

TAILORED  

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INVESTMENT  

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SOLUTIONS

**Tailored Investment Solutions  
Berkshire Hathaway  
Series Two Units**

**Supplementary Product Disclosure Statement**

**Dated 30 January, 2018**

# ABOUT THIS SUPPLEMENTARY PRODUCT DISCLOSURE STATEMENT

This Supplementary Product Disclosure Statement is issued by Tailored Investment Solutions Pty Ltd (ACN 169 320 905) (**Issuer**) and arranged by Valuestream Investment Management Limited (ACN 094 107 034, AFS Licence No. 246621). This Supplementary Product Disclosure Statement (the **SPDS**) supplements the Product Disclosure Statement (the **PDS**) dated 4 May 2015 in respect of the Tailored Investment Solutions Berkshire Hathaway Units Series 2 (**Units**).

The purpose of the amendments contained in this SPDS are to provide Investors with a way to extend the Maturity Date of their current investment in the Units and to give new investors the opportunity to purchase Units.

The Value per Unit as at the date of this SPDS is \$0.3512. The Issuer is seeking to give Investors the opportunity to either:

- (a) extend the Maturity Date of their Units by acquiring Extension Units, and to receive a potential Bonus Coupon; or
- (b) stay invested in their existing Units on the original terms of the PDS, by doing nothing.

Details of the amendments to the PDS are set out below. Please read this SPDS together with the PDS and retain this document with the PDS. You should read all parts of the PDS and SPDS.

An Election Form is attached to this SPDS which sets out the above two options. If you decide to acquire extension units, and therefore extend the Maturity Date, this Election Form is also an Application Form for the Extension Units.

# AMENDMENTS TO THE PDS

## THIS SPDS GIVES INVESTORS OF THE TAILORED INVESTMENT SOLUTIONS BERKSHIRE HATHAWAY UNITS SERIES TWO, VARIOUS OPTIONS TO CONSIDER FOR THEIR INVESTMENT;

### A) STAY WITH EXISTING UNITS

If an Investor wants to continue their investment in the current Units without change, an Investor can either:

- (a) do nothing; or
- (b) fill in the attached Election Form electing to stay in the existing Units.

In this case, the Investor's Units will be unchanged, and the existing Terms of the PDS dated 4 May 2015 will continue to apply.

### B) APPLY FOR NEW EXTENSION UNITS

If an Investor wants to extend the Maturity Date of the Investment, the Investor has the option to continue with the same number of Units, or increase the number of Units. Investors that apply for New Extension units may also benefit from a Bonus Coupon. At the date of this SPDS the Bonus Coupon would be \$0.1317 per Unit\*.

If applying for New Extension Units, Investors have the option of;

#### i) Maintaining the same Number of Units

If Investors elect to maintain the same number of Extension Units as they held, any Bonus Coupon will be paid Into the Nominated Bank Account as outlined within the Initial Application form; or

#### ii) Use the proceeds from the Bonus Coupon to apply for additional Extension Units

Rather than pay investors the Bonus Coupon, the Issuer will use the proceeds to apply for additional Extension Units on behalf of the investor.

If you elect this option the formula for calculating the final number of extension Units is as follows:

$$= \text{Original number of Units} + ((\text{Bonus Coupon} / \text{Extension Units Issue Price}) * \text{original number of units})$$

At the date of this SPDS, Investors that elect to use the Bonus Coupon to fund the additional Extension Units will increase their holding by approximately 60%. For example, an investor with 100,000 original units will be allocated 160,000 Extension Units.

\* There is no guarantee an Investor will receive a Bonus Coupon. The value quoted is Indicative only and subject to change.

Investors wishing to apply for New Extension Units will need to complete the attached Election Form and return the Election Form to the Issuer by no later than 5pm , 13 February 2018.

### TERMS FOR THE NEW EXTENSION UNITS

If you wish to extend the Maturity Date for your existing Units, please complete the attached Election Form (Application Form) for the Extension Units and return to the Issuer.

The Terms applicable to the Extension Units are set out below. These Terms apply to the Extension Units only. There is no change to the existing PDS or the Terms applicable to the existing Units if an Investor elects to stay invested in the current Units on their current Terms.

## 1. TIMELINE.

In Section 3.1, page [7] the Timeline, with respect to the Extension Units only, has been amended as follows:

<b>Extension Offer Opening Date</b>	30 January 2018
<b>Extension Offer Closing Date</b>	13 February 2018
<b>Application Payment Date</b>	Applications for Extension Units will be paid for using the proceeds from the unwinding of the original Units, or if applying for new Units or Additional Units via Direct Debit.
<b>Extension Commencement Date</b>	16 February 2018
<b>Strike Date</b>	16 February 2018
<b>Extension Units Initial Averaging Dates</b>	16 February 2018, 15 March 2018, 13 April 2018
<b>Extension Maturity Averaging Dates</b>	15 December 2020, 18 January 2021, 18 February 2021
<b>Extension Units Bonus Coupon Determination Date</b>	16 February 2018
<b>First Extension Coupon Determination Date</b>	15 February 2019
<b>Second Extension Coupon Determination Date</b>	14 February 2020
<b>Extension Maturity Date</b>	18 February 2021
<b>Investment Term</b>	Approximately 3 years
<b>Extension Coupon Payment Date</b>	10 Business Days, or as soon as reasonably practicable, after the relevant Extension Coupon Determination Date
<b>Buy-Back Dates for Extension Units</b>	15 May 2018, 15 August 2018, 14 November 2018, 14 February 2019, 14 May 2019, 14 August 2019, 14 November 2019, 13 February 2020, 13 May 2020, 13 August 2020, 13 November 2020.  Investors must lodge their Buy-Back Form no later than 10 Business Days before the relevant Buy-Back Date. Any Buy-Back Form received after this time will be held over to the next Buy-Back Date.
<b>Settlement Date for Extension Units</b>	10 Business Days after the Extension Maturity Date, or such other date as determined by the Issuer in its discretion as is reasonably necessary for the Issuer to fulfil its obligations under the Terms.

