

Capital International World Equity (Hedged)

Product disclosure statement

Contents

1. About WHTM Capital Management Limited
2. How Capital International World Equity (Hedged) works
3. Benefits of investing in Capital International World Equity (Hedged)
4. Risks of managed investment schemes
5. How we invest your money
6. Fees and costs
7. How managed investment schemes are taxed
8. How to apply
9. Additional information

Information in this PDS is a summary of significant information and is general in nature. It contains references to other important information which you should consider before making an investment decision. The information does not take into account your individual objectives, financial situation or needs and we recommend that you seek professional advice from a financial adviser. This PDS has been prepared in accordance with the simple managed investment scheme disclosure regime under the Corporations Regulations.

Updated information

The information in this PDS may change over time. The Responsible Entity may update this information where this does not involve a material change and make it available to you via www.capitalinternational.com.au/fund_information/ where permitted by law. You can also obtain updated information by calling the Responsible Entity on +61 7 3212 1333. A paper copy of any updated information is available free on request.

Issued by WHTM Capital Management Limited
Phone no: +61 7 3212 1333
ABN 29 082 494 362
AFS Licence No. 238371
Issued 21 September 2011

ARSN 094 966 631

1. About WHTM Capital Management Limited

WHTM Capital Management Limited

WHTM Capital Management Limited ABN 29 082 494 362 is the responsible entity (the 'Responsible Entity', 'RE', 'we', 'our', 'us') of Capital International World Equity (Hedged) ARSN 094 966 631 (the 'Fund') detailed in this Product Disclosure Statement ('PDS'). WHTM Capital Management Limited is responsible for the operation of the Fund and is an affiliate of Wilson HTM Investment Group Ltd, an Australian Securities Exchange (ASX) listed investment house with foundations from 1895.

Capital International, Inc.

Capital International, Inc. ARBN 148 215 570 ('Capital International', 'the Investment Manager') has been appointed by the RE as the Fund's investment manager, pursuant to the terms of an investment management agreement.

Capital International is part of The Capital Group Companies, Inc. ("The Capital Group"), one of the largest and most experienced investment management firms in the world. With decades of experience in offering investment solutions to institutions and individual investors throughout the world, Capital International has maintained a singular focus on providing its investors with consistently superior returns over the long term.

There are three key factors that differentiate Capital International:

■ **Organisation: focused and independent**

Capital International has only one business: investment management. This allows the organisation to focus exclusively on making sound investment decisions for its clients. Additionally, the Capital Group is employee-owned, and as a privately-held organisation, it is not driven by short-term targets. This provides the freedom to invest substantially in research and attract and retain experienced investment professionals. It also fosters a climate of stability and an emphasis on the long-term benefit of its clients.

■ **Research: globally diverse yet integrated**

Since introducing its first global equity mandate in 1969, Capital International has a long history of offering its international investment research to investors. Its multi-national, multi-lingual team of research analysts is located around the globe in twelve offices, representing one of the largest-investment related research functions in the world. At the same time, analysts collaborate closely, freely sharing research and ideas with one another. This globally diverse yet integrated research team provides invaluable insight to facilitate investment decisions.

■ **Portfolio management: stability and conviction**

Capital International's investments are managed through the distinctive 'Multiple Portfolio Manager System' (MPMS). This disciplined yet flexible approach has been in place for over 50 years and is aimed at tempering volatility, providing continuity in portfolio management and enhancing long-term results. It divides a portfolio among several portfolio managers, with each manager having autonomy to invest according to his or her convictions. Every holding in the portfolio represents the convictions of one or more investment professionals, whose remuneration is directly affected by the results of that security. This captures the benefits of both individuality and cooperation as investment professionals collaborate closely but ultimately invest only in their own highest convictions.

2. How Capital International World Equity (Hedged) works

Like most managed funds, the Fund is a unit trust. In exchange for your invested money, you are issued with interests in the Fund called 'units'. A unit represents an interest in the Fund. Your units are your proportionate share of the Fund and reflect the value of your investment, which will change over time as the market value of the assets of the Fund rise and fall.

Minimum initial investment

You can make an investment in the Fund with a minimum initial investment in the amount of \$25,000 or as agreed with the Responsible Entity.

