
MyRacehorse No.1

Product Disclosure Statement

Scheme

Name: MyRacehorse No.1

ARSN: 646 771 262

Class of Units offered under this PDS: "G Class Units"

Horse: Heskett Bundle of interests in 26 horses (Super Stable)

Responsible Entity

Sire Custodians Ltd

ABN 45 005 088 371

AFSL 223671

Manager

MyRacehorse Pty Ltd

ABN 53 643 461 590

AFS Representative Number 001284902

You should read this PDS carefully before making a decision to invest.

IMPORTANT NOTICES

This information is important and requires your attention

It is important that you read this document carefully and in its entirety prior to making your investment decision with respect to investing in MyRacehorse No.1 (ARSN 646 771 262) (**Scheme**). In particular you should pay careful consideration to the risk factors outlined in Section 6 (*What are the risks of investing in the Scheme?*) of this PDS and the tax implications in Section 8 (*Taxation*) of this PDS as they relate to your personal investment objectives, financial circumstances and needs. The potential tax effects of an investment in the Scheme will vary between Unit Holders. Other risk factors may exist in addition to those identified in this document which should also be considered in light of your personal circumstances. If you have any queries or uncertainties relating to aspects of this document or an investment in the Scheme, please consult your adviser before deciding whether to invest.

The issuer

This document is a Product Disclosure Statement (**PDS**) for the purposes of Part 7.9 of the Corporations Act and has been issued by Sire Custodians Ltd (ABN 45 005 088 371, AFSL 223671) (**Responsible Entity, we, us, our**) as the Responsible Entity of the Scheme.

Date

This PDS was prepared in consultation with the Manager in accordance with the Corporations Act. This PDS is dated 15 September 2021. This PDS has not, and does not need to be, lodged with ASIC, and ASIC does not take any responsibility for the contents of this PDS or the merits of the investment to which this PDS relates.

Not investment advice

The information contained in this PDS should not be taken as financial product advice and has been prepared as general information only without consideration for your particular investment objectives, financial circumstances, or particular needs. It is not intended to be a recommendation by the Responsible Entity, Manager, or any of their officers, employees, agents, or affiliates to invest in the Scheme. You should not base your decision to invest in the Scheme solely on the information in this PDS. You should consider the suitability of the Scheme in view of your financial position and investment objectives and needs and you may want to seek advice before making an investment decision.

In particular, you should pay careful consideration to the risk factors outlined in Section 6 (*What are the risks of investing in the Scheme?*) of this PDS in light of your personal circumstances, recognising that other risk factors may exist in addition to those identified and should also be considered before deciding whether to invest.

If you have any queries or uncertainties relating to aspects of this PDS or the offer for Units in the Scheme, please consult your stockbroker, accountant, or other independent financial adviser before deciding whether to invest.

Similarly, the tax implications of your investment will vary depending on your personal financial circumstances and investment objectives. You should consider the tax implications outlined in Section 8 (*Taxation*) of this PDS and obtain your own professional taxation advice prior to deciding whether to invest in this offer for Units in the Scheme.

Rights and liabilities attached to Units

None of the Responsible Entity, Manager or any of their officers, employees, agents, or affiliates guarantee the success, repayment of capital or any rate of return on income or capital or the investment performance of the Scheme. Past performance is no indication of future performance. Units in the Scheme are offered and issued by the Responsible Entity on the terms and conditions described in this PDS.

Details of the rights and liabilities attached to each Unit are described in this PDS and set out in the Constitution. A copy of the Constitution will be made available for inspection at the registered office of the Responsible Entity within normal trading hours.

Electronic PDS

An electronic copy of this PDS may be viewed online by Australian Unit Holders at <https://myracehorse.com/app/#/singleHorseView/5981>. If you access the PDS electronically, please ensure that you download and read the PDS in its entirety. The offer to which this PDS relates is available to persons receiving this PDS (electronically or otherwise) in Australia only.

A paper form of this PDS can be obtained, free of charge, by contacting Sire Custodians Ltd, Suite 203, Level 2, 66 Street, North Sydney, NSW, 2060.

Applications for Units in the Scheme will only be considered if applied for via the online Application Form available at <https://myracehorse.com/app/singleHorseView/5981>.

The Corporations Act prohibits any person from passing the Application Form on to another person unless it is accompanied by this PDS in its paper form or the complete and unaltered electronic form.

Overseas Unit Holders

This PDS has been prepared to comply with the requirements of Australian law and is only being made to Unit Holders in Australia. This PDS does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation.

Distribution of this PDS outside of Australia (whether electronically or otherwise) may be restricted by law. Persons who receive this PDS outside of Australia are required to observe any such restrictions. Failure to comply with such restrictions may find you in violation of applicable securities laws.

Any person subscribing for Units in the Scheme shall by virtue of such subscription be deemed to represent that they are not in a jurisdiction which does not permit the making of an offer or invitation as detailed in this PDS and are not acting for the account or benefit of a person within such jurisdiction.

Neither the Responsible Entity nor the Manager, including their respective directors, officers, employees, agents, partners, advisers or consultants, accepts any liability or responsibility to determine whether a person is able to participate in the offer for Units in the Scheme.

Updated information

Information regarding the Scheme may change from time to time. Any updated information about the Scheme that is considered not materially adverse to Unit Holders will be made available on the Manager's website <https://myracehorse.com/app/singleHorseView/5981> and the Responsible Entity will provide a copy of the updated information free of charge to any eligible Unit Holder who requests a copy by contacting Sire Custodians Ltd, Suite 203, Level 2, 66 Berry Street, North Sydney, NSW, 2060.

In accordance with its obligations under the Corporations Act, the Responsible Entity may issue a supplementary PDS to supplement any relevant information not disclosed in this PDS. You should read any supplementary disclosures made in conjunction with this PDS prior to making any investment decision.

Financial information

Unless otherwise specified, all financial and operational information contained in this PDS is believed to be current as at the date of this PDS. All currency amounts are in Australian dollars unless otherwise specified. No financial forecasts are made in this document.

Photographs, diagrams, and artist's renderings

Photographs, diagrams, and artist's renderings contained in this PDS that do not have accompanying descriptions are intended for illustrative purposes only. They should not be interpreted to mean an endorsement of this PDS or its contents by any person shown in these images. Furthermore, assets not accompanied by a description should not be interpreted as being owned by the Responsible Entity or the Scheme.

Diagrams used in this PDS are also intended for illustrative purposes only and may not be drawn to scale.

Definitions, abbreviations, and other information

Explanations of defined terms and abbreviations used throughout this PDS can be found in Section 12 (*Glossary*) of this PDS.

Unless otherwise stated or implied, references to times in this PDS are to the time in Sydney, New South Wales. Similarly, references to dates or years in this PDS are financial years unless otherwise stated or implied. Rounding of the figures provided in this PDS may result in some discrepancies between the sum of components and the totals outlined within the tables and percentage calculations.

Disclaimer

No person is authorised to give any information, or to make any representation, in connection with the offer for Units in the Scheme that is not contained in this PDS.

Any information or representation that is not in this PDS may not be relied on as having been authorised by the Responsible Entity in connection with the offer for Units in the Scheme. Except as required by law, and only to the extent so required, neither the Responsible Entity, nor any other person, warrants or guarantees the future performance of the Scheme, the repayment of capital, or any return on any investment made pursuant to this information.

Further questions?

If you have any queries relating to aspects of this PDS please email advisory@sirecustodians.com.au.

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Product Disclosure Statement

1 Welcome to the Scheme

1.1 Overview

The Scheme is designed to afford Investors an opportunity to participate, through the Scheme, in the ownership and racing of quality thoroughbred horses trained by a well-known, and competent trainers. By holding Units in the Scheme, Investors may spread both the costs and inherent risks associated with owning and racing a thoroughbred racehorse.

1.2 Structure of Scheme

The Scheme is structured as an unlisted unit trust. The Responsible Entity accepts money from different Investors which is pooled and collectively used to acquire the Horse. Scheme levies are used to meet the costs of the operation of the Scheme.

The beneficial interest in the Scheme's net assets is divided into Units. Each Unit confers on the holder of a Unit (**Unit Holder**) an undivided interest in the assets of the Scheme in the same proportion as that Unit number bears to the total number of Units on issue. However, EXCEPT as stated in this PDS, a Unit does not confer on the Unit Holder any entitlement to any particular asset of the Scheme or to any part of the assets.

The Scheme is established under its Constitution. The Constitution allows the Responsible Entity to issue different classes of Units which may have different rights and obligations (including fees) attached to them. Units within a Class have the same rights and obligations.

The Responsible Entity will issue a new Class of Units each time it proposes to invest in a suitable horse for the Scheme. The Unit Holders of a particular Class:

- (a) will benefit from racing the horse referable to that Class, including being entitled to receive a proportion of any prize money earned from racing the horse and any sale proceeds which may be realised if or when it is sold; and
- (b) will be responsible for all of the costs and expenses:
 - (i) associated with acquiring, maintaining, training, and racing the horse referable to that Class; and
 - (ii) associated with operating the Scheme that the Responsible Entity determines are referable to that Class.

Each Class, however, does not have segregated assets and liabilities, and does not constitute a separate trust. Unit Holders in different Classes will be treated fairly.

1.3 Offer and acquisition process

The Responsible Entity intends to issue a new Class of Units for each Horse or group of Horses acquired for the Scheme. The Responsible Entity intends to issue a new PDS for each new class of Units.

The Class of Units on offer under this PDS are G Class Units. This PDS explains the benefits and risks of acquiring G Class Units and provides information to Investors about special features of investing in the G Class Units, including details of each Horse or group of Horses to be acquired by

the Scheme that is referable to that Class, the Trainer, the Acquisition Price, and the fees and costs associated with that Class.

The Responsible Entity will seek investment of the Minimum Subscription Amount in the G Class Units.

To help achieve the Minimum Subscription Amount, MyRacehorse Pty Ltd intends to subscribe for Units on its own account and for its own purposes where the aggregate amount raised from other Investors does not achieve the Minimum Subscription Amount.

This PDS also explains what will happen if the Minimum Subscription Amount is reached, including that Investors will then be issued with G Class Units and the Responsible Entity will acquire the legal and beneficial title to the Horse from the Manager.

The subscription money will exceed the amount required by the Responsible Entity to acquire the Horse for the Scheme. The balance comprising the Scheme Levy will be retained by the Responsible Entity and used to meet the fees and costs of operating the Scheme associated with the G Class Units, including Horse-related costs.

Unit Holders will not be liable to pay any further Scheme Levies.

If there is a surplus upon the Horse or Horses being retired from racing it will be returned to the G Class Unit Holders.

If there is a shortfall it will be paid by the Manager from its own resources, with the right to offset any amounts paid as Horse-related costs (including but not limited to maintaining, training, and racing the Horse) against Prize money earned or Proceeds received from the sale of the Horse or Horses.

The Responsible Entity may also issue additional G Class Units to raise additional capital to pay extraordinary expenses such as a one-off payment to secure a slot in The Everest, late nomination to The Golden Slipper, or to pay insurance premiums if the value of the Horse were to increase significantly because of its success on the racetrack. If additional G Class Units are issued, existing Unit Holders will have a first right of refusal to acquire those Units in the same proportions as their current Unit holdings at that time.

If the Scheme continues to own a Horse or Horses beyond 30 June 2023, the Responsible Entity may retain out of the Net Prize Money earned, or the Net Proceeds of sale to which the G Class Unit Holders are otherwise entitled to receive as distributions, an amount as additional Scheme related levies sufficient to pay ALL of the Scheme's operating costs, including Horse-related costs, for that period attributable to the G Class Units.

Please see Section 7 [*Fees and other costs*] of this PDS for information about the fees and costs which a Unit Holder will be required to pay in connection with the ownership of Units.

This PDS explains the process of acquiring the Horse and what happens after that.

1.4 The Responsible Entity

The Responsible Entity is Sire Custodians Ltd (ABN 45 005 088 371), which holds an Australian financial services licence, numbered 223671.

