



MaxAlpha

# Max Alpha Opportunities Fund

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**Term Sheet – Energy Transition Strategy Class**

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# Term Sheet – Energy Transition Strategy Class Units

## Key features

The following summarises certain key features of the Energy Transition Strategy (ETS) Class Units in the Max Alpha Opportunities Fund (Fund). Investors will subscribe to ETS Class Units in the Fund, which will have the following features. Capitalised terms used but not defined in this term sheet have the meaning given to them in the IM (Information Memorandum) relating to the Fund.

<b>Fund</b>	<p>The Fund will be an open-ended Australian domiciled unregistered unit trust. The Trustee may elect to have the Fund qualify as an MIT/AMIT.</p> <p>The Trustee may, from time to time, create and issue one or more different Classes:</p> <ul style="list-style-type: none"> <li>▪ with interests and rights differing from each other Class.</li> <li>▪ where investments of a Class will form a different pool of Fund property (<b>Class Pool</b>); and</li> </ul> <p>where Investors of a Class only have a beneficial interest in the Class Pool to which their Units relate.</p>
<b>Investment Structure</b>	<p>The investment structure of the Fund, referable to ETS Class Units, is included in Schedule 1 to these key terms.</p>
<b>Investment Objective</b>	<p>The Max Alpha Energy Transition Strategy Class aims to provide exposure to the global Megatrend of the energy transition to a low carbon economy with the goal to reach net zero in 2050. The investment objective is to provide capital appreciation that is greater than the RBA (Reserve Bank of Australia) Cash Rate plus 5%.</p>
<b>Investment Strategy</b>	<p>The strategy will invest in assets whose valuation is strongly linked to the progress of the energy transition while managing allocations across asset classes to ensure risks are balanced. The allocation is based on our rules-based methodology, which builds on data and empirical research.</p> <p>The Manager implements the rules as part of a framework that guides the strategic asset allocation, in addition to dynamic asset allocation that leverages investment opportunities across market cycles and conditions to seek an attractive risk-adjusted return.</p> <p>Under this thesis, we will be allocating assets to gain in value as the transition progresses. We expect that the faster and more pronounced the transition, the better the performance of these assets.</p>
<b>Investment Universe</b>	<p>ETS Class will primarily invest the funds directly or indirectly in a diversified portfolio across geographies and asset classes, including global equities, indexes, tracker certificates, structured products, and derivatives contracts. Also, for liquidity purposes, the ETS Class will include cash, term deposits and cash equivalent investments.</p> <p>To ensure diversification, no asset should weigh more than 50% over a period of a month within the Class. However, there are two exceptions to the above asset weight percentage, including when the ETS Class ramps up over the first 12 months and when there are significant applications or redemption at any time. The assets are equal-weighted when there are several different assets within an asset class.</p> <p>The ETS Class only invests in instruments that offer daily liquidity at a sufficient volume such that any position could be liquidated at once. Should an instrument become illiquid, the Manager exercises the best effort to dispose of the instrument.</p>
<b>Changes to Objective, Strategy and Universe</b>	<p>The Trustee may, from time to time, vary the investment mandate (i.e., the investment objective, strategy, and universe) for ETS Class as set out in this term sheet. The Manager will at least semi-annually review the portfolio.</p>
<b>Base Currency</b>	<p>Australian Dollar.</p>
<b>Minimum suggested time frame for holding investment</b>	<p>At least three years.</p>