Additional investments

You are able to increase your investment at any time by buying additional units subject to the minimum additional investment amount of \$5,000.

Withdrawals

You can also withdraw at any time any amount from your investment. The Responsible Entity endeavours to effect payment of withdrawals within five days (although the Fund constitution allows up to 90 days). In certain circumstances, such as if there is a freeze on withdrawals, the Responsible Entity may delay payment of your withdrawal proceeds.

The value of your investment at any point in time will depend on the total number of units you hold in the Fund and the relevant withdrawal price per unit.

Distributions

Income from the Fund is paid annually to you following the June fiscal year-end close as a 'distribution' and will include dividends, interest and other income from the investments, as well as capital gains from the sale of the Fund's assets. Income per unit is calculated by dividing the distributable income for the Fund by the number of units in the Fund at the end of each distribution period. The amount of income you receive is based on the number of units you hold at the end of the distribution period.

3. Benefits of investing in Capital International World Equity (Hedged)

Significant features

The Fund provides you access to an actively managed portfolio of international listed equities, including emerging markets, through its investment in Capital International World Equity. The Fund uses forward foreign exchange contracts to passively reduce currency risk, and will have exposure to cash. It aims to provide long-term investment results exceeding those of the MSCI World Index (in A\$) Hedged to A\$. Details of the Fund are set out later in this PDS at section 5 – How we invest your money.

Significant benefits

Investing in the Fund offers a number of benefits, including:

- Access to investment opportunities across a broad and diversified range and mix of markets, industries, securities and currencies that are not generally available to individual investors;
- Reduced currency risk through forward foreign exchange contracts;
- Exposure to investment professionals who are part of a globally integrated network with global research capabilities delivering superior investment ideas and capabilities to clients around the world;
- Participation in any capital appreciation and income distributions from the Fund.

You should read the additional important information about unit pricing and investment income before making a decision. Go to the section entitled **2. How the Fund works** that is available at www.capitalinternational.com.au/_pdf/PDS_IIR.pdf. The material relating to unit pricing and investment income may change between the time when you read this PDS and the day when you sign the Application Form.

4. Risks of managed investment schemes

Every investment runs the risk that its value and/or income will fluctuate through time. While risks may be general or specific to a particular asset class, the general rule of investing is that the higher the expected returns from an investment, the higher the expected level of risk and assets with the highest long term returns may carry the highest level of short term risk.

The Fund invests in a range of carefully selected investments aimed at adding value while seeking to reduce the overall level of risk to the portfolio. The Fund has established limits on how much can be invested in an individual security to ensure that your investment is well diversified.

Past performance is not a reliable guide to future performance and should not be relied upon to predict the value of an investment. Neither the Responsible Entity, nor the Investment Manager guarantees the performance of the Fund, the repayment of capital or any particular rates of return. Returns are not guaranteed, and you may lose some of your money.

Whilst it is not possible to identify all risks, through careful analysis and research, Capital International seeks to identify as many of these risks as possible before investing.

Risk factors that may influence the value of an investment in a Fund include:

- 1. Market risk** – changes in the market can lead to changes in prices and overall market volatility of the underlying Fund.
- 2. Interest rate risk** – changes in interest rates can directly and indirectly impact investment value and returns.
- 3. Currency risk** – changes in the value of the Australian dollar relative to other currencies can cause changes to the value of the underlying Fund. The Fund seeks to limit exposure to currencies other than the Australian dollar through investing in forward foreign exchange contracts.
- 4. Hedging risk** – hedging may not completely eliminate the exposure to currency movements and there is no guarantee that hedging strategies will yield returns that exceed those of the underlying Fund.
- 5. Credit risk** – creditworthiness of the underlying Fund and/or the Fund's investments can impact the underlying Fund and/or the Fund's investment's ability to meet its obligations.
- 6. Liquidity risk** – the underlying Fund's investments made in some securities may be traded on an irregular or infrequent basis.
- 7. Operational risk** – disruptions to administrative procedures or operational controls may impact the administration of the Fund.
- 8. Legal and regulatory risk** – changes to laws or government policies that result in legislative changes affecting registered managed investment schemes and other matters may have an impact on your investment.