The Responsible Entity was incorporated in 1975 and specialises in the establishment and operation of horse racing and horse breeding (stallion) schemes. It has held its current AFSL since 2002.

The Responsible Entity is a professional responsible entity and trustee which is unrelated to the Manager or the Trainer.

The Manager operates as an authorised representative (AFS Representative Number: 001284902) of the Responsible Entity in relation to the financial services that it provides in connection with the Scheme.

1.5 The Manager

The Responsible Entity has engaged MyRacehorse Pty Ltd (ABN 53 643 461 590) as the Manager of the Scheme. The Manager has relevant expertise in horse racing and is regarded as able to procure the services of various persons, including bloodstock consultants, veterinarians, and horse trainers, and to monitor the provision of services to the Scheme.

The Manager is unrelated to the Responsible Entity.

1.6 Prize money

The primary purpose of the Scheme is to acquire and race suitable horses in an effort to win prize money and enhance their residual value.

The horses are chosen by the Manager. However, neither the Manager nor the Responsible Entity makes any representation or gives any warranty that the horses will win any races or prize money or have any significant residual value.

1.7 Registered with ASIC

The Scheme is a managed investment scheme that is registered with ASIC. The Constitution and the Compliance Plan, which detail how the Scheme will be operated and monitored, have been lodged with ASIC.

This PDS was prepared by the Responsible Entity. It has not (and is not required to be) lodged with ASIC. The Responsible Entity will notify ASIC that this PDS is in-use in accordance with the requirements of the Corporations Act. ASIC has no responsibility for the contents of this PDS. This PDS is available electronically via the Manager's website:

<https://myracehorse.com/app/singleHorseView/5981>.

Investing in the Scheme is not without risk, and you may lose some or all your investment. It is important that you read and understand each of the risks set out in Section 6 [*What are the risks of investing in the Scheme?*] of this PDS.

You should read this PDS in its entirety before deciding to invest.

2 Key features of the Scheme

The table below provides a summary of key features of the Scheme. You must read the whole of this PDS to obtain more information.

Feature	Description
<i>Manager of the Scheme</i>	

Feature	Description
What is the Manager's role?	<p>The Manager is responsible for:</p> <ol style="list-style-type: none"> Communication All communications: <ol style="list-style-type: none"> with the Unit Holders of each Class of Units in the Scheme; with the trainer of the horse referable to each particular Class; and with all third parties who provide services in relation to the horse referable to each particular Class. <p>Important Notice: Unit Holders are not authorised to contact the trainer directly.</p> Horse Management [and in the case of co-owned horses, in collaboration with the person who is appointed by the majority co-owners as the manager of the horse] <ol style="list-style-type: none"> identifying and acquiring suitable horses for the Scheme; facilitating the naming of each horse that is unnamed at the time of acquisition and in which the Scheme holds a majority interest; arranging for the appointed trainer of each particular horse to take possession and day-to-day control of the horse for the purpose of: <ol style="list-style-type: none"> training and racing it to best advantage; caring for and maintaining it, including (without limitation) providing stabling and ancillary facilities, equipment and gear, feed, and supplements; providing or as the agent of the Manager procuring agistment and pre-training; and as the agent of the Manager procuring the services of such third-party service providers as the trainer considers necessary, including chiropractic care, dentistry, farriery, veterinary care, and transportation; determining in consultation with the designated trainer of horse its racing program and also the jockey who will ride it in each of its races; determining when the horse is sold and the most suitable method of sale; and ensuring that the horse, if retired from racing and considered by the Manager to be not suitable for breeding, but suitable for retraining and rehoming as an equestrian or riding horse, is retrained, and re-homed. Arranging mortality insurance cover Physical events Events, such as race day functions, barrier trial attendance and stable visits are the responsibility of the Manager.

Feature	Description
How do I access your services?	Go to https://myracehorse.com/app/singleHorseView/5981 or contact ausupport@MyRacehorse.com .
Investing in the Scheme	
Who can invest?	Any individual over the age of 18 years and any corporate entity who is eligible to be the owner of a racehorse under the Australian Rules of Racing. More information can be found in Section 3.9 [<i>Code of Conduct</i>], Section 6 [<i>What are the risks of investing in the Scheme – “Forfeiture”</i>] and Section 10.12 [<i>Rules of Racing</i>].
What is the subscription price?	The subscription price for G Class Units is \$1 per G Class Unit.
How much can I invest?	<p>The minimum number of G Class Units that an Investor must subscribe for is 150, so the minimum subscription amount per Investor is \$150.</p> <p>Applications in excess of 150 G Class Units must be made in multiples of 150 G Class Units. This means that an Investor's subscription amount under this offer must be \$150 or a multiple of \$150.</p> <p>There is no limit to the number of G Class Units an Investor can apply for in multiples of 150.</p>
How long can I invest for?	<p>An Investor is buying a G Class Unit for the period of the racing career of the Horse. The expected investment period is 2-4 years, although there is no certainty as the period during which the Horse will continue racing.</p> <p>If the Horse is successful it may race for a longer period and if it is unsuccessful it may race for a shorter period.</p>
What does the Manager apply my investment money to?	Your application money is applied toward an investment in G Class Units. The money raised will be applied to acquire the Horse referable to that Class from the Manager. Any excess subscription money is retained in the Scheme by the Responsible Entity on behalf of the Investor and may be used to meet fees and costs of operating the Scheme associated with the G Class Units.
Are there risks in investing?	Yes, there are risks which may lead you to lose some or all your investment. It is important that you read and understand each of the risks set out in Section 6 (<i>What are the risks of investing in the Scheme?</i>) of this PDS.
What is the Minimum Subscription Amount?	<p>The minimum number of G Class Units to be issued under this offer is 750,000 for a Minimum Subscription Amount of \$750,000.</p> <p>If the Minimum Subscription Amount is not reached on or before the Offer Closing Date, MyRacehorse Pty Ltd intends to subscribe for Units on its own account and for its own purposes where the</p>

Feature	Description
	aggregate amount raised from other Investors does not achieve the Minimum Subscription Amount.
What is the Maximum Subscription Amount?	<p>The maximum number of G Class Units to be issued under this offer is 3,000,000 for a Maximum Subscription Amount of \$3,000,000.</p> <p>The Responsible Entity does not intend to accept additional applications once the Maximum Subscription Amount has been raised and may reject in whole or in part any application for G Class Units to ensure that the amount raised under this offer does not exceed the Maximum Subscription Amount.</p> <p>More information can be found in Section 11.2 [<i>Application process</i>].</p>
How do I withdraw funds?	The Unit Holders will have no right to require the Responsible Entity to redeem Units or to buy them back at any time during the term of the Scheme. However, Unit Holders may transfer Units to some other person, with the approval of the Responsible Entity at its discretion. The Responsible Entity may charge the Unit Holder seeking to transfer the Units a fee of \$5 plus GST to process and record the transfer.

Distributions

What return do I receive for my investment?	<p>The objective of the Scheme is to generate income in the form of any prize money or bonuses earned by the Horse referable to the G Class Units. As the prospect of winning races and prize money is entirely speculative, no income projections are made.</p> <p>More information can be found out in Section 5 [<i>What are the benefits of investing in the Scheme?</i>].</p>
When do I receive payments?	The Constitution and the nature of the Scheme contemplate that Scheme income will be distributed annually, although the Responsible Entity may distribute more frequently if the amount of Scheme income available for distribution warrants it, SUBJECT ALWAYS to the right of the Responsible Entity to retain money on account of Horse-related costs reimbursable to the Manager and the Responsible Entity's right to determine the distributable income of the Scheme.
How are my payments calculated?	The distributable income of the Scheme referable to G Class Units will be distributed proportionately to the G Class Unit Holders in the same proportion as the number of Units held bears to the total number of Units of the G Class on issue at the relevant time.
How do I receive payments?	Distributions will be paid by electronic funds transfer to each Unit Holder's nominated bank account or MyRacehorse wallet account held and administered by the Responsible Entity.

Fees and charges

Feature	Description
What fees and charges do I pay?	<p data-bbox="491 405 1315 506">On application for G Class Units, a Unit Holder is required to pay to the Responsible Entity the following fees and charges that are referable to G Class Units:</p> <ul data-bbox="491 517 1315 943" style="list-style-type: none"> <li data-bbox="491 517 1315 618">■ the initial Scheme Levy, which the Responsible Entity and Manager considers to be sufficient to cover the Scheme's operating costs to 30 June 2023; and <li data-bbox="491 629 1315 943">■ the initial Horse-Related Levy, which the Responsible Entity and Manager considers to be sufficient to cover Horse-related costs, including those associated with maintaining, training, and racing the Horse for the period ending 30 June 2023. These estimated Horse-related Levies for this period are adjusted to reflect those Horse-related costs that will be payable by the Manager out of its own resources, subject to the Manager's right to offset amounts paid against any Net Prize Money earned by the Horse, or Net Proceeds received from the sale of the Horse (or any part of the Scheme's interest in it). <p data-bbox="491 954 1315 1267">Under the Constitution, the Responsible Entity has a right to levy further Scheme Levies and Horse-Related Levies on Unit Holders, and also to raise additional capital by the issue of further G Class Units, although the Responsible Entity does not intend to impose any Scheme levies other than the initial Scheme Levy and initial Horse-Related Levy on the G Class Unit Holders for the period to 30 June 2023 EXCEPT for the Manager having the right to offset the amount of any Horse-related costs paid from its own resources against any Net Prize Money earned by the Horse, or Net Proceeds received from the sale of the Horse (or any part of the Scheme's interest in it).</p> <p data-bbox="491 1279 1315 1469">The Responsible Entity may also issue more G Class Units to raise additional capital to pay extraordinary expenses such as a one-off payment to secure a slot in The Everest, late nomination to The Golden Slipper, or to pay insurance premiums if the value of the Horse were to increase significantly because of its success on the racetrack.</p> <p data-bbox="491 1480 1315 1794">If the Scheme continues to own any of the Horses (or an interest in any of them) referable to the G Class Units beyond 30 June 2023, the Responsible Entity may retain out of the Net Prize Money earned by any of those Horses, or the Net Proceeds received from the sale of any of those Horses (or any part of the Scheme's interest in any of them) to which the G Class Unit Holders are otherwise entitled to receive as distributions, an amount as additional Scheme related levies sufficient to pay ALL of the Scheme's operating costs, including Horse-related costs, for that period attributable to the G Class Units.</p> <p data-bbox="491 1805 1315 1872">There is no separate entry fee. There is no exit fee payable on termination of the Scheme.</p> <p data-bbox="491 1883 1315 1942">Refer to Section 7 [<i>Fees and other costs</i>] for more information about the initial Scheme Levy and initial Horse-Related Levy.</p>

Feature	Description
What fees and costs are payable in respect of the Scheme?	<p>The Responsible Entity is entitled to a management fee. The Manager and Trainer are entitled to performance fees. There is no separate management fee payable to the Manager.</p> <p>Refer to Section 7 [<i>Fees and other costs</i>] for more information about the fees and costs (including how costs are recovered) in relation to the Scheme.</p>

Sale of Horse

What happens at the end of the Horse's racing career?	<p>If the Horse (or the Scheme's interest in it) is of significant commercial value, it will be sold at the conclusion of the Horse's racing career by such means as the Manager considers appropriate, EXCEPT when it is an entire (a male horse that has not been gelded) with residual value as a stallion, in which case the Manager may elect to retain it, or an interest in it, and continue the Scheme after the Horse is retired to stud.</p> <p>All Net Proceeds, after payment of any costs and liabilities, will be distributed proportionately to the G Class Unit Holders in the same proportion as the number of Units held bears to the total number of Units of that Class.</p> <p>More information can be found out in Section 5 [<i>What are the benefits of investing in the Scheme?</i>].</p>
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3 How the Scheme works

3.1 Becoming a Unit Holder in the Scheme

Applications to become a Unit Holder are made online or via ausupport@MyRacehorse.com.