## 2. EXTENSION UNITS ISSUE PRICE.

The Issue Price of the Extension Units is \$0.2195

The Notional Exposure per Extension Unit is \$1.00AUD

All references to “Issue Price” in the PDS are amended to the above Issue Price with respect to the Extension Units only.

All references to “Notional Exposure per Unit” in the PDS are amended to the above Notional Exposure per Extension Unit, with respect to the Extension Units only.

## 3. INITIAL REFERENCE ASSET VALUE.

References to Initial Averaging Dates in the PDS are removed and replaced with references to an Extension Initial Reference Asset Value of 100, with respect to the Extension Units only.

## 4. COUPONS.

The Coupon Determination Dates for the Extension Units are approximately 12 months and 24 months after the Extension Commencement Date of the units.

The First Extension Coupon is calculated at the end of 12 months from the Extension Commencement Date. The Second Extension Coupon is calculated at the end of 24 months from the Extension Commencement Date—and all references to the calculation of a First and Second Coupon in the PDS are amended accordingly, with respect to the Extension Units only.

References to Gross First Coupon and Gross Second Coupon in the PDS are replaced with references to Gross Extension Coupon, Gross First Extension Coupon and Gross Second Extension Coupon, with respect to the Extension Units only. These are references to the amount of the Coupons in US Dollars, net of Performance Fees.

The formulae for calculating the Extension Coupons are as follows:

**First Extension Coupon**

$$= \text{Notional Exposure} \times 90\% \times \left[ \text{Min} \left( 10\%, 100\% \times \left( \frac{\text{Reference Asset Value}_{y_1}}{\text{Extension Initial Reference Asset Value}} - 1 \right) \right) \right] \\ \times \left( \text{Series Spot Rate}_{y_E} / \text{Series Spot Rate}_{y_1} \right)$$

provided that if this calculation would produce a negative result, no Coupon would be payable.

**Second Extension Coupon**

$$= \text{Notional Exposure} \times 90\% \times \left[ \text{Min} \left( 10\%, 100\% \times \left( \left( \frac{\text{Reference Asset Value}_{y_2}}{\text{Extension Initial Reference Asset Value}} - 1 \right) - \text{Gross First Extension Coupon} \right) \right) \right] \\ \times \left( \text{Series Spot Rate}_{y_E} / \text{Series Spot Rate}_{y_2} \right)$$

provided that if this calculation would produce a negative result, no Coupon would be payable.

**Where:**

**Series Spot Rate<sub>y<sub>E</sub></sub>** means the AUD/USD spot rate on the Extension Commencement Date

**Series Spot Rate<sub>y<sub>1</sub></sub>** means the AUD/USD spot rate on the First Extension Coupon Determination Date

**Series Spot Rate<sub>y<sub>2</sub></sub>** means the AUD/USD on the Second Extension Coupon Determination Date

**Extension Reference Asset Value<sub>y<sub>1</sub></sub>** means the Reference Asset Closing Price on the First Extension Coupon Determination Date

**Extension Reference Asset Value<sub>y<sub>2</sub></sub>** means the Reference Asset Closing Price on the Second Extension Coupon Determination Date

**Bonus Coupon** If Investors elect to participate in the extension Units they may benefit from a Bonus Coupon. The Formulae for calculating the Bonus Coupon is as follows:

**Bonus Coupon**

$$= \text{Value of Units on the Bonus Coupon Determination Date} - \text{Extension Units Issue Price}$$

If the Value of the Units is less than the Extension Unit Price at the Strike Date, no Bonus Coupon will be paid.

At the date of this SPDS the Bonus Coupon would be \$0.1317 per Unit. This Bonus Coupon is indicative only and is subject to change as the final Bonus Coupon will be determined by the value of the Units at the Strike Date.

## 5. FINAL VALUE, FINAL REFERENCE ASSET VALUE, REFERENCE ASSET VALUE AND MATURITY AVERAGING MECHANISM.

The Final Value per Extension Unit will be determined on the Extension Maturity Date set out in the Timeline above.

In Section 3, page [10] the formula for the Final Value at Maturity is amended as follows, with respect to the Extension Units only:

The Extension Final Value per Extension Unit is determined on the Extension Maturity Date in accordance with the following formula:

**Extension Final Value**

$$= 90\% \times \left[ \text{Max} \left( 0, \left( \text{Notional Exposure} \times \left( \frac{\text{Extension Final Reference Asset Value}}{\text{Extension Initial Reference Asset Value}} - 1 \right) - \text{Gross First Extension Coupon} - \right. \right. \right. \\ \left. \left. \left. \text{Gross Second Extension Coupon} \right) \right) \right] \times \left( \frac{\text{Series Spot Rate}_{y_E}}{\text{Series Spot Rate}_{y_{EF}}} \right)$$

**Where:**

**Series Spot Rate<sub>y<sub>E</sub></sub>** means the AUD/USD spot rate on the Extension Commencement Date

**Series Spot Rate<sub>y<sub>EF</sub></sub>** means the AUD/USD spot rate on the Extension Maturity Date

The Extension Final Reference Asset Value will be calculated over the six Maturity Averaging Dates set out in the Timeline above. All references to the three Maturity Averaging Dates in the PDS are changed to six Maturity Averaging Dates, with respect to the Extension Units only.

