Christine Croft/Sydney/NSW/ASIC
*EPSOM ID:	FSR 2007/8564	*EPSOM Title:	ASTARRA CAPITAL LIMITED (001277256) - Financial Services Surveillance - Targeted

ECM Link

(drag and drop ECM file)

*Result:	Referred for Hearing	*Keywords:	Equity, Investment Company, Product Disclosure Statement
*Summary of Action:	Rated B. Issues with fee disclosure and clear, concise and effective disclosure. To be referred to delegate.		

Jurisdiction* (Section(s) affected)

Subject

001277256 ASTARRA CAPITAL LIMITED

Details

Risk Assessment: B

Surveillance activity initiated:

*Surveillance Business Plan Approach:	*Surveillance Type:	Complex - Other (Specify in Summary), Disclosure document, PDS
--	----------------------------	--

Products:

Links to project: BP 2006/2007Complex Products - New products and non-mainstream PDS Review Project

Link to SPAWNED Activity:

 FSF/07/6MMT/00001

Milestones

Milestone / Description		Milestone Type	Start Date	Completion Date
01	Initiated	M	11/04/2007	11/04/2007
02	Allocated to Action Area	M	16/04/2007	11/04/2007
03	Surveillance Report Completed	M	11/05/2007	11/04/2007
03	Surveillance Report Completed	O	.	11/05/2007
04	Action Complete	M	11/05/2007	11/05/2007
				11/05/2007










Set Reminder/s

Time

Time Taken for Activity:
(in hours)

Running Sheet

Surveillance relates to: ☐ Entity ☒ Document

11/04/2007 11:46:08 - Imported Email (COMPLETED) - 11/04/2007 Document Request: 6264654 [SE] 
 11/04/2007 11:55:55 - Compliance Document Assessment (FINALISED) 
 11/04/2007 11:48:22 - Imported Email (COMPLETED) - 11/04/2007 Document Request: 6264668 [SE] 
 12/04/2007 16:26:39 - Filenote (INITIAL) - Private Equity Performance Monitor 
 16/04/2007 13:00:49 - Imported Email (COMPLETED) - 11/04/2007 Document Request: 6265438 [SE] 
 16/04/2007 14:31:46 - Imported Email (COMPLETED) - 16/04/2007 Document Request: 6268693 [SE] 
 17/04/2007 13:42:56 - Filenote (INITIAL) - Advertising guidelines - no issues ident 
 17/04/2007 13:44:10 - Filenote (INITIAL) - General review guidelines 
 11/05/2007 14:06:38 - Surveillance Report (FINALISED) - risk rated B. Disclosure issues - fee d 

Document Activity

	Key audit issues relating to s601HG(3)(c)	Issue Category	Included in Audit Report?
RE Name ACN	Astarra Capital Limited 001 277 256		
Scheme Name ARSN	Property Pool 092 297 526		
Name of Audit firm	KPMG		
Name of Auditor	Chris Hall		
Period of audit (dd/mm/yy - dd/mm/yy)	1 July 2002 to 30 June 2003		
Date of Engagement Letter	13-May-03		
Date of Audit report	25-Sep-03		
Date of Management letter	None provided		
Issue 1 - summary of issue raised in management letter			
Issue 2 - summary of issue raised in management letter			
Issue 3 - summary of issue raised in management letter			
Issue 4 - summary of issue raised in management letter			
If second year audit applies please complete below			
Name of Audit firm	KPMG		
Name of Auditor	Chris Hall		
Period of audit (dd/mm/yy - dd/mm/yy)	1 July 2003 to 30 June 2004		
Date of Engagement Letter	18-Apr-04		
Date of Audit report	29-Sep-04		
Date of Management letter	None provided		
Issue 1 - summary of issue raised in management letter			
Issue 2 - summary of issue raised in management letter			
Issue 3 - summary of issue raised in management letter			
Issue 4 - summary of issue raised in management letter			

	Key audit issues relating to s601HG(3)(c)	Issue Category	Included in Audit Report?
RE Name ACN	Astarra Capital Limited 001 277 256		
Scheme Name ARSN	Astarra Cash Pool 092 297 615		
Name of Audit firm	KPMG		
Name of Auditor	Chris Hall		
Period of audit (dd/mm/yy - dd/mm/yy)	1 July 2002 to 30 June 2003		
Date of Engagement Letter	13-May-03		
Date of Audit report	25-Sep-03		
Date of Management letter	None provided		
Issue 1 - summary of issue raised in management letter			
Issue 2 - summary of issue raised in management letter			
Issue 3 - summary of issue raised in management letter			
Issue 4 - summary of issue raised in management letter			
If second year audit applies please complete below			
Name of Audit firm	KPMG		
Name of Auditor	Chris Hall		
Period of audit (dd/mm/yy - dd/mm/yy)	1 July 2003 to 30 June 2004		
Date of Engagement Letter	28-Apr-04		
Date of Audit report	15-Sep-04		
Date of Management letter	None provided		
Issue 1 - summary of issue raised in management letter			
Issue 2 - summary of issue raised in management letter			
Issue 3 - summary of issue raised in management letter			
Issue 4 - summary of issue raised in management letter			

