



# Horizon 3

## Healthcare

## Information Memorandum – US Healthcare Fund

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<b>Fund Manager</b>	Horizon 3 Healthcare Pty Ltd ACN 640 449 887 Authorised Representative Number 001282862
<b>Trustee</b>	<b>Melbourne Securities Corporation Ltd</b> ACN 160 326 545 AFSL 428289
<b>Dated</b>	26 August 2024

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## Important notices

This Information Memorandum (**IM**) is issued by Horizon 3 Healthcare Pty Ltd ACN 640 449 887 (**Horizon** or the **Fund Manager**), the manager of the US Healthcare Fund (**Fund**). The trustee of the Fund is Melbourne Securities Corporation Limited ACN 160 326 545, Australian Financial Services Licence (**AFSL**) no. 428289. The Fund Manager is a Corporate Authorised Representative (AFSL Authorised Representative number 001282862) of BK Consulting (Aust) Pty Ltd ACN 134 397 087 AFSL no. 334906.

The Trustee is the issuer of units in the Fund (**Units**). You should read this IM in its entirety before making a decision about whether to invest in the Fund.

This IM sets out general information about the Fund for the recipient of this IM (**Recipient**) to consider in making a decision as to whether the Recipient should acquire an interest in the Fund.

Applications to invest in the Fund will be accepted only on receipt of:

- a validly completed Application Form issued together with this IM; and
- if an Investor chooses to invest in the Fund by way of Commitment, the receipt of cleared funds in respect of the initial call on an applicant's Commitment.

## Date

This IM is dated 26 August 2024 (**IM Date**). Its delivery at any time after the IM Date does not imply that the information contained in it is accurate, timely and complete at any time subsequent to the IM Date. Earlier versions of the IM are superseded and replaced in its entirety by this IM.

## Glossary

Certain words and expressions used in this IM are defined in Section 13 (*Glossary*).

## Conditions of receipt

This IM is not made available generally to the public but rather is supplied personally to the Recipient on the conditions set out below, which are taken to be accepted and agreed by the Recipient as evidenced by the retention by the Recipient of this IM, in part consideration of the supply of this IM. If these conditions are not acceptable, this IM must be returned immediately.

### Eligible Investors

The Offer is only open to wholesale clients (within the meaning of that term under the *Corporations Act 2001* (Cth)) receiving this IM within Australia and who accept the conditions of receipt of this IM.

### Disclosure document status

This IM is intended to provide potential Investors with information only and does not constitute a Product Disclosure Statement or disclosure document as defined under the *Corporations Act 2001* (Cth).

This IM has not been, and is not required to be, lodged with the Australian Securities and Investments Commission (**ASIC**) or any other government body.

### Restrictions on distribution

The Offer is an offer which is available to persons receiving this IM within Australia but does not constitute an offer of interests in the Fund in any jurisdiction where, or to any persons to whom, it would be unlawful to make the Offer.

This IM does not constitute an offer to sell or the solicitation of an offer to buy any securities or other financial products other than Units.

It is the responsibility of any person located in a jurisdiction other than Australia to ensure compliance with all laws of any country relevant to the Offer. The return of a duly completed Application Form will be taken to constitute a representation and warranty that there has been no breach of any relevant laws and that all approvals and consents have been obtained.

### Investors to undertake own due diligence

Information contained in this IM has been provided to Investors to assist them to make an assessment of whether or not to invest in the Fund. In relation to the information contained in this IM, none of the Trustee or the Fund Manager, or their officers, employees, related parties, associates, consultants, advisers and agents, warrant or represent that:

- all information which is relevant to the Offer or to the acquisition of Units has been provided in this IM.
- all information provided under this IM is accurate, correct or complete or does not contain misleading or deceptive statements.

Whilst the Trustee has undertaken due diligence in relation to the Fund and the information which has been presented in this IM, it is possible that, due to factors such as the passage of time or the uncertainty in forecast details, the information contained in this IM may be inaccurate at the date of release of this IM or at a later time.

Except where expressly disclosed, the information contained in this IM has not been independently verified or independently audited. To the maximum extent permitted by law, no representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by the Trustee or Fund Manager and their associates or advisers as to the accuracy or completeness of any part of this IM, nor will they have any responsibility to update or supplement this IM.

The Trustee has not sought to verify any statements contained in this IM about the investments proposed by the Fund Manager, the Fund Manager's business or the business of any other parties named in this IM.

This IM has been prepared without taking into account the objectives, financial situation or needs of any particular person. Investors are strongly encouraged to undertake their own due diligence in relation to the Fund before making an investment. In addition, Investors should read this IM in its entirety and seek independent professional advice as to the financial, taxation and other implications of investing in the Fund and the information contained in this IM.

To the maximum extent permitted under the law, the Trustee and the Fund Manager disclaim any liability arising from any information provided in this IM, including any errors or omissions.

By making an investment in the Fund, an Investor warrants and represents to the Trustee and Fund Manager that they have undertaken their own due diligence in relation to the Offer, Units, and an investment in the Fund, including without limitation, in relation to the structure of the Fund, its investments and the likelihood of returns from the Fund.

### **No performance guarantee**

None of the Trustee or the Fund Manager or their officers, employees, related parties, associates, consultants, advisers and agents, or any other person, guarantees the performance or success of the Fund, the repayment of capital invested in the Fund by an Investor or any particular rate of return on investments in the Fund.

There can be no assurance that the Fund will achieve results that are comparable to the track record of the Trustee or the Fund Manager, or that the Fund's investment objectives will be achieved.

An investment in the Fund does not represent a deposit with, or a liability of, the Trustee or the Fund Manager or any of their associates. The Trustee is not authorised under the *Banking Act 1959* (Cth) and is not supervised by APRA, and investments in the Fund are not covered by the depositor protection provisions available to depositors that make a deposit with an Australian authorised deposit-taking institution (**ADI**) under that Act.

An investment in the Fund is subject to investment risks which are described in Section 6 (*Risk factors*) of this IM, including possible delays in repayment and loss of some or all of your income or capital invested. The risks associated with an investment in the Fund are different to a cash deposit or investment in an ADI.

### **Illiquid investment**

Recipients acknowledge that the Fund will invest in equity, which may be illiquid in nature, and on terms described in this Information Memorandum.

### **No personal advice**

Investors should read the whole of this IM before making a decision about whether to invest in the Fund.

The information contained in this IM is general information only and is not personal financial product advice. It does not take into account the individual objectives, financial situation, needs or circumstances of any person.

Investors should not construe the contents of this IM as tax or investment advice.

### **No representation other than this IM**

No person is authorised to give any information or to make any representation in connection with the Offer which is not set out in this IM.

This IM supersedes any other information memorandum, disclosure document or marketing materials given prior to the issue of this IM to the extent of any inconsistency. Any information or representation in relation to the Offer not contained in this IM may not be relied on as having been authorised by the Trustee, the Fund Manager or their advisers.

### Forward-looking statements

Certain information contained in this IM constitutes 'forward-looking statements' that can be identified by the use of forward-looking terminology such as 'may,' 'will,' 'should,' 'expect,' 'anticipate,' 'estimate,' 'target,' 'intend,' 'continue,' or 'believe' or the negatives or other variations of those words or comparable terminology.

Furthermore, any projections or other estimates in this IM, including estimates of returns or performance, are 'forward-looking statements' and are based on certain assumptions that may change.

Due to various risks and uncertainties, including those set out in Section 6 (*Risk factors*), actual events or results or the actual performance of the Fund may differ materially from those reflected or contemplated in any forward-looking statements.

The forward-looking statements included in this IM involve subjective judgment and analysis and are subject to uncertainties, risks and contingencies, many of which are outside the control of, and are unknown to, the Trustee and Fund Manager. Actual future events may vary materially from the forward-looking statements and the assumptions on which those statements are based. Given these uncertainties, Investors are cautioned to not place undue reliance on any forward-looking statements.

Any estimate, forecast, projection, feasibility, cash flow or words of a similar nature or meaning in this IM are forward-looking statements and subject to this disclaimer.

### Past performance information

Where this IM sets out any past performance in respect of the Fund, the Fund's strategy, or other funds or investment vehicles operated or managed by the Trustee or Fund Manager, Investors must not interpret that information as a representation about the future performance of the Fund. Past performance is not a reliable indicator of future performance.

### Confidentiality

The contents of this IM are confidential. Neither this IM nor any other information provided by the Trustee or Fund Manager may be disclosed to any other party, except for the purpose of obtaining independent advice in connection with the consideration of an investment in the Fund, or used for any purpose other than the consideration of an investment in the Fund, unless the express prior written consent of the Trustee is obtained. Any reproduction of all or part of this IM is strictly prohibited without the written consent of the Trustee and may only be reproduced in accordance with that consent. In the event that the Recipient does not participate in the Fund, this IM, along with all related materials, must be returned to the Trustee immediately on demand, or electronic copies deleted or destroyed.

### Summary of key documents only

This IM contains a summary of the terms of the Fund and certain other material documents. However, Investors should refer to the complete legal documentation for the Fund (available on request from the Trustee). Investments in the Fund are governed by the Trust Deed of the Fund and associated documents and nothing in this IM limits or qualifies the powers and discretions conferred on the Trustee and the Fund Manager under those documents. This IM should be read in conjunction with the Trust Deed of the Fund and associated documents for the Fund. In the event of any inconsistency between the Trust Deed of the Fund and associated documents and this IM, then the Trust Deed and associated

documents will prevail to the extent of the inconsistency.

### **Applications may be rejected**

The Trustee reserves the right to evaluate any applications or subscriptions to acquire Units and to reject any or all of them, without giving reasons for rejection. Neither the Trustee nor the Fund Manager is liable to compensate the Recipient or any Investor for any costs or expenses incurred by any person in reviewing, investigating or analysing any information in relation to the Offer, the Fund or otherwise.

### **No cooling-off rights**

No cooling-off applies to the issue of Units.

### **Trustee limitation of liability**

Except in certain circumstances prescribed by law, the Trustee enters into transactions in respect of the Fund in its capacity as trustee of the Fund only, not in its own capacity, and its liability in relation to those transactions is limited to the assets of the Fund.

### **Updated information**

Information in this IM may change. Updated information regarding this IM may be made available by the Trustee; however, the Trustee is not required to, and may not, update, supplement or replace this IM.

### **Currency**

In this IM any reference to currency, 'A\$' or 'AUD' is to Australian Dollars, unless otherwise indicated.

### **Language**

The primary language of this IM is English. This IM may be translated into different languages, with the consent of the Trustee. Any translations provided or procured by the Trustee are for reference purposes only. If there is any inconsistency or conflict between the English version of this IM and versions of this IM in any other language, the English version prevails.

### **Images**

Any photographs or images in this IM do not depict assets of the Fund, unless otherwise indicated.

Any photographs, images, charts and diagrams in this IM are for illustrative purposes only.

### **Questions**

Any questions regarding this IM should be directed to the Fund Manager, whose contact details are set out in Section 14 (*Directory*).



## 1 Letter to Investors from the Fund Manager

Dear Investors

On behalf of the Fund Manager, Horizon 3 Healthcare Pty Ltd ACN 640 449 887 (**Horizon** or the **Fund Manager**), I welcome and thank you for your interest in considering an investment in the US Healthcare Fund (**Fund**).

We are in the midst of a dynamic moment as the global healthcare system advances ground-breaking new innovations in technology and digital applications.

Our objective is to make a meaningful contribution to people's lives and the broader community with intelligent investments in innovative science and technology that have the potential to transform healthcare globally.

The healthcare and biomedical industry is one of the fastest growing industry sectors underpinned by trends such as ageing populations and life expectancy, technology advancements, and patients seeking out high quality healthcare, among others.

Healthcare is an industry that thrives on challenges as we were reminded by the COVID pandemic. We plan to support those companies and scientists that will help create the next step-change in the healthcare industry. We'll be investing in private healthcare companies that are at the leading edge of the healthcare revolution that we believe will deliver commercial success and returns for investors. Our focus is on companies that will grow to a pre-eminent position in the US healthcare market before expanding globally.