In Section 3, page [8] the formula and definition for the Reference Asset Value are amended as follows:

The Extension Reference Asset Value is used when calculating the Coupons and the Extension Final Value of the Units. The Extension Reference Asset Value is calculated as follows:

**Where:**

**Extension Reference Asset Value<sub>t</sub>** means the Reference Asset Value on Scheduled Business Day t

**Extension Reference Asset Level<sub>t</sub>** means the Reference Asset Closing Price on Scheduled Business Day t

**Extension Reference Asset Level<sub>0</sub>** means the Reference Asset Closing Price on the Strike Date

## 6. KEY RISKS

In Section 8, on page [25] under the heading 8.1 The Units, insert:

### Extension Risk

There is no guarantee that the performance of the Extension Units will exceed that of the original Units. The Issuer in no way suggests or guarantees that the Extension Units will experience a higher return than the existing Units, and it is possible that investors may lose the gains accrued by the existing Units altogether. An investment in the Extension units may reduce exposure to short term volatility however there is no guarantee that this volatility will not continue in the long term. Investors will also have a further three year exposure to all other risks described in the original PDS.

## 7. BREAK EVEN AND SENSITIVITY ANALYSIS.

In Section 5, on page [18] under the heading Break Even and Sensitivity Analysis, references to an investment term of three years and the calculations showing the increase in Reference Asset Value required to break even over the term of the investment have been updated to reflect a 3 year investment. The calculations are amended as follows, with respect to Extension Units only:

Increase in Reference Asset Value required to break even over 3 years assuming no change in the AUD/USD exchange rate over the Investment Term and assuming no Coupons are paid over the Investment Term = **23.17%**

Increase in Reference Asset Value required to break even over 3 years based on AUD/USD = \$0.70 and assuming no Coupons are paid over the Investment Term = **20.85%**

Increase in Reference Asset Value required to break even over 3 years based on AUD/USD = \$0.90 and assuming no Coupons are paid over the Investment Term. = **25.48%**

## 8. WORKED EXAMPLES.

In Section 7, pages [21-24] worked examples showing the calculations for the Final Value of an investment in the Units have been updated to reflect the terms of the Extension Units as per this SPDS. The calculations are amended as follows, with respect to Extension Units only:

Date	Reference Asset Value			AUD/USD exchange rate
	Scenario 1	Scenario 2	Scenario 3	
<b>Extension Commencement Date</b>	100	100	100	1.00
<b>First Extension Coupon Determination Date</b>	140	102	116	1.20
<b>Second Extension Coupon Determination Date</b>	175	91	101	0.80
<b>Maturity Averaging Date 1</b>	249	91	100	
<b>Maturity Averaging Date 2</b>	255	90	103	
<b>Maturity Averaging Date 3</b>	260	88	101	
<b>Maturity Averaging Date 4</b>	265	85	104	
<b>Maturity Averaging Date 5</b>	270	85	102	
<b>Maturity Averaging Date 6</b>	270	84	101	1.05

### Step 1 Calculate the Initial Reference Asset Value

The Extension Initial Reference Asset Value is the Extension Reference Asset Value on the Extension Commencement Date:

Extension Initial Reference Asset Value = (Extension Reference Asset Value<sub>E</sub>) = 100

### Calculate the value of the First Extension Coupon

The First Extension Coupon will be an amount per Unit calculated as follows:

#### First Extension Coupon

$$= \text{Notional Exposure} \times 90\% \times \left[ \text{Min} \left( 10\%, 100\% \times \left( \frac{\text{Reference Asset Value}_{y1}}{\text{Extension Initial Reference Asset Value}} - 1 \right) \right) \right] \\ \times (\text{Series Spot Rate}_{yE} / \text{Series Spot Rate}_{y1})$$

If this calculation produces a negative result, no First Extension Coupon will be payable.

The First Extension Coupon will be converted into Australian dollars at the AUD/USD spot exchange rate on the First Extension Coupon Determination Date as denoted in the above formula.

#### Where:

**Reference Asset Value<sub>y1</sub>** means the Reference Asset Value on the First Extension Coupon Determination Date

**Series Spot Rate<sub>yE</sub>** means the AUD/USD spot rate on the Extension Commencement Date

**Series Spot Rate<sub>y1</sub>** means the AUD/USD spot rate on the First Extension Coupon Determination Date

Therefore, for Scenario 1, the First Extension Coupon is calculated as follows:

### First Extension Coupon

$$= \text{Notional Exposure} \times 90\% \times \left[ \text{Min} \left( 10\%, 100\% \times \left( \frac{\text{Reference Asset Value}_{y_1}}{\text{Extension Initial Reference Asset Value}} - 1 \right) \right) \right] \\ \times \left( \text{Series Spot Rate}_{y_E} / \text{Series Spot Rate}_{y_1} \right)$$

$$\begin{aligned} \text{Coupon} &= \$1.00 \times 90\% \times \left[ \text{Min} \left( 10\%, 100\% \times (140/100 - 1) \right) \right] \times (1/1.20) \\ &= \$1.00 \times 90\% \times \left[ \text{Min} \left( 10\%, 100\% \times (1.40 - 1) \right) \right] \times (1/1.20) \\ &= \$1.00 \times 90\% \times \left[ \text{Min} \left( 10\%, 40\% \right) \right] \times 0.833333 \\ &= \$1.00 \times 90\% \times 10\% \times 0.833333 \\ &= \$0.09 \times 0.833333 \\ &= \$0.0750 \text{ per Unit} \end{aligned}$$

Based on a holding of 50,000 Units, the total First Extension Coupon paid would be \$3,750.00.