<b>Eligible Investor</b>	Wholesale clients as defined in s761G of the Corporations Act.										
<b>Applications Process</b>	<p>Applications must be received by 5 pm on 5 Business Days before the end of each calendar month.</p> <p>Application amounts are payable on the submission of an application. Any interest payable on application amounts will accrue to the benefit of the ETS Class. Application amounts paid in respect of rejected or any scaled-back portion of applications will be returned to applicants without interest.</p>										
<b>Redemption Process</b>	<p>Redemption requests must be received by 5 pm on 5 Business Days before the end of each calendar month or at such other times determined by the Trustee at its discretion.</p> <p>Redemption from ETS Class is usually paid within 14 Business Days after the first of each calendar month. However, the constitution for the ETS Class allows withdrawal proceeds to be paid within a longer period. In some circumstances, including where there is a closure of a relevant market or exchange, a freeze on or suspension of withdrawals or during the first 30 Business Days of July each year due to end of financial year activities for the ETS Class, members may not be able to withdraw their funds within the usual period upon request.</p>										
<b>Minimum Requirements</b>	<p>Subject to the minimum requirements in the table below, investors can increase the investment at any time by buying more units or decrease the investment by withdrawing or transferring some of the units.</p> <table border="1" data-bbox="395 808 1469 1133"> <tr> <td><b>Initial Investment</b></td> <td>AUD 50,000</td> </tr> <tr> <td><b>Additional Investment</b></td> <td>AUD 50,000</td> </tr> <tr> <td><b>Withdrawal</b></td> <td>AUD 50,000</td> </tr> <tr> <td><b>Transfer</b></td> <td>AUD 50,000</td> </tr> <tr> <td><b>Account balance</b></td> <td>AUD 50,000</td> </tr> </table> <p>The Trustee may accept a lesser amount of minimum requirements at its discretion.</p>	<b>Initial Investment</b>	AUD 50,000	<b>Additional Investment</b>	AUD 50,000	<b>Withdrawal</b>	AUD 50,000	<b>Transfer</b>	AUD 50,000	<b>Account balance</b>	AUD 50,000
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<b>Distributions</b>	<p>ETS Class intends to pay annual distribution; however, the Manager may elect to distribute at other times. Distribution amounts may include interest income, realised gains or losses of disposal of securities, or other assessable income derived by ETS Class, after allowing for fees and expenses.</p> <p>Any income of ETS Class that is not distributed for the period will either be held back for distribution in a later period or accumulated in ETS Class. The Manager may review its approach to distributions from time to time and elect to distribute on an alternative basis.</p> <p>The investor can choose the distributions:</p> <ul style="list-style-type: none"> <li>▪ reinvested in additional units; or</li> <li>▪ paid directly to a nominated bank account.</li> </ul> <p>If the investor does not make a choice, distributions will be automatically reinvested in additional units in ETS Class.</p>										
<b>Transfer</b>	The investor will be able to transfer their units to a third party by the Trust Deed. Transfers will be effective when registered by the Trustee. The Trustee may from time to time register any transfer of units at its discretion.										
<b>Initial Issue Price</b>	AUD (Australian Dollar) 1.00 per unit.										
<b>Unit Price</b>	<p>The value of a unit is determined by dividing the net asset value attributable to ETS Class units by the number of units on issue in ETS Class at the time of valuation.</p> <p>Units are usually valued monthly. The value of units will change from time to time as the market value of the assets in ETS Class rises or falls. When the investor buys or sells units, the unit price will be the NAV price.</p>										