If you decide to invest, read the PDS and fill in the Application Form. You will be required to enter specific personal information to confirm your identity, as well as payment information.

Investors should note that the Responsible Entity has the right to accept or reject any application for Units, whether in whole or in part, in its absolute discretion and has no obligation to give any reason if it rejects an application.

3.2 What you receive when you make an investment

Upon the Minimum Subscription Amount for the G Class Units being achieved by the Offer Closing Date (being one month from the date of the PDS, or such earlier date as may be determined by the Responsible Entity), the Responsible Entity will apply the application moneys towards paying to the Manager the Acquisition Price. If the Maximum Subscription Amount is reached, the Responsible Entity will acquire a 20% interest in the legal and beneficial title to each Horse for the Scheme. The beneficial interest in each Horse is divided into the G Class Units under the terms of the Constitution.

3.3 Details of the Horse

Details of the Horses are as follows:

Horse 1

Name	Unnamed
Colour	Bay or Brown
Sex & date of birth	Filly foaled 5 November 2019
Sire	TOSEN STARDOM (JPN)
Dam	AERONWY (IRE)
Life number	AUS01209463
Microchip number	985100012170637

Horse 2

Name	Unnamed
Colour	Chestnut
Sex & date of birth	Filly foaled 24 September 2019
Sire	TOSEN STARDOM (JPN)
Dam	ALLEGRETTO (AUS)
Life number	AUS01199412
Microchip number	985100012170638

Horse 3

Name	Unnamed
Colour	Bay or Brown
Sex & date of birth	Filly foaled 9 October 2019
Sire	ZOUSTAR (AUS)
Dam	ARCTIC ANGEL (AUS)
Life number	AUS01204945
Microchip number	985100012173762

Horse 4

Name	Unnamed
Colour	Chestnut
Sex & date of birth	Colt* foaled 14 November 2019
Sire	CAPITALIST (AUS)
Dam	CRYSTAL RUBY (AUS)

Life number	AUS01209470
Microchip number	985100012170639
Horse 5	
Name	Unnamed
Colour	Bay
Sex & date of birth	Filly foaled 4 August 2019
Sire	NO NAY NEVER (USA)
Dam	CRYSTAL WINGS (AUS)
Life number	AUS01196155
Microchip number	985100012170640
Horse 6	
Name	Unnamed
Colour	Bay
Sex & date of birth	Colt* foaled 12 October 2019
Sire	SHALAA (IRE)
Dam	CRYSTAL WIT (AUS)
Life number	AUS01204958
Microchip number	985100012170641
Horse 7	
Name	Unnamed
Colour	Chestnut
Sex & date of birth	Colt* foaled 31 August 2019
Sire	WRITTEN TYCOON (AUS)
Dam	CURTANA (AUS)
Life number	AUS01199425
Microchip number	985100012173763
Horse 8	
Name	Unnamed
Colour	Bay or Brown
Sex & date of birth	Colt* foaled 28 August 2019
Sire	MERCHANT NAVY (AUS)
Dam	GIMLET (AUS)
Life number	AUS01196165

Microchip number	985100012170643
Horse 9	
Name	Unnamed
Colour	Bay
Sex & date of birth	Colt* foaled 24 October 2019
Sire	FASTNET ROCK (AUS)
Dam	HARD RIDER (NZ)
Life number	AUS01209474
Microchip number	9851209474
Horse 10	
Name	Unnamed
Colour	Bay
Sex & date of birth	Colt* foaled 12 November 2019
Sire	TOSEN STARDOM (JPN)
Dam	HOMECOMING QUEEN (NZ)
Life number	AUS01209475
Microchip number	985100012170645
Horse 11	
Name	Unnamed
Colour	Bay or Brown
Sex & date of birth	Colt* foaled 30 October 2019
Sire	IMPENDING (AUS)
Dam	ICY MAIDEN (AUS)
Life number	AUS01209476
Microchip number	985100012170646
Horse 12	
Name	Unnamed
Colour	Bay
Sex & date of birth	Filly foaled 17 September 2019
Sire	CHURCHILL (IRE)
Dam	JOYEUSE (AUS)
Life number	AUS01199452
Microchip number	985100012170648

Horse 13

Name	Unnamed
Colour	Bay
Sex & date of birth	Filly foaled 23 August 2019
Sire	CHURCHILL (IRE)
Dam	KAIKEN (AUS)
Life number	AUS01196172
Microchip number	985100012170649

Horse 14

Name	Unnamed
Colour	Brown or Black
Sex & date of birth	Filly foaled 19 September 2019
Sire	SPIRIT OF BOOM (AUS)
Dam	LIGHT ROMANCE (AUS)
Life number	AUS01199456
Microchip number	985100012170650

Horse 15

Name	Unnamed
Colour	Bay
Sex & date of birth	Colt* foaled 13 November 2019
Sire	FASTNET ROCK (AUS)
Dam	LIMEROCK (AUS)
Life number	AUS01209481
Microchip number	985100012170651

Horse 16

Name	Unnamed
Colour	Bay or Brown
Sex & date of birth	Filly foaled 4 August 2019
Sire	WRITTN TYCOON (AUS)
Dam	LIMESTONE (AUS)
Life number	AUS01196177
Microchip number	985100012170652

Horse 17

Name	Unnamed
Colour	Bay or Brown
Sex & date of birth	Filly foaled 7 October
Sire	NO NAY NEVER (USA)
Dam	NEDIYM'S GLOW (AUS)
Life number	AUS01205008
Microchip number	985100012170654

Horse 18

Name	Unnamed
Colour	Bay or Brown
Sex & date of birth	Gelding foaled 15 September 2019
Sire	LOHNRO (AUS)
Dam	NEVER BE DISCREET(AUS)
Life number	AUS01199469
Microchip number	985100012170655

Horse 19

Name	Unnamed
Colour	Grey
Sex & date of birth	Filly foaled 23 September 2019
Sire	CARAVAGGIO (USA)
Dam	RIVER GODDESS (AUS)
Life number	AUS01199475
Microchip number	985100012170657

Horse 20

Name	Unnamed
Colour	Bay
Sex & date of birth	Filly foaled 12 October 2019
Sire	FASTNET ROCK (AUS)
Dam	ROYAL GLOW (AUS)
Life number	AUS01205018
Microchip number	985100012170659

Horse 21

Name	Unnamed
Colour	Bay or Brown
Sex & date of birth	Colt* foaled 22 September 2019
Sire	AMERICAN PHAROAH (USA)
Dam	SECRET LIASON (AUS)
Life number	AUS01199481
Microchip number	985100012170661

Horse 22

Name	Unnamed
Colour	Bay or Brown
Sex & date of birth	Colt* foaled 23 September 2019
Sire	SO YOU THINK (NZ)
Dam	SUMMER WIND (AUS)
Life number	AUS01199488
Microchip number	985100012170662

Horse 23

Name	Unnamed
Colour	Bay
Sex & date of birth	Colt* foaled 14 September 2019
Sire	FASTNET ROCK (AUS)
Dam	SWORD OF LIGHT (AUS)
Life number	AUS01199490
Microchip number	985100012170663

Horse 24

Name	Unnamed
Colour	Bay
Sex & date of birth	Colt* foaled 28 October 2019
Sire	SHOOTING TO WIN (AUS)
Dam	TRINITY RIVER (AUS)
Life number	AUS01199456
Microchip number	985100012170650

Horse 25

Name	Unnamed
Colour	Chestnut
Sex & date of birth	Filly foaled 1 November 2019
Sire	RUBICK (AUS)
Dam	WHATEVERWHENEVER (AUS)
Life number	AUS01209499
Microchip number	985100012170665

Horse 26

Name	Unnamed
Colour	Bay or Brown
Sex & date of birth	Filly foaled 8 November 2019
Sire	CARAVAGGIO (USA)
Dam	WILLOW CREEK (AUS)
Life number	AUS01209500
Microchip number	985100012170666

Name of breeder of the Horses (as recorded with the Australian Stud Book)	Hesket Bloodstock, Victoria
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Note: *a Colt may require gelding. If a Colt is gelded during the life of this PDS a Supplementary PDS will not be issued.

On 3 June 2021 Hesket Bloodstock Partnership (ABN 97 886 380 680) (Hesket) entered into an agreement with Spendthrift Australia Pty Ltd (ABN 86 604 489 83) (Spendthrift) and the Manager providing for the sale and purchase by Spendthrift of a 30% ownership interest and by the Manager of a 20% ownership interest, in each Horse. Furthermore, Hesket and Spendthrift have agreed to the Manager transferring its ownership interests to the Scheme.

The price paid by Manager for its 20% ownership interests was One Million Dollars (\$1,100,000) including GST, which is also the cost price payable by the Scheme for the ownership interests,

Hesket has retained a 50% ownership interest in each Horse and will act as the racing manager of each Horse on behalf of Hesket, Spendthrift, and the Scheme.

The Acquisition Price is \$1,731,333.33* [comprising the cost price of the Horses of \$1,100,000, and the Bloodstock fee of \$55,000* and Operational, Marketing and Promotional Fees of \$576,333.33 payable to the Manager.

If the Maximum Subscription Amount is achieved, the Responsible Entity will proceed to acquire on behalf of the Scheme the whole of the Manager's 20% interest in each Horse. However, if the Maximum Subscription Amount is not achieved but the Minimum Subscription Amount is achieved, then the percentage interest in each Horse to be acquired by the Responsible Entity on behalf of the Scheme and the Acquisition Price payable by the Responsible Entity will be decreased proportionately to the total application moneys raised, down to and including the Minimum Subscription Amount. In any event, if the Maximum Subscription Amount is not reached, but the Minimum Subscription Amount is reached, the Responsible Entity will acquire on behalf of the

Scheme at least 5% of each Horse. Furthermore, some of the fees and costs set out in Section 7 [*Fees and other costs*] will also decrease by the same proportion.

Prior to agreeing to acquire the interests in the Horses, the Manager retained a reputable equine veterinarian (**Veterinarian**), to examine them, who subsequently provided a report evidencing the Horses to be in good physical condition and suitable for purchase as prospective racehorses.

The owners [Hesket, Spendthrift, and the Manager] have appointed the Trainer to train and race the Horses to best advantage.

3.4 Trainer

Ellerton Zahra Racing Pty Ltd (ABN 58 098 541 845), by its licensed trainers Mathew Ellerton and Simon Zahra, has agreed to train the Horses and to provide or procure ancillary services in accordance with terms of its Training Agreement and Fees Notice.

The Trainer's training complex is at Flemington, Victoria.

3.5 What happens if the Trainer is unavailable?

If for any reason the Trainer either resigns or is unable to continue training any of the Horses, then the owners [Hesket, Spendthrift, and the Manager on behalf of the Scheme] will agree the appointment of a new trainer of comparable profile.

3.6 Interests of the Responsible Entity, the Manager, their directors, and experts

The Responsible Entity and the Manager (including their directors and associated entities) neither have, nor have had in the period of 2 years prior to the date of this PDS, any interest in relation to the Horses, other than the interests disclosed in this PDS.

The Responsible Entity has made appropriate inquiries to ensure that the Trainer and the Veterinarian neither have, nor have had in the period of 2 years prior to the date of this PDS, any interest in the Horses, other than the interests disclosed in this PDS.

3.7 Insurance

The Responsible Entity will insure the Scheme's interest in the Horses initially for the Acquisition Price against injuries and all risks of mortality. The Horses will also be insured for the minimum available lifesaving procedures.

The amount payable of the insurance premium for the period ending on 30 June 2023 has been included in the initial Horse-Related Levy.

3.8 How to keep track of your investment

Using your email address as your unique identifier on the MyRacehorse digital platform the Investor will receive regular reports from the Manager and the Trainer (via the Manager) in the form of video, photographs, audio, or text.