We are a diverse team with decades of experience in international markets and significant accomplishments in healthcare investing and innovation.

We strongly believe in the future of innovation in healthcare and invite you to partner with us on a significant global business opportunity.

This Information Memorandum contains important information about the Offer, along with the risks associated with investing in the Fund which are outlined in Section 6 (*Risk factors*). Please read this Information Memorandum carefully and in its entirety before making a decision to invest in the Fund. Consultation with a qualified financial adviser is recommended to ensure that an investment in the Fund suits your individual circumstances.

Kind regards

Matt McNamara, Chief Investment Officer  
Horizon 3 Healthcare Pty Ltd

## 2 Summary and Key Features of the Fund

The table below is a summary of the key features of an investment in the Fund. Potential Investors should read the whole of this Information Memorandum to obtain more detailed information.

Item	Detail
<b>Fund name</b>	US Healthcare Fund
<b>Trustee</b>	Melbourne Securities Corporation Limited ACN 160 326 545 AFSL 428289
<b>Fund Manager</b>	Horizon 3 Healthcare Pty Ltd ACN 640 449 887  The Fund Manager is a Corporate Authorised Representative (AFSL Authorised Representative number 001282862) of BK Consulting (Aust) Pty Ltd ACN 134 397 087 AFSL no. 334906
<b>Fund structure</b>	<p>The Fund is an unregistered unit trust established by the Trustee pursuant to the Trust Deed and is governed by Australian law.</p> <p>By making an investment in the Fund, Investors will invest, through the Fund, in a portfolio of up to eight private healthcare product companies operating in the United States of America (<b>US</b>) (<b>Investee Companies</b>). Three Investee Companies have been identified for initial investment. Further investment opportunities in Investee Companies will be identified during the term of the Fund. The Fund's investment in the Investee Companies may be in shares, debt instruments and convertible debt instruments.</p> <p>The Fund intends to make distributions of income and capital to investors on realisation and divestment of its investment in the Investee Companies which may occur by way of the initial public offering (<b>IPO</b>), trade sale, secondary share buyout or other form of exit in respect of its investments in the Investee Companies.</p> <p>Investors whose applications are accepted will be issued with Units in the Fund.</p> <p>For more information about the Fund's structure see Section 3 (How the Fund operates).</p> <p>When making equity investments, the Fund will invest directly into the Investee Companies.</p>

Item	Detail
<p><b>The objective</b></p>	<p>The investment objective of the Fund is to generate strong capital gains for Investors by making equity investments in high quality healthcare product companies operating in the US.</p> <p>The Fund will make investments in Investee Companies which meet the Fund Manager's investment selection criteria. In particular, the Fund will make active investment in a portfolio of private Investee Companies which have novel technologies and aim to become dominant leaders in the US market before expanding globally.</p> <p>The investment strategy and investment selection of the Fund will be driven by Matt McNamara, the Chief Investment Officer of the Fund Manager, a molecular biologist running his 5th managed fund and is one of Australia's leading specialist healthcare investors over the past 20 years.</p> <p>Matt believes a portfolio approach investing in companies with runs on the board will deliver a return in excess of 20% IRR per annum via exits within five years.</p> <p>Investors' subscription money is 'pooled' and invested collectively into the Fund. For further information regarding the pooling of subscription money see Section 3 (<i>How the Fund operates</i>) and for further information regarding the Fund's investment selection see Section 5 (<i>Investment selection and management process</i>).</p>
<p><b>Target return</b></p>	<p>The target return for the Fund is &gt;20% gross IRR per annum, net of fees to investors. The target return depends on the performance of the Fund's investments and is not guaranteed.</p>
<p><b>Offer period</b></p>	<p>The offer will be open to applicants on the date of this IM and close to applicants on the earlier of:</p> <ul style="list-style-type: none"> <li>• total uncalled Commitments and investments of \$80,000,000 have been received; or</li> <li>• 31 March 2025, <b>(Close Date)</b>.</li> </ul> <p>The Trustee reserves the right to close the Fund early or extend the Close Date at its sole discretion. Applications will be accepted on a first come first served basis.</p> <p>The Trustee reserves the right to extend the Offer by opening the Fund to further Investors subsequent to the Close Date.</p>

Item	Detail
<b>Target fund size</b>	<p>\$80,000,000.</p> <p>The Fund Manager may proceed with the Fund even if the target fund size is not achieved via capital raising.</p>
<b>Issue of Units</b>	<p>Completed applications will ordinarily be processed within 10 Business Days of the end of each month.</p>
<b>Commitments and Application for Units</b>	<p>An Investor may elect to invest in the Fund by providing:</p> <ul style="list-style-type: none"> <li>• the total investment amount up front as a subscription for Units; or</li> <li>• a Commitment to subscribe for Units. The Trustee may call 100% of the Commitments upfront. The Trustee may also make subsequent calls on Commitments from Investors. The Trustee may also call on all or part of the Commitments made by selected Investors only rather than make calls on all investors as a whole.</li> </ul> <p>The Commitment is an Investor's binding agreement with the Trustee to subscribe for Units to a specified dollar amount and against which capital calls may be made by the Trustee. During the period of the Commitment (<b>Commitment Period</b>), the total committed investment amount may be called upon progressively by the Trustee. Investors who choose to invest in the Fund by way of Commitment are required to commit for the entire Commitment Period.</p> <p>At the expiration of the Commitment Period, all applicants will be released from any further obligations with respect to their Uncalled Capital.</p>
<b>Upfront call</b>	<p>The Investors who choose to invest in the Fund by way of Commitment may be required to pay 100% of the total committed investment amount on application.</p> <p>The remainder of the Commitment may be called by the Trustee progressively during the rest of the Commitment Period applied to the Fund specified below. The amount of each remainder call will be calculated based on the forecasted capital requirement for investing in the selected biotechnology companies for the period between that call and the subsequent call.</p> <p>These Investors are required to pay a call within 10 days after a capital call is made. The Trustee may also call on all or part of the Commitments made by selected Investors only rather than make calls on all investors as a whole.</p> <p>Once an applicant has paid the subscription amount (either as a</p>

Item	Detail
	<p>upfront subscription or as a upfront call on Commitment), they will be issued with Units at the issue price calculated in accordance with the IM within 5 Business Days of the payment due date of the initial call. Please refer to Section 3.6 (<i>Unit Pricing</i>) for further information. Investors who choose to invest in the Fund by way of a Commitment will only be issued the Units which have been paid for upfront and/or by way of capital call. The Fund will not be issuing partly paid units.</p> <p>If further calls made after the initial call are not paid, the Units issued on previous calls may be partially or fully forfeited. Please consider this carefully before making a commitment to invest in the Fund.</p>
<b>Commitment Period</b>	<p>The Commitment Period for investment is four years from the date on which the initial call is made. The Trustee may, on the advice of the Fund Manager, at its sole discretion extend the Commitment Period of the Fund if it is necessary.</p> <p>The Trustee may call the full amount of the Commitment prior to the end of the Commitment Period.</p> <p>However, the Trustee may, on the advice of the Fund Manager, delay the initial call to the Investors by giving notice to the Investors.</p>

<p><b>Distribution frequency</b></p>	<p>Distributions of income and capital will be paid as and when there is a trade sale, IPO or secondary share buyouts in respect of Investee Companies.</p> <p>As at the IM Date it is not anticipated that distributions will be paid at a regular basis, as the Fund aims to ensure capital appreciation over a five year period.</p> <p>Refer to Section 9 (<i>Distributions</i>) for more information.</p>
<p><b>Gearing</b></p>	<p>The Fund will not borrow from third parties to invest.</p>
<p><b>Minimum investment/Commitment</b></p>	<p>\$100,000 (unless otherwise determined by the Trustee at its discretion)</p>
<p><b>Fund currency</b></p>	<p>Australian Dollars (AUD) only.</p> <p>All amounts in this Information Memorandum are quoted in AUD.</p> <p>The financial records of the Fund will be maintained in Australian Dollars.</p>
<p><b>Investment Term</b></p>	<p>The Fund will have a target term of up to five years from the Close Date. The term of the Fund may be extended by the Trustee at the direction of the Fund Manager, at its sole discretion, for two years by giving notice to Investors (<b>Extended Term</b>).</p> <p>The Fund Manager may propose a further extension of the Fund beyond the Extended Term. Any further extensions to the term of the Fund beyond the Extended Term must be approved by 50% or more of the investors in the Fund.</p> <p>For more information about the Term, see Section 3.5 (<i>Term</i>) and Section 10 (<i>Withdrawals</i>).</p>

<p><b>Withdrawals</b></p>	<p>The Investment Term is five years which may be extended unilaterally by the Fund Manager to seven years or longer if approved by Investors. Holders of Units cannot withdraw until the end of the Investment Term. At the end of the Investment Term, the Fund Manager and Trustee will realise all of the assets of the Fund and distribute any capital and income to investors.</p> <p>Investors should allow for up to two years following the end of the Investment Term for the Fund Manager to realise assets of the Fund and make final distributions to investors.</p> <p>See Section 10 (<i>Withdrawals from the Fund</i>) for information on withdrawing from the Fund.</p>
<p><b>Eligible Investors</b></p>	<p>This Fund is only open to investment by Wholesale Clients receiving this IM within Australia and investors investing from jurisdictions where it is legally permissible to invest in the Fund who accept the conditions of receipt of this IM.</p>
<p><b>Application Fees</b></p>	<p>Nil</p>
<p><b>Management Fees</b></p>	<p>2% per annum of the net asset value of the Fund, however, the Fund Manager and Trustee reserve the right to charge a lower amount at their sole discretion.</p> <p>See Section 7 (<i>Fees and other costs</i>) for further details.</p>
<p><b>Performance fee</b></p>	<p>The Fund Manager will charge a performance fee at the end of the Investment Term. The performance fee will comprise of the following:</p> <ul style="list-style-type: none"> <li>• a <b>Preferred Return</b> to the Fund Manager of up to 8% per annum compounded annually, subject to the Fund first paying a hurdle rate of return of 8% per annum compounded annually (<b>Hurdle Return</b>) to investors; and</li> <li>• subject to the Preferred Return and Hurdle Return being paid in full, 20% of any out performance in excess of the Hurdle Return and the Preferred Return.</li> </ul> <p>Refer to Section 7 (<i>Fees and other costs</i>) for more information.</p>

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**Fund fees and expenses**

The Trustee is entitled to charge a trustee fee and Fund expenses out of the assets of the Fund. All Fund establishment and marketing expenses are also payable from the assets of the Fund.

Refer to Section 7 (*Fees and other costs*) for more information.

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**Key risks**

Investments in the Fund are subject to varying degrees of risk. Some of the key risks of investing are set out below:

- **Investment risk:** distributions may or may not be paid and capital may or may not be returned.
- **Suitable investment risk:** the Manager may be unable to negotiate a sufficient number of attractive investments to meet the Fund's objectives.
- **Product development risk:** investment in biotechnology involves a long-term commitment with no certainty of return.
- **Regulatory risk:** before obtaining regulatory approval for the commercial sale of any products, a portfolio company or its licensees and/or partners must demonstrate that its products are safe for use in humans. There is a risk that regulatory parameters around what is considered safe for use may change between an investment being made and a product coming to market.

Refer to Section 6 (*Risks factors*) for more information.

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### 3 How the Fund operates

#### 3.1 Investment objective

The investment objective of the Fund is to generate strong capital gains for Investors by making investments in:

- the shares, debt instruments and convertible debt instruments of; and
- 'Pre-IPO Investments', being equity investments in companies which are currently unlisted but may undertake IPOs within the next 18 months from the time of investment, of; private companies operating or targeting operations in the US healthcare market

All subscription money received from Investors will be pooled together and invested collectively and applied by the Fund Manager for the purpose of making investments in accordance with this Information Memorandum. No individual has a beneficial interest in any particular equity investment or any other investment or asset of the Fund.

The target return of the Fund is >20% gross per annum. The target return is not guaranteed.<sup>1</sup>

The Trustee, under instruction from the Fund Manager, will only make investments which meet the investment selection criteria. In particular, the Fund intends to make investment in a balanced portfolio of health technologies that will become dominant in the US and globally, backing novel technologies in companies who have runs on the board that we expect will exit in four years.