You can manage risk by planning your investment strategy with your financial adviser and considering the following:

- the level of risk you feel comfortable with;
- how long you want to invest considering your age;
- the level of returns you need;
- whether you are looking for income or growth; and
- your current financial circumstances, including other assets and investments you have.

5. How we invest your money

The Fund provides you access to an actively managed portfolio of international listed equities, including emerging markets, through its investment in Capital International World Equity. The Fund will also have exposure to cash.

The Fund uses forward foreign exchange contracts to seek to limit exposure to currencies other than the Australian dollar. A substantial part of the assets of the Fund will be systematically passively hedged into Australian dollars by an agent appointed by the Responsible Entity. Hedging may not completely eliminate the exposure to currency movements, and there can be no guarantee that hedging strategies will yield returns that exceed those of the underlying Fund. Investors should note that hedging may substantially limit their ability to benefit from the fall of the Australian dollar against other currencies. The costs of hedging and all gains/losses from hedging transactions are borne exclusively by the Fund.

You should read the additional important information about the risks of managed investment schemes before making a decision. Go to the section entitled **4. Risks of managed investment schemes** that is available at www.capitalinternational.com.au/_pdf/PDS_IIR.pdf. The material relating to the risks of managed investment schemes may change between the time when you read this PDS and the day when you sign the Application Form.

An investment in the Fund may suit you if you are seeking long-term access to international equities hedged to the Australian dollar.

You should consider the likely investment return, risk and your investment timeframe when choosing to invest in the Fund.

Capital International World Equity (Hedged)

Investment objective	To achieve long term capital growth while limiting exposure to currencies other than A\$ through passive hedging	
Investment return objective	To provide long-term investment results exceeding those of the Benchmark	
Benchmark	MSCI World Index (in A\$) Hedged to A\$	
Fund asset classes	Asset class	Investment range
	International equities	Up to 100%
	Cash	Ancillary
Currency	Australian Dollars	
Description of portfolio	Investment in Capital International World Equity with currency exposure substantially hedged using forward foreign exchange contracts	
Suggested minimum investment period	5 years	
Risk level	High	

You should read the additional important information about how we invest your money, including about labour standards and environmental, social and ethical considerations, before making a decision. Go to the section entitled **5. How we invest your money** that is available at www.capitalinternational.com.au/_pdf/PDS_IIR.pdf. The material relating to how we invest your money, including about labour standards and environmental, social and ethical considerations may change between the time when you read this PDS and the day when you sign the Application Form.

6. Fees and costs

Consumer Advisory Warning

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 the fund 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.moneysmart.gov.au) has a managed investment fee calculator to help you check out different fee options.

You should read the additional important information providing additional explanation of fees and costs before making a decision. Go to the section entitled **6. Fees and costs** that is available at www.capitalinternational.com.au/_pdf/PDS_IIR.pdf. The material relating to providing additional explanation of fees and costs may change between the time when you read this PDS and the day when you sign the Application Form.

The following table shows fees and other costs you may be charged and can be used to compare costs between different simple managed investment schemes. These fees and costs may be deducted from your money or from the returns on your investment or from the Fund assets as a whole. You should read all of the information about fees and costs, as it is important to understand their impact on your investment.

Type of fee or cost	Amount
Fees when your money moves in or out of the fund	
Establishment fee	Nil
Contribution fee	Nil
Withdrawal fee	Nil
Termination fee	Nil
Management costs	
The fees and costs for managing your investment	1.15% p.a.

More details relating to the information appearing in the above table are provided below.

Type of fee or cost	Amount	How and when paid
Fees when your money moves into or out of the Fund¹		
Establishment Fee The fee to set up your investment	Nil	Not applicable
Contribution fee The fee on each amount contributed to your investment	Nil	Not applicable
Withdrawal Fee This is the fee charged on each amount you withdraw out of your investment	Nil	Not applicable
Termination Fee The fee charged to close your investment	Nil	Not applicable
Management costs The fees and costs for managing your investment ²	1.15% p.a.	Management costs are calculated on the Fund's gross asset value, expressed as a percentage of the Fund's net asset value and reflected in the daily unit price and payable quarterly in arrears. Management costs are not charged separately to your investment. They are accrued daily and paid to the Responsible Entity quarterly in arrears. Management costs include all costs of operating the fund including Responsible Entity remuneration, investment management fees and expenses such as custody, administration and audit fees. Management costs are shown inclusive of GST and any expected reduced input tax credits. Extraordinary expenses are paid from the Fund assets as and when incurred. ³