3.9 Code of conduct

The Manager and the Responsible Entity want to make ownership a pleasurable experience for all Unit Holders. All Unit Holders are governed by the Rules of Racing, including any Local Rules of the

Principal Racing Authority where the Horses are trained and likely to race, and are expected to act in the best interest of racing, the Horses and all parties associated with the Scheme. For more information see Section 10.12 [*Rules of Racing*].

A copy of the Australian Rules of Racing can be obtained from the Racing Australia Limited website: <http://www.racingaustralia.horse/>.

4 Manager and other third-party providers

4.1 Manager

MyRacehorse is the Manager responsible for the day to day running of the Scheme.

The Manager operates as an authorised representative (AFS Representative Number 001284902) of the Responsible Entity in relation to the financial services that it provides in connection with the Scheme.

4.2 Directors of the Manager

The directors of the Manager are Michael Behrens and Michael Sidney Bigg. A summary of the experience of each director is provided below, noting this is correct at the time of writing:

Michael Behrens has been Chief Executive Officer of the United States horse racing platform MyRacehorse, and Experiential Squared, Inc., for the past 3 plus years. Under his leadership MyRacehorse has acquired interests in more than 70 horses, including Kentucky Derby and Breeders' Cup Classic winner 'Authentic'. He has 20 plus years' experience in ecommerce, digital marketing, and ad tech.

Michael Bigg is a Brisbane-based lawyer who specializes in corporate advisory matters, capital raising, structuring transactions and company operations, trade practices, dealing with the ACCC, mergers, acquisitions and sales of businesses and companies, contract matters of all types, intellectual property protection, forward business, succession planning, and trusts law.

5 What are the benefits of investing in the Scheme?

The Scheme gives Investors the opportunity to enjoy the following benefits. Investing in the Scheme is not without risk. It is important that as well as reading the benefits of investing set out below, you read and understand each of the risks set out in Section 6 [*What are the risks of investing in the Scheme?*] of this PDS.

Significant benefits	Description
Participation in horse racing	<p>An investment in the Scheme allows you to participate indirectly in the horse racing industry.</p> <p>The Scheme will be professionally managed on behalf of the Unit Holders. The Manager will work closely with the Trainer to ensure the Horses are exposed to high quality racing programs, jockeys, and other important career management decisions.</p>

Significant benefits	Description
	<p>Unit Holders of a Class will receive at least the same level of communication from the Trainer (via the Manager) of the Horses as the Trainer would provide directly to the owners of other horses.</p> <p>The Trainer is expected to provide video, voice, photographic or text updates on a regular basis to the MyRacehorse racing manager for distribution to the investors in the scheme. The Manager has a service level agreement with the Trainer and will be constantly monitoring the level of communication to Unit Holders.</p>
Sharing in prize money and other winnings	<p>All Net Prize Money earned by the Horses (SUBJECT ALWAYS to the Responsible Entity's right to retain money to reimburse the Manager for any Horse-related costs paid from its own resources) will be distributed to the Unit Holders of the G Class Units in the same proportion as the number of G Class Units held bears to the total number of Units of that Class. If the scheme continues beyond 30 June 2023, Net Prize Money can be used to pay additional Scheme related levies for that period.</p> <p>All prize money and other winnings will be subject to the Principal Racing Authority mandatory deductions, including but not limited to the trainer, jockey, and strapper fund collections. Refer to Section 7.4 <i>[Additional explanation of fees and costs]</i> for more information about these mandatory deductions from prize money.</p>
Other ownership rights	<p>An investment in the Scheme will afford you the opportunity to experience other owners' benefits, subject to the terms of the applicable Owners Deed, including:</p> <ul style="list-style-type: none"> ▪ (naming rights) the Unit Holders of a particular Class may be afforded the opportunity to make a nomination on the naming of a Horse referable to that Class if it is unnamed at the time it is acquired for the Scheme and the Scheme acquires a majority interest in the Horse. This opportunity will not be possible if a Horse is already named, or the Scheme acquires less than a majority interest in the Horse; and ▪ (enclosure ticketing) race clubs allocate a limited number of racecourse and mounting enclosure tickets to the owners of horses on race days. The Manager may retain no more than 2 such tickets for its own use and ballot the remaining tickets amongst the Unit Holders of the Class of Units to which the horse is referable intending to attend the race day and negotiate with various tracks with

Significant benefits	Description
	respect to any additional benefits and access. Holders of G Class Units should not expect tickets to be available given the Scheme's proposed percentage ownership of the Horse.
Capital proceeds	All Net Proceeds, after payment of any costs and liabilities, will be distributed proportionately to the G Class Unit Holders in the same proportions as the G Class Units held bears to the total number of G Class Units.

6 What are the risks of investing in the Scheme?

All investments carry risk. In investment terms, risk is the variability of returns over time and the potential loss of capital. Risk means it is not possible to predict the returns that an investment will achieve. Investment returns are not guaranteed, and past performance is not an indicator of future performance. Different strategies may carry different levels of risk, depending on the assets that make up the strategy. The likely investment return and the risk of losing money are different for every investment. Assets with the highest long-term returns may also carry the highest level of short-term risk.

The value of your investment will rise and fall in line with the changing value of the Horse. The risks outlined in the table below have been identified by the Responsible Entity, but they are not intended to be a complete list and do not take account of your personal circumstances.

Each Investor has their own particular investment objectives, financial situation, and particular needs. You should consult with your financial adviser before investing and from time to time, to ensure your investment is, and remains, appropriate to your needs. So that your personal circumstances can be considered, it is recommended that you:

- (a) read the whole of this PDS to fully appreciate these matters;
- (b) think about your tolerance to risk and how the potential investment risks of this Scheme may affect you; and
- (c) seek your own legal, financial and tax advice before deciding to invest. Any investment in thoroughbred horses must be considered as highly speculative.

Risk	Description
General investment risk	
Market risk	<p>An investment in the Scheme is subject to general market risks, in Australia or in another country or region. For example, an investment is subject to:</p> <ul style="list-style-type: none"> ■ a downturn in general economic and market conditions;

Risk	Description
	<ul style="list-style-type: none"> ■ unfavourable movements in interest rates, employment rates or inflation; ■ changes to the law, government policy and tax settings; ■ changes to governments; ■ changes to consumer confidence; ■ political or social unrest; and ■ natural disasters, including terrorist attacks or war.
Personal circumstances risk	<p>Investment risks can affect your financial circumstances in many ways, including:</p> <ul style="list-style-type: none"> ■ the stated aims and objectives of the Scheme may not be met; ■ the amount of any distribution you receive from the Scheme may vary or be irregular, which could have an adverse impact if you depend on regular and consistent distributions to meet your financial commitments; ■ your investment in the Scheme may decrease in value, which means you may get back less than you invested; and ■ other factors such as your age, the length of time you intend to hold your investment, other investments you may hold, and your personal risk tolerance will affect the levels of risk for you as an investor.
Volatility	<p>Generally, the higher the potential return for the investment, the higher the risk, and the greater the chance of fluctuation in returns (including the possibility of losses) that may occur over time (especially over shorter periods of time).</p>
Inflation	<p>Your investment in the Scheme may not keep pace with inflation, which would reduce the future purchasing power of your money.</p>
Force majeure	<p>A force majeure is an unexpected event such as war, a criminal act, or a natural disaster, results in one or more parties to a contract being unable to fulfil their obligations. A force majeure event could be significant enough to impact the business of the Scheme and cause Unit Holders to suffer higher than anticipated financial loss.</p>
Legal and regulatory	<p>Changes in laws or their interpretation, including taxation and corporate regulatory laws, practice and</p>

Risk	Description
	policy could have a negative impact on your investment in the Scheme and changes in State or Federal Government policy may occur during the time that you are a Unit Holder.
Investment objective	Investment objective risk is the risk that your choice of investments will not meet your objectives. One measure of an investment's risk is how much the returns vary from period to period. The greater the variance in returns, the more likely returns will differ from those expected over a given period.
General Scheme risks	
Dependence on the Manager	<p>The Responsible Entity has engaged the Manager to manage the day-to-day operation of the Scheme. The Manager is contractually obliged to continue acting as the Manager and if it fails to do so, then the Responsible Entity has the right to appoint an alternate third-party manager. There are risks attached to the Responsible Entity's dependence on the Manager, including:</p> <ul style="list-style-type: none"> (a) reliance on the skill and expertise of the Manager to acquire, manage, maintain, and market the Horses, as well as how these functions are carried out; (b) the way in which the Manager selected the Horse and then manages it for the Responsible Entity on behalf of the G Class Unit Holders; and (c) changes in the personnel of the Manager which may reduce its skill level in managing the horse.
Dependence on the third-party service providers	The Manager will engage the services of various third-party service providers to provide services in relation to the operation of the Scheme, including various bloodstock consultants, veterinarians, and licensed trainers. There are risks attached to the Manager's and Responsible Entity's dependence on those third parties, including (without limitation) the risk that the third party fails to effectively provide the services and support that such parties are contracted to provide.
Dependence on payment of costs	The cash flow required for the effective operation of the Scheme is dependent upon the initial Scheme Levy and initial Horse-Related Levy payable by Unit Holders being sufficient to pay the operating expenses of the Scheme, EXCEPT for those operating expenses

Risk	Description
	payable by the Manager with the right to offset and recover same from prize money or proceeds, or payable out of funds raised from the issue of additional Units, as described in Section 2 [<i>Key features of the Scheme</i>]. The Constitution empowers the Responsible Entity to wind up the Scheme if it has inadequate funds.
Liquidity	Your Units in the Scheme will be illiquid, and they are not traded on any market. Depending on prevailing conditions it may be difficult for the Trustee to dispose of the Horse either prior to or at the end of the investment term in a timely manner or at an optimal sale price. This may affect the Responsible Entity's ability to return capital to Investors and may reduce the Unit value.
Asset nature	The lack of diversity in the nature of the assets of the Scheme may not suit your investment needs.
Technology	The ownership experience has a high digital component. There is a risk that the technology platform used to deliver unique personal reports from the Trainer, fails.
Forfeiture	<p>Under the Constitution, if a Unit Holder is in default of an amount payable to the Responsible Entity, the Responsible Entity has the right to impose late fees, to charge interest on any outstanding amount and to make all Units held by that Unit Holder liable to be forfeited to the Responsible Entity (who may sell them and recover the amount payable and any costs from the proceeds), although, in the case of the G Class Units, the Responsible Entity does not intend to impose any Scheme levies other than the initial Scheme Levy and initial Horse-Related Levy on G Class Unit Holders EXCEPT for the Manager having the right to offset the amount of any Horse-related costs paid from its own resources against any Net Prize money earned by the Horse, or Net Proceeds received from the sale of the Horse (or any part of the Scheme's interest in it).</p> <p>If you become ineligible to be an owner of a racehorse under the Rules of Racing, then you MUST immediately notify the Manager and the Responsible Entity of that fact and the Responsible Entity may compulsorily redeem your Units, REGARDLESS of the value of the Units at that time. For more information see Section 10.12 [<i>Rules of Racing</i>].</p>

Risk	Description
Investment risk	<p>There is a risk that an investment in the Scheme may not produce any return at all, or that Investors may suffer a loss of capital.</p> <p>None of the Responsible Entity, Manager or their officers, employees, related parties, associates, consultants, advisers and agents, or any other person, guarantees the performance or success of the Scheme, the repayment of capital invested in the Scheme by an Investor, or a particular rate of return on investments in the Scheme.</p> <p>There can be no assurance that the Scheme will achieve results that are comparable to the track record of the Responsible Entity or Manager or that the Scheme's investment objectives will be achieved.</p>
Distributions risk	<p>As a result of the inherent risk in any investment there is no guarantee that the Scheme will pay distributions at the rate forecast in the financial information or at all.</p>
Taxation	<p>The effect of taxation on Investors is complex and the summary in Section 9 [<i>Taxation</i>] of this PDS is general in nature. Investors should seek professional taxation advice specific to their own circumstances.</p>
Legal risk	<p>The Scheme may, in the ordinary course of business, be involved in possible litigation and disputes, for example, tenancy disputes, environmental and occupational health and safety claims, industrial disputes and any legal claims or third-party claims.</p> <p>A material or costly dispute or litigation may affect the value of the assets, the income of the Scheme or the ability of the Responsible Entity to achieve the investment strategy of the Scheme. The cost of any potential or actual litigation is borne by the Scheme's assets.</p>
Horse specific risks	
Industry conditions	<p>Changes in the thoroughbred industry or market conditions could have a positive or negative impact on your investment during the time that you are a Unit Holder, including:</p> <ul style="list-style-type: none"> (a) variability in the level of demand for related thoroughbred horses and thoroughbred horses of equivalent calibre both at public auction and by private treaty; (b) variability in the level of supply of related thoroughbred horses and thoroughbred