The Fund also has a performance fee model which is focused on delivering Investor returns. Our performance fee is subject to a hurdle rate of return of 8% per annum compounding annually being met and paid to investors and will only be paid at the end of the Investment Term. This model protects Investors and reflects our team's culture of delivering Investor value as our first priority.

Apart from equity, the Fund will hold one or more bank accounts comprising cash money of the Fund, including dividend payments made under the equity investments pending the distribution of net receipts to Unit holders in accordance with the requirements of the Trust Deed.

While the Trustee has a broad power of investment under the Trust Deed, the Trustee intends to invest only in assets contemplated under this IM.

For further information regarding the Fund Manager's investment selection, see Section 5 (*Investment selection and management process*).

#### 3.2 Commitments

The Investors of the Fund may choose to invest by providing the total investment amount upon subscription for Units or by way of Commitment. The Commitment is an Investor's binding agreement with the Trustee to subscribe for Units to a specified dollar amount and against which capital calls may be made by the Trustee. Investors who choose to invest by way of Commitment may be required to

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<sup>1</sup> Actual return of the Fund will depend on the performance of the Fund and the income of the Fund.

pay 100% of their Commitment upfront.

Investors who choose to invest in the Fund by way of Commitment are required to commit for the entire period of four years from the date on which the initial call is made. At the expiration of the Commitment Period these Investors will be released from any further obligations with respect to their Uncalled Capital. The Trustee may, on the advice of the Fund Manager, at its sole discretion extend the Commitment Period of the Fund if it necessary. The Trustee may call the full amount of the Commitment prior to the end of the Commitment Period. However, the Trustee may, on the advice of the Fund Manager, delay the initial call to the Investors by giving notice to the Investors. The Trustee may also call on all or part of the Commitments made by selected Investors only rather than making pro-rata calls on all Investors.

The remainder of the Commitment may be called by the Trustee progressively during the rest of the Commitment Period applied to the Fund specified below. The amount of each remaining call will be calculated based on the forecasted capital requirement for investing in the selected biotechnology companies for the period between that call and the subsequent call.

Investors who choose to invest in the Fund by way of a Commitment will only be issued the Units which have been paid for upfront and/or by way of capital call. The Fund will not be issuing partly paid units.

For details of the application process, see Section 8 (*How to invest in the Fund*).

### 3.3 Capital not guaranteed

None of the Trustee or the Fund Manager, or their officers, employees, related parties, associates, consultants, advisers and agents, or any other person, guarantee:

- the performance of any of the Fund's investments, or any indicative rate of return.
- the value of any asset of the Fund, or all of the Fund's assets as a whole; or
- the return or income or capital invested by a holder of a Unit in the Fund.

The investments of the Fund do not represent a deposit or other liabilities of the Trustee or any of its related bodies corporate, and none of these entities is an ADI or subject to prudential supervision by APRA.

### 3.4 Structure

The Fund is an unregistered unit trust established under, and governed by, Australian law. The Fund is not required to be registered with ASIC. The Fund seeks to raise capital under the Offer for the purpose of making investments in the shares, debt instruments, and convertible debt instruments of healthcare product companies selected in accordance with the investment criteria. All subscription money received from Investors will be pooled together and invested collectively and applied by the Trustee for the making of investments. Under the Trust Deed, no individual has a beneficial interest in any particular investment or asset of the Fund.

The Fund is established under and governed by the Trust Deed and applicable laws. Each Unit gives the holder of a Unit an entitlement to a share of the capital and income of the assets of the Fund, subject to the

terms and conditions of the Trust Deed.

For more information about the Trust Deed, see Section 121 (*Trust Deed*). For more information about the Trustee and the Fund Manager, see Section 4 (*Key parties*) of this IM.

### 3.5 Term

The Fund has a fixed term of five years from the Close Date of the Fund -being the earlier of when at least \$80,000,000 in investments and uncalled Commitments have been received or around 31 March 2025, whichever is the earlier.

The term of the Fund may be extended by the Trustee at the direction of the Fund Manager, at its sole discretion, for two years by giving notice to Investors. The Fund Manager may propose a further extension of the Fund beyond the Extended Term. Any further extensions to the term of the Fund beyond the Extended Term must be approved by 50% or more of the investors in the Fund.

At the end of the relevant term subject to any extension, the assets of the Fund will be realised and the proceeds of the realisation will be repaid to Investors. Investors should allow up to two years for the Trustee and Fund Manager to realise the assets of the Fund following the end of the relevant Investment Term and return proceeds to Investors.

### 3.6 Unit pricing

The initial issue price of Units under the Offer will be \$1.00 per Unit unless otherwise determined by the Trustee. The Trustee may close the Fund to further applications at any time at its absolute discretion.

Following the Close Date, if further Units are issued the issue price for Units in the Fund will be based on the net asset value of the Fund per Unit determined in accordance with terms of the Trust Deed. Under the Trust Deed, the Trustee may change the methodology for the calculation of the issue prices for Units from time to time.

The ongoing Unit price is calculated by dividing the net asset value (determined by the net market valuation of assets owned, less all liabilities held, including fees, provisions and accrued expenses in accordance with the Trust Deed) divided by the number of Units on issue.

Private companies will be valued at last capital raise, post money valuation.

Exceptions to this rule will be:

- if last capital raise was >12 months earlier, or
- where a company has had a major milestone or setback in the development programme since the last capital raise.

In these situations, the services of an independent third party would be used to determine a fair current valuation.

MSC Abacus Pty Ltd ACN 630 730 684 is an independent entity providing unitholder registry and accounting services responsible for quarterly net asset value calculations.

### 3.7 Investment process

Applications will be processed within 10 Business Days of the end of each month where the completed Application Form and application money are received. The Trustee reserves the right to process applications earlier at its discretion.

The Trustee reserves the right to evaluate any applications for Units and to reject any or all applications submitted, without giving reasons for rejection. The Trustee may close the Fund to further applications at any time at its absolute discretion.

For more information about investing in the Fund, see Section 8 (*How to invest in the Fund*) of this Information Memorandum.

## 4 Key parties

### 4.1 Trustee

#### (a) About the Trustee

Melbourne Securities Corporation Ltd ACN 160 326 545 is a professional trustee firm, licensed by the ASIC under AFSL No.428289.

The Trustee has been appointed as trustee of the Fund to protect investors and provide regulatory compliance oversight as legislated by the Corporations Act and in reference to ASIC guidelines.

In exercising its powers and duties, the Trustee must:

- act honestly and in the best interests of investors at all times;
- exercise a reasonable degree of care and diligence;
- treat each class of Unit holders equally and fairly;
- not make use of information obtained to gain an improper advantage or cause detriment to Unit holders;
- comply with the Fund’s constitution and all applicable laws;
- ensure Fund property is separated from the property of the Fund Manager and other entities; and
- assume ultimate responsibility for any complaints by investors or enquiries by the regulator.

The Trustee also has the obligation to step in and operate the Fund if anything happens to the Fund Manager. This includes any impropriety of the Fund Manager or non-adherence under a formal management agreement.

All bank accounts of the Fund will be held by the Trustee or its appointed custodian on behalf of investors. The Trustee will refer to Fund disclosure documents and governing documentation before authorising any transfer of funds requested by the Fund Manager. It will also ensure investment decisions comply with Fund terms and the Trust Deed.

The Trustee is required to meet strict financial guidelines as set out in the Corporations Act and under its licence conditions, including holding adequate professional indemnity insurance, maintaining minimum net tangible assets and it must produce regular cash flow projections to ensure it has the financial resources to meet its obligations on an ongoing basis.

#### (b) Governance and compliance

As the trustee of the Fund, the Trustee is in charge of the overall operation and management of the Fund. The Trustee will be guided by the investment objective and parameters of the Fund specified in Section 3.1 (*Investment objective*), by the Fund’s governing Trust Deed, and by Trustee’s duties under general law.

## 4.2 Fund Manager

Horizon has entered into a management agreement with the Trustee, under which Horizon has been appointed as the fund manager of the Fund and as such is responsible for managing the investments of the Fund. The Fund Manager may only be removed in accordance with the terms of the management agreement between the Trustee and the Fund Manager.

The key personnel of the Fund Manager are as follows:

### Board Members

#### **Mike Sullivan, Executive Chairman**

Mike Sullivan is an accomplished Banking and Capital Markets Executive with experience across the US and Australia. He is an inspirational leader who brings together talented teams to drive material business advantage. He has an established track record of success supporting and advising growing companies and business owners.

Today, he leads a successful Corporate Advisory business supporting clients across diverse contexts and is an active investor in the life sciences sector in Australia and globally.

Previously, he worked for 20 years in financial services across wealth management, equity capital markets, corporate advisory, and banking. His two decades' experience includes 11 years at National Australia Bank, three years at Ferris Baker Watts in the US.

Mike has a Bachelor of Business Administration from Loyola College in Baltimore, Maryland USA.

#### **Matt McNamara, Director and Chief Investment Officer**

Matt is passionate about commercialising promising human healthcare technologies.

Matt continues to invest in and commercialise great healthcare technologies through Healthcare Funds and an exciting portfolio of executive/non-executive board and advisory roles.

Matt has over 30 years' experience in the healthcare & medical sciences sector and more than 20 years as a venture capitalist. Fourteen years as CIO at BioScience Managers (4 funds. >\$200M FUM. >20% IRR), and was previously CEO of SciCapital pre-seed fund. Prior to that he served as SVP Business Development for eBioinformatics Inc. Initially, Matt spent over a decade in the pharma industry working in Sales & Marketing with Merck & Co. and in General Management at Johnson and Johnson Medical Pty Ltd.

In 2017, Matt led the successful \$100M BioScience Managers Biomedical Translation Fund application to the Federal Government securing \$50M from IOOF and matching \$50M from the Federal Government.

Matt has a BSc (Hons) in Molecular Biology, an MBA, and is a GAICD.

**Mr Sun Jian, Director**

Jian Sun is the Founder of Huikang Bio-Tech and Director of Huikang Group. He has a very persistent belief in the health industry and biotechnology, a forward-looking strategic vision, excellent operational capabilities, and rich management experience.

Over 20 years of operating and running Huikang Group, Mr Sun has overseen 60 patents granted in China and abroad, more than 50 patents pending, and a number of awards for its research achievements with many of those commercialised in market, in China. At present, A\$100,000,000 has been invested to create the Huikang Biotechnology Industrial Park equipped with international advanced scientific research and production equipment, covering R&D, manufacture and sale of new drugs, gene therapy, cosmetics and medical devices.

In 2005 Mr Sun started doing business in Australia. Mr. Sun and Huikang Group are dedicated and committed biotechnology industry participants with a long-term view to being a key contributor of the global biotech industry to advance mankind.

**Glenn Cross, Director**

Glenn has spent his working life in life sciences progressing from the lab bench to senior executive positions.

He has over 40 years' experience in the life sciences sector and has held senior executive roles in both multinational and Australian companies.

His expertise covers general management, sales, marketing, finance, distribution and manufacturing in the life sciences market.

He also has experience in finance, human resources, product development and manufacturing. In recent years he has been involved in capital markets and general investment activities in North America, Asia and Australia. He was the Chief Operating Officer and CEO of AusBiotech for over 13 years.

He is currently the CEO of his own investment and advisory company – Red Bluff Capital. He is a non-executive director on the board of a number of biotechnology and medical device companies.

**Investment Committee Members**

**Dr Mei, Pharmacologist and Investment Committee Member**

Dr Qibing Mei is a world-leading pharmacologist who has dedicated his career to leadership in new drug evaluation. His expertise has been put to impressive effect with his leadership in establishing best practice drug evaluation in China.

Currently Dr Mei is Chief Scientist of the HK Biotech R&D team. He has engaged in pharmacology and new drug evaluation for 41 years and completed more than 100 pre-clinical evaluations of new drugs. Early in his career, Dr. Mei completed postdoctoral research at the University of Pennsylvania in 1991. He organised the establishment of China's first drug-ability evaluation centre, and the certification of the first drug toxicology laboratory in Shanghai, China that complies with the OECD Principles of Good Laboratory Practice (GLP).

