



Clime
High Yield
Underdogs Fund

ARSN 128 489 074

PRODUCT DISCLOSURE STATEMENT
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ISSUED BY CLIME RE LIMITED
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AFSL 308868

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Important information

Clime RE Limited (Clime RE) is the responsible entity of the Clime High Yield Underdogs Fund (the Fund) and issuer of this Product Disclosure Statement (PDS). No other company in the Clime Investment Group is responsible for any statements or representations made in this PDS. Neither Clime RE, nor any company in the Clime Investment Group assumes any liability to investors in connection with investment in the Fund or guarantees the performance of our obligations to investors, the performance of the Fund or any particular rate of return. The repayment of capital is not guaranteed. Investments in the Fund are not deposits or liabilities of any company in the Clime Investment Group. The Fund is subject to investment risks, which could include delays in repayment, and loss of income and capital invested (see "Risks associated with the Fund" page 8 for more details). Where the Fund has, or is expected to have, more than 100 Unitholders, it is subject to 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 or can be obtained by contacting us on 1300 788 568. These documents may include:

- the Fund's annual financial report most recently lodged with ASIC
- any half year financial statements for the Fund lodged with ASIC, and
- any continuous disclosure notices given by the Fund (after the lodgement of the annual financial report and before the date of this PDS).

An investment in the Fund is not a deposit with or other liability of ANZ or any other ANZ Group company, and is subject to investment risk including possible delays in repayment and loss of income or principal invested. Neither ANZ, nor any other ANZ Group company guarantees the performance of the Fund, the repayment of capital from the Fund or any particular rate of return.

This offer is available only to persons receiving it (including electronically) within Australia. We cannot accept cash. This offer is subject to the terms and conditions described in this PDS. We reserve the right to change these terms and conditions (see "Investor information" on page 18 for more details). We reserve the right to refuse or reject an application. The information contained in this PDS is of a general nature only and is not based on your personal objectives, financial situation and needs. You should read the PDS in its entirety before making a decision to invest. You are encouraged to consult a financial adviser before investing, to consider how appropriate the Fund is to your objectives, financial situation and needs.

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About this Product Disclosure Statement (PDS)

This PDS contains important information about investing in the Fund, including costs and investment risks. Information in this PDS can help you decide if the Fund meets your investment needs and can help you compare the Fund to other funds you may be considering. It is important that you read this PDS and consult your financial adviser before investing in the Fund.

If you have received this PDS electronically, we will provide a paper copy if you ask. This PDS can only be used by investors receiving it (electronically or otherwise) within Australia. Fees and expenses include GST unless we have said otherwise, and are current unless we tell you they will change.

Updated information relating to this PDS will be made available. You can access this information at www.clime.com.au or alternatively you can request a paper copy of this information free of charge by contacting us on 1300 788 568, or emailing us at underdogs@clime.com.au. The information which we will make available by way of these updates is subject to change from time to time and will not be information which is materially adverse to you. If the change is materially adverse to you, we will replace this PDS or issue a supplementary PDS.

The Fund at a glance

This page highlights some important information about the Clime High Yield Underdogs Fund.

Fund Commencement Date	21 December 2007
Fund Description	The Clime High Yield Underdogs Fund (Fund) is a registered managed investment scheme. The Responsible Entity of the Fund is Clime RE Limited (Clime RE) and the Investment Manager is Clime Asset Management Pty Limited (Clime). Both Clime RE and Clime have been issued Australian Financial Services Licences.
Investment Objective	<p>The objective of the Fund is to capture the share price outperformance of high dividend yielding companies.</p> <p>The Clime High Yield Underdogs Fund seeks to achieve its objective by consistent application of the disciplined approach of identifying temporary market inefficiencies in the pricing of large blue chip companies with household brand names, selected from Australia's 100 largest listed companies of the Australian Stock Exchange (ASX). From these companies, 10 industrial companies with the highest dividend yield are selected and held for at least twelve months. This investment approach is known internationally as 'Dogs of the Dow'.</p> <p>The Fund aims to provide capital growth with the benefit of income from a high yielding portfolio.</p> <p>The indicative time frame for this investment is at least five years.</p>
Portfolio Rebalance Dates	10 securities of industrial companies, from the top 100 listed companies on the ASX will be selected on six commencement dates in December, February, April, June, August, and October. These securities will be rebalanced annually on their anniversary dates.
Distribution Frequency	Income distributions will be paid half-yearly, as at 31 December and 30 June.
Minimum Initial Investment	\$10,000
Minimum Additional Investment	\$5,000
Minimum Redemption	\$5,000 (provided that the unitholder maintains a minimum balance of \$10,000).
Entry Fee	Nil
Contribution Fee	Nil
Withdrawal Fee	1% within 1st year of each investment.
Management Fees	Nil
Performance Fee and High Water Mark	A 10.25% performance fee applies. A high water mark is in place ensuring that previous negative performance must be recouped before a performance fee can be received by the Investment Manager.
Recoverable Expenses	Capped at 0.67% p.a.
Buy/Sell Spread	0.25% on the buy price, 0.25% on the sell price.
Unit Pricing	Unit prices are calculated weekly.
Reporting – Frequency	Investors in the Fund will receive an annual report, quarterly investment reports, half yearly distribution statements, quarterly holding statements, and annual taxation reports.

Fees and expenses include GST net of RITC where applicable. See the "Fees and other costs" section for further details.

Who is Clime?

Established in 2002, Clime Asset Management Pty Limited ("Clime") is an Australian-based fund manager specialising in Australian equities.

Clime manages discrete mandates for families, individuals and charities, retail and wholesale unit trusts and the listed investment company Clime Capital Limited.

Clime's investment methodology is implemented with the aim of achieving absolute returns for investors.

Clime is a fully owned subsidiary of Clime Investment Management Limited (ASX code "CIW"), a company listed on the Australian Stock Exchange (ASX) which manages in excess of \$170 million*.

** Funds under management will change from time to time. The latest figure can be obtained by phoning Investor Services on 1300 788 568.*

Clime High Yield Underdogs Fund (The “Fund”)

What is the Fund’s investment objectives?

The objective of the Fund is to capture the share price outperformance of high dividend yielding companies.

The Fund aims to provide capital growth and income by holding portfolios of the highest yielding industrial securities from the top 100 listed companies on the ASX for at least a period of 12 months.

The Fund seeks to achieve its objective by identifying temporary market inefficiencies in the pricing of Australia’s largest listed industrial companies on the ASX.

The Fund primarily aims:

1. to achieve long term growth of capital and income, without taking excessive or unnecessary risks to achieve that growth;
2. to pay annual and growing distributions of income, including franking credits.

However, there can be no assurance that these objectives will be achieved. Returns are not guaranteed and investment results may vary substantially over time and can be negative.

Investment strategy and approach

“One of the most obvious and predictable variables that can be harnessed into a workable investment strategy is the continuous overreaction of man himself...”

David Dreman

The Fund seeks to replicate in Australia an approach known worldwide as the “Dogs of the Dow”. The Clime High Yield Underdogs Fund will annually invest an equal dollar amount in the ten highest-yielding industrial large capitalisation companies on predetermined dates. Once selected and purchased, the portfolio of the ten highest dividend-yielding, large-capitalisation companies is held for exactly one year. On the anniversary of the purchase date, the rebalancing process is applied i.e. shares that no longer qualify as one of the ten highest dividend-yielding securities are sold and replaced by companies that qualify at that time.

In summary there are three simple steps repeated annually:

1. Identification of the top 100 companies by market capitalisation listed on the Australian Stock Exchange;
2. The companies are ranked according to their dividend yield in descending order;
3. Equal amounts of the top 10 industrial securities by dividend yield are purchased.

This strategy will be applied on six commencement dates in the first year.

10 securities of industrial companies from the top 100 companies listed on the ASX will be selected on six commencement dates in December, February, April, June, August, and October in the first year. These securities will be rebalanced annually on their anniversary dates.