Risk	Description
	<p>horses of equivalent calibre both at public auction and by private treaty;</p> <p>(c) any other change in the current conditions affecting investment in the thoroughbred horse racing and horse breeding industries, including level of prize money and taxation benefits available to thoroughbred breeders; and</p> <p>(d) It is also possible that restrictions in the racing of thoroughbred horses or an outright ban on horse racing could occur in any or all the Australian states in which the Horse may be raced. If that occurs, it is likely that the market for thoroughbred racehorses will cease, in which case there will be no market for the disposal of the Horses. If that occurs, you may lose all your investment, there will be no further prize money and there may be a period when you are still required to pay the costs associated with the maintenance and welfare of the Horses.</p>
Risks associated with the Horse	<p>Risks specifically associated with the Horses include (without limitation):</p> <p>(a) there is no guarantee:</p> <p>(i) as to when the Horses will commence racing;</p> <p>(ii) that the Horses:</p> <p>A) will have the ability to win any races or prize money;</p> <p>B) will have any significant residual value either at any time during or at the end of its racing career;</p> <p>(b) the value of each Horse is likely to fluctuate while it (or an interest in it) is owned by the Scheme and will be affected by market forces, its race performances, and its suitability for breeding at the end of its racing career;</p> <p>(c) a Horse may die or its suitability for racing or subsequently for breeding may be diminished or lost the materialization of an inherent risk, howsoever arising, including (without limitation) accident or injury, illness, infertility or sub-fertility, or natural cause, or other risks that may be insignificant or not reasonably foreseeable;</p>

Risk	Description
	<p>(d) if a Horse is an entire (male horse that has not been gelded), it may require gelding. Most male racehorses are gelded either for physical considerations or in an attempt to modify behaviour to enhance racing performance. However, even if a Horse is permitted to remain an entire, a residual value as a stallion is not assured; and</p> <p>(e) racing stables, racecourses, and other places where the Scheme's Horses may be located from time to time can be dangerous places, including because horses do not always behave as expected. Entering onto those places involves the risk of accident, injury, and loss or damage to person or property for all persons who enter.</p> <p>Unit Holders should also anticipate that the value of the Units will fluctuate during the term of the Scheme and that there will be no ready market for the Units.</p>

7 Fees and other costs

7.1 Consumer Advisory Warning

The Corporations Act requires the Responsible Entity to include the following standard consumer advisory warning in this PDS. The information in the consumer advisory warning is standard across Product Disclosure Statements and is not specific to information on fees and other costs associated with an investment in the Scheme.

DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long-term returns.

For example, total annual fees and costs of 2% of your account balance rather than 1% could reduce your final return by up to 20% over a 30-year period (for example reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower fees. Ask the fund or your financial adviser.

TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the **Australian Securities and Investments Commission (ASIC)** Moneysmart website (www.moneysmart.gov.au) has a managed funds fee calculator to help you check out different fee options.

7.2 Fees and costs summary

This section shows fees and other costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from the assets of the managed investment scheme as a whole.

You should read all the information about fees and costs because it is important to understand their impact on your investment.

Fees and costs summary

MyRacehorse No.1

Type of fee or cost ¹	Amount	How and when paid
Ongoing annual fees and costs²		
<i>Management fees and costs</i>	This comprises:	
The fees and costs for managing your investment	Scheme Levy per G Class Unit payable to the Responsible Entity are:	The Scheme Levy for the period ending 30 June 2023 of the Scheme are payable in advance by applicants for Units along with their application moneys for G Class Units. ³
	Year 1 \$0.002 (1 month) to 30 June 2021	
	Year 2 \$0.031 to 30 June 2022	
	Year 3 \$0.031 to 30 June 2023	
	Horse-related costs per G Class Unit payable to the Responsible Entity are:	The Horse-related costs are paid: <ul style="list-style-type: none">■ out of the proceeds of the Horse-Related Levy payable by Investors; and■ by the Manager, who has a right to offset amounts paid against Net Prize money earned by, or Net Proceeds of sale of, the Horses.⁴
	Year 1 \$0.052 (1 month) to 30 June 2021	
	Year 2 \$0.153 to 30 June 2022	
	Year 4 \$0.153 to 30 June 2023	
<i>Performance fees</i>	A Performance fee payable to the Manager equal to 12.5% (plus GST) of the Net Proceeds of sale of the Scheme's interest (or part thereof) in the Horse.	Payable upon the sale of the Horses or the retirement of the Horses to a stud, out of the Net Proceeds of sale. ⁵
	A Performance fee payable to the Trainer equal to 5% (plus GST) of the sale price (excluding GST).	
Amounts deducted from your investment in relation to the performance of the product		Payable upon the sale of the Horses or an interest in the Horses, or the retirement of the Horses to a stud, out of the Net Proceeds. ⁵
<i>Transaction costs</i>	Nil.	Not applicable.

The costs incurred by the scheme when buying or selling assets

Member activity related fees and costs (fees for services or when your money moves in or out of the scheme)

<i>Establishment fee</i>	Nil.	Not applicable.
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The fee to open your investment

<i>Contribution fee</i>	Nil.	Not applicable.
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The fee on each amount contributed to your investment

<i>Buy-sell spread</i>	Nil.	Not applicable.
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An amount deducted from your investment representing costs incurred in transactions by the scheme

<i>Withdrawal fee</i>	Nil.	Not applicable.
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The fee on each amount you take out of your investment

<i>Exit fee</i>	Nil.	Not applicable.
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The fee to close your investment

<i>Switching fee</i>	Nil.	Not applicable.
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The fee for changing investment options

1. Unless otherwise stated, the fees and costs are stated on a GST inclusive basis and include any applicable stamp duty.

2. For more information on management fees and expenses, performance fees and transaction costs, see the section 'Additional explanation of fees and costs'.

3. This is based on, fees payable to the Responsible Entity for the first two years of up to \$160,000, premiums payable for the Responsible Entity's professional indemnity insurance up to 30 June 2023* of \$18,534.40 or being \$741.38 for June 21 and \$ 8,896.51 per annum for the next two years) and fees of \$013,500 per annum payable to the external Scheme auditor and compliance plan auditor for the first two years.

4. This is based on the Responsible Entity's estimates of premiums payable for mortality insurance up to 30 June 2023* of \$91,666.67 based on approximately 4% of the value of each of Horse (based on its purchase price), and Horse-related fees and expenses (including those payable to the Trainer and other third-party service providers for maintaining, training, and racing the Horse) up to 30 June 2023* of \$ 985,000.

5. The Manager's performance fee is in addition to the Trainer's fee payable by the relevant Principal Racing Authority. See 'Mandatory deductions to the Principal Racing Authorities' under the heading 'Additional explanation of fees and costs'.

* For the purposes of calculating fees and costs, the 'first year' of the Scheme is the Scheme's commencement date to 1 June 2021, the 'second year' of the Scheme is 1 July 2021 to 30 June 2022, and the 'third year' of the Scheme is 1 July 2022 to 30 June 2023.

7.3 Example of annual fees and costs for the Fund

This table gives an example of how the ongoing annual fees and costs in the balanced investment option for this product can affect your investment over a 1-year period. You should use this table to compare this product with other products offered by managed investment schemes. It is an example only of a theoretical investment of \$50,000 in the Scheme.

EXAMPLE - MyRacehorse No.1 - G Class Units¹		BALANCE OF \$50,000 WITH A CONTRIBUTION OF \$5,000 DURING YEAR
Contribution fees	Nil	For every additional \$5,000 you put in, you will be charged \$0
PLUS Management fees and costs ²	\$0.42 per G Class Unit	And , for every \$50,000 you have in MyRacehorse No.1 you will be charged or have deducted from your investment \$ 21,000 each year
PLUS Performance fees ³	Nil	And , you will be charged or have deducted from your investment \$0 in performance fees each year
PLUS Transaction costs	Nil	And , you will be charged or have deducted from your investment \$0 in transaction costs
EQUALS Cost of MyRacehorse No.1		If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged fees and costs of: \$23,100⁴ What it costs you will depend on the investment option you choose and the fees you negotiate.

1. All calculations in this table assume that Maximum Subscription Amount being achieved. The fees and costs in this table are based on the Responsible Entity's estimates as at the date of this PDS and may vary over time. The Responsible Entity may update information on its website where the changes are not materially adverse to Unit Holders.

2. The management fees and costs include the Scheme Levy and Horse-related costs. An initial Scheme Levy and Horse-Related Levy, which are intended to cover a proportion of the Scheme's costs and expenses and Horse-related costs until the period ending 30 June 2023], are payable upon subscription. Refer to information under the heading 'Management fees and costs' which is under the heading 'Additional explanation of fees and costs'.

3. As at the date of this PDS, the likelihood of winning any prize money is not known and speculative only. The performance fee is based on an estimate as at the date of this PDS. Refer to information under the heading 'Performance fees' which is under the heading 'Additional explanation of fees and costs'.

4. This example assumes that the additional \$5,000 was invested at the end of the year. However, this table is an example of fees and costs prescribed by law, and there will be no contributions payable during the year in ordinary circumstances.

Please note that this example does not capture all the fees and costs that may apply to you. For example, if you have consulted a financial adviser, you may pay additional fees. You should refer to the Statement of Advice or Financial Services Guide provided by your financial adviser in which details of the fees are set out.

ASIC provides a fees calculator on its website www.moneysmart.gov.au, which you could use to calculate the effects of fees and costs on your investment in the Fund.

The form of the table above is prescribed under law and standard across Product Disclosure Statements. Set out in Section 7.5 [*Worked example of annual fees and costs*] of this PDS is a worked example of the amount payable on application by an Investor (including the subscription price, initial Scheme Levy, and initial Horse-Related Levy).

7.4 Additional explanation of fees and costs

Management fees and costs

Management fees and costs of the Scheme are the fees and costs associated with making an investment in the Scheme.

The Management fees and costs comprise the Scheme Levy, Horse-related fees, and the Performance fees payable to the Manager.

Where specific AUD (Australian Dollar) amounts are specified, these are based on the Maximum Subscription Amount being achieved.

Scheme Levy

The Scheme Levy is payable to the Responsible Entity to enable the Responsible Entity to pay the costs associated with operating the Scheme attributable to the G Class Units. The costs of the Scheme include:

- (a) the cost of acquiring each Horse or the interest in each Horse referable to the G Class Units;
- (b) the one-off bloodstock fee payable to the Manager equal to 5% plus GST of the sale price of each Horse or the interest in each Horse to be acquired by the Scheme and referable to the G Class Units;
- (c) the Operation, Marketing and Promotion fee payable to the Manager equal to \$576,333.33 inclusive of GST of the application moneys received in respect of the offer of G Class Units under this PDS;
- (d) premiums payable in respect of the Responsible Entity's professional indemnity insurance (where the premium amounts are based on the value of the Horse referable to the G Class Units);
- (e) the portion of the Responsible Entity's management fee payable out of the Scheme Levy, is \$80,000 per annum;
- (f) the fees payable to the Manager for performing the Manager's duties under the Management Agreement attributable to the G Class Units;
- (g) a proportion of the fees payable to the external Scheme auditor and compliance plan auditor; and
- (h) a proportion of the ASIC annual return lodgement fees;
- (i) normal Scheme operating costs attributable to the G Class Units.