<b>Exit Fees</b>	<p>0.10% per redemption transaction of value (plus GST).</p> <p>The exit fee for ETS Class is the Manger's reasonable estimate of transaction costs that ETS Class may incur to buy and sell assets when investing applications and funding withdrawals. This fee is separately charged to the investor.</p>
<b>Management Fees</b>	<p>0.75% per annum (plus GST) of the gross value of the ETS Class, payable monthly in arrears.</p>
<b>Benchmark</b>	<p>RBA (Reserve Bank of Australia) Cash Rate plus 5%</p>
<b>Performance Fees</b>	<p>15% of Performance above Benchmark.</p> <p>The Manager receives 15% of the total profit of the ETS Class net of the Benchmark.</p> <p>The performance fee will be calculated at every fiscal year-end and investors on exit the ETS Class.</p> <p>The performance fee is payable whenever a calculation has been completed and approved by the Trustee. The calculation methodology is referred to below:</p> $\text{Performance Fee} = \{ \text{Net Asset Value}_{\text{period end}} - [ \text{Net Asset Value}_{\text{period begin}} \times (1 + \text{Benchmark}) ] \} \times \text{Performance Fee Rate}$
<b>Fee Rebate</b>	<p>The Trustee may offer rebates to the investor at its discretion from time to time.</p>
<b>Benefits of Investing in ETS Class</b>	<p><b>Long-term growth:</b> Focus on long-term market performance and return, consistent with investors' wealth growth interests, effectively match the pressures from inflation.</p> <p><b>Low-cost investing:</b> ETS Class reduces the cost and quantum required to access the institutional market. Further, the ETS Class minimises the cost of managing assets across multiple asset classes.</p> <p><b>Transparency:</b> The underlying performance is marked to market by an independent fund administrator monthly.</p> <p><b>Access:</b> Use experts and techniques to access assets and trends in the macroeconomic environment that are not ordinarily within reach for private investors.</p>
<b>Risk Factors</b>	<p>All investments carry risks. Different investment strategies may carry different levels of risk, depending on the assets acquired under the strategy. Assets with the highest long-term returns may also carry the highest level of short-term risk. The significant risks below should be considering the investor's risk profile when deciding whether to invest in this Class. The Trustee and Manager do not guarantee the liquidity of the Class's investments, repayment of capital or any rate of return or the Class's investment performance. The value of the Class's investment will vary. Returns are not guaranteed, and the investor may lose money by investing in this Class.</p> <p>We do not offer advice that considers the investor's personal financial situation, including advice about whether the product is suitable for the investor's circumstances. If the investor requires personal financial or taxation advice, the investor should contact a licensed financial adviser and /or taxation adviser.</p> <p><b>Concentration Risk:</b> The ETS Class may hold concentrated positions by geography or industry distribution of investments. Higher concentration may lead to higher volatility of the ETS Class.</p> <p><b>Currency Risk:</b> The ETS Class may invest in assets and securities listed on stock exchanges outside Australia. Currency movements against the Australian dollar may adversely affect the domestic value of the Class's investments and the income from those investments. Foreign exchange exposure can be but does not have to be hedged.</p> <p><b>Counterparty Risk:</b> The ETS Class will invest in financial markets and may transact with broker or a security issuer. If the broker or security issuer becomes bankrupt, there is no guarantee that collateral held by them will be returned to the ETS Class. In the event of bankruptcy of the counterparty, the premium and any unrealised gains may be lost.</p>

**Liquidity Risk:**  
 The disposal of an asset is subject to an orderly market and available liquidity. Liquidity risk may arise through events that affect the general market conditions or specifically the asset. Under these circumstances, it may become more difficult to buy or sell, and it may take longer for the full value to be realised. Depending on factors such as the state of the markets, selling assets is not always possible, practicable or consistent with the best interests of investors. Liquidity risk could mean that investors' withdrawal requests cannot be met within the period specified in this term sheet.

**Structured Product Risk:**  
 Structured securities provide benefits to the portfolio but are sometimes more complex. These products may have a risk profile comprising equities, bonds, derivatives, etc. These risks may include volatility, restricted liquidity, issuer risk, credit risk and early termination and reinvestment.

**Structured Product Costs:**  
 The fees and costs of structured products are usually embedded in the price of the investment such that at issuance, the value of the investment is less than the investment's issue price (by the amount of the fees and costs). If a structured product is sold before maturity, the price may be negatively affected by the fees and costs involved in the investment.

**Economic and Market Risk:**  
 Any investment may fall and rise in value through the movement of investment markets. Unfavourable economic movements (globally or locally) may impact the investments and their returns. These risks include global economic risks, currency fluctuations, interest rate changes, government policy, changes in debt or equity markets and other factors. To the extent that these factors reduce the investment performance, they may also reduce each investor's income returns and investment value.

**Other Risks:** Various risks exist in investments; please consult with professional advisers as appropriate to consider other factors which may impact investors' investments.

*Schedule 1 – Investment Structure*