Additionally, he has undertaken 11 national-level projects, including the National 973 Plan, the State Project for Essential Drug Research and Development, the National 863 Project and the National Natural Science Foundation Project, and authored more than 500 publications, 130 of which are SCI papers, and 13 teaching materials and monographs. Dr. Mei has recently become an independent director of the Luzhou New Drug Evaluation and Research Centre.

### **Paul Field - Life Sciences Business Development Executive & Investment Committee Member**

Paul Field has over 25 years of business development experience across a range of disease areas, and a deep network in the global biopharmaceutical industry.

Currently a corporate advisor at Alsonex, Marinova, GARDP (Switzerland), and FIND (Switzerland) and until recently a business development advisor to Biocurate.

Paul was previously the life sciences specialist at Austrade, the Australian Government's investment promotion agency, where he facilitated foreign direct investment into Australian research of infectious diseases, autoimmune diseases, cancer and other therapeutic areas.

Paul was the founder and Executive Chairman of Bio-Link, a privately owned biotechnology business development company. His work at Bio-Link involved the commercialisation of discovery, pre-clinical and early-stage clinical programs undertaken by Australian biotech companies and medical research institutions.

Paul has served on a number of Boards, and he is a Fellow of the Australian Institute of Company Directors (FAICD).

### **Dr Bev Thomas - Senior Investment Professional & Investment Committee Member**

Dr. Bev Thomas is an experienced investment, strategic and operational professional with focus on SME management. She has successfully delivered on roles in early-stage venture investment, organisational turnaround and growth. Dr Thomas combines Board experience on start-up investee companies and not-for-profit organisations with strong technical capabilities and commercial acumen, supporting the development and execution of successful strategic outcomes across a range of SMEs.

She is currently CEO at Syntro Health, an Australian contract manufacturing organisation focused on supporting the clinical trial ecosystem, both locally and internationally. Bev is supporting the expedited growth of the organisation through a combination of targeted business development and operational experience.

Previously, she was the CEO of Australia's leading Phase I clinical faculty, Investment Manager for a large Medical Research Commercialisation Fund that supports the development of Australian life science companies with >\$300 million under management.

She holds a Ph.D. and a Bachelor of Pharmacy, Upper Second Class (Hons), University of Bath, UK, and she also holds an MBA from Deakin University.

### **Scott Power - Investment Analyst & Investment Committee Member**

Scott Power has spent the last thirty years investing in and researching emerging companies. Currently Scott is a Senior Analyst at Morgans Financial focussed on ASX listed healthcare and life science stocks.



His long tenure has resulted in a wide network of contacts across the healthcare, life science and technology sectors which is essential in the identification of key trends and developments.

He has also held the role of Investment Manager in the venture capital industry at QIDC for over a decade where he helped identify and analyse large-scale investment opportunities.

Scott has a Bachelor of Commerce, a Grad Dip Applied Finance (FINSIA) and is a Certified Practising Accountant (CPA).

### **Dr. Tam Nguyen - Investment Committee Member**

Dr. Tam Nguyen has over 20 years of working in the healthcare, health and medical research and research management sector including tertiary teaching hospitals, medical research institutes and universities across Australia.

As the deputy director of research at St Vincent's Hospital Melbourne, Tam is responsible for research strategy, research development and innovation. He leads a dynamic team dedicated to providing strategic and innovative solutions to facilitate health and medical research. Tam serves as non-executive director on various NFP, healthcare and aged care boards providing his broad range expertise including strategy, governance, and sector specific in health and medical research.

He also advises numerous medtech and health tech start-ups on their overall strategies, clinical trials strategies, project management and execution.

Tam is a regular invited speaker on a broad range of topics including: Research Strategy, Industry Collaboration; Research Ethics & Governance; Digital Health, AI & Machine Learning in healthcare and in the clinical trials sector in general. He chairs and moderates and sit on program committee at numerous national and international conferences.

## 5 Investment selection and management process

### 5.1 Investment selection criteria

The Fund offers Investors investments into a carefully selected range of investments in the shares, debt instruments, and convertible debt instruments of selected private Investee Companies which operate predominately in the biomedical and healthcare industries.

The Fund intends to invest primarily in healthcare and medical science companies that are built upon novel advances in human medical and life science research.

Investee Companies will be involved in the human healthcare sector incorporating biotechnology, medtech, digital health, and diagnostics and may be sourced globally, though the Fund intends to focus on the US healthcare industry. The Fund will invest in Investee Companies in later stage healthcare companies at Series B, C, D or pre-IPO stage

The Fund has identified a funding gap in the industry. Between early-stage venture capital investment and later-stage IPO investments from less sophisticated investors, there is a 'medium sized' investment gap between the start-up stage and IPO stage, and the Fund intends to identify companies with promising research prospects and invest directly to provide working capital to these mid-sized healthcare companies.

Depending on the specific investment opportunity, the Fund may elect to acquire a meaningful shareholding in the investee companies in which it invests, including a board seat, and may take a leading role in capital raising.

Alternatively, where appropriate, the Fund may seek to co-invest with other funds or private equity investment companies, to allow the Fund to leverage other fund managers' expertise to enhance investor returns.

Horizon will aim to make investments in private and pre-IPO companies which could deliver at least a 20% IRR per annum.

Please note that target rates of returns are targets only and are not forecast or guaranteed. None of the Trustee or the Fund Manager or their officers, employees, related parties, associates, consultants, advisers and agents, or any other person, guarantees the performance or success of the Fund, the repayment of capital invested in the Fund by an Investor or any particular rate of return on investments in the Fund.

### 5.2 The healthcare industry generally

The healthcare industry comprises a broad range of products and services to meet the diagnosis, treatment and prevention of disease, illness, injury and other physical and mental impairments.

The healthcare sector is at an inflection point. The promise of cell and gene therapies is being delivered to patients; rare diseases, previously believed to be incurable, are on the precipice of real cures. Artificial Intelligence (AI) and machine learning approaches are raising expectations that therapy discovery and development may not only be more innovative, but also more time- and cost-effective. Data-driven approaches have the potential to create value across manufacturing, the supply chain, and the entire health care ecosystem. As technology and behavioural science converge, the focus is increasingly

shifting to disease prevention. Consumer wearables now have medical-grade sensors, and telemedicine, remote monitoring, and virtual trials are reducing complexity for patients. Medical algorithms and connected devices are delivering data everywhere. (Source: 2020 Global Life Sciences Outlook – Deloitte Touche Tohmatsu (Deloitte)).

We don't have to make a case for investing in health – every country has learnt the hard lesson that pandemics can destroy the global economy and cost trillions. Investing in health is investing in the economy.

### 5.3 The global healthcare market

The healthcare and biomedical industry is one of the world's fastest growing industry sectors, absorbing over 10% of the GDP of most developed nations. It is underpinned by a number of macroeconomic factors that are currently driving growth and expected to continue to drive growth into the future. These include:

- ageing populations and lengthening life expectancy.
- rising incidence of chronic disease.
- patients demanding and willing to pay for higher quality healthcare.
- increasing healthcare spend in emerging markets.
- technology advancements and innovation; and
- healthcare reform.

In developed nations, growth in healthcare spending is becoming one of the biggest challenges for governments seeking to provide their populations with the best healthcare whilst limiting the exponential increases in cost which have dominated the past decade.

Between 2019 and 2024, worldwide prescription drug sales are projected to have a positive compound annual growth rate of 6.9 percent with sales expected to reach US\$1.18 trillion. Drivers of growth are expected to be:

- an accelerated and rising number of drug approvals.
- a potential for an additional US\$109 billion from orphan drug sales; and
- a growing portion of sales from oncology therapies.

(Source: 2020 Global Life Sciences Outlook – Deloitte)

According to Business Monitor International, global healthcare expenditure had an average annual growth rate of 6.4%, and this is expected to continue at a rate of 5.7% to 2023, where the industry is expected to generate total revenues greater than US\$13.0 trillion.

### Major drivers of the global healthcare market

**Rising incidence of chronic disease** – With the rise in longevity and poor lifestyle choices, there is an increasing burden of chronic, non-communicable diseases. Obesity, cardiovascular disease, hypertension and dementia are becoming persistent. Although the future sales of individual drugs will change, it was forecast that the top 10 drugs into 2020 will continue to be focused on managing cancer, diabetes and arthritis. (Source: Biospace)

**Generic and biosimilars** – The expiration of many high value patents, known colloquially as the patent cliff, has led to a rise in the demand for generic drugs and biosimilars. Several big products will be targeted over the coming years putting downward pressure on ‘big pharma’ revenues. Payers are increasingly looking for discounts, particularly in highly competitive fields such as cancer, hepatitis C, respiratory and diabetes treatments (Source: FiercePharma). According to IMS Health generic drugs accounted for 80% of drug prescriptions in the US. There will continue to be consolidation of generic and biosimilar companies, such as Teva’s acquisition of Allergan’s generics business for \$40.5bn. In response to the competition, large pharmaceutical companies will accelerate their search to boost their diminishing pipelines, via the acquisition of emerging healthcare and biomedical science companies with later-stage products (Source: Global health care outlook – Deloitte).

**Commoditisation of Pharmaceuticals** – Lower income economies have become the manufacturing hubs for generic and raw materials for western medicine, decreasing manufacturing costs significantly. India is the standout, being the global producer of generic medications for European and the US markets.

**Technology advances** – Almost all elements of medical information that was paper based are being replaced by electronic systems; including prescriptions, medical records, diagnostic results, patient information, etc. The trend is in response to the cost savings and centralisation of medical information.

**R&D Expenditure** – According to Deloitte research, the average cost of developing a drug is approximately US\$2.1 billion. In the future, a 10 percent improvement in the accuracy of predictions could lay the groundwork for saving the pharmaceutical sector billions of dollars and years of work. Drug discovery and preclinical stages could be sped up by a factor of 15 and enable more competitive R&D strategies.

**M&A activity** – As regulators demand increasing volumes of safety and efficiency data before approving a drug. It is more cost effective for healthcare and biomedical science companies to acquire smaller companies that have de-risked a technology by developing the technology to a later stage, and thereby reducing the overall cost to the acquirer.

**Emerging Economies** - The Asia Pacific healthcare sector is emerging as one of the fastest growing sectors in the world. At one end of the continuum, emerging markets such as China, India and smaller South East Asian markets are leading the growth in the demand for drugs and raw materials. On the other end, more developed markets such as Australia, New Zealand, Singapore, Japan, Korea and increasingly India, are focusing on innovative R&D into drug, medical IT and medical device technologies.

## US life sciences sector

Our fund has identified the US life sciences sector as a highly appealing and promising area for maximising investment, and we are excited to share the key aspects that make it an attractive opportunity.

- **Innovation and Research Leadership:** The United States has consistently held a leading position in global life sciences innovation and research. The country boasts world-renowned academic institutions, research centers, and biotechnology hubs, making it a breeding ground for cutting-edge breakthroughs in healthcare. This robust ecosystem of innovation attracts top talent, fosters collaboration, and drives advancements in areas such as biopharmaceuticals, medical devices, genomics, and digital health.
- **Access to Capital:** The US provides unparalleled access to capital for life sciences companies, with a well-developed ecosystem of venture capital firms, private equity, and public markets. This access to capital ensures that promising startups and emerging healthcare companies can secure the funding needed for research, development, and commercialization of their products and services. The availability of capital also encourages a competitive landscape that promotes growth and innovation.
- **Regulatory Framework:** The US Food and Drug Administration (FDA) plays a pivotal role in the global healthcare industry. While stringent, the FDA's regulatory framework ensures safety and efficacy, providing a robust framework for product approval and commercialization. For investors, this regulatory rigor can translate into confidence in the quality and credibility of US-based healthcare companies.
- **Market Size and Demographics:** The sheer size of the US healthcare market, coupled with an aging population, creates a substantial demand for innovative healthcare solutions. This demographic trend presents an attractive growth opportunity for companies addressing age-related illnesses, chronic diseases, and healthcare inefficiencies. Furthermore, the US healthcare system is undergoing significant transformation, with a focus on value-based care and digital health solutions, further amplifying the market potential.
- **Exit Opportunities:** The US offers a plethora of exit opportunities for investors in the life sciences sector, including mergers and acquisitions (**M&A**) by larger pharmaceutical and biotech companies, IPOs, and strategic partnerships. The strong exit environment enhances liquidity and enables investors to realize significant returns on their investments.

