



## Disclosure Benchmarks and Disclosure Principles

### Benchmark 1: Valuation of assets

*This benchmark addresses whether valuations of the fund's non-exchange traded assets are provided by an independent administrator or an independent valuation service provider.*

#### **This benchmark is met.**

The valuation of the Lighthouse Fund's assets is provided by the Lighthouse Fund's administrator, GlobeOp Financial Services (**GlobeOp**). GlobeOp is unrelated to both Ironbark and Lighthouse. Net asset valuations of the Lighthouse Fund are calculated as at the end of each month. GlobeOp receives securities valuations directly from independent sources. GlobeOp is responsible for certain day to day operations such as capturing and recording daily trade and portfolio information for the Lighthouse Fund. The Fund values its investment in the Lighthouse Fund based on the net asset value (**NAV**) calculated by GlobeOp.

Ironbark's policy is that hedge funds, in which Ironbark's registered managed investment schemes (such as the Fund) invest, must use independent fund administrators or valuation service providers to determine the value of interests in the hedge fund or the value of the hedge fund's assets which are not exchange traded.

For further information on the valuation of the Fund's assets, refer to section 'How the Ironbark LHP Diversified Investments Fund Works and How We Invest Your Money under 'Unit pricing', 'Valuation, location and custody of the Fund's assets' and 'Custody and valuation of Lighthouse fund assets' of the PDS.

### Benchmark 2: Periodic reporting

*This benchmark addresses whether the responsible entity will provide periodic disclosure of certain key information on an annual and monthly basis.*

#### **This benchmark is met.**

This following information about the Fund and, where applicable, the Lighthouse Fund will be included in the Fund's annual disclosure report:

- The actual allocation to each asset type;
- The liquidity profile of the portfolio of assets as at the end of the relevant period;
- The maturity profile of any liabilities at the end of the relevant period;
- The leverage ratio (including leveraged embedded in the assets of the Fund, other than listed equities and bonds) at the end of the relevant period;
- Details on the derivative counterparties engaged;
- The monthly or annual investment returns over at least a five-year period; and
- Any changes to key service providers since any previous report given to investors, including any change in any related party status.

The most recent annual disclosure report is made available on our website.

On a monthly basis, the following information will be provided to investors about the Fund and, where applicable, the Lighthouse Fund:

- The current total net asset value (**NAV**) of the Fund and the redemption value of a unit in each class of units as at the date of the NAV. For further information on how the NAV of the Fund is calculated a copy of the Unit Pricing Policy can be requested from Client Services, free of charge, by contacting us by email at [client.services@ironbarkam.com](mailto:client.services@ironbarkam.com) or by phone on 1800 034 402;

- Any changes in key service providers since any previous report was provided, including any change in related party status;
- The net return on the Fund's assets after fees, costs and taxes; and
- Any material change in the Fund's or the Lighthouse Fund's risk profile, strategy and investment team.

### Disclosure principle 1: Investment strategy

*This disclosure principle is intended to ensure that investors are made aware of the details of the investment strategy for the fund, including the type of strategy, how it works in practice and how risks are managed.*

#### Investment strategy

The Fund was established to provide Australian investors with exposure to the Lighthouse Multi-Strategy Fund Limited (**the Lighthouse Fund**).

The Fund's strategy is to access, through the Fund's investment in the Lighthouse Fund, a portfolio of underlying investment managers (**Underlying Managers**) with low correlation to traditional markets, investing managed accounts.

The Lighthouse Fund is managed by Lighthouse Investment Partners, LLC (**Lighthouse**). The Lighthouse Fund's investment strategy is to select Underlying Managers who invest in various global strategies. These strategies are diversified across geographical and industry market segments.

For further information on how Ironbark may change the investment strategy of the Fund and what notification will be provided to investors, please refer to Section 'How the Ironbark LHP Diversified Investments Fund Works and How We Invest Your Money' of the PDS under 'What does the Fund invest in?' and 'What does the Lighthouse Fund invest in, and how?'

#### Investment style

Lighthouse Investment Partners, LLC ('Lighthouse') is an investment manager dedicated solely to managing alternative investment portfolios. Its main goals are to protect, diversify and grow investor assets, while providing more clarity, confidence and certainty around investments. Lighthouse believes this can be accomplished through the use of its proprietary managed account platform, built since 2005, which provides more active portfolio management, better asset control and full transparency.

#### Investment philosophy

The Lighthouse Fund offers diversification by manager, geography, market capitalisation sector and investment style through the selection of Underlying Managers who each pursue a number of different investment strategies according to their areas of expertise.

The Lighthouse Fund typically utilises a blend of 6 underlying investment strategies:

- Relative value arbitrage;
- Fixed income;
- Market neutral equity;
- Long/Short equity;
- Global trading; and
- Credit.