This amount of \$0.0750 per Unit has already been reduced on account of the Performance Fee.

The Performance Fee is calculated as follows:

$$\begin{aligned} \text{Performance Fee} &= \text{Notional Exposure} \times 10\% \times \left[ \text{Min} \left( 10\%, 100\% \times \left( \frac{\text{Reference Asset Value}_{y_3}}{\text{Extension Initial Reference Asset Value}} - 1 \right) \right) \right] \times \left( \text{Series Spot Rate}_{y_E} / \text{Series Spot Rate}_{y_1} \right) \\ &= \$1.00 \times 10\% \times \text{Min} \left[ 10\%, 100\% \times \left( \frac{140}{100} - 1 \right) - 0 \right] \times (1/1.20) \\ &= \$1.00 \times 10\% \times \text{Min} \left[ 10\%, 40.00\% \right] \times (1/1.20) \\ &= \$1.00 \times 10\% \times 10\% \times 0.833333 \\ &= \$0.10 \times 0.833333 \\ &= \$0.00833 \text{ per Unit} \end{aligned}$$

The Performance Fee per Unit will be \$0.00833

The First Extension Coupon is \$0.0750. The Extension Gross Coupon is calculated in USD and would have been \$0.10 in this example (that is, before subtracting the Performance Fee, and before conversion into AUD).

### Step 2 Calculate the value of the Second Extension Coupon

The Second Extension Coupon will be an amount per Unit calculated as follows:

$$\begin{aligned} \text{Second Extension Coupon} &= \text{Notional Exposure} \times 90\% \times \left[ \text{Min} \left( 10\%, 100\% \times \left( \left( \frac{\text{Reference Asset Value}_{y_2}}{\text{Extension Initial Reference Asset Value}} - 1 \right) - \text{Gross First Extension Coupon} \right) \right) \right] \\ &\quad \times \left( \text{Series Spot Rate}_{y_E} / \text{Series Spot Rate}_{y_2} \right) \end{aligned}$$

If this calculation produces a negative result, no Second Extension Coupon will be payable. The Second Extension Coupon will be converted into Australian dollars at the AUD/USD spot exchange rate on the Second Extension Coupon Determination Date as denoted in the above formula.

#### Where:

**Reference Asset Value<sub>y<sub>2</sub></sub>** means the Reference Asset Value on the Second Extension Coupon Determination Date

**Series Spot Rate<sub>y<sub>E</sub></sub>** means the AUD/USD spot rate on the Extension Commencement Date

**Series Spot Rate<sub>y<sub>2</sub></sub>** means the AUD/USD spot rate on the Second Extension Coupon Determination Date

The 90% in the above formula for the Second Extension Coupon has the effect of reducing the Second Extension Coupon by the amount of the Performance Fee. The Performance Fee is 10% of the amount that would otherwise be payable.

Note that the Gross First Extension Coupon is the amount of the First Extension Coupon together with any Performance Fee paid on that Coupon, prior to being converted to AUD. The Gross First Extension Coupon is \$0.10 (see Step 2 above).

Based on the values in the table above, the Second Extension Coupon for Scenario 1 would be calculated as follows:

$$\begin{aligned} \text{Second Extension Coupon} &= \text{Notional Exposure} \times 90\% \times \left[ \text{Min} \left( 10\%, 100\% \times \left( \left( \frac{\text{Reference Asset Value}_{y_2}}{\text{Extension Initial Reference Asset Value}} - 1 \right) - \text{Gross First Extension Coupon} \right) \right) \right] \\ &\quad \times \left( \text{Series Spot Rate}_{y_E} / \text{Series Spot Rate}_{y_2} \right) \end{aligned}$$

$$\begin{aligned} \text{Coupon} &= \text{Notional Exposure} \times 90\% \times \left[ \text{Min} \left( 10\%, 100\% \times \left( \left( \frac{175}{100} - 1 \right) - \text{Gross First Extension Coupon} \right) \right) \right] \times (1/0.80) \\ &= \$1.00 \times 90\% \times \left[ \text{Min} \left( 10\%, 100\% \times \left( \left( \frac{175}{100} - 1 \right) - 0.10 \right) \right) \right] \times 1.25 \\ &= \$1.00 \times 90\% \times \left[ \text{Min} \left( 10\%, 100\% \times (0.75 - 0.10) \right) \right] \times 1.25 \\ &= \$1.00 \times 90\% \times \left[ \text{Min} \left( 10\%, 65\% \right) \right] \times 1.25 \\ &= \$1.00 \times 90\% \times 10\% \times 1.25 \\ &= \$0.09 \times 1.25 \\ &= \$0.1125 \text{ per Unit} \end{aligned}$$

Based on a holding of 50,000 Units, the total Second Extension Coupon paid would be \$5,625.00.