As we delve deeper into the compelling investment opportunity within the US life sciences sector, we would like to provide a more detailed overview of the attractive dynamics of the US healthcare market. These dynamics further underline why investing in private US healthcare companies presents a compelling proposition for our Life Sciences Fund based in Australia.

- **Market Size and Growth Potential:** The US healthcare market is the largest in the world, accounting for a significant portion of the country's GDP. It is characterized by sustained growth driven by factors such as an aging population, increasing chronic diseases, and evolving healthcare needs. This immense market size, combined with a trajectory for continued expansion, offers investors an opportunity to tap into a vast customer base with substantial growth potential.
- **Payer Diversity and Innovation Adoption:** The US healthcare system encompasses a diverse set of payers, including private insurers, government programs (e.g., Medicare and Medicaid), and self-pay patients. This diversity encourages competition and innovation, as companies seek to offer cost-effective and value-driven solutions. Investors can benefit from the willingness of payers to adopt novel technologies and services that enhance patient outcomes and reduce overall healthcare costs.
- **Healthcare Reform and Digital Transformation:** Ongoing healthcare reform initiatives, along with the increasing adoption of digital health technologies, are transforming the landscape. The shift

towards value-based care, electronic health records, telemedicine, and data-driven insights presents numerous opportunities for innovative companies to thrive. Investors who identify and support businesses at the forefront of these changes can capitalize on their potential for growth and disruption.

- **M&A Activity and Strategic Partnerships:** The US healthcare sector is characterized by robust M&A activity, as well as strategic partnerships. Established healthcare companies often seek to acquire innovative startups and niche players to enhance their product portfolios and market presence. This active M&A landscape creates potential exit opportunities for investors, with the possibility of realizing significant returns on investment.
- **Regulatory Tailwinds:** Regulatory support for healthcare innovation is strong in the United States. Policies aimed at streamlining the drug approval process, promoting telehealth, and reducing regulatory hurdles for medical technologies can expedite market entry and product commercialization. Investors can benefit from a regulatory environment that fosters innovation and expedites market access for disruptive healthcare solutions.
- **Global Reach and Collaboration:** US healthcare companies frequently have a global reach and engage in international collaborations. This not only expands their market potential but also allows investors to diversify their portfolios and gain exposure to global healthcare trends and opportunities.

In conclusion, the US healthcare market's attractive dynamics, including its size, growth potential, payer diversity, digital transformation, M&A activity, regulatory support, and global reach, make it an ideal destination for investors seeking to participate in the dynamic and evolving healthcare sector. Our US Healthcare Fund is poised to identify and invest in companies that are positioned to capitalize on these market dynamics, with the aim of delivering strong returns to our investors.

## 6 Risk factors

All investments involve varying degrees of risk. There are a number of risk factors that could affect the performance of the Fund, the making of distributions and the repayment of Investor's capital. Many risk factors fall outside of the Trustee's and the Fund Manager's control and cannot be completely mitigated. While there are many factors that may impact on the performance of any investment, this Section 6 summarises some of the major risks that Investors should be aware of when investing in the Fund.

Before investing, Investors should consider whether the Fund is a suitable investment, having regard to their personal investment objectives, financial position, and particular needs and circumstances. Investors should also consider and take into account the level of risk with which they are comfortable, the level of returns they require, as well as their frequency and nature, and their investment time horizon. Investors should seek professional advice in setting their investment objectives and strategies.

The risks described below are not exhaustive and whether a risk is specifically referred to in this Section or not, that risk may have a material effect on the performance and value of the Fund. Importantly, Investors should note that the value of an investment in the Fund, and income received by Investors, may rise or fall and, consequently, Investors may suffer losses (including the loss of all of their capital investment in the Fund or a loss of an investment return relating to their investment in the Fund). Distributions and indicative rate of returns are not guaranteed, and neither is the return of Investor's capital.

### 6.1 General risks Investment risk

An investment in the Fund involves investment risk. For example, the value of a Unit holder's investment in the Fund may rise or fall, investment returns may fluctuate, distributions may or may not be paid and a Unit holder's capital may or may not be returned.

While we are unable to eliminate all investment risks, we aim to reduce the impact of risk through our established management procedures such as our lending approval processes and investment selection criteria. See Section 5 (*Investment selection and management process*) for more information.

### 6.2 Underlying investment risk

There may be external influences from time-to-time, including unforeseen items of expenditure which have not been budgeted for and loss of revenue, which adversely affect the income of the Fund. These may result in a reduction of distributions and returns.

It is not the responsibility of the Trustee to assess the merits of each investment recommended by the Fund Manager, but rather to review that each investment is contemplated by this Information Memorandum and the Trust Deed.

### 6.3 Return risk

The Fund seeks to deliver the target return to Investors. It is designed for Investors seeking a return greater than the interest paid on basic deposit and saving products offered by an ADI. The Fund is targeting returns which are significantly higher than interest paid on basic deposit products. However, as a general rule,



higher potential returns have higher levels of uncertainty (high risk) than investments with lower potential returns and low levels of uncertainty (low risk).

The indicative rate of return is not a forecast. The Trustee or Fund Manager may not be successful in meeting this objective. None of the Trustee, the Fund Manager or any other person or entity guarantees any income or capital return from the Fund. Investors should also note that Fund operating expenses, including management fees, may exceed income or realised profits therefore requiring the difference to be paid from the Fund's capital.

Investors should note that an investment in the Fund is not an investment in an ADI (such as a bank) regulated by APRA and an investment in the Fund carries greater risk than an investment in a bank.

### **6.4 No guarantee of performance or representations made by the Trustee**

None of the Trustee, the Fund Manager nor any other person or entity guarantees any income or capital return from the Fund. See Section 3.3 (*Capital not guaranteed*) for more information.

### **6.5 Concentration risk**

Concentration risk is the risk that the investment portfolio of the Fund may lack a diversification of assets. While the Fund will be invested in a range of equity investments, there is a risk associated with Fund's assets not being sufficiently diversified by sector, geography or risk profile or number of underlying companies which may expose the Fund to any events which have an adverse effect on the value of assets in the biotechnology or healthcare sector. Additionally, it may take some time before a sufficient number of investments are entered into to provide genuine diversification of investments.

### **6.6 Commitment risk**

During the Commitment Period, the committed capital of the Investors who choose to invest in the Fund by way of Commitment may be called progressively by the Trustee at short notice (10 business Days). Failure to pay a call on a Commitment may result in the imposition of penalty interest, costs, expenses and/or forfeiture of some or all of the Investor's Units in the Fund as well as a suspension of rights to income, voting as an Investor. Please see Section 8.2 (*Commitments*) for further information.

### **6.7 Funding gap risk**

There is a risk that the target fund raising amount for the Fund is not achieved or investments committed to by the Fund is not acquired due to one or more Investor's failure to pay the outstanding amount of the Commitment. In the event of a funding gap, the Fund could suffer significant capital or income losses. Please see Section 8.3 (*Failure to pay a call*) for further information.

### **6.8 Liquidity risk**

There are restrictions on withdrawals from the Fund. See Section 10 (*Withdrawals from the Fund*) for more information.

The Fund is an illiquid investment. Investors may only withdraw in accordance with the terms of issue of the Units.

There is currently no secondary market for Units in the Fund, and it is unlikely that any active secondary market will develop. There are substantial restrictions on the transferability of Fund interests under the



Trust Deed and applicable securities laws.

#### **6.9 Legal, regulatory and compliance risk**

Changes in government legislation, regulation and policies generally could materially adversely affect the operating results of the Fund. Although unable to predict future policy changes, the Trustee intends to manage this risk by monitoring and reacting to any potential regulatory and policy changes.

The operation of a funds management business in Australia is subject to significant regulation by Australian government authorities including without limitation ASIC, the Australian Transactions Reporting and Analysis Centre, the Foreign Investment Review Board and the Australian Competition and Consumer Commission.

Furthermore, legal risks arise where contracts used by the Fund to make the investments are found to be defective or unenforceable against counterparties. To manage this risk, the Trustee and the Fund Manager will ensure that a reputable legal practitioner is engaged to prepare and finalise legal agreements.

#### **6.10 Tax risk**

Tax and duty laws, and the regulatory interpretation or enforcement of them, can change and changes can be adverse. Investors should consider their own circumstances before investing. Although unable to predict future policy changes, the Fund Manager intends to manage this risk by monitoring and reacting to any potential regulatory and policy changes.

#### **6.11 Documentation risk**

A deficiency in documentation could, in certain circumstances, adversely affect the return on an investment.

#### **6.12 Fees and expenses risk**

The Fund will incur fees and expenses regardless of whether it is successful. The Fund will pay management and administration fees whether or not it receives its returns. In addition, the Fund will also be required to pay annual fees to the Trustee and the Fund Manager whether the funds raised are fully utilised or not.

There is a risk that the Fund Manager does not ensure that there is sufficient liquidity maintained in order to meet these and other expenses.

The Fund Manager expects to incur significant costs and expenses in seeking to source, evaluate, structure, negotiate, close, monitor and exit the investments including, but not limited to, financial, legal, technical, regulatory and commercial advisers which are engaged to assist the Fund Manager in seeking to source, evaluate, structure, negotiate, close, monitor and exit the investments. There can be no assurance that the Fund will be successful in being able to recover these fees and expenses from a successfully closed investment. These amounts may be significant and could have an adverse impact on the return that Investors might otherwise realise.

#### **6.13 Currency risk**

The Fund's investment will be domiciled in US dollars and therefore the weakening of USD relative to

the Australian dollar will negatively affect the value of the Fund's investments.

#### **6.14 Thinly capitalised management**

The Fund Manager does not have any material independent financial resources. If an action or claim is brought against the Fund Manager and that claim is not covered by the professional indemnity or directors' and officers' insurance policies arranged by or on behalf of the Fund Manager, the Fund cannot assure that the Fund Manager will have sufficient financial resources to cover any amounts payable under any claim.

The Fund is reserved to certain Wholesale Clients who are required to be aware of the risks involved in an investment such as the Fund and who accept that they will have recourse only to the Fund's assets in existence at any given time.

#### **6.15 Operating history risk**

The Fund has no operating history on which Investors may base an evaluation of its likely performance. The success of the Fund's investment activities will depend almost entirely on the Fund Manager's ability to carry out the proposed investment strategy successfully. There can be no assurance that the Fund's investments will achieve the target rate of return.

#### **6.16 Risk associated with key parties**

The Trustee and Fund Manager may elect to retire or may be replaced as the Trustee or Fund Manager, or the services of key personnel of the Trustee or Fund Manager may become unavailable for any reason. The Fund is relying on the ability of the Fund Manager and its investment professionals to achieve the Fund's investment objectives. If the Fund Manager or its investment professionals were not to continue in their respective roles, or be replaced by suitably qualified and experienced professionals, the Fund may not be able to achieve its objectives.

There is also a risk that the Fund Manager may fail to identify and adequately manage the investment risks in the Fund's portfolio or execute the investment strategy effectively, affecting the ability to pay distributions or reduce the value of the Units.

Operational risks of the Trustee and the Fund Manager include the possibility of systems failure, cyber-attacks, documentation risk, fraud, legal and regulatory risk and other unforeseen circumstances.

The Fund Manager, and any other delegates of the Trustee, may also fail to adequately perform their contractual and other legal obligations.

#### **6.17 Conflicts of interest risks**

The Fund Manager and its directors may develop other relationships with a wide variety of clients and investors. As a result of obligations that arise from those relationships, including obligations of confidentiality, certain potentially suitable investment opportunities of which the Fund Manager becomes aware may not be offered or disclosed to the Fund. In addition, the Fund may invest in products or assets managed by a related party of the Fund Manager.