For further information about the underlying investment strategies please refer to the Section 'How the Ironbark LHP Diversified Investments Fund Works and How We Invest Your Money' of the PDS under 'What are the different strategies that operate within the Lighthouse Fund?'

## Disclosure principle 2: Investment Manager

*This disclosure principle is intended to ensure that investors have the necessary information about the people responsible for managing the fund's investments, such as their qualifications and relevant commercial experience, and the proportion of their time devoted to the hedge fund.*

Lighthouse is the Investment Manager of the Lighthouse Fund through which the Fund invests. Lighthouse selects Underlying Managers, and the Underlying Managers select which securities and other instruments the Lighthouse Fund should hold.

Except where the Lighthouse Fund invests in commingled funds, the Lighthouse Fund has indirect ownership of the individual securities held in managed accounts. In the context of Managed Accounts, the Underlying Managers report to Lighthouse the securities that are bought and sold.

With respect to the managed accounts that the Lighthouse Funds invests in, Lighthouse has transparency into what the individual securities are through both reporting from GlobeOp, and records it maintains on its own proprietary risk system.

The investment team is responsible for initially selecting Underlying Managers, analysing and assessing their ongoing performance, and determining whether any of the Underlying Managers should be changed.

For further information refer to section 'How the Ironbark LHP Diversified Investments Fund Works and How We Invest Your Money' of the PDS under 'Who makes the decisions for the Lighthouse Fund about its Underlying Managers'.

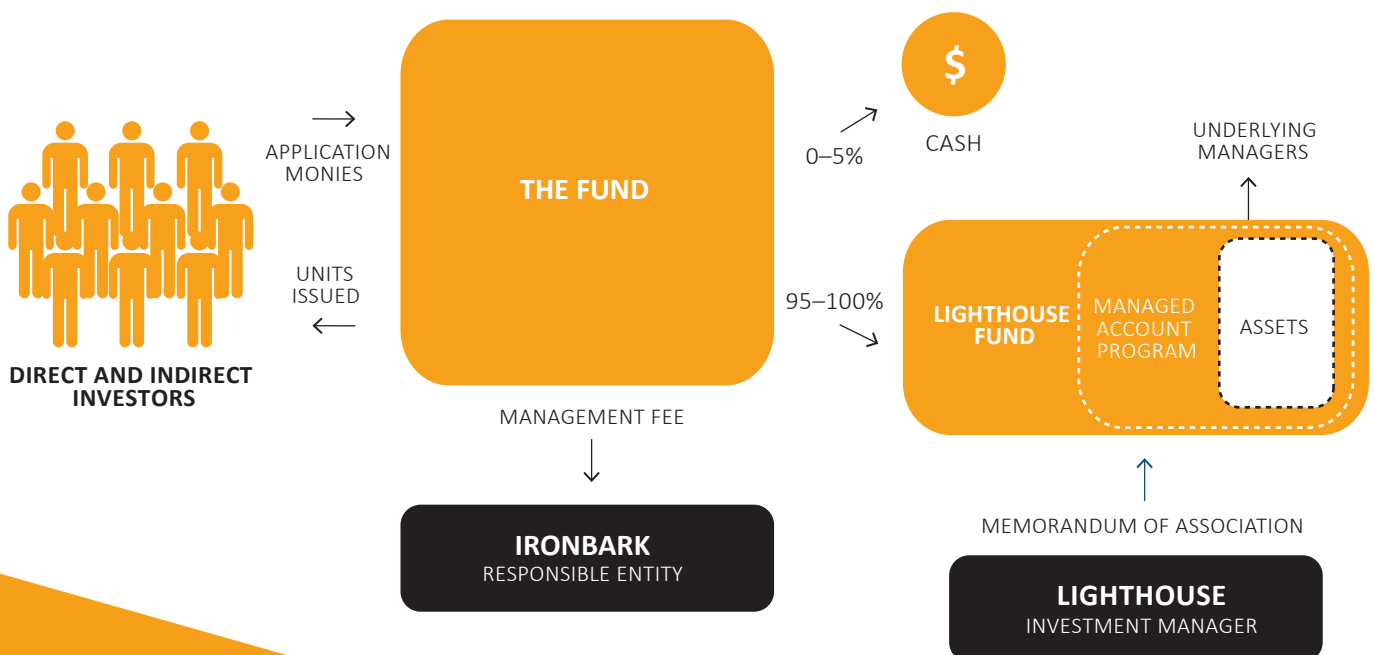
Investors in the Lighthouse Fund have the ability to vote to terminate Lighthouse's role as the Investment Manager.