The sale of securities before the anniversary date will only occur if a security is subject to a takeover, or if the company is the subject of a reconstruction which is not in the best interests of the Fund, or if there is an issue of solvency. Accordingly the Fund will hold at least 10 securities but is unlikely to hold more than 20 securities.

The Fund is seeking to benefit from investing in companies that are out-of-favour but displaying high dividend yields.

The investment strategy of the Clime High Yield Underdogs Fund does not seek to replicate the fiercely adhered-to intrinsic value approach found in other funds and products offered by the Clime Group.

For up-to-date information on performance, invested position and unit prices please visit our website at www.clime.com.au, or contact Clime on 1300 788 568 to request a paper copy free of charge.

Investor Benefits

No Management Fee

There are no investment management fees.

Performance Fee

The investor will only pay a performance fee to the Manager if the Fund achieves a positive return. A Fund performance high water mark is applied to ensure that any negative Fund performance is recouped before the Manager can apply a performance fee.

Consistency and Discipline

Investing directly in the Fund will ensure the strategy is applied with discipline and consistency through all market conditions and years.

How will risk be mitigated?

It is expected the portfolio is likely to produce higher volatility than the broader S&P/ASX 100 index, with the risk of permanent impairment reduced with a portfolio of ten to twenty securities. Risk is further reduced by the self-imposed restriction that the holdings must be selected each year from the largest 100 industrial companies listed on the Australian Stock Exchange (ASX).

How will the Investment Manager achieve the Fund's investment objectives?

Clime will pursue the investment objectives through the disciplined and consistent application of the strategy as described above. The company information as to dividend yield will be sourced from public information such as annual reports, quantitative appraisal of financial statements, and ASX releases of company information.

Under what circumstances would Clime sell down its investments?

Clime will only sell down the Fund's holdings before the twelve month rebalance date in the following circumstances:

- where the selected securities are subject to a takeover, or
- where the company has announced a reconstruction which is perceived not to be in the best interests of the Fund, or
- where there is an issue of solvency, or
- to fund redemption requests.

Except in the above circumstances, consistent application of the strategy will mean the Fund will hold the selected shares for the twelve month period from each commencement date and up to the annual rebalance dates thereafter.

What does the Clime High Yield Underdogs Fund invest in?

The Fund's investments will be in listed ordinary industrial shares from the top 100 of the ASX. The holdings will be subject to the execution of the strategy.

At all times, a percentage of the investment funds will be retained in cash deposits, to meet redemptions and income distributions.

What is the Fund's investment timeframe?

While exposure to large capitalisation companies is regarded as offering lower risk than similar exposure to smaller company shares, the focused nature of the portfolio is likely to result in greater short-term volatility than a broadly diversified portfolio, such as those offered by larger mainstream managers and superannuation funds.

Therefore, an investment in the Fund should be viewed as one that should be held for five years or more.

Environmental, social and ethical considerations and labour standards

Regulation 7.9.14C of the Corporations Regulations 2001 requires a product issuer to disclose the extent to which labour standards or environmental, social or ethical considerations are taken into account in the selection, retention or realisation of an investment.

In this context, the policy of Clime with respect to these issues is as follows:

We hold the view that the overwhelming majority of Australian society behaves with high levels of morality and ethics. In general, a great mass of Australian law governing the interaction of human beings is based on strong ethical and moral standards. Australia has extensive regulations covering employment contracts, labour relations, and the protection of the environment.

Should we become aware of a breach of any such law by a corporation then we will determine if the said breach would have a material detrimental impact on the broader community. No specific methodology is used to determine the extent of any breach. If we determined that the actions of a company resulted in such an impact then that company would be immediately divested (if part of the existing portfolio) or disregarded as a potential investment.

Risks associated with the Fund

All investments are subject to risk. Before you decide to invest in the Fund it is important that you understand how significant risk factors may affect the value of your investment. You should consult your adviser before making a decision to invest.

Generally, the higher the expected return, the higher the risk. While the Fund is managed with the aim of providing competitive investment returns and protecting against risk, you should be aware that certain risks do exist. Listed below are some of the ways in which investment risks can impact on your financial circumstances:

- Your investment may decrease in value, which means you may ultimately receive less than you invested.
- The amount of income you receive may vary or be irregular, which could have an adverse impact if you depend on regular and consistent income to meet your financial commitments.
- We may not be able to achieve the stated aims and objectives of the Fund.
- Your investment may not keep pace with inflation, which would reduce the future purchasing power of your money.

Other factors can also affect the value of an investment. These factors include the state of the Australian and world economies, interest rates, consumer confidence, a company's performance, exchange rate fluctuations, the supply and demand for various investments, and changes in government policy, taxation and other laws. There are also investment risks related to how and where the Fund invests and these risks are managed according to the objectives and investment style of the Fund.

While it is not possible to identify every risk factor, we have set out in this section those risk factors that we understand to have the potential to impact the Fund. Clearly, some of these are outside of our control, however where possible, the Investment Manager will take steps to manage risks by using prudent investment guidelines. The Fund's portfolio is not aligned to a standard industry benchmark, therefore performance is likely to vary significantly at times from the general performance of the Australian stock market and the Fund's closest proxy, the S&P/ASX 200 Industrials.

The risk to which investors may be exposed through an investment in this Fund includes the following:

Portfolio risk

The portfolio is a concentrated portfolio of 10 to 20 securities. Individual investments the Fund buys can (and do) fall in value for many reasons, which depend on the nature of the investment. Some broad reasons for a fall in value may include:

- a change in the attractiveness of a sector relative to the broader markets;
- a change in the profitability of a particular investment; or
- a change in an entity's internal operations, management, or in its business environment.

We seek to manage individual investment risk by investing in approximately 10 to 20 securities. However, there can be no assurance that the Fund's objectives will be achieved, returns are not guaranteed, and investment results may vary substantially over time and may even be negative.

Market risk

The Fund's investment returns are influenced by the performance of the stock market as a whole. This means that your investment may be affected by factors such as general market and economic conditions, interest rates, investor sentiment, global events and changes to social, technological, taxation and regulatory conditions.

Sector risk

Sector risk is the risk that the Fund may have exposure to a particular sector that may be subject to sector wide problems or demand/supply imbalances.

Interest rate risk

Interest rate risk is the risk that prices may decline over short or long term periods due to changes in the level of interest rates.

Liquidity risk

Liquidity risk is the risk that the Investment Manager will be unable to sell securities in a timely manner or be unable to sell securities at a reasonable price due to a lack of buyers in the market. The Fund invests in shares in the large capitalisation equity market, which has greater liquidity than other areas of the market.

Currency risk

While the Fund will not invest directly in overseas shares, it is possible that it will invest in Australian companies whose business and share price is susceptible to movements in currency.

Manager risk

Manager risk is the risk that the Investment Manager makes an error of judgment in selecting securities. However, the Investment Manager has extensive experience in portfolio management and the investment strategy of the Fund is disciplined and consistent in its approach.

About Clime RE and the Investment Manager

Clime RE is the Responsible Entity of the Fund. The role of a Responsible Entity includes holding the scheme property or investments in trust for the unitholders, managing and investing the scheme property, and ensuring that the scheme property is managed and invested in accordance with the financial services laws and the scheme's Constitution.

Clime RE is a wholly owned subsidiary of Clime Investment Management Limited ABN 37 067 185 899, an Australian Stock Exchange listed company (ASX code "CIW") which operates in the funds management industry and provides investment services. Clime Asset Management (Investment Manager) has been appointed by Clime RE as the Investment Manager for the Fund and will act in accordance with a management contract. The Investment Manager must perform these services in accordance with the applicable laws using a degree of care, skill and diligence of a reasonable person in its position. Clime Asset Management is a wholly owned subsidiary of Clime Investment Management Limited.

Clime Asset Management is an Australian-based manager specialising in Australian equities. The Clime Investment Group manages in excess of \$170 million*, through discrete private portfolios, retail and wholesale unit trusts and the listed investment company Clime Capital Limited (ASX code "CAM").