### 6.18 Cyber risk and exposure

Investors should be aware that while the Trustee and Fund Manager have implemented technologies, processes, and practices designed to protect their networks, devices, programs, and data (or information technology systems) those information technology systems may still be subjected to malicious attack, damage, or unauthorised access.

Information technology systems may include the storage of information concerning an Investor's identity, financial interests or other personal details provided to the Trustee in connection with their investment in the Fund.

In the event serious harm is a likely outcome of a breach of the Trustee's information technology systems, the Trustee or Fund Manager (as may be required) will notify the affected individuals and recommend steps that ought to be taken in response to the breach. The Trustee may also be required to notify a government or regulatory authority as required by law.

### 6.19 Information not complete or accurate

The Trustee is not in a position to confirm the completeness, genuineness or accuracy of any information or data included in this Information Memorandum. A significant amount of the material provided in this Information Memorandum was supplied by third parties including the Fund Manager. This information has not been audited or independently reviewed.

### 6.20 Risks relating to investments Product development

Investment in healthcare and medical science research and development involves a long-term commitment with no certainty of return. The success of such an investment is a function of a number of factors including the ability to obtain strong patent protection, the successful progression of product candidates through research, preclinical development and clinical trials, the ability to scale up processing of the product to commercial volumes, the grant of appropriate regulatory approvals, the sufficiency of finance to progress product development through to commercialisation, the absence of superior competing products, success in negotiating profitable licensing agreements and the ability to obtain a satisfactory price.

Certain healthcare and medical science companies are characterised by a single product focus and rapidly changing technology which makes them particularly sensitive to the threat of obsolescence due to the development of competing products.

### 6.21 Product testing and regulatory approval

Before obtaining regulatory approval for the commercial sale of any products, a company or its licensees and/or partners must demonstrate through preclinical testing and clinical trials that its products are safe and effective for use in humans. Conducting clinical trials is a lengthy, time-consuming and expensive process. A company will incur substantial expense in, and devote a significant amount of time to, preclinical testing and clinical trials. The preclinical and clinical evaluation, manufacture and marketing of a product candidate in which the portfolio company is interested are all subject to regulation administered and enforced by the regulatory agencies in countries where a portfolio company, or any of its potential partners or licensees, intend to test, manufacture or market such products.

Of prime importance is the requirement, applicable in most countries, to obtain from the regulatory authority an approval (marketing authorisation) to market a medicinal product in a territory, which is subject to the authority's jurisdiction. The grant of a marketing authorisation for a medicinal product requires the detailed evaluation of data, relating to the quality, safety and efficacy of the product in the proposed use(s) submitted by the applicant, in accordance with regulatory requirements. Accordingly, preclinical testing and clinical research of medicinal products can be a very lengthy and costly processes. The manufacture of medicinal products is also subject to specific authorisation and to the regular inspection of premises, staff and procedures by the regulatory authorities.

There can be no assurance that any product candidates identified and pursued by a company and/or its licensees and/or partners now, or in the future, will either reach or successfully complete the clinical trials process, or that regulatory approvals to manufacture and market its product candidates will ultimately be obtained. Furthermore, different worldwide regulatory authorities may impose their own differing conditions upon marketing (by, for instance, restricting a product's intended uses). They may refuse to grant, or may require additional data before granting, a marketing authorisation even though another regulatory authority may have approved the relevant product. If an authorisation is obtained, the product and its manufacture are subject to regular review and there can be no assurance that such approval will not be withdrawn or restricted at some point in the future.

Changes in applicable legislation or regulatory policy, serious breaches of regulatory requirements, or the discovery of problems related to the safety, quality or efficacy of the product, or to the production process, site or method of manufacture may result in the imposition of restrictions upon the sale, supply and/or manufacture, including, at worst, the withdrawal of the product from the market and/or the loss of the relevant authorisation(s), or may otherwise have an adverse effect on a portfolio company's business or income from its licensees and/or partners.

### **6.22 Intellectual property protection**

The commercial success of an investment company depends in part on its ability and/or that of its licensors to obtain patent protection for its product candidates in the major territories and to preserve the confidentiality of its own and its collaborators' know-how. No assurance is given that an investment company will develop products, which are patentable, or that patents will be sufficiently broad in their scope to provide protection for a portfolio company's intellectual property rights and exclude competitors with similar or competing technology. Substantial costs may be incurred if an investment company is required to defend its proprietary rights against third parties. There is no assurance that obligations to maintain an investment company's or its collaborators' trade secrets and/or know-how will not be breached or otherwise become known in a manner, which provides an investment company with no recourse.

An Investment company cannot be certain that it was (or its licensors were), the first to make the inventions covered by each pending application or that an investment company or its licensors were the first to file applications for such inventions.

The commercial success of an investment company will also depend in part on non-infringement of patents granted to third parties. Competitors or potential competitors may have filed applications, or may have been granted, or may obtain patents that may relate to technology that is employed by an investment company. If this is the case, an investment company may have to obtain appropriate licenses under these patents or cease and/or alter certain activities or processes and/or develop or obtain alternative technology.

### 6.23 Other risks

Investors should be aware that not all risks can be foreseen. It is therefore not possible for the Trustee or Fund Manager to protect the value of the Fund's investments from all risks. Investors should ensure they obtain appropriate professional advice regarding the suitability of an investment in the Fund having regard to their individual circumstances, including investment objectives, their level of borrowings, their financial situation and individual needs.

**We strongly recommend that Investors obtain independent financial advice before investing in the Fund.**

## 7 Fees and other costs

### 7.1 Payment of fees and other costs

The Fund Manager has agreed to pay all fees and costs of the Fund until such time as, in the opinion of the Trustee, the Fund is in a position to pay these fees and expenses directly. The Fund Manager may be reimbursed for fees and costs it has paid at some point in the future.

### 7.2 Investor fees and expenses

The following table sets out the fees and costs that may be charged to the Fund:

Type of fee or expense	Detail
<p><b>Management Fees</b></p>	<p>2% per annum of the net asset value of the Fund. Payable quarterly in advance. The Fund Manager and Trustee reserve the right to charge a lower amount at their sole discretion.</p>
<p><b>Performance fee</b></p> <p>This fee is paid to the Fund Manager out of returns</p>	<p>The Fund Manager will charge a performance fee from distributions made by the Fund. The distribution from the Fund will be made in accordance with the following waterfall:</p> <ol style="list-style-type: none"> <li>1) First, return of capital to Investors.</li> <li>2) Secondly, payment of the hurdle return of 8% per annum compounded annually to Investors.</li> <li>3) Thirdly, payment of preferred return of 2% per annum compounded annually to the Fund Manager.</li> <li>4) Fourthly, the payment of 80% of any excess returns above the hurdle return and the preferred return to Investors and the remainder of the excess return to the Fund Manager.</li> </ol> <p>The performance fee consists of the excess return and preferred return paid to the Fund Manager described above.</p>

Type of fee or expense	Detail
<p><b>Trustee fee</b></p> <p>These fees are paid to the Trustee by the Fund Manager from the management fees. However, if the Fund Manager does not pay the Trustee's fee, the Trustee may deduct the Trustee fee directly from the Fund's assets.</p>	<p>The Trustee will charge the following fees:</p> <ol style="list-style-type: none"> <li>1) an establishment fee of \$20,000 (exclusive of GST);</li> <li>2) an appointment fee of \$10,000 (exclusive of GST);</li> <li>3) a trustee fee, subject to a minimum annual fee of \$24,000 (exclusive of GST) per annum, of:               <ol style="list-style-type: none"> <li>(a) 0.2% per annum of the Fund's gross asset value on amounts up to \$50 million; plus</li> <li>(b) 0.05% per annum of the Fund's gross asset value on amounts greater than \$50 million but less than \$100 million; plus</li> <li>(c) 0.04% per annum of the Fund's gross asset value on amounts greater than \$100 million but less than \$150 million; plus</li> <li>(d) 0.03% per annum of the Fund's gross asset value on amounts greater than \$150 million.</li> </ol> </li> </ol> <p>The trustee fee:</p> <ol style="list-style-type: none"> <li>(a) accrues and is calculated monthly from the first issue of Units;</li> <li>(b) is payable to the Trustee quarterly in arrears; and</li> <li>(c) will be increased annually in line with CPI; and</li> </ol> <ol style="list-style-type: none"> <li>4) a service fee of \$300 to \$700 (exclusive of GST) per hour</li> </ol>
<p><b>Establishment fees and expenses</b></p> <p>The fees and expenses associated with the establishment of the Fund's assets</p>	<p>These are the fees and expenses of approximately \$300,000 exclusive of GST associated with the establishment of the Fund, and include all Fund establishment and marketing expenses</p>

Type of fee or expense	Detail
<p><b>Other Fund expenses</b></p> <p>The expenses charged to the Fund and paid out of the Fund’s assets</p>	<p>In addition to the fees and other costs set out above, there are fees and costs related to the operation, administration of the Fund. This includes fees, costs, and expenses of the Fund, the Trustee and the Fund Manager incurred in connection with potential investments (including investments that are not consummated) and the acquisition, financing, holding, sale, proposed sale or valuation of any investment (including the repayment of those financings, the costs of establishing and maintaining any borrowing facility, costs of holding Unit holders meetings, costs of preparation of tax returns and any taxes, fees or other governmental charges levied against the Trustee, in its capacity as trustee of the Fund). The Trustee will pay, out of its own funds, all of its general overhead expenses, including the compensation of its personnel who act on its behalf relating to their duties and responsibilities.</p>

All fees and costs of the Fund payable out of the assets of the Fund are reflected in the Unit price of the Fund.

The Trustee or Fund Manager may elect to negotiate separate fees and fee rebates with individual investors at its sole discretion, including fee arrangements which are different to those set out above.

**7.3 Changes to fees and other costs**

The Trustee may change the fees and expenses charged to Investors by giving at least one month’s written notice to Investors, subject to any fee limits in the Trust Deed.

The Trustee may agree with any Unit holder any fee arrangements with that Unit holder which are different to the fees set out in Section 7.1 (*Payment of fees and other costs*).

**7.4 Waiver, deferral or rebate of fees**

The Trustee or Fund Manager may, in their absolute discretion, accept lower fees and expenses than they are entitled to receive, or may defer payment of those fees and expenses for any time. If payment is deferred, then the fee will accrue until paid. In addition, the Fund Manager or Trustee may, in their absolute discretion, waive, negotiate or rebate their fees to an Investor.



## 8 How to invest in the Fund

### 8.1 General

Investors must complete the Application Form attached to or accompanying this Information Memorandum and provide the required customer identification material listed in that form.

Before making a decision to subscribe for Units, potential Investors should read this Information Memorandum.

A copy of the executed Application Form must be emailed to the Fund Manager at [info@h3healthcare.au](mailto:info@h3healthcare.au), with the original and supporting materials to follow.

Investors, please note that:

- the minimum investment/Commitment amount is \$100,000, unless the Trustee otherwise determines in its discretion to accept a lower amount;
- the Offer in is expressly restricted to Wholesale Clients. By lodging an application for Units in respect of the Offer contained in this Information Memorandum, the Investor declares and warrants to the Fund that they are and will remain a Wholesale Client;
- the Trustee has the discretion to accept applications of less than \$100,000, provided that the applicant is a Wholesale Client; and
- in addition to the client identification material and documents required to be sent with an Investor's Application Form, the Trustee may require further information or documents from an Investor at any time in order to satisfy obligations under anti-money laundering and counter terrorism financing legislation or other legislation affecting the Fund or the Trustee.

Please see the Application Form link in Section 14 (*Directory*) below.

### 8.2 Commitments

After reviewing this IM in its entirety, Investors can invest in the Fund by completing the Application Form accompanying this IM (if not previously completed). In the Application Form, Investors are required to nominate the amount they intend to invest or commit to invest for the relevant Commitment Period. The Investors who choose to invest in the Fund by way of Commitment may be required to pay 100% of their capital commitment upfront. The Trustee may call on all or part of the Commitments made by selected Investors only rather than making pro-rata call on all Investors.

Payments for the capital calls must be made via EFTPOS (bank transfer) or bank cheque. Cash payments will not be accepted. The bank account details for investing in Fund are contained in the Application Form.