## Disclosure principle 3: Fund structure

*This disclosure principle is intended to ensure that the responsible entity of the hedge fund explains the investment structures involved, the relationships between the entities in the structure, fees payable to the responsible entity and investment manager, the jurisdictions involved (if these involve parties offshore), the due diligence performed on underlying funds, and the related party relationships within the structure.*

### The Fund's investment structure

The diagram below shows the key entities involved in the Fund, their relationship to each other, their roles and the flow of investment money through the Fund as at the date of this document.





The Lighthouse Fund is not required to appoint an external custodian to hold its assets. Lighthouse as the Investment Manager has appointed an independent administrator to manage the day to day operations of the Lighthouse Fund.

#### Disclosure principle 4: Valuation, location and custody of assets

*This disclosure principle is intended to ensure that Ironbark discloses the types of assets held, where they are located, how they are valued and the custodial arrangements.*

##### Valuation policy of the Fund

The Fund's assets and liabilities are valued on the last day of each month. The Fund's assets comprise of shares in the Lighthouse Fund and cash.

GlobeOp is responsible for certain day to day administrative services required in connection with the Lighthouse Fund and certain underlying managed account operations, including but not limited to capturing and recording daily trade and portfolio information at the underlying managed account level, independent regular reconciliation of portfolio data to counterparties at the underlying managed account level, maintaining the Lighthouse Fund's register of investors, independent valuation of each position held by the Lighthouse Fund and for calculating and distributing prices for the Lighthouse Fund at the end of each month.

The Fund values its shares in the Lighthouse Fund based on the prices provided by GlobeOp. Any other asset of the Fund, such as cash and cash receivables, is valued at recoverable value.

Any income entitlements, cash at bank, and any amounts of Goods and Services Tax (GST) recoverable for the Fund from the Australian Taxation Office (ATO) are also included in asset values used to calculate the investment and withdrawal unit price.

In general, for unit pricing purposes, liabilities are valued at cost. Liabilities also include an accrual for management costs and for costs (if any) that an investor would ordinarily incur when investing in the Fund's underlying assets.

Refer to Section 'How the Ironbark LHP Diversified Investments Fund Works and How We Invest Your Money' of the PDS under 'Valuation, location and custody of the Lighthouse Fund's assets' for further information.

##### Regional allocation of assets

The Lighthouse Fund has a globally diversified strategy, invests in securities from throughout the world in both developed and emerging markets. The Lighthouse Fund's allocation of assets based on the geographical region is set out in the table below:

Region	Minimum Allocation	Maximum Allocation
Developed Americas	30%	75%
Developed Europe	10%	35%
Developed Asia	5%	35%
Emerging markets	0%	25%

Refer to Section 'How the Ironbark LHP Diversified Investments Fund Works and How We Invest Your Money' of the PDS under 'Valuation, location and custody of the Lighthouse Fund's assets' for further information.

## Asset allocation of the Lighthouse Fund

The Lighthouse Fund offers diversification by manager, geography, market capitalisation, sector and investment style through the selection of Underlying Managers who each pursue a number of different investment strategies according to their area of expertise.

The Lighthouse Fund typically utilises a blend of the following 6 underlying investment strategies to achieve diversification. The following table provides further information in relation to the strategy guidelines:

Strategy	Minimum Allocation	Maximum Allocation
Relative Value	0%	50%
Market Neutral Equity	0%	30%
Long/Short Equity	0%	30%
Fixed Income	0%	20%
Credit	0%	30%
Global Trading	0%	20%

Refer to Section 'How the Ironbark LHP Diversified Investments Fund Works and How We Invest Your Money' of the PDS under 'What are the different strategies that operate within the Lighthouse Fund?' for further information.

## Disclosure principle 5: Liquidity

*This disclosure principle is intended to ensure that investors are made aware of the Fund's ability to realise its assets in a timely manner and the risks of illiquid classes of assets.*

The Fund is able to redeem its shares in the Lighthouse Fund at the end of each month as long as it provides the required notice to Lighthouse. Lighthouse manages the Lighthouse Fund for consistency between the liquidity of the assets managed by the Underlying Managers and the liquidity offered to the Lighthouse Fund's investors.

The Lighthouse Fund's ability to meet redemption requests from the Fund (as well as from other investors in the Lighthouse Fund) will depend upon its ability to redeem or realise its investments.

Lighthouse may suspend redemptions in certain circumstances, delay payment of redemption proceeds or redemptions may be satisfied through a transfer of the Lighthouse Fund's assets rather than payment of cash. If any of these circumstances occur, we may, subject to the Fund's Constitution:

- change the frequency of withdrawals, the notice period for withdrawal requests or both, meaning you will have less opportunity to redeem your units;
- suspend withdrawals; or
- be required to treat the Fund as non-liquid, meaning you will only be able to redeem units in accordance with a withdrawal offer made by us and we will be under no obligation to make withdrawal offers.