The Responsible Entity has determined, in conjunction with the Manager, that:

- (a) the costs and expenses described in paragraphs (a), (b) and (c) above (being costs related to the acquisition of the Horses), will be funded from the application moneys payable by Investors in respect of the subscription price of Units, and not from the Scheme Levy or Horse-Related Levy); and

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- (b) in respect of all other Scheme-related costs, a Scheme Levy for the period ending 30 June 2023 is payable by Investors to the Responsible Entity along with the application moneys for the subscription for Units.

The initial Scheme Levy payable by Investors subscribing for G Class Units under this offer is \$192,000 (or \$0.066 per Unit). This initial Scheme Levy is comprised of:

- (a) \$5,000 (or \$0.002 per Unit) for the period from the date upon which the G Class Units are issued to 30 June 2021;
- (b) \$93,500 (or \$0.032 per Unit) for the period from 1 July 2021 to 30 June 2022; and
- (c) \$93,500 (or \$0.032 per Unit) for the period 1 July 2022 to 30 June 2023.

The Responsible Entity does not intend to impose additional Scheme Levies on G Class Unit Holders beyond the initial Scheme Levy, although the Responsible Entity may issue additional G Class Units to raise additional capital to pay extraordinary Scheme expenses such as the costs of a members' meeting.

Horse-related costs

Horse-related costs are the costs associated with maintaining, training, and racing the Scheme's interest in the Horses. Examples of Horse-related costs include:

- (a) one-off Horse-related costs including veterinary report costs, valuation costs, and costs of registering the Scheme's interest in the Horse;
- (b) premiums payable for mortality insurance in respect of the Horses; and
- (c) the fees payable and expenses reimbursable to the Trainer and other third-party service providers for maintaining, training, and racing the Horses referable to the G Class Units.

The Responsible Entity has determined, in conjunction with the Manager, that a Horse-Related Levy of \$1,076,666.67 (or \$0.359 per Unit) is payable to the Responsible Entity along with the application moneys for the subscription for Units. This initial Horse-Related Levy is divided into two categories, the cost of mortality insurance for the Scheme's 20% interest in the Horses, and other Horse-related costs, as follows:

Mortality insurance

- (a) \$3,666.67 (or \$0.001 per Unit) for the period from the date upon which the G Class Units are issued to 30 June 2021;
- (b) \$44,000 (or \$0.015 per Unit) for the period from 1 July 2021 to 30 June 2022; and
- (c) \$44,000 (or \$0.015 per Unit) for the period from 1 July 2022 to 30 June 2023.

Other Horse-related costs

- (a) \$153,000 (or \$0.051 per Unit) for the period from the date upon which the G Class Units are issued to 30 June 2021;
- (b) \$416,000 (or \$0.139 per Unit) for the period from 1 July 2021 to 30 June 2022; and

(c) \$416,000 (or \$0.139) per Unit) for the period from 1 July 2022 to 30 June 2023.

These other Horse-related costs will be invoiced to the Responsible Entity monthly and will be paid out of the proceeds of the initial Horse-Related Levy paid on application.

As at the date of this PDS, the Responsible Entity estimates that the annual Horse-related costs (excluding mortality insurance, non-routine veterinary expenses, and race entry fees for significant races like The Everest, the Melbourne Cup, and the Golden Slipper) for the Scheme's 20% interest in the Horses will be approximately \$416,000 for a full year [based on an annual cost estimate of approximately \$80,000 for 100% of each Horse], although the actual costs will vary considerably depending upon the time the Horse is spelling, in pre-training, training, and racing each year.

The Responsible Entity does not intend to impose additional Horse-Related Levies on G Class Unit Holders under this offer beyond the initial Horse-Related Levy, although it has the right to do so under the Constitution. If further funds are required for the Other Horse-related costs, they will be provided by the Manager from its own resources in the first instance with a right to offset amounts paid against any Net Prize money earned by, or Net Proceeds received from the sale of the Horses (or any part of the Scheme's interest in them).

Other Scheme expenses

There may be other fees and costs payable in relation to the Scheme from time to time that are not covered by the Scheme Levy or the Horse-Related Levy.

While these fees and costs can be paid out of the Scheme's assets by the Responsible Entity under its power of indemnification under the Constitution, the Manager has agreed with the Responsible Entity to pay these costs and expenses out of its own resources, SUBJECT ALWAYS to Manager's right to offset any amounts paid as Horse-related costs against Net Prize money earned by the Horses, or Net Proceeds received from their sale (or any part of the Scheme's interest in them).

The fees and costs that the Manager will pay out of its own resources include:

- (a) the annual Horse-related costs above the amounts included in the initial Horse-Related Levy NOT able to be offset against Net Prize money earned by the Horses referable to the G Class Units, or Net Proceeds received from their sale (or any part of the Scheme's interest in them); and
- (b) if the Maximum Subscription Amount is not achieved, a proportion of the Responsible Entity's annual management fee [in the same proportion as the shortfall between the aggregate amount raised and the Maximum Subscription Amount].

Note that if the Manager fails to pay these fees and costs, it is possible that the final course of action could result in the sale of the Horse.

Performance fees

Generally, a performance fee is an amount paid or payable, calculated by reference to the performance of, the Scheme.

Trainer's additional remuneration

The terms of the Trainer's Training Agreement and Fees Notice provide for the Trainer to be paid and receive the following additional fees:

- (a) if the Horse is sold, an additional fee being an amount equal to 5% (plus GST) of the sale price (excluding GST); and
- (b) if the Horse is sold while being trained the Trainer or within three months after ceasing to be trained by the Trainer, for a sale price (excluding GST) of not less than its initial purchase price (excluding GST), an additional fee being an amount equal to 5% plus GST of the sale price (excluding GST).

The above Trainer's fee is payable by the Responsible Entity to the Trainer upon the sale of the Horse or the retirement of the Horse to a stud (whichever applicable).

Manager's Performance fees

The Manager's fees for operating aspects of the Scheme on behalf of the Responsible Entity, including managing the Horses and the relationship with the Trainer, are performance based.

The Manager is entitled to a performance-based management fee of 7.5% (plus GST) of any Net Prize Money earned, and an additional performance-based management fee of 12.5% (plus GST) of the Net Proceeds of sale of the Scheme's interest (or part thereof) in each Horse.

If a Horse is an entire and is retired to stud, and the Manager elects to retain it, or any part of the Scheme's interest in it, the performance-based management fee will be 12.5% (plus GST) of the net income earned, PLUS an additional performance-based management fee of 12.5% plus GST) of the Net Proceeds received from the sale of any interest sold.

Worked examples

The following are examples of how the Performance fees will be calculated.

Type of performance fee	Worked example
Trainer's additional remuneration (chargeable against Net Proceeds)	<p>The Trainer's additional remuneration is calculated using the following formula:</p> $S \times [0.05],$ <p>where 'S' is the sale price (excluding GST).</p> <p>For example, where the Horse or an interest is sold for \$100,000, the Trainer's additional remuneration is \$5,500 (including GST) (where the other conditions described under 'Trainer's additional remuneration' are satisfied).</p>
Manager's performance-based management fee (chargeable against Net Prize money)	<p>The Manager's performance-based management fee is calculated using the following formula:</p> $(P - M) \times [0.075],$ <p>where 'P' is the total prize money and 'M' is the mandatory deduction that is deducted by the relevant Principal Racing Authorities as described in the table below.</p> <p>Where the Horse earns \$100,000 in prize money and the mandatory deduction is \$18,350, the Manager's performance-based management fee is \$6,736 (including GST).</p>
Manager's additional performance-based	<p>The Manager's additional performance-based management fee is calculated using the following formula:</p>

Type of performance fee	Worked example
management fee (chargeable against Net Proceeds)	$S \times [0.125]$, where 'S' is the Net Proceeds of sale of the Scheme's interest (or part thereof) in the Horse. Where the Scheme's interest in the Horse is sold for \$100,000, the Manager's additional performance-based management fee is \$13,750 (including GST).

Transaction costs

The Scheme does not incur transaction costs. Transaction costs under the Corporations Act include brokerage, buy-sell spreads, settlement costs, clearing costs and stamp duty on an investment transaction. The Responsible Entity will not suffer or incur any of these costs because the Scheme's primary asset is the Horse. Other costs associated with the acquisition, retention and sale of the Horse are incorporated in the expressly stated fees and costs of this section of this PDS.

As there are no transaction costs, the Responsible Entity does not charge a buy-sell spread on the application or redemption of Units.

Changes to fees

The Responsible Entity may increase or decrease its own fees for a number of reasons without Investor consent, subject to the maximum fee amounts specified in the Constitution. We will provide Investors at least 30 days' prior notice of any proposed fee increase in accordance with the law. Recoverable Scheme expenses may change without notice, for example, when it is necessary to protect the interests of Unit Holders and if permitted by law. In most circumstances the Constitution defines the maximum fees that can be charged for fees described in this PDS.

Mandatory deductions by the Principal Racing Authorities

Prize money earned is subject to the mandatory deductions set out in the following table, which are made by the relevant Principal Racing Authority under the rules of racing prior to the balance being paid to the owner of the winning horse. The balance paid to the owner of the winning horse is what is referred to in this PDS as 'Net Prize Money'.

Mandatory allocation of prize money by the Principal Racing Authorities under the Australian Rules of Racing [Flat races only] – expressed as a percentage (%) of total prize money							
AR126 and PRA Local Rules [LR#] * - Subject to change	VIC	NSW & ACT	SA			QLD & NT	WA & TAS
Recipient			Win	Placing			
				(1)	(2)		
o Trainer	9.7	9.9	10	10	10	9.9	10
o Jockey	4.85	4.95	5	5	5	4.95	5
o Stable hand Prize money Scheme	-	1.5	-	-	-	-	-
o Jockey Insurance & Welfare Scheme	1	1	-	-	-	-	-
o Animal Welfare Fund	2	1	-	-	-	1	-
o Net Prize money payable to Owner	82.45	81.65	85	85	85	84.15	85

Notes:

1. NSW – \$250 or over metropolitan, provincial, and country.
2. SA – Placing (1) Prize for the placing is \$300 or more; and (2) Prize for the placing is less than \$300 and greater than \$100.

Other states and territories may vary.

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3. Access Fee: Racing Victoria Limited also deducts a fee of \$77 including GST from prize money each time a horse races and earns prize money. It is invested back into the facilities at the track where the horse is trained.
 4. Net prize money payable to Owner for Jumps races in Vic is 77.6% and in SA is 80% for win and 90% for placing.
- *'AR' means Australian Rules of Racing and 'PRA Local Rules' means the local rules of each Principal Racing Authority.

Bank and government charges

In addition to the fees set out in this section, standard government fees, duties and bank charges may also apply to investments and withdrawals (including dishonour fees and bank charges) and may be payable by the Investor/Unit Holder.

Adviser fees

Additional fees may be paid to a financial adviser if a financial adviser is consulted. Refer to the Statement of Advice provided by the financial adviser in which details of the fees are set out.

The Responsible Entity will not pay any remuneration or benefits to financial advisers where it is not permitted by law.

7.5 Worked example of amounts payable upon application

Unit Holders may acquire any number of G Class Units in multiples of 150.

Investors are required to pay the subscription price for the Units, the Scheme Levy per Unit, and the Horse-Related Levy per Unit upon application. This means that, for example, if you invest \$150 in total under this PDS for the subscription of G Class Units, your application money will be applied as follows:

- \$86.57 by way of subscription for 150 G Class Units at the subscription price of \$1 per Unit, **inclusive** of Horse Acquisition, bloodstock, and diligence fees.
- \$9.60 by way of payment of the Scheme Levy for the first two years (based on a Scheme Levy of \$0.064 per Unit); and
- \$53.83 by way of payment of the Horse-Related Levy for the first two years (based on a Horse-Related Levy of \$0.328 per Unit).