During the Commitment Period, the Trustee may make one or more further calls for the Investor to invest up to the amount committed by providing at least 10 Business Day's written notice. The Investors are required to pay a call within 10 business days after a capital call is made.

Once an applicant has paid the subscription amount or call amount (whichever is the case), they will

be issued Units within 5 Business Days of the payment due date of the payment. If calls on Commitments after the initial call are not paid, the Units issued previously may be partially or fully forfeited. Please refer to clause 9 (Commitments) and clause 10 (Partly paid Units) of the Trust Deed for further information. **Please consider this carefully before making a commitment to invest in the Fund.**

Application Monies are held in the Fund's Application Account prior to being allocated to the Units and may not be withdrawn. Interest earned on funds held within the Application Account will not form part of the Fund's assets.

### 8.3 Failure to pay a call

If an Investor fails to pay a call on its Uncalled Capital on the due date, the Trustee will send the defaulting Investor notice (**Default Notice**) stating that:

- a demand for payment of all amounts due and payable in respect of the call, any costs and expenses associated with the failure to pay and any call default interest (see below); and
- specifies a further due date for payment; and
- in the event of non-payment at or before the time appointed, the Units in respect of which the Commitment Call was made are liable to be forfeited and redeemed or sold in accordance with this deed

Call default interest is charged at the current Penalty Interest Rate plus 2% accruing daily and being capitalised monthly, in arrears. Call default interest is charged on the amount of the call and any other money owing from the due date until the Trustee receives payment of the overdue amount in full.

If a payment in full is not received by the due date specified in the Default Notice any Units held by the Investor are forfeited. The Trustee may, at the instruction of the Investment Manager, offer any of the Investor's Units for sale, and/or assign all or part of the unpaid call or redeem the Investor's Units in accordance with the Trust Deed.

The Trustee may sell or redeem a defaulting Investor's forfeited Units. The net proceeds of the sale or redemption of any of the defaulting investor's Units (if any) will be paid back to the defaulting investor after making deductions which are permitted by the Trust Deed including, without limitation, costs and expenses incurred as a result of the default and any called but unpaid Commitments.

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A defaulting Investor may be liable for the unpaid amount in respect of the call, damage and losses suffered by the Fund as a result of the non-payment of the call or any future calls, call default interest and all expenses associated with any proceedings necessary to recover the amount due from the investor.

Please refer to clause 9 (Commitments) and clause 10 (Partly paid Units) of the Trust Deed for the Fund for more information on the process for the forfeiture and sale of Units. The Trust Deed is available on request.

### 8.4 Processing applications

Applications will be processed within 10 Business Days of the end of each month where the completed

Application Form and application money are received. The Trustee reserves the right to process applications earlier at its discretion.

The Trustee reserves the right to evaluate any applications for Units and to reject any or all applications submitted, without giving reasons for rejection.

### 8.5 Payment

The Trustee can only accept electronic funds transfers from a bank, building society or credit union account in the name of the Investor. Cash or cheque payments will not be accepted.

The bank account details for the Fund are set out in the Application Form.

### 8.6 Issue price

The issue price of Units under the Offer under this Information Memorandum will be based on the net asset value per Unit as determined in accordance with the Trust Deed unless otherwise determined by the Trustee and the Fund Manager.

## 9 Distributions

Distributions of income and capital will be paid as and when there is a trade sale, IPO or secondary share buyouts in respect of Investee Companies.

As at the IM Date it is not anticipated that distributions will be paid at a regular basis, as the Fund aims to ensure capital appreciation over a five year period. The Fund intends to distribute any capital and income as soon as it is received in respect of an Investee Company and does not intend to reinvest divestment proceeds received by the Fund.

Under the Trust Deed, a Unit holder's distribution entitlement for each Unit is based on the number of Units held by the Unit holder at the relevant calculation date. The Trustee may change the distribution frequency by giving at least 30 days' prior notice to Unit holders.

Distribution payments will be made by direct credit to a Unit holder's nominated account with a financial institution.

No distribution payments will be made to third parties or by cheque.

Investors may not reinvest distributions, unless the Trustee otherwise determines.

Distributions are dependent on the performance of the underlying investments of the Fund. None of the Trustee or Fund Manager, or their related parties, officers, employees, consultants, advisers or agents guarantees the payment of, or amount of, any distribution.

## **10 Withdrawals**

### **10.1 Investment Term**

The Fund is a closed ended investment and there is no opportunity for withdrawal from the Fund prior to the end of the Investment Term.

The Investment Term is five years which may be extended unilaterally by the Fund Manager to seven years or longer if approved by Investors. Holders of Units cannot withdraw until the end of the Investment Term. At the end of the Investment Term, the Fund Manager and Trustee will realise all of the assets of the Fund and distribute any capital and income to investors.

Investors should allow for up to two years following the end of the Investment Term for the Fund Manager to realise assets of the Fund and make final distributions to investors.

The Trustee may in its absolute discretion at its election, on reasonable notice to a Unit holder, redeem all or a portion of Units held by such Unit holder in certain circumstances set out in the Trust Deed.

### **10.2 Redemption price**

The redemption price of Units will be based on the net asset value of the Fund.

## 11 Taxation information

### 11.1 General

The following sets out certain general comments on Australian tax consequences for Australian resident investors who acquire and hold Units in the Fund.

There are Australian tax implications when investing in, disposing Units in, withdrawing Units from, and receiving income from, the Fund. Investors must take full and sole responsibility for the associated taxation implications arising from an investment in the Fund. The Trustee cannot give tax advice and the Trustee recommends that you consult your professional tax adviser as the tax implications for the Fund can impact investors differently.

Any information relating to tax contained in this information memorandum is for general purposes only and should not – and cannot – be relied upon by investors. There may be a range of Australian taxation consequences involved in investing in, disposing Units in, withdrawing Units from, and receiving income from, the Fund, which are not covered in this section – these may include stamp duty, income tax, and GST. There may also be foreign tax consequences arising from investments into the Fund.

### 11.2 Tax File Number (TFN) and Australian Business Number (ABN)

On your application form you may provide us with your TFN or TFN exemption. Alternatively, if you are investing in the Fund in the course of an enterprise, you may quote an ABN. It is not compulsory for you to quote a TFN, exemption or ABN, but if you do not, then we are required to deduct tax from any distribution payable to you at the highest marginal tax rate plus the Medicare levy (and any other levies we are required to deduct, from time to time). The collection of TFNs is authorised, and their use is strictly regulated by tax and privacy laws. Non-residents are generally exempt from providing a TFN.

### 11.3 Goods and services tax (GST)

The application for, disposal and withdrawal of Units, and receipt of distributions, will not be subject to GST. However, GST is payable on our fees and certain reimbursement of expenses. Unless otherwise stated, all fees quoted in this IM are quoted on an Australian GST exclusive basis.

## 12 Other information

### 12.1 Trust Deed

The Fund's Trust Deed (in addition to the general law) sets out the terms and conditions under which the Fund operates, as well as many of the rights, liabilities, duties and obligations of Investors and the Trustee. Your rights, duties and obligations as a holder of Units are governed by the Trust Deed and the general law relating to trusts. These rights include the right to attend Unit holder meetings, to make withdrawal requests, receive and reinvest distributions, and participate in proceeds of the termination and winding up of the Fund.

Some key terms of the Trust Deed are described below, but it does not summarise all of the provisions. Other terms have been described elsewhere in this IM, including in relation to the nature of an Investor's interest in the Fund's assets, applications and redemptions of Units, Unit pricing, transfers of Units, distributions and Trustee fees.

Investors should refer to the Trust Deed for the detail of the provisions. A potential Investor, and a Unit holder, may obtain a copy of the Trust Deed on request to the Trustee.

#### (a) Transfer of Units and security over units

A Unit holder may transfer Units in the manner as the Trustee from time to time prescribes but must not do so without the express written consent of the Trustee (which may be withheld in its absolute discretion). An Investor may also be able to assign their Commitment or an unpaid call. Under the Trust Deed, the Trustee has the discretion to refuse the transfer of Units and is not obliged to accept a transfer of Units or Commitments. Please note that a transfer of Units or Commitments may have taxation consequences. Please see Section 11 (*Taxation information*) for further information.

#### (b) Trustee's role, obligations and rights

The Trustee's duties and obligations to Investors are imposed, and functions and powers conferred, by the Trust Deed, the Corporations Act (where relevant) and general law.

Examples of the Trustee's powers include acquiring and disposing of the Fund's assets, entering into agreements, operating accounts, and raising money.

A Unit holder may not create any encumbrance or other security interest over a Unit without the consent of the Trustee.

Under the Trust Deed, the Trustee has (among other things) a broad power of investment, an entitlement to be paid the specified fees out of the Fund's assets, a right to pay out of the Fund's assets fees and costs incurred by the Trustee in the performance of its duties (including payment of the fees and costs of the Fund Manager under the Management Agreement, and other Fund expenses such as in connection with custody, administration, valuation and dealing of Fund assets), and (subject to limitations operating by law) a right to be indemnified out of the Fund's assets for any fees or costs incurred by it, in its own capacity or through an agent, manager, advisor or delegate.

#### (c) Trustee's indemnity and limitation of liability

The Trustee, as the trustee of the Fund, has to the fullest extent permitted by law, a right to be indemnified out of the Fund's assets for any cost, expense liability incurred by it, in its own capacity or through an agent, manager, advisor or delegate.

To the fullest extent permitted by law, the Trustee is not liable in contract, tort or otherwise to any future trustee, any Unit holder or any other person.

**(d) Trustee's retirement and removal**

The Trustee may retire as trustee of the Fund effective on the appointment of a replacement trustee, by giving notice to the Unit holders.

The Trustee must retire as trustee of the Fund when required by law or directed to retire by a special resolution provided that Unit holders holding in aggregate at least 75% of all Units on issue vote (in person or by proxy) on the resolution and provided that the Trustee must not retire until a replacement trustee is appointed.

**(e) Termination of the Fund**

The Trustee at any time may terminate the Fund by written notice to the Unit holders with effect from the termination date specified in the notice.

The Unit holders may at any time terminate the Fund by special resolution provided that Unit holders holding in aggregate at least 75% of all Units on issue vote (in person or by proxy) on the resolution.

**(f) Amending the Trust Deed**

The Trustee may amend the Trust Deed, however, where the Trustee proposes to:

- I. amend or replace the Trust Deed (**Proposed Change**); and
- II. the Trustee reasonably considers the Proposed Change will materially adversely affect Unit holders' rights,

the Proposed Change must be approved by the Unit holders by 'special resolution' (as defined in the Corporations Act).

**12.2 Management Agreement**

The Trustee and Fund Manager have entered into a management agreement (**MA**). Under the terms of the MA:

- (a) the Trustee appoints the Fund Manager to promote and distribute the Fund, source investments for the Fund and manage the investments of the Fund.
- (b) the Trustee agrees with the Fund Manager to manage the Fund in accordance with relevant laws and the terms of the Trust Deed.
- (c) the Fund Manager agrees to provide regular reporting to the Trustee and be subject to the regular

monitoring of the Trustee. The Fund Manager also agrees to provide proper instructions for the making of investments in the Fund.

- (d) the fees and expenses payable to the Fund Manager and Trustee are specified; and
- (e) terms are set out for the termination of the MA including where either party has breached the MA or becomes insolvent, or on notice after the minimum appointment period for the Trustee has been satisfied.

### 12.3 Conflict of Interest

The Fund Manager may have interests conflicting with the Fund arising in the ordinary course of its business. The Fund Manager has documented procedures for the identification, clearance and management of any conflicts of interest.

The information set out below identifies some areas where potential conflicts may arise:

#### **Co-investment opportunities**

The Fund may participate in transactions that otherwise meet the investment criteria but require funding greater than the prudential limits set for the Fund. The investors may be offered an opportunity to co invest in such circumstances.

#### **Other clients of the Manager**

The Fund Manager may act as the trustee, responsible entity, manager or general partner for a number of other Investors and has fiduciary obligations and duties in relation to each of those Investors that are similar to its obligations and duties in relation to the Investors.