This amount of \$0.1125 per Unit has already been reduced on account of the Performance Fee.

The Performance Fee is calculated as follows:

$$\begin{aligned}
 \text{Performance Fee} &= \text{Notional Exposure} \times 10\% \times \text{Min} [(10\%, 100\% \times ((\text{Reference Asset Value}_{y_2} / \text{Extension Initial Reference Asset Value} \\
 &\quad - 1) - \text{Gross First Extension Coupon})] \times (\text{Series Spot Rate}_{y_E} / \text{Series Spot Rate}_{y_2}) \\
 &= \$1.00 \times 10\% \times \text{Min} [(10\%, 100\% \times ((175/100 - 1) - 0.10))] \times (1/0.8) \\
 &= \$1.00 \times 10\% \times \text{Min} [10\%, 75.00\%] \times 1.25 \\
 &= \$1.00 \times 10\% \times 10\% \times 1.25 \\
 &= \$0.01 \times 1.25 \\
 &= \$0.0125 \text{ per Unit}
 \end{aligned}$$

The Performance Fee per Unit will be \$0.0125.

The Second Extension Coupon is \$0.1125. The Extension Gross Coupon is calculated in USD and would have been \$0.10 in this example (that is, before subtracting the Performance Fee, and before conversion into AUD).

Note that the calculation of the Extension Coupon set out above already takes into account the amount of the Performance Fee.

### Step 3 Calculate the Extension Final Reference Asset Value

The Extension Final Reference Asset Value is the average of the Extension Reference Asset Values on each of the six Extension Maturity Averaging Dates.

Based on the values set out in the table above, the Final Reference Asset Value for Scenario 1 would be:

$$\begin{aligned}
 \text{Final Reference Asset Value} &= (249 + 255 + 260 + 265 + 270 + 270)/6 \\
 &= 261.50
 \end{aligned}$$

### Step 4 Calculate the Extension Final Value of the Units

The Extension Final Value of the Units is calculated in accordance with the following formula:

#### Extension Final Value

$$= 90\% \times \left[ \text{Max} \left( 0, \left( \text{Notional Exposure} \times \left( \frac{\text{Extension Final Reference Asset Value}}{\text{Extension Initial Reference Asset Value}} - 1 \right) - \text{Gross First Extension Coupon} - \text{Gross Second Extension Coupon} \right) \right) \right] \times \left( \frac{\text{Series Spot Rate}_{y_E}}{\text{Series Spot Rate}_{y_{EF}}} \right)$$

The amount of the Extension Final Value is converted to Australian dollars using the AUD/USD spot rate as at the Extension Maturity Date as denoted in the above formula.

The 90% in the above formula for Extension Final Value has the effect of reducing the Extension Final Value by the amount of the Performance Fee. The Performance Fee is 10% of the amount that would otherwise be payable.

Note that the Gross First Extension Coupon and the Gross Second Extension Coupon are the amounts of the First Extension Coupon and the Second Extension Coupon, respectively, together with any Performance Fee paid on that Coupon prior to being converted to AUD. See steps 2 and 3 (above).

Based on the values set out in the table above, the Extension Final Value per Unit for Scenario 1 would be:

#### Extension Final Value

$$= 90\% \times \left[ \text{Max} \left( 0, \left( \text{Notional Exposure} \times \left( \frac{\text{Extension Final Reference Asset Value}}{\text{Extension Initial Reference Asset Value}} - 1 \right) - \text{Gross First Extension Coupon} - \text{Gross Second Extension Coupon} \right) \right) \right] \times \left( \frac{\text{Series Spot Rate}_{y_E}}{\text{Series Spot Rate}_{y_{EF}}} \right)$$

$$\begin{aligned}
 \text{Unit} &= 90\% \times [\text{Max} (0, (\text{Notional Exposure} \times (261.50/100 - 1) - \text{Gross First Extension Coupon} - \text{Gross Second Extension Coupon})) \\
 &\quad \times (1/1.05)] \\
 &= 90\% \times [\text{Max} (0, \$1.00 \times (261.50/100 - 1) - 0.10 - 0.10)] \times 0.952381 \\
 &= 90\% \times [\text{Max} (0, \$1.415)] \times 0.952381 \\
 &= 90\% \times \$1.415 \times 0.952381 \\
 &= \$1.2735 \times 0.952381 \\
 &= \$1.212857143 \text{ per Unit}
 \end{aligned}$$

For a holding of 50,000 Units, this would be \$60,642.86.

The amount of this Extension Final Value has been reduced on account of the Performance Fee. The Performance Fee is calculated as follows:

$$\begin{aligned}
 \text{Performance Fee} &= 10\% \times [\text{Max} (0, (\text{Notional Exposure} \times (\text{Extension Final Reference Asset Value}/\text{Extension Initial Reference Asset Value} \\
 &\quad - 1) - \text{Gross First Extension Coupon} - \text{Gross Second Extension Coupon}))] \times (\text{Series Spot Rate}_{y_E} / \text{Series Spot Rate}_{y_{EF}}) \\
 &= 10\% \times \text{Max} (0, \$1.00 \times (261.50/100 - 1) - 0.10 - 0.10) \times (1/1.05) \\
 &= 10\% \times \text{Max} (0, \$1.415) \times 0.952381 \\
 &= 10\% \times \$1.415 \times 0.952381 \\
 &= \$0.1415 \times 0.952381 \\
 &= \$0.13476 \text{ per Unit}
 \end{aligned}$$



Therefore, the Issuer will receive a Performance Fee of \$0.13476 per Unit.