The above example takes into account that the Manager pays for some of the costs of the Scheme in certain circumstances as described in Section 7.4 [*Additional explanation of fees and costs*] under the headings 'Management fees and costs' and 'Other Scheme expenses'. It also assumes that the maximum Subscription Amount has been raised.

7.6 GST

All amounts quoted in this Section are quoted on a GST **inclusive** basis, as the Scheme will be obliged to pay the GST component of invoices for goods and services supplied without the right to claim back those amounts from the ATO. For further details see Section 9 [*Taxation*].

8 Commonly asked questions

This section contains a selection of commonly asked questions about the Scheme. If you have any other questions, please contact the Manager by email at ausupport@MyRacehorse.com.

Question	Answer
Trophies/Race day memorabilia	All trophies won by the Horse will be dealt with by the Manager, at its discretion.
Horse welfare	MyRacehorse aims to put the wellbeing of the Horses as the first priority in the experience and as such will take all measures to ensure the wellbeing of the Horse.
Trainer updates	<p>As an G Class Unit Holder, you will receive via the Manager at least the same level of communication from the trainer of the Horses referable to the G Class Units as is normally provided by the trainer directly to the owners of other horses.</p> <p>Trainers are expected to provide video, voice, and photographic updates on a regular basis.</p>
Enclosure ticketing	<p>Current race club rules provide for an allocation of owner's enclosure tickets only on race day.</p> <p>The Manager will retain up to 2 tickets and ballot the remaining tickets amongst the other Unit Holders who attend the race day.</p>
Wind Up	<p>The Manager will be responsible for managing the Horses. At the forefront of the Manager's objectives will be the welfare of the Horses and the best interests of the Unit Holders.</p> <p>If the Manager determines that racing, or continuing to race, a Horse is not in the interests of the Horse itself or Unit Holders, then the Horse will either be sold, or if it is an Entire (a male horse that has not been gelded) retired to stud, at the Manager's discretion. If the Manager considers a Horse has no significant commercial value, the Manager may, at its discretion, rehome the Horse or transfer it to a rehoming program.</p>
Manager	<p>The Manager will work closely with the Trainer to ensure that each Horse is exposed to the best possible racing programs, jockeys, and other important career management decisions.</p> <p>The Manager, in conjunction with the respective trainers, is responsible for all decision making in relation to each Horse.</p>
Trainer contact	Unit Holders are PROHIBITED from contacting the trainer directly.

Question	Answer
	Questions regarding the Horse should be directed to the Manager at ausupport@MyRacehorse.com using the contact functionality on the website.
Code of conduct	The Manager wants to make ownership a pleasurable experience for all Unit Holders. As a Unit Holder in the Scheme, you must comply with the Rules of Racing and act in the best interests of racing and the Scheme.
Colours	To be confirmed.
Proceeds	All Net Proceeds, after payment of any costs and liabilities, will be distributed proportionately to the G Class Unit Holders in the same proportion as the number of Units held bears to the total number of Units of that Class.
Insurance	The cost of mortality insurance for two years is included in the Horse-Related Levy component of the initial Scheme Levy paid by Investors when subscribing for Units.

9 Taxation

The Responsible Entity is not an expert in taxation and persons considering an investment in the Scheme and Unit Holders are advised to consult their own professional advisers as to the income tax consequences of investing in the Scheme and in relation any changes in the taxation law and practice which may occur subsequent to the date of this PDS.

The following information in relation to taxation has been sourced from Carrazzo Consulting, who is an adviser to the Responsible Entity on taxation matters. It is included in this PDS by way of information only and does not constitute taxation advice to persons considering an investment in the Scheme or Unit Holders.

It explains why the Scheme WILL NOT have an Australian Business Number (ABN) and WILL NOT be registered for GST.

The racing activities of the Scheme, from a Unit Holder perspective, ARE NOT considered to be a “business” for income tax purposes. This being the case, it follows that the annual income distributions of the Scheme WILL NOT be assessable income, nor will related expenses be deductible.

Acquiring, holding, and disposing of Units in the Scheme may have important taxation and social security implications for investors. The following is only a very general summary of the current taxation legislation. Tax and social security requirements are complex, and you should obtain professional advice that is relevant to your own circumstances.

9.1 Income tax

It is considered that the Scheme will not be conducting an income tax 'business' nor a GST 'enterprise'. All income will be distributed to Unit Holders in proportion to their Unit holding. If you are an investor who is an Australian resident, you will not need to include in your taxable income for the financial year any income distributed to you.

9.2 Withholding tax

Further, if you are a non-resident of Australia for taxation purposes, withholding tax will not apply to any income distributed to you.

9.3 Capital Gains Tax

Capital gains realised by Unit Holders on the disposal of their Units may form part of their assessable income. Where Units have been held for more than 12 months, in calculating the assessable capital gain, the Unit Holder will be entitled to a capital gains (**CGT**) discount of 50% if they are individuals or 33.3% if they are a complying superannuation fund. If the Units have been held for less than 12 months, the discount is not available.

Capital losses realised by Unit Holders on the sale of their Units are calculated without applying the CGT discount. Capital losses are not allowed as a deduction against assessable income but may be offset against current year capital gains or may generally be carried forward to be offset against capital gains of future years. In the case of capital gains that are eligible for the CGT discount, capital losses must be offset against the nominal gain before applying the CGT discount.

10 Additional information

10.1 Constitution of the Scheme

The Scheme is established by the Constitution, as amended from time to time. The provisions of the Constitution are binding on each Unit Holder and persons claiming through them, as if the Unit Holder or person were a party to that Constitution.

The Constitution covers a number of additional matters, including:

- (a) the nature of the Units which are issued, application procedure and process for issuing Units;
- (b) the obligations and duties of Unit Holders, including the obligation to pay the Scheme Levies and Horse-Related Levies raised by the Responsible Entity;
- (c) the rights of Unit Holders to receive Scheme income, by reference to the income received by the Responsible Entity from the Horse;
- (d) Unit Holder meetings (a resolution may bind a Unit Holder, regardless of how or whether the Unit Holder voted);
- (e) the circumstances in which the Responsible Entity is and is not liable to the Unit Holders;
- (f) the Responsible Entity's rights, powers and entitlement to fees and expenses;
- (g) the Responsible Entity's right to create and establish different classes of Units;

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- (h) the Responsible Entity's right of indemnification out of the assets of the Scheme for all costs incurred by it in relation to the operation of the Scheme (subject to the proper performance of its duties);
 - (i) the circumstances in which the Responsible Entity can terminate the Scheme as a whole; and
 - (j) when the Responsible Entity can retire as trustee of the Scheme.

The Responsible Entity can amend the Constitution from time to time, subject to the provisions of the Constitution and the Corporations Act, including if it reasonably considers that the amendments will not adversely affect Unit Holders' rights. Otherwise, it must obtain the approval of the required number of Unit Holders at a meeting of Unit Holders (a resolution may bind you, regardless of how or whether you vote).

10.2 Compliance Plan

The Responsible Entity has prepared a Compliance Plan in accordance with the requirements of the Corporations Act, and ASIC policy, and has lodged a copy of that document with ASIC. The Compliance Plan sets out the compliance procedures that the Responsible Entity will follow to ensure that it is complying with the Corporations Act and the Constitution. Its compliance with the Compliance Plan is independently audited each year, as required by the Corporations Act and the auditor's report is lodged with ASIC.

10.3 Material contracts

Management agreement

The Responsible Entity will enter into a Management Agreement with the Manager, under which the Manager agrees to carry out a range of duties including (without limitation):

- (a) selection and acquisition of the Horses for the Scheme; and
- (b) to manage the day-to-day operation of the Scheme, including the Horses, or the Scheme's interest in them, on behalf of the Responsible Entity.

Other material agreements

The Manager will enter into a Training Agreement and Fees Notice with the Trainer.

10.4 Keeping you informed

The Responsible Entity will keep you up-to-date regarding your investment. For example, you will receive or have access to see online:

- (a) a confirmation notice after the Units which you have applied for are issued;
- (b) a distribution statement (if and when distributions are paid);
- (c) an annual tax statement containing a summary of your distributions for the financial year to assist you in completing your tax return; and
- (d) the Annual Financial Report for the Scheme. (You may elect not to receive these if you wish.)

Digital communication is our default means of sending you information; however, we will send you information by post if you contact us and request this method of delivery.

10.5 Continuous disclosure

The Responsible Entity will meet its continuous disclosure obligations by publishing material information on the Manager's website at <https://myracehorse.com/app/singleHorseView/5981> in accordance with the requirements of ASIC policy. Material information in relation to the Scheme, including continuous disclosure notices, is uploaded on that website.

If the Scheme is a disclosing entity, the Scheme is subject to regular reporting and disclosure obligations. Investors can obtain a copy of the following documents from the website <https://myracehorse.com/app/singleHorseView/5981>:

- (a) the most recent annual financial report lodged with ASIC by the Scheme;
- (b) any half yearly financial report lodged with ASIC after the lodgement of that annual financial report but before the date of this PDS; and
- (c) any continuous disclosure notices lodged with ASIC by the Scheme after that annual financial report but before the date of this PDS.

Copies of documents lodged with ASIC in relation to the Scheme may be obtained from ASIC.

10.6 Cooling off

If you are a 'retail client' (as defined under the Corporations Act) investing directly in the Scheme, you have a 14-day cooling-off period to ensure the investment meets your needs. The cooling off period starts from the earlier of:

- (a) the day we give you a transaction confirmation; or
- (b) five business days after you acquire the product.

If you exercise your cooling-off rights, we will return your money to you; however, the amount we return may be different from your original investment. The amount may be higher or lower to reflect market movements and this may have tax implications for you. The amount returned will also be affected by the deduction of reasonable administration costs incurred by us or any other amount that may be deducted by us under the Corporations Act. Your cooling-off rights terminate immediately if:

- (a) you exercise any of your rights or powers of a Unit Holder in the Scheme; or
- (b) an event occurs and your rights or powers of a Unit Holder cease to exist.

10.7 Complaints

If you have any questions regarding the Scheme or are not completely satisfied with any aspect of services regarding the management of the Scheme, please contact the Manager at email: ausupport@myracehorse.com. The Manager will acknowledge receipt of your complaint and attempt to resolve it as soon as practicable. The Manager seeks to resolve potential and actual complaints over the management of the Scheme to the satisfaction of Investors.

If you wish to lodge a written complaint, please write to:

MyRacehorse Pty Ltd
C/O MGD 175 Melbourne Street
South Brisbane QLD 4101

Any complaint will be acknowledged in writing and responded to within 45 days. If you believe that your matter has not been dealt with satisfactorily, you may lodge a complaint with the Australian Financial Complaints Authority (**AFCA**):

Online: www.afca.org.au
Email: info@afca.org.au
Phone: 1800 931 678 (free call)
Mail: Australian Financial Complaints Authority Limited
GPO Box 3, Melbourne VIC 3001

Time limits may apply to complain to AFCA and you should act promptly or otherwise consult the AFCA websites to find out if or when the time limit relevant to your circumstances expires.

10.8 Consents

The persons listed in the table below have given and have not withdrawn their written consent to:

- (a) be named in this PDS in the form and context in which they are named;
- (b) the inclusion of their respective reports or statements noted next to their names and the references to those reports or statements in the form and context in which they are included in this PDS; and
- (c) the inclusion of other statements in this PDS which are based on or referable to statements made in those reports or statements, or which are based on or referable to other statements made by those persons in the form and context in which they are included:

Name of person	Named as	Reports or statements
Carrazzo Consulting Pty Ltd Certified Practising Accounts	Taxation Advisors	General summary of the current taxation legislation set out in Section 9 (<i>Taxation</i>) of this PDS
UHY Haines Norton Chartered Accountants	Auditors for Scheme and Compliance Plan	Consent to act
Macquarie Legal Practice Solicitors	Legal Advisers	Provided advice in relation to the compilation of this PDS
MyRacehorse Pty Ltd	Manager	Consent to act
Ellerton Zahra Racing Pty Ltd Mathew Ellerton and Simon Zahra	Trainer	Consent to act

None of the persons referred to above has made any statement that is included in this PDS or any statement on which this PDS is based, other than any statement or report included in this PDS with the consent of that person as specified above.