The investment methodology of Clime Asset Management Pty Limited is implemented with the aim of achieving absolute returns for investors.

Please visit Clime's website at www.clime.com.au, contact Clime on 1300 788 568, or contact one of Clime's offices directly for more information, including performance of Clime Asset Management's products and services.

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** Funds under management will change from time to time. The latest figure can be obtained by phoning Investor Services on 1300 788 568.*

Management experience

The management team for the Fund brings together a depth of experience in funds management. Individually, each member has been responsible for delivering impressive investment performance results over time.

The management team includes:

Mr. John Abernethy BCom (Econ) LL.B

John Abernethy was appointed as a Director of Clime Asset Management Pty Limited in July 2005. He is the Managing Director of listed financial services company, Clime Investment Management Limited, and holds Non-Executive Directorships on the Boards of Jasco Holdings Limited, and ASX listed companies Wilson Investment Fund Limited, Australian Leaders Fund Limited and WAM Active Limited.

Mr. Abernethy has 25 years funds management experience in Australia having been General Manager Investments for the NRMA Group during the period that it earned the accolade of "Fund Manager of the Year" from Money Management magazine.

Mr. Roger Montgomery BCom SF FIN

Roger Montgomery is the Managing Director and founder of Clime Asset Management Pty Limited. He is also the founder and Chairman of listed investment company Clime Capital Limited and has more than 15 years experience in the Australian securities and derivatives industry. Roger Montgomery holds a Bachelor of Commerce from the University of Melbourne and is a Senior Fellow of FINSIA (formerly the Securities Institute of Australia).

He is an awarded financial markets presenter and is the first of two individuals to have won the Securities Institute of Australia's Best Presenter award twice. He has held qualifications as a Registered Representative of the Sydney Futures Exchange, a Licensed Securities Dealer and Licensed Futures Adviser and Level 1 and 2 Derivatives accreditation status with the Australian Securities Exchange. Roger is a former equities analyst with FW Holst, market strategist and dealer at Ord Minnett Jardine Fleming, futures trader at Bankers Trust and dealer and adviser at Merrill Lynch Private (Australia) Limited.

Mr. Warren Brooks DFP, CFP

Warren Brooks is the Managing Director and founder of boutique advisory firm Clime AFM Pty Limited ("Clime AFM"). Clime AFM is a fully owned subsidiary of Clime Investment Management Limited. Warren founded Australian Financial Management (Investment) Pty Limited (now Clime AFM) in 1998 after over 28 years' experience working in banking and other financial services businesses. Warren provides comprehensive asset management and financial structuring services to high net worth clients.

Fees and 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.

We do not negotiate lower fees and costs.

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 assess different fee options.

This section shows fees and other costs that you may be charged. These fees and other costs may be deducted from your account balance, from the returns on your investment, or from the Fund's assets as a whole.

These fees are inclusive of GST (if applicable) and any reduced input tax credits. Taxes are set out in another part of this PDS.

You should read all of the information about fees and costs, as it is important to understand their impact on your investment in the Fund.

Type of Fee or Cost	Amount	How and when paid
Fees when your money moves in or out of the Fund. ¹		
<i>Establishment fee</i> : The fee to open your investment in the Fund.	Nil	Not applicable
<i>Contribution fee</i> : The fee for each amount contributed to your investment in the Fund.	Nil	Not applicable
<i>Withdrawal fee</i> : The fee for each amount you take out of your investment in the Fund.	1% - within 1st year	This withdrawal fee is applicable to Units withdrawn from the Fund within the first year from the date of issue of those Units and is deducted from each amount you withdraw from the Fund.
<i>Termination fee</i> : This is the fee when you finally close your investment in the Fund.	Nil	Not applicable

¹ You may also incur a buy or sell spread when your money moves in or out of the Fund. For an explanation of the buy and sell spreads, please see "Additional explanation of fees and costs" on page 16.

Management Costs		
<p><i>Investment management fees and expenses</i></p> <p>The fees and costs for managing your investment.</p>	<p>There is no investment management fee.</p> <p>Expenses of a maximum 0.67% per annum of your gross assets. = maximum 0.67% per annum.</p> <p>For a worked dollar example of the Management Costs (both inclusive and exclusive of performance fees), please refer to the "Example of annual fees and costs" on page 14.</p>	<p>The Management Costs consist of the expenses incurred by Clime RE in connection with the Fund and also a performance fee (detailed below). The expenses are deducted from the Fund prior to when each unit price is determined and are paid monthly in arrears.</p> <p>For an explanation of the expenses, see "Recoverable Expenses" under the heading "Additional Explanation of Fees and Costs" on page 16.</p> <p>The amount of the Management Costs cannot be negotiated.</p>
<p><i>Performance fee</i></p> <p>This is the fee charged when we satisfy a certain performance level for the Fund.</p>	<p>A 10.25% p.a. performance fee applies on any performance above the high water mark.</p> <p>For a worked dollar example of the Management Costs (both inclusive and exclusive of performance fees), please refer to the "Example of annual fees and costs" on page 14.</p>	<p>The performance fee is calculated and accrued weekly. The fee is deducted directly from the Fund and reflected in the unit price. It is payable at the end of the relevant twelve month period. For more information on the performance fee, please refer to the "Additional Explanation of Fees and Costs" on page 16.</p> <p>The amount of the performance fee cannot be negotiated.</p>
Service Fees		
<i>Investment switching fee</i>	Nil	Not applicable

Example of annual fees and costs

The following table gives an example of how the fees and costs charged by 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 1 – where no performance fee is payable

Average balance of \$50,000 including a contribution of \$10,000 at the beginning of the year		
Contribution fee	Nil	For the additional \$10,000 you put in, you will be charged \$0 as a contribution fee ¹
PLUS Management costs/recoverable expenses ²	Maximum 0.67% per annum of gross assets.	And , for the \$50,000 you have in the Fund you will be charged \$335 each year.
PLUS Performance fee ³	10.25% of any performance of the Fund for the twelve month period. The performance is calculated after recouping prior period underperformance.	If the requirements for a performance fee to be paid are not met no performance fee will be paid. If this occurs you will be charged \$0.
EQUALS Cost of Fund		If you invest \$10,000 at the beginning of the year and your average balance is \$50,000 over the course of the year, you would be charged \$335.

¹ Assuming a unit price of \$1.00 and an entry price of \$1.0025, you will incur a \$25 buy spread which is not paid to us, but retained by the Fund to offset against costs associated with purchasing securities.

² See 'Management Costs' on page 13 for a more detailed description of how the Management Costs are calculated.

³ See 'Performance Fee' on page 13 for a more detailed description of how the Performance Fee is calculated.

Example 1 assumes that:

- fees are applied to the average balance over the year assuming you have a balance of \$50,000 in the Fund over the course of the year (i.e. after distributions);
- no performance fee is payable as the return of the fund is 0%;
- no transaction costs or bank or government charges apply, which may reduce the value of your investment further; and
- no withdrawals are made during the first year of investment and therefore no withdrawal fee is applicable.

EXAMPLE 2 – where a performance fee is payable

Average balance of \$50,000 including a contribution of \$10,000 at the beginning of the year		
Contribution fee	Nil	For the additional \$10,000 you put in, you will be charged \$0 as a contribution fee ¹
PLUS Management costs/recoverable expenses ²	Maximum 0.67% per annum of gross assets.	And , for the \$50,000 you have in the Fund you will be charged \$335 each year.
PLUS Performance fee ³	10.25% of any performance of the Fund for the twelve month period. The performance is calculated after recouping prior period underperformance.	And for the period 1 July to 30 June, if the Fund produces a positive net return of 8%, therefore meeting the requirements for a performance fee to be paid, you will be charged \$410. This will be calculated as follows: a) $10.25\% \times 8\% = 0.82\%$ b) If fund value at end of period is \$50,000 performance fee is \$410. Therefore, for the period 1 July to 30 June the total performance fee charged on your average balance of \$50,000 will be \$410.
EQUALS Cost of Fund		If you invest \$10,000 at the beginning of the year and your average balance is \$50,000 over the course of the year, you will be charged \$745.