Note that the calculation of the Extension Final Value set out above already takes into account the amount of the Performance Fee.

### Overview of Scenarios 1, 2 and 3

The table below sets out the Extension Coupons, Extension Final Value per Unit and the value of the Delivery Parcel per Unit which would apply to Scenario 1, 2 and 3. Each of the values listed below for Scenario 2 and 3 were calculated in the same way as set out in the examples above for Scenario 1.

	Scenario 1	Scenario 2	Scenario 3
<b>Extension Initial Reference Asset Value</b>	100	100	100
<b>First Extension Coupon per Unit</b>	\$US0.09 \$A0.0750	\$0.00	\$US0.09 \$A0.0750
<b>Performance Fee on First Extension Coupon* per Unit</b>	\$US0.01 \$A0.00833	\$0.00	\$US0.01 \$A0.00833
<b>Second Extension Coupon per Unit</b>	\$US0.09 \$A0.1125	\$0.00	\$0.00
<b>Performance Fee on Second Extension Coupon* per Unit</b>	\$US0.01 \$A0.0125	\$0.00	\$0.00
<b>Extension Final Reference Asset Value</b>	261.50	87.17	101.83
<b>Extension Final Value per Unit</b>	\$US1.2735 \$A1.2129	\$0.00	\$0.00
<b>Performance Fee on Extension Final Value*</b>	\$US0.1415 \$A0.13476	\$0.00	\$0.00
<b>Value of Delivery Parcel received by Investor who holds 50,000 Units<sup>^</sup></b>	\$A60,642.86	\$0	\$0

## 9. CHANGE OF TERMINOLOGY.

In Section 13, pages [46-51] of the PDS are amended as follows, with respect to the Extension Units only. In relation to existing Units, no change is made to the PDS:

- i. "Commencement Date" is now "Extension Commencement Date" and is defined in the above Timeline;
- ii. "Coupon Determination Date" is now "Extension Coupon Determination Date" and is defined in the above Timeline;
- iii. "Extension Units" means the Units issued by the Issuer to an Investor who elects to extend their Maturity Date on the attached Election Form (Application Form) and which are subject to the revised Terms set out in this SPDS.
- iv. "Final Reference Asset Value" is now "Extension Final Reference Asset Value", as set out above in paragraph 5 above in this SPDS.
- v. "Final Value" is now "Extension Final Value", as set out above in Paragraph 5 above in this SPDS.
- vi. "First Coupon" is now "First Extension Coupon", as set out above in Paragraph 1 above in this SPDS;
- vii. "First Coupon Determination Date" is now "First Extension Coupon Determination Date" and is defined in the above Timeline;
- viii. "Gross Coupon" is now "Extension Gross Coupon", as set out above in Paragraph 1 above in this SPDS;
- ix. "Gross First Coupon" is now "Extension Gross First Coupon", as set out above in Paragraph 1 above in this SPDS;
- x. "Gross Second Coupon" is now "Extension Gross Second Coupon", as set out above in Paragraph 1 above in this SPDS;
- xi. "Initial Averaging Dates" and its definition have been replaced with "Extension Initial Averaging Dates" as set out in Paragraph 1 above in this SPDS;
- xii. "Initial Reference Asset Value" is now "Extension Initial Reference Asset Value" which means 100;
- xiii. "Issue Closing Date" is now "Extension Closing Date" and is defined in the above Timeline;
- xiv. "Issue Opening Date" is now "Extension Opening Date" and is defined in the above Timeline;
- xv. "Maturity Averaging Dates" is now "Extension Maturity Averaging Dates" and is defined in the above Timeline;
- xvi. "Maturity Date" is now "Extension Maturity Date" and is defined in the above Timeline;
- xvii. "Reference Asset Value" is now "Extension Reference Asset Value" as set out above in Paragraph 5 above in this SPDS;
- xviii. "Second Coupon" is now "Second Extension Coupon" as set out above in Paragraph 1 above in this SPDS;
- xix. "Second Coupon Determination Date" is now "Second Extension Coupon Determination Date" and is defined in the above Timeline;
- xx. "Units" is amended to "Extension Units", as described in this SPDS.

These new and replacement terms replace the old terms throughout the PDS.

## ELECTION FORM (APPLICATION FOR EXTENSION UNITS)

This is an Election Form for Units in the Tailored Investment Solutions Berkshire Hathaway Series 2 Extension Units and an Application Form for Extension Units issued by Tailored Investment Solutions Pty Ltd (ACN 169 320 905) and arranged by Valuestream Investment Management Limited (ACN 094 107 034, AFSL 246621) This Election Form/Application Form accompanies the Supplementary Product Disclosure Statement (**SPDS**) dated 30 January 2018. This form is to be used to indicate your decision regarding continuing with your current investment in the Units, or electing to opt in to the Extension Units, as described in the SPDS. Please see the instructions on how to complete this Form in the SPDS. This Election Form/Application Form must be received by the Issuer by 5pm on 13 February 2018 in order to be processed. If the Issuer does not receive a completed form by the given date and time, you will be deemed to have elected to continue your current investment in the Units unchanged. If you decide to convert your existing Units to Extension Units the Issuer will use the proceeds from the unwinding of the original Units as payment of the Issue Price for your Extension Units.