To the extent the Investors do not take up all of any co-investment shortfall described above, the opportunity to co-invest with the Fund may be offered to other clients of the Fund Manager and may occur on terms which are different to the Fund. In addition, the Fund Manager may give advice and take action in the performance of its duties to other clients which differs from advice given and action taken in relation to the Fund.

The Fund Manager will not be required to account to the Fund for any co-investment fees earned by it or any associate.

#### **Subsequent fund**

The Fund Manager may raise subsequent funds with the same investment mandate as the Fund. Any subsequent fund may participate in the same investment opportunities as the Fund.

#### **Fund Manager's investment**

The Fund Manager may separately invest in transactions where:

- (a) the investment is outside the investment objectives of the Fund.
- (b) the investment is a strategic investment of the Fund Manager's business; or



- (c) the investment is related to an existing investment of the Fund Manager or an investment currently managed by the Fund Manager.

#### 12.4 Privacy information statement

The Trustee and the Fund Manager may collect personal information from Investors as part of the application process or during the administration of the Fund.

The Trustee and the Fund Manager use this information to establish and manage that investment for you. If you do not provide the Trustee with your contact details and other information, then it may not be able to process your application to invest in the Fund.

Under the Privacy Act 1988 (Cth), you can access personal information about you held by the Trustee, except in limited circumstances. Please let the Trustee know if you think the information is inaccurate, incomplete or out of date.

The Trustee and the Fund Manager may disclose Investors' personal information to external service providers engaged to supply administration, financial or other services, and anyone that Investors have authorised (including an Investors' custodian or financial adviser) or if required by law. The Fund Manager is obliged, under the Management Agreement, to adhere to the Trustee's privacy policy.

Under various laws and regulatory requirements, the Trustee may have to pass on certain information to other organisations, such as the Australian Taxation Office or the Australian Transaction Reports and Analysis Centre (or 'AUSTRAC').

By applying to invest, you give the Trustee permission to pass information it holds about you to other companies which are involved in helping it administer the Fund, or where they require it for the purposes of compliance with anti-money laundering and counter terrorism financing laws or in connection with the holding of application money.

The Trustee may also use your information to provide you with details of future investment offers made by it or the Fund Manager. You will be able to opt out of receiving notification of these offers.

The Trustee's privacy policy is available from the Trustee website.

#### 12.5 Reporting

The Trustee will furnish Investors with financial statements and tax information necessary for the completion of Investor tax returns on an annual basis.

On a quarterly basis, each Investor will be furnished with a summary report on the Fund's investments, prepared by the Fund Manager.

On an annual basis, financial statements will be provided to Investors as soon as practicable after the end of the financial year.

Investors may not disclose information contained in any report without the consent of the Trustee or as required by law.

## 12.6 Anti-money laundering laws

As a part of the application for Units, Investors will be required to provide customer identification materials to enable the Trustee's compliance with anti-money laundering and counter terrorism financing legislation. In addition to the customer identification material and documents required to be sent with an Investor's Application Form, the Trustee may require further information or documentation from an Investor at any time in order to satisfy its obligations under anti-money laundering and counter terrorism financing legislation.

## 12.7 Foreign Account Tax Compliance Act

The Trustee believes that the Fund will be required to comply with the Foreign Account Tax Compliance Act (FATCA), United States (US) tax law which was enacted for the purposes of improving tax information reporting regarding US persons in respect of their offshore investments to the US Internal Revenue Service (IRS). In 2014, an Intergovernmental Agreement was signed between Australia and the US to facilitate the implementation of FATCA by Australian financial institutions.

In order to comply with FATCA requirements, the Trustee:

- may require Investors to provide certain information regarding their identification and will undertake certain due diligence procedures with respect to Investors to determine their status for FATCA reporting purposes. This information may be required at the time an application is made for the issue of Units or at any time after the Units have been issued; and
- will report annually to the IRS, via the Australian Taxation Office (ATO), in relation to relevant Investors' financial information required by the ATO (if any) in respect of any investment in the Fund.

Accordingly, by making an application to invest in the Fund, you agree to provide the Trustee with certain identification and related information in order to enable it to comply with its obligations in connection with FATCA.

## 12.8 Common Reporting Standard (CRS)

The Common Reporting Standard is the single global standard for the collection, reporting and exchange of financial account information on foreign tax residents. Australia has signed the Organisation for Economic Co-operation and Development (or 'OECD') Multilateral Competent Authority Agreement on Automatic Exchange of Account Information. This agreement enables CRS information to be exchanged between jurisdictions' tax authorities where relevant legislation has been adopted.

The Trustee is required to collect certain information about foreign tax residents (including New Zealand tax residents) to provide it to the ATO. The ATO may pass this information onto tax authorities in other jurisdictions that have adopted the CRS. The requirements are similar to those which exist under FATCA, however, there are a greater number of countries in respect of which the ATO may provide information to the respective tax authorities.

Accordingly, by making an application to invest in the Fund, you agree to provide the Trustee with certain identification and related information in order to enable it to comply with its obligations in connection with CRS.

## 12.9 Wholesale Clients

Only Wholesale Clients may apply for and hold Units.

Generally, an Investor is a 'wholesale client' for the purposes of the Corporations Act where any one of the following applies:

- (a) the Investor's investment is \$500,000 or more
- (b) the Investor provides an accountant's certificate stating that the Investor has net assets of at least \$2.5 million or has earned at least \$250,000 in each of the last two financial years
- (c) the Investor is a 'professional investor' (including those that hold an AFSL, are APRA regulated or have or control at least \$10 million worth of assets); or
- (d) we are satisfied on reasonable grounds that the Investor has suitable previous experience in financial products, subject to certain conditions.

## 12.10 Consents

Each of the Trustee and Hall & Wilcox (as lawyers):

- (a) has made no statement included in this IM or on which a statement made in this IM is based, other than the details about it, and the other sentences in this IM that refer to it.
- (b) has consented to those statements being included in this IM in the form and context in which they appear and has not withdrawn this consent before the date of this IM.
- (c) specifically disclaims responsibility for, and liability to any person in the event of, any omission from, or any false or misleading statement included in, any other part of this IM; and
- (d) has not authorised or caused the issue of any part of this IM.

## 12.11 Electronic instructions

Investors can provide instructions on their account and investment to the Trustee by email, subject to the Trustee's discretion to require original documentation.

In respect of electronic instructions, the Trustee will not accept an instruction unless it is accompanied by the scanned signature(s) of the Investor(s).

The Trustee (and its related parties, officers, employees, consultants, advisers and agents) will not be responsible for any loss or delay that results from a transmission not being received by the Trustee and will only process electronic instructions received in full and signed by authorised signatories of the Investor.

Only instructions received from an Investor or a person authorised by the Investor will be accepted by the Trustee. Investors must comply with any security or verification procedures required by the Trustee from time to time.

The Trustee and its related parties, officers, employees, consultants, advisers and agents will assume

that any instruction received in respect of an Investor's investment has been authorised by the Investor, and the Trustee and its related parties, officers, employees, consultants, advisers and agents will not investigate or confirm that authority (unless the Trustee is actually aware that the instruction was not authorised).

The Trustee may refuse to act on any instruction until the validity of the instructions have been confirmed, and the Trustee (and its related parties, officers, employees, consultants, advisers and agents) will not have any liability to the Investor or any other person for any consequences resulting from not acting on the instruction.

If an Investor chooses to provide electronic instructions, the Investor releases the Trustee and its related parties, officers, employees, consultants, advisers and agents from any claims and indemnifies those parties against all costs, expenses, losses, liabilities or claims arising from any payment or action those parties make based on instructions (even if not genuine) that any of those parties receive and which they reasonably believe are genuine, including as a result of gross negligence or wilful default by any of those parties.

Each Investor also agrees that neither the Investor, nor anyone claiming through the Investor, has any claim against the Trustee and its related parties, officers, employees, consultants, advisers and agents in relation to acting on instructions received (authorised by the Investor or otherwise).

Investors should be aware that there is a risk that fraudulent requests can be made by someone who has access to an Investor's account information.

The Trustee may vary the conditions of service of any communications at any time by providing notice, either in writing, by email or other electronic communication.

### 12.12 Investor inquiries

All inquiries or complaints from Investors about the Fund should be directed to the Fund Manager.

The Fund Manager may be contacted in one of the following ways:

**By telephone:** +61 3 9614 6888

**By email:** info@h3healthcare.au

All complaints will be dealt with in a timely manner and in accordance with the Trustee's complaints resolution policy.

## 13 Glossary

In this IM, the following terms have the following meanings unless the context otherwise requires:

Term	Meaning
<b>ADI</b>	authorised deposit taking institution.
<b>AFSL</b>	Australian financial services licence issued by ASIC under the Corporations Act.
<b>Application Form</b>	the application form for interests in the Fund, attached to or accompanying this Information Memorandum, the form of which is determined by the Trustee from time to time.
<b>APRA</b>	Australian Prudential Regulation Authority.
<b>ASIC</b>	Australian Securities and Investments Commission.
<b>Business Day</b>	a day that is not a Saturday, Sunday, bank holiday or public holiday in Melbourne, Australia.
<b>Close Date</b>	When total uncalled Commitments and investments of of \$80,000,000 have been received, or 31 March 2025, whichever is earlier. The Trustee reserves the right to close the Fund early or extend the Close Date at its sole discretion.
<b>Commitment</b>	an applicant's binding agreement with the Trustee to subscribe for Units in the Fund to a specified dollar amount (being the amount equal to the issue price multiplied by the number of Units subscribed for) and against which capital calls made by the Trustee.
<b>Commitment Period</b>	a period for which a Commitment is made.
<b>Corporations Act</b>	<i>Corporations Act 2001</i> (Cth) and regulations and other subordinate legislation made pursuant to that Act.
<b>Fund</b>	US Healthcare Fund established by the Trust Deed.
<b>Fund Manager</b>	Horizon 3 Healthcare Pty Ltd ACN 640 449 887.
<b>Information Memorandum, IM</b>	this document.
<b>Investment Term</b>	the minimum period during which the Investor's interests in the Fund cannot be withdrawn from the Fund.
<b>Investor, you, your</b>	a holder of a Unit, or an applicant for a Unit, or a prospective applicant for a Unit, as the context requires.
<b>IRR</b>	Internal rate of return.

Term	Meaning
<b>Management Agreement, MA</b>	the management agreement between the Trustee and the Fund Manager dated on or around the date of this IM.
<b>Offer</b>	the offer of Units under this IM.
<b>Penalty Interest Rate</b>	means the rate set under section 2 of the <i>Penalty Interest Rates Act 1983</i> (Vic) from time to time.
<b>Target Rate of Return</b>	the target return intended to be achieved by the Fund.
<b>Trust Deed</b>	the trust deed of the Fund, as amended or replaced from time to time.
<b>Trustee, we, us, our</b>	the trustee of the Fund, being, at the time of this Information Memorandum, Melbourne Securities Corporation Limited ACN 160 326 545.
<b>Uncalled Capital</b>	any portion of an applicant's Commitment which is not subject to a call by the Trustee.
<b>Unit</b>	a unit in the Fund, with the rights, obligations and restrictions attaching to it as set out in the Trust Deed.
<b>Wholesale Client</b>	has the same meaning as 'wholesale client' under the Corporations Act.
<b>Withdrawal Form</b>	the withdrawal form that an Investor must complete to withdraw its interests in the Fund, the form of which is determined by the Trustee from time to time.

## 14 Directory

### Fund Manager

#### **Horizon 3 Healthcare Pty Ltd**

ACN 640 449 887

Telephone: +613 9614 6888  
Email: info@h3healthcare.au  
Website: www.h3healthcare.au

### Application Form

Download and fill in online form [here](#)

### Trustee

#### **Melbourne Securities Corporation Limited**

ACN 160 326 545

Telephone: 1300 798 790  
Website: www.msc.group  
Email: trustee@msc.group

### Legal advisor

#### **Hall & Wilcox**

Level 11, Rialto South Tower  
525 Collins Street  
MELBOURNE VIC 3000

Telephone: +61 3 9603 3555  
Email: information@hallandwilcox.com.au  
Website: www.hallandwilcox.com.au