¹ Assuming a unit price of \$1.00 and an entry price of \$1.0025, you will incur a \$25 buy spread which is not paid to us, but retained by the Fund to offset against costs associated with purchasing securities.

² See 'Management Costs' on page 13 for a more detailed description of how the Management Costs are calculated.

³ See 'Performance Fee' on page 13 for a more detailed description of how the Performance Fee is calculated.

Example 2 assumes that:

- fees are applied to the average balance over the year assuming you have a balance of \$50,000 in the Fund over the course of the year (i.e. after distributions);
- the performance fee is calculated on a net asset value of \$50,000 over the twelve month period;
- the Fund achieves a positive return in the relevant twelve month period (after adding back distributions) and there is no prior period negative performance to be recovered;
- the Fund returns 8% for the twelve month period. This performance fee illustration is provided as an example only and does not represent any actual or prospective performance of the fund. Investors should not rely on this in determining whether to invest in the fund;
- no transaction costs or bank or government charges apply, which may reduce the value of your investment further; and
- no withdrawals are made during the first year of investment and therefore no withdrawal fee is applicable.

Additional explanation of fees and costs

Withdrawal fee

The investment strategy of the Fund and the process of annual rebalancing supports the medium to long term investment profile of the Fund and its investors. A 1% withdrawal fee will apply to the withdrawal amount in respect of any withdrawal of Units within the first year of investment from the date of issue of those Units.

Performance fee and High Water Mark

The Investment Manager will charge a performance fee described under "Management Costs" in the previous table. The performance fee of 10.25% is calculated based on the positive net return of the Fund for the twelve month period within a financial year. The Fund return includes distributions as well as increases in Unit value.

The performance fee (if any) is calculated and accrued weekly based on the net asset value of the Fund, and is payable at the end of each financial year. The fee is deducted directly from the Fund and reflected in the unit price.

If the Fund has negative performance in the twelve months of a financial period, that negative performance is required to be made up before a performance fee is payable. Therefore there is no entitlement to a performance fee if the Fund:

- fails to generate a positive net return for the period, or
- generates a positive net return in the period, but it is not sufficient to offset the negative performance of any prior periods.

For a worked dollar example, please refer to the "Example of annual fees and costs" on page 14. Please note that the fees which are net of reduced input tax credits have been rounded to 2 decimal places.

Recoverable expenses

The Fund's Constitution allows for all ongoing operating expenses to be paid by Clime RE and to be recoverable from the Fund. The management costs represent the reasonable operating expenses and outgoings in connection with the day-to-day operation of the Fund, and include, but are not limited to:

- Legal, accounting and audit fees
- Responsible entity, registry, administration and custody fees
- Bank fees
- Printing and postage costs

Clime RE will cap the amount of ongoing operating expenses that are paid from the Fund to 0.67% per annum of the gross assets of the Fund. The total recoverable expenses cannot exceed this amount and will be deducted prior to the determination of the weekly unit price and paid monthly in arrears.

The Fund's Constitution allows for certain abnormal expenses, such as defending court and administrative proceedings, and costs associated with convening and holding unitholder meetings requested by unitholders, to be excluded from this capped amount of recoverable expenses.

Transaction costs

Transaction costs include brokerage costs and government or bank charges associated with the buying and selling of the Fund's investments.

Our estimate of the average transaction costs associated with buying and selling investments is reflected in the buy and sell spreads as discussed on page 17. However, the actual transaction costs may be higher than this (for example, if government or bank charges significantly increased).

Buy and sell spreads

The buy spread is a cost charged when you enter the Fund and the sell spread is a cost charged when you withdraw from the Fund. These are called the buy and sell spreads respectively. The buy and sell spreads are designed to cover the transaction costs of either buying or selling the Fund investments. Currently, the buy and sell spreads are each set at 0.25% of the unit price of the Fund. In practice, money is not deducted from your investment or withdrawal amount. Instead, the entry price is made 0.25% higher and the exit price is made 0.25% lower than the unit price. So, for example if you invested \$10,000 in the Fund and the unit price was, say, \$1, the price per Unit you will pay is \$1.0025 and it will cost you \$25. If you then later withdrew \$10,000 and the unit price was, say, \$1, the unit price you will receive is \$0.9975 and it will cost you \$25. The buy and sell spreads are paid to the Fund and not to Clime.

Indirect Cost Ratio (“ICR”)/ Management Expense Ratio (“MER”)

The ICR of a Fund is the ratio of the Fund’s management costs that are not deducted directly from an investor’s account to the Fund’s total average net assets.

For the Fund, the ICR is the aggregate of total fees and expenses, such as the performance fee and expense recoveries, as a percentage of the average net asset value of the Fund. Its calculation includes the net effect of any GST. As at the date of this PDS, the Fund cannot determine the cost of the performance fee, as such the estimated ICR for the Fund is 0.67% per annum. The ICR may be greater than 0.67% in any given year in the event a performance fee applies and/or an abnormal expense is incurred.

Change in fees and costs

It is possible for the fees, charges and costs to change. If we change them, because of (amongst other things) changing economic conditions and changes in regulation, we will give you at least 30 days prior notice or otherwise notify you as the law requires. We cannot charge more than the Constitution for the Fund allows. To change the Constitution in this regard, we require unitholder approval.

Tax

The fees in the tables on pages 14 to 15 includes the net effect of Goods and Services Tax (GST) adjusted for any benefits of reduced input tax credits (RITC). For some expenses, a reduced input tax credit of 75% of the GST paid can be reclaimed. For more information on tax, refer to page 21 of this PDS.

How do I compare products?

If you want to work out your own fee structure and the impact this has, then ask your adviser for help or visit www.asic.gov.au where the ASIC offers a fee calculator to help investors compare the fees of different products.

Investor information

Investing in the Fund

To invest in the Fund, you must complete and sign the application form attached to this PDS and return it to Clime RE at the address shown on the application form.

Outlined below are two options for payment – either method may be used.

1) Cheque payments

The application form should be accompanied by a cheque payable in Australian Dollars to the Custodian, “ANZ ACF Clime High Yield Underdogs Fund - Application A/C” and crossed “Not Negotiable”. You will need a minimum of \$10,000 to establish your investment and you will need to maintain a minimum of \$10,000 invested.

2) Direct deposits

Application money should be deposited directly into the following account:

<i>Name of bank account</i>	ANZ ACF Clime High Yield Underdogs Fund - Application A/C
<i>BSB</i>	012 003
<i>Account Number</i>	837 947 829

Where funds are electronically transferred into the above account, details of the deposit must accompany the application form.

Valid applications which have application monies cleared prior to 4pm on the second last Business Day of the week will be issued Units at the price calculated on the last Business Day of that week (unless otherwise notified by Clime RE). The price will then be adjusted by the buy spread.

By way of example, if a valid application is received on Monday the 12th of November and the application cheque is cleared on Thursday the 15th of November, the new Units will be issued at the price on Friday the 16th of November. Where a valid application is received on Wednesday the 14th of November, but the application cheque is not cleared until Monday the 19th of November, the new Units will be issued at the next price on Friday the 23rd of November.

By applying for Units, an investor agrees to be bound by the terms of the Constitution and the PDS, both as amended from time to time, while the investor remains a unitholder in the Fund. A copy of the unit pricing policy is available on request.

Clime RE has the right to accept or reject an application to invest in the Fund and is not obliged to give reasons for rejecting an application.

Additional investments

To invest more at a later date, you can use another application form, or just write to Clime RE. Do not forget to include your investor details (such as name, address, contact telephone number and client number) on all communications with Clime RE. The minimum additional investment is \$5,000 and payment can be forwarded to Clime RE in accordance with the above payment options. Further investments are made on the basis of the current PDS.

Clime RE will accept and process valid applications for additional Units on the same basis as discussed under “Investing in the Fund”.