Service fees

Investment switching fee The fee for changing investment options	Nil	Not applicable
--	-----	----------------

¹ Transaction costs (Buy/Sell costs) apply. Refer to the 'Buy/Sell Spread' section below

² Refer to 'Management Costs' in 'Additional Explanation of Fees and Costs' in Section 6 of the Information to be Incorporated by Reference document that is available at www.capitalinternational.com.au/_pdf/PDS_IIR.pdf

³ Refer to 'Extraordinary expenses' in 'Additional Explanation of Fees and Costs' of the Information to be Incorporated by Reference document at www.capitalinternational.com.au/_pdf/PDS_IIR.pdf

Example of annual fees and costs for Capital International World Equity (Hedged)

This table gives an example of how the fees and costs for the Fund can affect your investment over a 1 year period. You should use this table to compare the Fund with other managed investment products.

Example	Balance of \$50,000 with total contributions of \$5,000 during the year	
Contribution fees	Nil	For every additional \$5,000 you put in, you will be charged \$0.
PLUS Management costs	1.15% p.a.	And , for every \$50,000 you have in the fund you will be charged \$575 each year.
EQUALS Cost of fund		If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged fees of: \$575*
		What it costs you will depend on the investment option you choose and the fees you negotiate with your fund or financial adviser.

* The example assumes management costs are calculated on a balance of \$50,000 with the \$5,000 contribution occurring at the end of the first year. Therefore management costs are calculated using the \$50,000 balance only.

Buy/sell spread

When you invest or withdraw all or part of your investment we generally apply a transaction cost via a unit price 'buy/sell spread', which is an additional cost to you. A buy/sell spread operates to increase the relevant unit price for each new investment and to decrease the unit price for each withdrawal to cover transactional operational costs of underlying portfolio transactions, which include brokerage, share settlement and clearing fees, government charges/stamp duty, bank charges and foreign exchange transaction fees. The current buy/sell spread for the Fund, which is an estimate of these costs, is 0.10% on both investment and withdrawal. Therefore:

- the cost of an investment of \$25,000 would be \$25; and
- the cost of a withdrawal of \$25,000 would also be \$25.

Increases or alterations to fees and costs

If the Responsible Entity increases its fees and costs or applies any new fees (which can be done without your consent), we will notify you 30 days prior to the increase. The Responsible Entity confirms that in the event of any such fee increase:

- the Responsible Entity's remuneration will not exceed 1.00% p.a. of the gross asset value of the Fund.

This maximum is set out in the Constitution, excludes GST and cannot be increased above this amount without prior unitholder consent. The Responsible Entity also reserves the right to waive or reduce any of the fees and costs described in this PDS without prior notice.

7. How managed investment schemes are taxed

Investing in a registered managed investment scheme is likely to have tax consequences dependent on your personal circumstances. Registered managed investment schemes do not pay tax on behalf of investors. As it is intended that all taxable income and capital gains will be distributed, it is expected that a Fund will not pay tax on its taxable net income and capital gains. Your share of the taxable net income and capital gains earned by the Fund should be included in your tax return in the year you become presently entitled to the taxable net income and/or capital gains.

We strongly advise you seek professional tax advice about the specific implications relevant to your situation.

8. How to apply

Investing

To apply for units in Capital International World Equity (Hedged), please read this PDS together with any additional information to the Product Disclosure Statement available from www.capitalinternational.com.au/fund_information/. Please then complete the application form available at www.capitalinternational.com.au/_pdf/fund_forms.pdf and provide the relevant AML Identification documents.

Initial applications for units in the Fund must be made on the application form accompanying this PDS or which can be found at www.capitalinternational.com.au/_pdf/fund_forms.pdf.

Please include the full amount to be invested on a cheque made payable to **WHTM CM – Capital International Funds Apps** and crossed 'Not negotiable'. The minimum initial investment is \$25,000 or as agreed with the Responsible Entity. Forward the cheque along with the application form and the required identification documentation to the Fund Administrator:

JPMorgan Worldwide Securities Services
Attn: Unit Registry Team
GPO Box 5111
Sydney NSW 2001

Investors wishing to invest by electronic funds transfer may do so using the following Fund account details:

WHTM CM – Capital International Funds Apps BSB: 212-200 Account Number: 010063718

Important: Please quote your deposit reference number in section 10 of the application form.