Refer to Section 'Risks of Investing in a Managed Investment Scheme' of the PDS under 'Liquidity risk' for further information.

## Disclosure principle 6: Leverage

*This disclosure principle is intended to ensure that investors are made aware of the maximum anticipated level of leverage of the Fund (including leverage embedded in the assets of the Fund).*

The Underlying Managers may invest in securities that incorporate leverage. The level of leverage, profile of securities that are being leveraged and the term and structure of any leverage is monitored by Lighthouse.

The Fund does not use direct leverage or borrowings as part of its investment strategy. The Fund has the ability to undertake short-term borrowing in order to manage investor withdrawals and other payments, however this would only be utilised in exceptional circumstances. The underlying investments of the Lighthouse Fund may incorporate leverage and the aggregate level of leverage is limited to a maximum of 4 times the net asset value of the Lighthouse Fund. However, historically, the aggregate level of leverage has been 2 times the net asset value of the Lighthouse Fund.

The Underlying Managers may invest in securities that incorporate leverage. The Underlying Managers may use derivatives or borrow to create gearing/leverage, which at times may be substantial. Investment returns may be leveraged with options, swaps, forwards and other derivative instruments which can increase the magnitude of gains, but also losses. The level of leverage, profile of securities that are being leveraged and the term and structure of any leverage is monitored by Lighthouse. The amount of gearing depends on the Underlying Manager's investment strategy. The Lighthouse Fund on aggregate may have a maximum gross exposure up to 400% (long positions plus short positions) (i.e. for every \$1 of NAV the combined value of the Lighthouse Fund's aggregate long and short positions may be up to \$4).

As an example, assuming that an Underlying Manager has \$1 of capital, borrows \$2 and invests the full \$3 in a portfolio of stocks (i.e. the Underlying Manager is long \$3). At the same time, the Underlying Manager sells short \$1 of stocks (i.e. the Underlying Manager is short \$1).

*Gross Leverage* =  $(\text{Long position} + \text{Short position}) / \text{Net Asset Value}$

Gross Market exposure =  $(\$3 + \$1) / \$1 = 400\%$

*Net Leverage* =  $(\text{Long position} - \text{Short position}) / \text{Net Asset Value}$

Net Market exposure =  $(\$3 - \$1) / \$1 = 200\%$

Please note that the above examples have been provided for reference purposes only. Any assumptions underlying these examples are hypothetical only.

Where underlying investments are leveraged, the Lighthouse Fund's assets may be pledged as collateral and if the Lighthouse Fund defaults on its obligations under such instruments, the counterparty to the instrument may be entitled to some or all of those assets as a result of the default.

Refer to Section 'Risks of Investing in a Managed Investment Scheme' of the PDS for further information in relation to 'Debt and leverage risk'.

### **Disclosure principle 7: Derivatives**

*This disclosure principle is intended to ensure that investors are made aware of the purpose and types of derivatives used by the responsible entity or investment manager, and the associated risks.*

The Underlying Managers may use derivative instruments such as options, swaps, futures and warrants where these derivatives are consistent with the overall investment strategy of the Lighthouse Fund, and within agreed guidelines and restrictions. Derivatives will include both exchange traded and over the counter ('OTC') instruments. The Fund itself does not use derivative instruments.

In addition, the particular share class of the Lighthouse Fund held by the Fund is the AUD denominated class of shares. The Lighthouse Fund utilises forward foreign exchange contracts in order to hedge the foreign exchange risk which arises on the USD exposure of the Lighthouse Fund when translating the share class into AUD.

Refer to Section 'Risks of Investing in a Managed Investment Scheme' of the PDS for further information on 'Currency risk' and 'Derivatives risk'.





a redemption of the minimum amount or minimum number of units. In the event where a withdrawal request falls below the minimum unit balance Ironbark may treat the request as a full withdrawal. Ironbark has currently elected not to invoke this entitlement.

Extreme market conditions can cause difficulties or delays to the Fund being able to sell its assets or requiring it to freeze withdrawals. These circumstances could result in it taking an extended period of time before you are able to withdraw your investment, or it taking longer than usual for you to receive your withdrawal proceeds. Refer to Section 'How the Ironbark LHP Diversified Investments Fund Works and How We Invest Your Money' of the PDS under 'Access to funds' for further information on withdrawal arrangements. In the event there are any material changes to withdrawal rights, investors will be notified through our website, [www.ironbarkam.com](http://www.ironbarkam.com).

Please contact Ironbark on **1800 034 402** or by email to [client.services@ironbarkm.com](mailto:client.services@ironbarkm.com) if you would like further information on the Fund.