By applying for additional Units an investor agrees to be bound by the terms of the Constitution and this PDS, both as amended from time to time, while the investor remains a unitholder in the Fund.

Clime RE has the right to accept or reject an application to invest in the Fund and is not obliged to give reasons for rejecting an application.

Redemptions

The indicative timeframe for this investment is five years. Units may be redeemed at the option of the unitholder, however a 1% withdrawal fee will be charged on the withdrawal amount to withdrawals made within the first year of each investment.

Written notice of a redemption request must be received before 12pm on the last Business Day of the week. Proceeds of redemption requests will be paid within 60 days of the receipt of the redemption notice (or such shorter period at Clime RE's discretion).

Clime RE will not accept telephone requests for redemptions from the Fund.

The minimum redemption amount is \$5,000, with a remaining minimum balance required of \$10,000. If such a withdrawal causes your minimum balance to fall below \$10,000, then the entire balance must be withdrawn.

The amount payable to an investor on the redemption of Units is the net asset value of the Fund, divided by the number of Units on issue on the last business day of the following week, after the receipt of a written redemption request. This price is then adjusted for the sell spread.

Sometimes Clime RE can delay payment of redemptions in accordance with the Fund's Constitution and the *Corporations Act*.

If the Fund is illiquid (as defined in the Corporation Act), the law says that Clime RE may determine to make some cash available for redemptions. The law requires us to allocate it on a pro rata basis amongst those wanting to withdraw. We do not anticipate the Fund would ever become illiquid.

If something outside our control impacts on our ability to calculate properly or fairly the unit price (for example, if the investments are subject to restrictions or if there is material market uncertainty) then we can delay payment.

Income distributions

The Fund will make distributions half-yearly for the six month periods ending 31 December and 30 June in proportion to the investor's Unit holdings as at the end of the distribution period.

Distributions are deposited to the bank account nominated in the relevant section of the application form. You will need to advise us in writing of any change to your account payment details.

How are distributions calculated?

Distributions are calculated on the basis of your per Unit share of distributable income of the Fund for the entire distribution period and not just for the period your investment is held.

Unit prices fall after the end of the distribution period to reflect the distribution entitlements. If you invest just before the end of a distribution period, you may find that you get an immediate return of some of your investment capital as income and this may, depending on your individual circumstances, give rise to a tax liability.

Therefore, you should carefully consider the timing of your investment in the Fund. Similarly, if you withdraw your investment before the last day of the distribution period, you will receive your share of any accrued income as capital.

Clime RE recommends you seek independent advice from a financial adviser or tax adviser to determine your own situation. A distribution statement will be dispatched to all unitholders detailing the taxable income and available credits, as soon as possible after the financial year-end.

Commissions

At the date of issue of this PDS we do not pay any commissions.

Reporting

As an investor in the Fund you will receive regular reports, including:

- quarterly investment and performance reports;
- an income distribution statement after each distribution;
- annual taxation statement;
- annual audited financial statements of the Fund;
- quarterly holding statement; and
- a transaction statement for your initial investment and each time you make any additional investment or withdrawal.

Further information about the Fund

Further information about the Fund is available online at www.clime.com.au. This online information includes the current Fund PDS, any updated information, the size of the Fund, performance history and unit prices. This information can also be obtained by contacting our Client Services team on 1300 788 568 Monday to Friday between 8.30am and 5.30pm, Sydney time.

When reading Fund performance information, please note that past performance is not a reliable indicator of future performance. Fund performance may vary over time and should not be relied on when deciding to invest in the Fund.

Taxation information

The tax information provided is a brief guide only and is based on current laws and interpretation at the date of this PDS. The effects of taxation on managed funds can be complex and may change over time. It is recommended that investors seek professional tax advice in this regard.

All net taxable income, including net realised investment gains derived by the Fund, is distributed to investors for tax purposes each financial year. Currently this means that the Fund is not liable for income tax and hence the tax liability rests with each investor.

Do I have to provide a Tax File Number (TFN) and/or Australian Business Number (ABN)?

You are not required to give us your Tax File Number ("TFN") or Australian Business Number ("ABN"). An ABN may be used as an alternative to a TFN if the investment is undertaken in the course of carrying out an enterprise. However, if you don't quote either of them, we are required to withhold tax (at the highest marginal rate plus Medicare levy) from any income distribution payable to you from the Fund.

How will my investment be taxed?

No tax will be payable by the fund, as in accordance with the Constitution the net income of the fund is required to be distributed to unitholders. This net taxable income is to be included in your assessable income for tax purposes. You will be advised of the components of your distribution, including any franking credits, and other relevant tax and accounting information after the Fund's year end.

If you are not an Australian resident, tax will be withheld at the prescribed rates. You may be subject to tax laws within the country you are resident and should consult your tax adviser before investing.

Will I be liable to pay tax when I withdraw Units?

If you redeem Units, any profits arising from the disposal of Units will generally be assessable as capital gains for tax purposes. You may also qualify for a discount on taxable capital gains if you held your Units for at least 12 months.

Clime RE does not purport to offer any taxation advice. It is recommended that you seek independent taxation advice on these matters.

Other information

Cooling-off period

If you decide that you do not want the Units we have issued you in the Fund, we must return your funds after making adjustments for market movements up or down, as well as any tax and reasonable transaction and administration costs. For example, if you invest \$50,000 and the value of your Units falls by 1% between the time you invest and the time we receive notification that you wish to withdraw your investment, we may charge you \$500 on account of the reduced Unit value and an administration fee which will in any case not exceed \$100. If you change your mind, do not delay. You must notify us in writing within the 14 day period starting on the earlier of:

- when we send you confirmation that you are invested; or
- the end of the 5th business day after the day on which we issue the Units to you.

For investors acquiring Units through a master trust or wrap account, you may not have the cooling-off right. Investors should refer to the agreement with the operator for their policy on cooling-off.

Complaints

If you have any queries or complaints, you can either call us during business hours or write to us at PO Box R1297, Royal Exchange, NSW 1225.

We will acknowledge your query or complaint in writing within 14 days. We will give proper consideration to the complaint and advise you of the outcome within 45 days after the receipt of the complaint.

If, after following the above procedure, you are still not satisfied with how your complaint has been handled, you can refer your complaint directly to the Financial Ombudsman Service ('FOS'). In order for a complaint to be considered by FOS, the claim involved must be under \$150,000 (unless Clime RE and you agree otherwise in writing). If you are investing through a master trust or wrap account then enquiries and complaints should be directed to the operator of that service, and not to us.

You can contact FOS toll free on 1300 780 808 or write to:

Financial Ombudsman Service

GPO Box 3,

Melbourne VIC 3001

Service providers

Administrators and unit registry

FundBPO Pty Ltd will be responsible for the administration and unit registry of the Fund. This includes maintenance of the register of unitholders, determining the value of the assets, and arranging the issue and redemption of Units. FundBPO Pty Ltd has not been involved in any way in the preparation of this PDS and has consented to be named in the PDS. If you have any questions on your statement or maintenance changes to the information provided, you may contact FundBPO on 1300 133 451 or write to them at Level 1, 51-57 Pitt St, Sydney NSW 2000.

Custodian

Australia and New Zealand Banking Group Limited (ANZ) is the Custodian for the Fund. The Custodian holds the assets on behalf of Clime RE Limited. ANZ consents to being named in the PDS as Custodian for the Fund in the form and context in which it is named. ANZ has not been involved in the preparation of this PDS nor has it authorised or caused the issue of this PDS. To the maximum extent permitted by law, ANZ expressly disclaims and takes no responsibility for any part of the information contained in this PDS.

Clime RE's legal relationship with you

Constitution

The Constitution of the Fund dated 14 November 2007 governs your rights and obligations as a unitholder. Unitholders are bound by the provisions of the Constitution that sets out the rights and liabilities of unitholders and the responsibilities and duties of Clime RE. A copy of the Constitution will be made available to you free of charge on request.