### SECTION A – INVESTOR DETAILS

I/We hereby direct Tailored Investment Solutions Pty Ltd to do everything necessary to comply with my investment decision as indicated in Section B of this Election Form.

Investor Name\*:

\*Name of entity/capacity invested through. Includes name(s) of (Corporate) Trustee and/or Trust if Applicable.

### SECTION B – EXISTING INVESTORS INVESTMENT DECISION

Please indicate your investment decision by ticking the appropriate box:

- Continue with my investment in the original Units unchanged
- Convert my existing Units by applying for the exact same number of Extension Units, and be paid the Bonus Coupon (if any) In cash, paid Into the nominated bank account as per the original application form.
- Convert my existing Units by applying for additional Extension Units and to fund the additional Extension Units using the Bonus Coupon. I/We understand by electing this option I/we will not be paid the Bonus Coupon.

### SECTION C – NEW INVESTORS INVESTMENT DETAILS

Details of Units to be Purchased:

Investment Tailored Investment Solutions Berkshire Hathaway Series 2 Extension Units	Units (min 50,000 units)	Issue Price Per Unit	Total Investment Amount Payable (assuming no Adviser Fee)
<b>Example</b>	100,000	\$A0.2195	100,000 x (A\$0.2195) = A\$21,950

**Application Amount** \_\_\_\_\_ \$A0.2195 \_\_\_\_\_ x (A\$0.2195) = \_\_\_\_\_ (A)

#### Adviser Fee

(Collected by the Issuer and paid to your financial adviser's dealer group) \$ \_\_\_\_\_ (B)

Please discuss and agree with your adviser the total amount that you will pay for financial product advice given by your adviser to you in relation to your investment in the Units.

By signing the Application Form you irrevocably authorise the Issuer to collect the Adviser Fee specified on this Application Form at the same time as the other payments are direct debited and irrevocably direct the Issuer to pay these amounts to your adviser on your behalf.

**Total Investment Amount (A) + (B)** = \$ \_\_\_\_\_

#### Australian Investors:

Please complete Bank Account details and the Direct Debit Authority In the next section.

A Direct Debit Dishonour Fee may be charged by your nominated financial Institution If Insufficient funds are available in your nominated account.

## SECTION D – DIRECT DEBIT REQUEST (COMPLETE ONLY IF PAYING BY DIRECT DEBIT)

This Direct Debit Request includes this page and the next section.

**Important Note:** Bank account name(s) must match the Applicant name(s) in the original Application Form submitted for your Units and be signed by that person(s). If a company or corporate Trust is applying, this form must be signed by either the sole director (if there is only one) OR two directors or a director and secretary (if there are two or more).

**In the case of a joint account, both signatures are required.**

Surname or Company Name  Given Name or ABN   
Surname or Company Name  Given Name or ABN

authorise and request Tailored Investment Solutions Pty Ltd ACN 169 320 905, (or its nominee, related entity assignee, transferee, participant or sub-participant as required), until further notice in writing, to arrange, through its own Financial Institution, for any amount that Tailored Investment Solutions Pty Ltd may properly charge me/us to be debited from my/our Nominated Account via the Bulk Electronic Clearing System at the financial institution shown below and paid to Tailored Investment Solutions Pty Ltd subject to the terms and conditions of the Direct Debit Request Service Agreement in this PDS. The Investment Amount will be deducted on or after the Application Payment Date. Investors should ensure sufficient funds are in the Nominated Account from this date to prevent any dishonour fees.

### Account Details (For Direct Debit)

Bank Name/Institution   
Branch name and address   
City/Suburb/Town  State  Postcode  Country   
BSB  Account Number   
Account Name

## DIRECT DEBIT REQUEST SERVICE AGREEMENT

Between the Investor and Tailored Investment Solutions Pty Ltd ACN 145 459 936.

### 1. Definitions

The following definitions apply in this agreement.

“**Account**” means the account held at Your Financial Institution from which We are authorised to arrange for funds to be debited.

“**Agreement**” means this Direct Debit Request Service Agreement between You and Us.

“**Banking Day**” means a day other than a Saturday or a Sunday or a public holiday listed throughout Australia.

“**Debit Day**” means the day that payment by You to Us is due.

“**Debit Payment**” means a particular transaction where a debit is made.

“**Direct Debit Request**” means the Direct Debit Request between Us and You.

“**Our, Us or We**” means Tailored Investment Solutions Pty Ltd (“TIS”) which You have authorised by signing a Direct Debit Request.

“**PDS**” means the document to which this Agreement was attached and which sets out the terms of the offer of the Tailored Investment Solutions Berkshire Hathaway Series 2 Units Deferred Purchase Agreements.

“**You or Your**” means the person(s) who has signed or authorised by other means the Direct Debit Request.

“**Your Financial Institution**” is the financial institution where You hold the Account that You have authorised Us to arrange to debit.

### 2. Debiting Your account

2.1 By signing an Application Form that contains the Direct Debit Request, You have authorised Us to arrange for funds to be debited from Your Account. You should refer to the Direct Debit Request and this agreement for the terms of the arrangement between Us and You.

2.2 We will only arrange for funds to be debited from Your Account as authorised in the Direct Debit Request.

2.3 If the Debit Day falls on a day that is not a Banking Day, We may direct Your Financial Institution to debit Your Account on the following Banking Day.

2.4 If You are unsure about which day Your Account has or will be debited You should ask Your Financial Institution.

### 3. Amendments by Us

3.1 We may vary any details of this Agreement or a Direct Debit Request at any time by giving You at least fourteen (14) days written notice.