You should read the additional important information about how managed investment schemes are taxed before making a decision. Go to the section entitled **7. How managed investment schemes are taxed** that is available at www.capitalinternational.com.au/_pdf/PDS_IIR.pdf. The material relating to how managed investment schemes are taxed may change between the time when you read this PDS and the day when you sign the Application Form.

You should read the additional important information about application form, authorised representative form, AML identification requirements, making an additional investment, withdrawing your investment and indirect investors before making a decision. Go to the section entitled **8. How to apply** that is available at www.capitalinternational.com.au/_pdf/PDS_IIR.pdf. The material relating to application form, authorised representative form, AML identification requirements, making an additional investment, withdrawing your investment and indirect investors may change between the time when you read this PDS and the day when you sign the Application Form.

Indirect Investors

If you invest in the Fund via an investor directed portfolio service ('IDPS'), a master trust or wrap account, different terms may apply to your investment. You should read the disclosure document for that IDPS, master trust or wrap account together with this PDS prior to investing.

Cooling off rights

If an investor invests less than \$500,000 and is not a professional or sophisticated investor, the investor has a 14 day cooling-off period in which to decide if the investment is right for them.

The 14 day period commences on the earlier of:

- i) the date the investor receives their initial investment transaction statement; or
- ii) five days after their units are issued.

The amount refunded will be calculated using closing prices at the day the Responsible Entity receives the investor's written request to withdraw their investment, less any non-refundable tax or duty paid or payable. Accordingly, depending upon the circumstances, the amount refunded may be greater or less than the amount initially invested. However, the investor will not be charged any fees.

Cooling off rights will not apply where units are issued as part of the distribution reinvestment arrangement.

Withdrawing your investment

If you wish to apply to redeem your units, you should lodge a written redemption request, signed by the necessary signatories, with the Fund Administrator by mail or by fax to +61 2 9251 5052. There is no minimum redemption amount.

Complaints

The Responsible Entity has in place a procedure for handling all complaints. All complaints should be made in writing to:

The Dispute Resolution Officer
WHTM Capital Management Limited
GPO Box 240
Brisbane, QLD 4001

Office hours: 8:30 am to 5:00 pm (Brisbane time)
Telephone: +61 7 3212 1333

All complaints received will be acknowledged in writing. We will act in good faith to ensure your complaint is investigated and resolved. If the issue has not been resolved within 45 days, you may be entitled to refer your complaint to the Financial Ombudsman Service Limited. They will be able to advise you whether they can assist you in this matter. Please quote our membership number to them, which is 10252 for WHTM Capital Management Limited managed investment schemes.

Further details regarding the Financial Ombudsman Service Limited will be provided on request or alternatively you can contact the service directly on their toll free number 1300 78 0808 or by writing to:

Financial Ombudsman Service Limited
GPO Box 3
Collins Street West
Melbourne, VIC 3001

Fax: +61 3 9613 6399
Email: info@fos.org.au
Web: www.fos.org.au

9. Additional information

Continuous disclosure documents

If the Fund becomes a disclosing entity it will be subject to certain regular reporting and disclosure obligations under the Corporations Act. Copies of documents lodged with ASIC in relation to the Fund may be obtained from, or inspected at, an ASIC office.

We will satisfy our continuous disclosure obligations for the Fund by publishing material at www.capitalinternational.com.au/fund_information/. Accordingly, given the disclosure of material information will be made on our website, we will not be required to lodge continuous disclosure notices for the Fund with ASIC.

You should read the additional information about Fund constitution, investment management agreement, rights, obligations and role of the RE, your rights as an investor, investment and borrowings, consents and the warning for NZ investors before making a decision. Go to the section entitled **9. Additional information** that is available at www.capitalinternational.com.au/_pdf/PDS_IIR.pdf

The material relating to Fund constitution, investment management agreement, rights, obligations and role of the RE, your rights as an investor, investment and borrowings, consents and the warning for NZ investors may change between the time when you read this PDS and the day when you sign the Application Form.