Some of the provisions of the Fund's constitution, such as maximum fees, are discussed in this PDS. Other provisions relate to:

- the times when access to money can be delayed, such as if the Fund is illiquid, realising assets is not possible, or it is not in the best interests of unitholders;
- where taxes or other amounts can be deducted from payments to unitholders;
- where transfers and applications may be refused;
- the times when we are not liable to unitholders;
- our right to fees and to be indemnified;
- changing the Fund's constitution;
- when we can terminate the Fund or retire, and what happens if this occurs; and
- voting rights.

This PDS contains only a summary of the provisions of the Constitution and should only be used as a guide. A copy of the document can be obtained at Clime RE's registered office.

Compliance Plan

In accordance with the Corporations Act, a compliance plan has been prepared for the Fund and lodged with ASIC. The compliance plan, among other things, sets out the measures that Clime RE will apply to ensure that the Fund is operated in accordance with the Fund's Constitution and the Corporations Act. The compliance plan will be audited at least once a year by an external auditor who will report on their findings to Clime RE. A compliance committee, with a majority of external members, has been established for the purpose of monitoring Clime RE's adherence to the Fund's compliance plan.

Your privacy

We respect the importance of maintaining the privacy of any personal information that you are required to provide as part of your application to invest in the Fund.

Personal information for each investor is held and used for the purposes of administration of our products and services. The information collected may also be used for providing investors with ongoing information about a range of financial services. Please let us know if you prefer not to receive this information. We usually disclose personal information to other members of the Clime Investment Group, financial advisers where applicable, and to external service suppliers who supply administrative, financial or other services that assist us in providing services to you.

If you have concerns about the completeness or accuracy of the information we hold about you, or would like to access or amend the information, simply call us during business hours on 1300 788 568, or write to us at PO Box R1297, Royal Exchange, NSW 1225. Our Privacy Policy is available on our website: www.clime.com.au.

Anti-money laundering

Clime RE is obliged to comply with all applicable anti-money laundering laws and regulations of Australia, including those laws implemented under the *Anti-Money Laundering and Counter Terrorism Financing Act 2006*.

Those laws and regulations require Clime RE to take all reasonable steps to identify and verify all investors, including the request of relevant identification documents.

By applying to invest in the Fund you are taken to agree to the following terms:

- you warrant that you comply with all applicable anti-money laundering laws and regulations, including but not limited to the anti-money laundering laws and regulations of Australia (in force from time to time);
- you are not aware and have no reason to suspect that:
 - the monies used to fund your investment in the Fund have been or will be derived from or related to any money laundering and other activities deemed illegal under applicable laws or regulations or otherwise prohibited under any international convention or agreement ('illegal activity'), and
 - the proceeds of your investment in the Fund will be used to finance illegal activities;
- you agree to provide Clime RE promptly with all information that Clime RE reasonably requests in order to comply with all applicable laws and regulations relating to anti-money laundering. Failure to provide such information may result in your application for Units being delayed or rejected;
- you understand Clime RE, or its agents, are able to disclose your personal details to appropriate law enforcement agencies, including AUSTRAC, if Clime RE or its agents believe it is necessary to do so in order to comply with their obligations under the anti-money laundering laws and regulations of Australia.

About this PDS and the figures in it

If you have received this PDS electronically we will provide a paper copy if you ask. This PDS can only be used by investors receiving it (electronically or otherwise) in Australia. Fees and expenses include GST and are current unless we tell you they will change.

Glossary

AFSL means Australian Financial Services Licence.

Business Day means the day other than a Saturday or Sunday or public holiday on which banks are open for general banking business in Sydney.

Clime or the Investment Manager means Clime Asset Management Pty Limited (ABN 72 098 420 770).

Clime AFM means Clime AFM Pty Limited (ABN 25 079 181 892).

Clime Investment Group means Clime Investment Management Limited (ABN 37 067 185 899) and all its subsidiaries including Clime RE Limited (ABN 70 120 380 627) and Clime Asset Management Pty Limited (ABN 72 098 420 770).

Clime RE means Clime RE Limited (ABN 70 120 380 627).

Corporations Act means the Corporations Act 2001 (Cth).

Fund means the Clime High Yield Underdogs Fund described in this PDS.

ICR means the Indirect Cost Ratio in relation to the Fund. The Indirect Cost Ratio is the ratio of the Fund's management costs that are not deducted directly from an investor's account to the Fund's total average net assets.

MER means the Management Expense Ratio in relation to the Fund. The Management Expense Ratio is the aggregate of the ongoing fees, including management costs and expense recoveries, as a percentage of the average Fund size. Its calculation includes the net effect of any GST.

PDS means this Product Disclosure Statement as modified or varied by any supplementary Product Disclosure Statement which may be issued from time to time.

Offer means the offer of Units under this PDS.

Responsible Entity means Clime RE Limited (ABN 70 120 380 627).

RITC means reduced input tax credits.

Terms means the terms and conditions of the Offer.

Unit/s means a fully paid ordinary unit in the Fund.

Valuation Date means the date on which Clime RE ascertains the value of the Fund. The value of Units is calculated weekly based on Friday's Business Day close. If Friday is not a Business Day, the value is calculated on the previous day's close of business. Unit prices are generally available each Monday afternoon, however if Monday is not a Business Day Unit prices will generally be available the next Business Day.

How to complete the Application Form

1. Complete the information required in the Application Form on pages 33-43 of the Product Disclosure Statement.

Please read Section 1 commencing on this page for further instructions.

2. Provide the identification and verification documents listed in Section 2 on page 29. These documents are required under new Anti-Money Laundering & Counter-Terrorism Financing regulations in Australia.

The Application Form, your payment as set out in section D of the Application Form and certified copies of the documents required to verify your identity should be sent to:

Clime High Yield Underdogs Fund

PO BOX R1297

Royal Exchange NSW 1225

**If you need assistance
in completing the
Application Form, please
call us on 1300 788 568**

Section 1

General

- Please use CAPITAL LETTERS and a black ball point pen when completing the forms.
- For joint investors we require the usual residential address of each investor. You may only elect one postal address for all notices and correspondence.
- Your usual residential address cannot be your financial advisors address or a PO Box.
- Company applications should include a contact name and ACN, ABN, or ARBN as applicable.
- For company applications we require the full address of the registered office, plus principal place of business.
- Individual applicants should be 18 years of age or over.
- You can invest on a minor's behalf by putting their name in the account designation box. The unitholder will not, however, be the minor.
- If you have an existing account and would like to add to the account, please note your existing account number.

Tax File Number (TFN)

You are not obliged to provide your TFN, ABN or claim an exemption. However, if you do not do so we are required to deduct tax from distributions of income made to you at the highest marginal rate, plus Medicare Levy (if you are an Australian resident). Tax File Numbers for minors will not be accepted.

Application Instructions

The minimum application for Units in the Fund is \$10,000. Please cross your cheque "not negotiable" and make it payable to "ANZ ACF Clime High Yield Underdogs Fund – Application A/C". Cash is not accepted. If payment is made by EFT the application money should be sent to the bank account details of which are set out in section D of the Application Form.

Account operation instructions

Please indicate how you wish your account to be operated. In the case of joint accounts, you may request joint signatures or allow either signatory to sign. For a company or trustee please indicate your operation instructions by ticking the appropriate box. See section F of the Application Form.