### 4. Amendments by You

4.1 You may change, stop or defer a debit payment, or terminate this agreement by providing Us with at least fourteen (14) days notification by writing to:

Tailored Investment Solutions Pty Ltd

PO Box 356

Isle of Capri Qld 4217

or

by telephoning Us on 1300 522 644 during business hours;

or

arranging it through Your own financial institution.

## 5. Your obligations

5.1 It is Your responsibility to ensure that there are sufficient clear funds available in Your Account to allow a Debit Payment to be made in accordance with the Direct Debit Request.

5.2 If there are insufficient clear funds in Your Account to meet a Debit Payment:

- (a) You may be charged a fee and/or interest by Your Financial Institution;
- (b) You may also incur fees or charges imposed or incurred by Us; and
- (c) You must arrange for the Debit Payment to be made by another method or arrange for sufficient clear funds to be in Your Account by an agreed time so that We can process the Debit Payment.

5.3 You should check Your account statement to verify that the amounts debited from Your Account are correct

5.4 If We are liable to pay goods and services tax ("GST") on a supply made in connection with this Agreement, then You agree to pay Us on demand an amount equal to the consideration payable for the supply multiplied by the prevailing GST rate.

## 6. Dispute

6.1 If You believe that there has been an error in debiting Your Account, You should notify Us directly and confirm that notice in writing with Us as soon as possible so that We can resolve Your query more quickly. Alternatively You can take it up with Your Financial Institution direct.

6.2 If We conclude as a result of Our investigations that Your Account has been incorrectly debited We will respond to Your query by arranging for Your Financial Institution to adjust Your account (including interest and charges) accordingly. We will also notify You in writing of the amount by which Your Account has been adjusted.

6.3 If We conclude as a result of Our investigations that Your Account has not been incorrectly debited We will respond to Your query by providing You with reasons and any evidence for this finding in writing.

## 7. Accounts

You should check:

- (a) with Your Financial Institution whether direct debiting is available from Your account as direct debiting is not available on all accounts offered by financial institutions;
- (b) Your account details which You have provided to Us are correct by checking them against a recent account statement; and
- (c) with Your Financial Institution before completing the Direct Debit Request if You have any queries about how to complete the Direct Debit Request.

## 8. Confidentiality

8.1 We will keep any information (including Your account details) in Your Direct Debit Request confidential. We will make reasonable efforts to keep any such information that We have about You secure and to ensure that any of our employees or agents who have access to information about You do not make any unauthorised use, modification, reproduction or disclosure of that information.

8.2 We will only disclose information that We have about You:

- (a) to the extent specifically required by law; or
- (b) for the purposes of this agreement (including disclosing information in connection with any query or claim).

## 9. Notice

9.1 If You wish to notify Us in writing about anything relating to this agreement, You should write to Your Account Manager.

9.2 We will notify You by sending a notice in the ordinary post to the address You have given Us in the Application Form to the PDS.

9.3 Any notice will be deemed to have been received on the third banking day after posting. Execution by You of the Application Form that contains the Direct Debit Request deems You to have read and understood the terms of this Direct Debit Request Service Agreement.

## Acknowledgments

I/We understand and acknowledge that by signing below I/we have read and understood, and agree to, the terms and conditions governing the direct debit arrangements between me/us and Tailored Investment Solutions Pty Ltd as set out in the Direct Debit Request Service Agreement of this SPDS;

Signature of Unitholder 1

Name of Unitholder 1  Date

Tick capacity – mandatory for companies  Sole Director  Director  Secretary

Tick capacity if appropriate:  Individual Trustee  Corporate Trustee  Partner in Partnership

Signature of Unitholder 2

Name of Unitholder 2  Date

Tick capacity – mandatory for companies  Sole Director  Director  Secretary

Tick capacity if appropriate:  Individual Trustee  Corporate Trustee  Partner in Partnership

## SECTION E – DECLARATIONS & SIGNATURES

I/We the registered Unitholder(s) request the Issuer to enact our investment decision as specified in Section A above, subject to the conditions contained in this SPDS and in the PDS on which I/we held those Units at the time of signing of this form.

I/We have full legal power to complete this Election Form/Application Form and do so free of any encumbrance or security (whether registered or not).

I/We agree to be bound by the terms contained in this SPDS, the original PDS, including the Application Form in the original PDS, as applicable, when electing to continue with my/our current investment in the Units or when electing to have my/our Units converted to Extension Units.

I/We represent that all the instructions, directions and representations made in the original Application Form in the original PDS remain true and accurate as at the date of this Form.

If I/we have elected to apply for Extension Units, I/we hereby irrevocably direct and instruct the Issuer to apply the Final Value per Unit we are entitled to receive on unwind of our existing Units to full and final satisfaction of the Issue Price for the Extension Units we have applied for. I/we agree and acknowledge that the entire Final Value for the Units we currently hold will be applied to acquire new Extension Units.

I/We understand by submitting the Election Form, that it is irrevocable.

Signature of Unitholder 1

Name of Unitholder 1  Date

Tick capacity – mandatory for companies  Sole Director  Director  Secretary

Tick capacity if appropriate:  Individual Trustee  Corporate Trustee  Partner in Partnership

Signature of Unitholder 2

Name of Unitholder 2  Date

Tick capacity – mandatory for companies  Sole Director  Director  Secretary