Each of the persons referred to above:

- (a) has not authorised or caused the issue of this PDS, and makes no representation or warranty, express or implied, as to the fairness, accuracy or completeness of the information contained in this PDS; and
- (b) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statements in or omissions from this PDS other than references to its name or a statement or report included in this PDS with the consent of that person as specified above.

10.9 Directors' authorisation

The directors of the Responsible Entity state that they have made all reasonable enquiries and have reasonable grounds to believe that all statements in this PDS are true and not misleading. Each director has given and has not, at the date of this PDS, withdrawn their written consent to the issue of this PDS. The issue of this PDS by the Responsible Entity was authorised by Board resolution dated 14 September 2021.

10.10 Labour standards or environmental, social, or ethical considerations

The Responsible Entity does not take into account labour standards or environmental, social, or ethical considerations in determining the selection, retention or realisation of assets.

However, to the extent that the Responsible Entity believes those matters may affect the value or performance of an investment in a horse, they may be considered.

The Responsible Entity does not have a predetermined view as to what constitutes a labour standard or environmental, social, or ethical consideration, as these will be determined on a case- by-case basis.

10.11 Anti-money laundering laws

The Responsible Entity may be required to collect certain customer identification information and verify that information in compliance with the *Anti-Money Laundering/Counter-Terrorism Financing Act 2006* (Cth) (the **AML/CTF Act**) and *Anti-Money Laundering and Counter-Terrorism Financing Rules Instrument 2007 (No. 1)* before it can issue Units to Investors.

Customer identification information may include detailed 'know your customer' (**KYC**) information in relation to the Investor such as, for an individual Investor, name, address, and date of birth and for an Investor that is a business entity, details of directors and beneficial owners, and where the Investor is a trustee, details of the trust deed and beneficiaries. Responsible Entity may require further KYC information such as information concerning business activities, structure, and source of funds of Investors and from time to time may require an Investor to provide updated or additional information.

The Responsible Entity may refuse to accept an application or decline to issue Units to an Investor until it has satisfactorily concluded a customer identification procedure in relation to the Investor.

The Responsible Entity may delay or refuse any request or transaction, including by suspending the issue or redemption of Units if the Responsible Entity is concerned that the request or transaction

may cause the Responsible Entity to contravene the AML/CTF Act. The Responsible Entity will incur no liability to the Investor if it does so.

10.12 Rules of Racing

The Rules of Racing are comprised of the Australian Rules of Racing published by Racing Australia Limited and Local Rules published by each Principal Racing Authority to apply within their respective jurisdictions.

The Rules of Racing require that ALL Unit Holders be recorded as registered owners for the purposes of the rules. As registered owners you are bound by the Rules of Racing and MUST comply with the racing industry's fitness and propriety requirements, including the following Micro-ownership terms & conditions:



Micro-ownership terms & conditions

1. The unitholder is 18 years old or older.
2. The unitholder agrees to be bound by and comply with the Australian Rules of Racing and the Local Rules, Regulations, By-Laws, Policies and Conditions of the Principal Racing Authority (PRA) and Racing Integrity Body (RIB) (where applicable) in whose State or Territory they reside or in which the horse shall be domiciled, trained, or raced (as amended from time to time).
3. Without limiting any of the rules and regulations referred to in clause 2 above, the unitholder agrees to refrain from taking any step, or authorising any person to take any step, which may adversely affect the important role that Racing Australia (RA), PRAs, RIBs and Race Clubs play in the administration, promotion, and reporting of Thoroughbred racing and in the provision of racing materials.
4. The unitholder agrees they have notified RA if they have been, and undertakes to notify RA within 14 days if following registration/transfer of the horse they are:
 - (a) convicted of, or have a pending charge against them for, an indictable criminal offence or a criminal offence involving violence against a person or dishonest activity;
 - (b) convicted under the Australian Rules of Racing, the Local Rules of a PRA, or the rules of any other racing authority of any code; or
 - (c) convicted of, or have a pending charge against them for, an offence under any animal welfare/prevention of cruelty to animals legislation.
5. The unitholder agrees to provide a National Police Certificate to RA/PRA/RIB if requested, provided RA/PRA/RIB has reasonable grounds for suspecting the unitholder may have been involved in the commission of a criminal offence.
6. The unitholder agrees to provide an identification document (e.g. licence, passport) to RA/PRA/RIB if requested, for the purposes of verifying the unitholder's identity.

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7. The unitholder agrees they may be required by RA/PRA/RIB to relinquish their unit(s) in the scheme (or their share/interest in any other horse) if convicted of or charged with an offence referred to in clause 4 above, or if RA/PRA/RIB is unable to verify the unitholder's identity or considers that the unitholder is not a fit and proper person to be a member of the scheme.
 8. The unitholder agrees that they may be subject to penalty for providing any false or misleading information or failing to disclose any information they are required to provide to RA/PRA/Stewards/RIB/Race Club.

By becoming a Unit Holder in the Scheme you agree to these terms and conditions.

10.13 Payments to related parties

Both the Responsible Entity and the Manager may have existing relationships with various other parties with whom they wish to procure services in relation to the Scheme and the Horse. All such service agreements must be on competitive commercial terms and considered by both the Manager and the Responsible Entity to be in the best interests of the Scheme and the Horse.

10.14 Documents available for inspection

The following documents are available for inspection during normal business hours at the registered office of the Responsible Entity:

- (a) the Constitution; and
- (b) the Compliance Plan.

11 How to apply

11.1 Cost of the Units

The subscription price per G Class Unit is \$1.

Units are ONLY available in multiples of 150 and must be held in multiples of 150.

Consequently, the minimum number of G Class Units an Investor can apply for is 150, and the minimum subscription amount per Investor is \$150.

There is no limit to the number of G Class Units an Investor can apply for in multiples of 150.

11.2 The subscription price per G Class Unit is payable by each Investor when applying for the Units. Application process

You should read this PDS in its entirety. This document may be updated or replaced from time-to-time and you should ensure you read the current version before investing.

If you would like to invest you will need to do via <https://myracehorse.com/app/singleHorseView/5981>. You will need to complete the Application Form online and provide all of the information requested in the application process.

We will notify you when your application has been processed. Money will be held in an application moneys account until any Minimum Subscription Amount has been received.

If the Minimum Subscription Amount of \$ \$750,000 is not achieved on or before the Offer Closing Date, MyRacehorse Pty Ltd intends to subscribe for Units on its own account and for its own purposes where the aggregate amount raised from other Investors does not achieve the Minimum Subscription Amount.

Until the Minimum Subscription Amount is met, the application moneys received will be held in a trust account designated for application moneys. Such moneys will not be invested in an interest-bearing account and no interest will be paid to the Investor by the Responsible Entity.

Units will be issued once the Minimum Subscription Amount is achieved.

If an application cannot be processed because it is incomplete or invalid, the relevant application money will be held in the application money account while the Responsible Entity seeks to resolve the issue with you. If the issue cannot be resolved, then your application will be rejected, and the application money will be refunded.

12 Glossary

In this PDS, the following terms have the following meaning unless the context otherwise requires:

Term	Meaning
\$ or A\$	Australian dollars.
Acquisition Price	the acquisition price for the Horse described in Section 3.3 (<i>Details of the Horse</i>) of this PDS.
AFSL	Australian financial services licence issued by ASIC under the Corporations Act.
AML/CTF Act	<i>Anti-Money Laundering and Counter-Terrorism Financing Act 2006</i> (Cth).
Application Form	the application form which is attached to or accompanies this PDS under which an Investor may apply for Units.
ARSN	Australian Registered Scheme Number.
ASIC	Australian Securities and Investments Commission.
Board	the board of directors of the Responsible Entity.
Business Day	a day that is not a Saturday, Sunday, bank holiday or public holiday in Sydney, Australia.
Class	a class of Units.

Compliance Plan	the compliance plan of the Scheme, as amended or replaced from time to time.
Constitution	the constitution of the Scheme, as amended from time to time.
Corporations Act	<i>Corporations Act 2001</i> (Cth).
Directors	the directors of the Responsible Entity.
G Class	a Class called 'G Class'.
G Class Unit	a Unit of the G Class.
Horse	each thoroughbred horse described in Section 3.3 (<i>Details of the Horses</i>).
Investor, you, your	a Unit Holder, or an applicant for a Unit, or a prospective applicant for a Unit, as the context requires.
KYC	'know your customer' requirements under the AML/CTF Act and subordinate legislation.
Manager	MyRacehorse Pty Ltd (ACN 643 461 590).
Management Agreement	the management agreement entered into between the Manager and the Responsible Entity dated 24 May 2021.
Maximum Subscription Amount	the maximum aggregate subscription amount to be received from all Investors for the offer of Units under this PDS to proceed.
Minimum Subscription Amount	the minimum aggregate subscription amount to be received from all Investors for the offer of Units under this PDS to proceed.
Net Prize Money	the balance of prize money paid to the owner of the winning or placed horse after deductions by Principal Racing Authorities as described in Section 7.4 (<i>Additional explanation of fees and costs</i>) of this PDS under the heading 'Mandatory deductions to the Principal Racing Authorities'.
Net Proceeds	the balance of proceeds received from the sale of the Horse or an interest in the Horse, less the sale entry fee, commission, and other selling costs.
Offer Closing Date	one month from the date of the PDS, or such earlier date as may be determined by the Responsible Entity.
PDS	this document.

Principal Racing Authority	a body that has control and general supervision of racing within a State of Territory as set out in the Australian Rules of Racing.
Responsible Entity, we, us, our	Sire Custodians Ltd (ABN 45 005 088 371).
Scheme	MyRacehorse No.1 (ARSN 646 771 262).
Scheme Levy	has the meaning given in Section 7.4 (<i>Additional explanation of fees and costs</i>) of this PDS.
Training Agreement and Fees Notice	The Training Agreement and Fees Notice provided to the Manager by the Trainer.
Trainer	Ellerton Zahra Racing Pty Ltd (ABN 58 098 541 845), by its licensed trainers Mathew Ellerton and Simon Zahra
Unit	a unit in the Scheme, with the rights, obligations and restrictions attaching to it as set out in the Constitution.
Unit Holder	a person whose name is entered in the register of members of the Scheme as holding a Unit at the relevant time.
Veterinarians	the veterinarians described in Section 3.3 (<i>Details of the Horse</i>) of this PDS.

13 Corporate directory

Manager

MyRacehorse Pty Ltd (ABN 53 643 461 590)
 AFSL Authorised Representative Number 001284902
 Address: 175 Melbourne Street South Brisbane QLD 4101
 Telephone 1800 934243

Responsible Entity

Sire Custodians Ltd (ABN 45 005 088 371)
 AFSL 223671
 Address: Suite 203, Level 2, 66 Berry Street NORTH SYDNEY, NSW, 2060 AUSTRALIA
 Telephone: +61 2 9235 2500

Auditor

UHY Haines Norton (ABN 85 140 758 156)
 Address: Level 11, 1 York Street SYDNEY, NSW, 2000 AUSTRALIA
 Telephone: +61 2 9256 6600

Legal Advisor

Macquarie Legal Practice (ABN 85 481 840 123)
Suite 203, Level 2, 66 Berry Street NORTH SYDNEY, NSW, 2060 AUSTRALIA
Telephone: +61 2 9235 2500

Taxation Advisor

Carrazzo Consulting Pty Ltd (ABN 77 606 828 945)
Address: 801 Glenferrie Road HAWTHORN, VIC, 3122 AUSTRALIA
Telephone: +61 3 9982 1000