Examples of Correct Names and Account Designations

Type of investor	Correct name	Incorrect name	Signature(s)
Individual and joint holdings			
Use full name of each applicant, not initials.	Luke John Smith	Luke J Smith	Each applicant
	Susan Mary Smith	Susan M Smith	
Company holding			
Use full company name	ZYG Pty Ltd	ZYG inc	2 directors;
		ZYG Co	A director & secretary;
		ZYG p/l	A single director if a sole director company
Minors			
Use full name of each applicant, not initials. Use minor name as beneficiary	Susan Mary Smith a/c designation <Josh Smith>	Josh Smith	Each Applicant (not minor)
Superannuation funds/trusts – individual trustee(s)			
Use trustee(s) personal name(s)	Susan Mary Smith	S M Smith Trust	Each Trustee
Use fund/trust name as beneficiary	a/c designation <Susan Smith Trust>	S M Smith Super Fund	
	<Susan Smith Super Fund>		
Superannuation funds/trusts – corporate trustee			
Use trustee company name. Use fund/trust name as beneficiary.	ZYG Pty Ltd	ZYG Trust	Trustee – as per company holding above
	<ZYG Trust>	ZYG Super Fund	
	<ZYG Super Fund>		

Distributions and redemptions

Distributions and redemptions will be paid directly into your bank account specified in Section E. Please ensure that you complete all details of the institution in full. We will also use these bank account details to pay your redemption proceeds.

Request for information

The annual report for the Fund will be available each year either by way of printed copy or by email. Clime RE Limited encourages you to elect to receive a copy by email as this saves on paper and expenses for the Fund. However, you may elect to receive free of charge, a printed copy of the annual report either by post or email. The election that you make in the application form is a standing election. You may change your election at any time by contacting Clime RE Limited.

Signature(s)

You should ensure that you have read the attached Product Disclosure Statement in full before signing the application. Joint applications must be signed by all persons. If the application is being signed under Power of Attorney please enclose a certified copy of the Power of Attorney and appropriate photo identification of the attorney.

Lodging the application

Please mail the completed Application Form, along with the documents to certify your identity to:

Clime High Yield Underdogs Fund

PO BOX R1297

Royal Exchange NSW 1225

Please ensure payment is made in full.

Units in the Fund will only be issued on receipt of a properly completed Application Form, issued together with the Product Disclosure Statement dated 1 July 2008 and cleared funds. Please ensure you sign in Section J of the Application Form.

If you have any queries please call your financial adviser or contact Clime High Yield Underdogs Fund at:

Internet: www.clime.com.au

Email: underdogs@clime.com.au

Toll free: 1300 788 568

Telephone: 02 9252 8522

Facsimile: 02 9252 8422

Mail: Clime High Yield Underdogs Fund

PO Box R1297

Royal Exchange NSW 1225

Section 2

Anti-Money Laundering and Counter-Terrorism Financing

Identification Requirements

Under Australian anti-money laundering and counter-terrorism financing legislation, certain due diligence must be conducted on any prospective investor before Units in the Fund may be issued to that investor. The due diligence includes verifying a prospective investor's identity. Applications made without providing this information cannot be processed until all the necessary information has been provided. The AML/CTF compliance program will also include ongoing customer due diligence which may require the Responsible Entity to collect further information.

Requirements for Individuals / Sole Traders

If you are an individual investor or sole trader, you will need to give us certified copies of one document from column [1] OR one document from each of column [2] AND [3]:

Please note: that for Trusts, Partnerships, Associations and Co-Operative Applicants, if you are required to complete the individual section of the application then you must also provide the documents required for an individual applicant.

Reliable and Independent Documentation				
DO NOT SEND ORIGINALS; CERTIFIED COPIES ONLY				
Column [1]	OR	Column [2]	AND	Column [3]
Primary Photographic (one proof required)		Primary Non-Photographic (one proof required)		Secondary Identification (one proof required)
<input type="checkbox"/> Australian Driver's licence <input type="checkbox"/> Valid Australian passport # <input type="checkbox"/> State or Territory proof of age card <input type="checkbox"/> Foreign Passport* <input type="checkbox"/> National ID Card issued by a foreign government containing a photograph & signature* <input type="checkbox"/> Foreign Driver's licence with photograph & date of birth*		<input type="checkbox"/> Birth certificate <input type="checkbox"/> Commonwealth citizenship certificate <input type="checkbox"/> Pension card <input type="checkbox"/> Health card issued by Centrelink <input type="checkbox"/> Foreign citizenship certificate or birth certificate*		<input type="checkbox"/> Commonwealth, State and Territory financial benefits notice (less than 12 months old) <input type="checkbox"/> Tax notice (less than 12 months old) <input type="checkbox"/> Local utilities provider notice (less than 3 months old)

A passport that expired within the two years prior to submitting the application form will also be accepted.

*Documents that are written in a language that is not English must be accompanied by an English translation prepared by an accredited translator.

There is a wide range of persons who may certify your documents. A list is given below:

Who may certify your documents as being a true and correct copy of the original		
<input type="checkbox"/> Judge	<input type="checkbox"/> Finance company officer*	<input type="checkbox"/> Full-time employee of a post office*
<input type="checkbox"/> Lawyer	<input type="checkbox"/> Full-time employee of a bank*	<input type="checkbox"/> Authorised representative of a holder of an Australian financial services licence*
<input type="checkbox"/> Notary Public	<input type="checkbox"/> A member of the Institute of Chartered Accountants in Australia, CPA or NIA membership*	<input type="checkbox"/> Australian Consular Officer or Diplomatic Officer
<input type="checkbox"/> Magistrate		
<input type="checkbox"/> Justice of the Peace		
<input type="checkbox"/> Police Officer		
<input type="checkbox"/> A Registrar or Deputy Registrar of a court		

* Those persons marked with an asterisk * are required to have two or more years of continuous service or membership.

IMPORTANT

The eligible certifier must include the following information:

- Their full name
- Address
- Telephone number
- The date of certifying
- Capacity in which they are eligible to certify, and
- An official stamp/seal if applicable

The certified copy must include the statement, **"I certify this is a true copy of the original document"**.

For photographic documents, the certified copy must include the statement, **"I certify this is a true copy of the original document and the photograph is a true likeness"**.

Non-individual investors

Different identification and verification requirements apply to prospective investors who are not individuals, such as companies, other bodies corporate, trusts including superannuation trusts, partnerships, associations and registered co-operatives.

- **Australian Companies** – Any one of the following documents: a certified copy of the certification of registration or licence or other records of the relevant Commonwealth, State or Territory statutory regulator or a public document issued by the relevant company.

- **Trusts & Trustees** - If the trust is a:

- **Registered managed investment scheme, regulated trust, superannuation fund or government superannuation fund** – any one of the following documents: a certified copy or relevant extract from the relevant regulator’s website (e.g. ATO, APRA) showing the full name of the trust, and that the trust is a registered scheme, regulated trust, superannuation fund or government superannuation fund.

- **Other trust type** - any one of the following documents: a certified copy or extract of the Trust Deed showing the name of the trust, or letter from a solicitor or qualified accountant that confirms the name of the trust, or a notice issued by the ATO within the last 12 months (eg Notice of Assessment).

- **Individual Trustee** - verification of the Trustee’s full name, and either date of birth OR residential address is required by completing the Individual verification document.

- **Australian Company Trustee** – a certified copy of the certification of registration.

- **Australian Listed Company or majority owned subsidiary of an Australian Listed Company or a regulated company** - a certified copy of a public document issued by the relevant company.

- **Partnerships** - any one of the following documents: a certified copy or extract of the Partnership Agreement showing the name of the partnership, or letter from a solicitor or qualified accountant that confirms the name of the partnership.

Important:

Current Australian anti-money laundering requirements, as well as prospective changes to legislation, may in the future impose other due diligence procedures or require the collection of further information from investors.

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AFSL 308868

Attach cheque
here 

Application for Units

Clime High Yield Underdogs Fund

Units in the Clime High Yield Underdogs Fund are only issued on receipt of:

- this application form, AND
- verification of the applicant's identity, AND
- payment in full.

Follow the instructions on pages 26 - 31 on how to complete this application form.

Please use CAPITAL LETTERS and a black ballpoint pen when completing this form.

SECTION A – DO YOU HAVE AN EXISTING INVESTMENT IN CLIME HIGH YIELD UNDERDOGS FUND?

Please tick one box ONLY.

No: This is a new investment (go to Section B)

Yes: My / Our Investor Number is

Name

Phone Number

Go to Section D

SECTION B - INVESTOR DETAILS

What type of entity is applying? Please tick one box ONLY.

Individual, joint or sole trader – complete B1

Partnership – complete B1 & B2

Company – complete B1 (Directors) & B2

Trust / Super Fund with Individual/s as Trustee – complete B1 (Trustees) & B3

Trust / Super Fund with Corporate Trustee – complete B1 (Directors), B2 (company) & B3

Other:

B1 INDIVIDUAL INVESTOR DETAILS (including individuals acting as trustee and corporate directors)**INVESTOR 1 (Your name MUST match your ID exactly.)**

Title Given name(s)
(in full)

Surname

Date of birth / / Occupation

Tax file number OR Not Australian Tax Resident

Residential Address

Suburb State Postcode

Country

INVESTOR 2 (Your name MUST match your ID exactly.)

Title Given name(s)
(in full)

Surname

Date of birth / / Occupation

Tax file number OR Not Australian Tax Resident

Residential Address

Suburb State Postcode

Country

(2) Provide the following details for all individuals who beneficially own 25% or more of the company's issued capital.

Name

Residential Address

Name

Residential Address

Name

Residential Address

B3 TRUSTS or SUPER FUND DETAILS

Name of Trust or Fund

Country of establishment

Australian Business Number (ABN)

Australian Tax file number

OR Not Australian Tax Resident

A certified copy of the Trust Deed is attached to this application (please tick if applicable)

NOTE: The Responsible Entity only recognises the Trustee(s) as the investor and not the beneficiary, therefore the trustee(s) details must be given above. However the Responsible Entity is also required to record the beneficiary details.

BENEFICIARY 1

Name

Residential Address

Australian Business Number (ABN) if applicable

Australian Tax file number

OR Not Australian Tax Resident

BENEFICIARY 2

Name

Residential Address

Australian Business Number (ABN) if applicable

Australian Tax file number

OR Not Australian Tax Resident

(If there are more than 2 beneficiaries, please provide the required information for each on a separate sheet of paper and attach it to your application form)

SECTION C - ACCOUNT CONTACT DETAILS

Joint investors with different residential addresses must elect one postal address in this section. We will not accept your financial adviser's address.

Account Designation (optional)

Main Contact

Postal address

Suburb

State

Postcode

Country

Email address

Home phone

Work phone

Fax

Mobile phone

SECTION D - INVESTMENT DETAILS

I/we apply to invest \$ in Clime High Yield Underdogs Fund.

Please tick the box to advise how your payment will be made:

Cheque

Electronic funds transfer (EFT) to:

Please make cheque payable to:

"ANZ ACF Clime High Yield Underdogs Fund – Application
AVC"

BSB 012-003

Account 837947829

Reference Please ensure that you include the name of
the "Investor" in the EFT reference field.

SECTION E - BANK ACCOUNT DETAILS

All investors must complete this section with an Australian banking institution, for distributions and redemptions.

Bank Name/Institution

Branch name and address

BSB

 -

Account number

Account name

SECTION F - OPERATING AUTHORITY

When giving instructions to us about your investment please indicate who has authority to operate your account:

INDIVIDUAL/JOINT ACCOUNTS (if no box is ticked we will assume all to sign)

any one to sign

both to sign

COMPANY, TRUST AND OTHER ACCOUNTS (if no box is ticked all future written instructions must be signed by two directors/trustees, director and secretary, or the sole director)

any one to sign

any two to sign

all to sign

OTHER _____

SECTION G - REQUEST FOR ANNUAL ACCOUNTS (optional)

The accounts for the Fund are available to investors on our website www.clime.com.au each year.

Leave both boxes blank if you wish to receive a copy by post. Clime requests that you tick one of the boxes as it is costly for the Fund to print and mail out the Annual accounts. You can change your mind at any time.

Email notification (you must provide your email address in Section C)

I will view on the website

SECTION H - PRIVACY

Clime RE Limited may wish to contact you about future investment opportunities that may be of interest. Please tick the box if you do NOT wish to be contacted for this purpose.

I/we do not wish to receive information from Clime RE Limited regarding future investment opportunities.

SECTION I - PROVIDING IDENTIFICATION – NEW INVESTORS ONLY

I/we confirm I/we have attached certified copies of the required proof of identification with this application form for each investor/applicant.

SECTION J - DECLARATIONS & SIGNATURES

YOU SHOULD READ THE PRODUCT DISCLOSURE STATEMENT IN FULL BEFORE SIGNING THIS APPLICATION FORM

By completing the application form you:

1. declare that you have read and understood this Product Disclosure Statement (PDS).
2. agree to the collection, use and disclosure of your personal information provided in the application form.
3. declare that you have received this PDS personally, or a printout of it, accompanied by or attached to the application form before signing the form.
4. declare that all information provided in the application and/or any other information provided in support of the application is true and correct.
5. declare if you have received the PDS from the internet or other electronic means, that it was received either personally or a printout accompanied the application form before making an application for units in the Clime High Yield Underdogs Fund.
6. acknowledge that none of Clime RE Limited, Clime Asset Management Pty Limited or the custodian or any member of their respective groups or any of their directors or associates or any other entity guarantees the performance of or the repayment of capital invested in, or income from the Fund.
7. declare that if the application is signed under power of attorney, you have no knowledge of the revocation of that power of attorney.
8. declare that you have the power to make an investment in accordance with the application.
9. declare that sole signatories signing on behalf of a company are signing as sole director or as a sole director/secretary of the company.
10. acknowledge that an investment in the Fund is subject to risks including possible delays in repayment and possible loss of capital invested.
11. agree to be bound by the provisions of the Constitution governing the Clime High Yield Underdogs Fund set out in the PDS and as amended from time to time.
12. acknowledge that this PDS does not constitute an offer in any jurisdiction in which, or to any person of whom it would be unlawful to make the offer.
13. declare that if investing as a trustee on behalf of a superannuation fund or trust you are acting in accordance with your designated powers and authority under the trust deed. In the case of superannuation funds, you also confirm that the funds are complying funds under the Superannuation Industry (Supervision) Act.
14. acknowledge that all information relating to this application for investment or any subsequent information relating to this investment may be disclosed to any service provider to the Fund and to your adviser. You understand this will not include disclosure of your TFN, ABN or any information in relation to it to your adviser.
15. If you use the facsimile or email facility you:
 - a) release, discharge and agree to indemnify Clime and its agents, including the registrar and their respective officers from and against all losses, liabilities, actions, proceedings, accounts, claims and demand arising from instructions received under the facility.
 - b) agree that a payment made in accordance with the conditions of the facility shall be in complete satisfaction of all obligations to you for a payment, notwithstanding it was requested, made or received without your knowledge or authority.

Signature of Investor 1

Name of Investor 1

Date

Tick capacity - mandatory for companies Sole Director Director Secretary

Signature of Investor 2

Name of Investor 2

Date

Tick capacity - mandatory for companies Sole Director Director Secretary

ADVISER USE ONLY

Adviser Name (in full)

Adviser Postal Residential Address

Suburb

State

Postcode

Adviser Phone (business hours)

Adviser Code with Clime RELimited (if known)

Adviser Email

Dealer Group name

Dealer Group branch (Suburb, State)

Dealer Postal Address

Dealer Phone (business hours)

Dealer Code with Clime RE Limited (if known)

Dealer Group Email

AFS License

ABN

Adviser Stamp

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Responsible Entity

Clime RE Limited
AFSL 308868 ABN 70 120 380 627
Suite 1, Level 1
7 Macquarie Place Sydney NSW 2000
Phone (02) 9252 8522
Fax (02) 9252 8422

Investment Manager

Clime Asset Management Pty Limited
AFSL 221146 ABN 72 098 420 770
Suite 1, Level 1
7 Macquarie Place Sydney NSW 2000
Phone (02) 9252 8522
Fax (02) 9252 8422

Clime Offices**Clime Sydney Office**

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7 Macquarie Place Sydney NSW 2000
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Clime AFM Brisbane Office

606 Vulture Street
East Brisbane QLD 4169
Phone (07) 3217 3833
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