

Ascalon H3 Commodities Fund

ARSN 128 538 081

Product Disclosure Statement



PRODUCT DISCLOSURE STATEMENT

Dated 17 April 2008

Issued by Ascalon Capital Managers Limited
ACN 093 660 523
AFSL 300697

www.ascalon.com.au

IMPORTANT NOTICE

This Product Disclosure Statement (PDS) provides details of the "Ascalon H3 Commodities Fund" ARSN 128 538 081 referred to as the 'Fund'.

This PDS is issued by Ascalon Capital Managers Limited, the Responsible Entity of the Fund.

This PDS is not a registered prospectus or investment statement under New Zealand law and does not constitute an offer of securities to the public for the purposes of the New Zealand Securities Act 1978.

This PDS is not required to be, and has not been, lodged with the New Zealand Companies Office under the New Zealand Securities Act 1978.

This PDS is intended solely for the use of the person to whom it has been delivered for the purpose of evaluation of a possible investment by the recipient in the units described in it, and is not to be reproduced or distributed to any other person (other than professional advisers of the prospective investors so receiving it).

References in this PDS to 'we', 'us', 'our', 'the 'Responsible Entity' and 'Ascalon' are to Ascalon Capital Managers Limited, the responsible entity of the Fund. References to 'you' or 'your' are to investors (and, when the context requires, prospective investors) in the Fund.

The Responsible Entity has authorised the use of this PDS as disclosure to investors and prospective investors of an investor directed portfolio service, master trust, wrap account or an investor directed portfolio service-like scheme (IDPS). Indirect investors investing through an IDPS may rely on the information contained in this PDS in instructing IDPS operators to invest in the Fund on their behalf. The Responsible Entity however, accepts no responsibility where the IDPS operator does not provide indirect investors investing through an IDPS with a current version of this PDS or any supplementary or replacement PDS. Indirect investors investing through an IDPS do not acquire the rights of a unit holder in the Fund. The rights of indirect investors are set out in the IDPS Guide or other offer document for the relevant IDPS.

This PDS may not contain all the information that a prospective investor may expect or require in order to make an informed decision as to whether to subscribe for units in a Fund.

The information in this PDS is general information only. It does not take into account your individual objectives, tax and financial situation or particular needs or circumstances. Prospective investors should rely upon their own enquiries and take their own financial and taxation advice in deciding whether to invest. None of Ascalon, its related entities, shareholders, directors or officers guarantees the performance of the Fund, the return of an investor's capital or any specific rate of return. This PDS is not a recommendation to invest.

No person is authorised to give any information or to make any representation in connection with the investment opportunities described in this PDS, which are not contained in this PDS. Any information or representation not so contained may not be relied upon as having been authorised in connection with this investment.

This PDS should be read in conjunction with the Constitution of the Fund, which is available from us. This PDS can only be used by investors receiving it (electronically or otherwise) in Australia or New Zealand. Applications from outside Australia or New Zealand will not be accepted.

General information in this PDS is subject to change. Certain information that is not materially adverse may be updated without issuing a supplementary PDS. Such updated information may be obtained from Ascalon's website at www.ascalon.com.au. A paper copy of any updated information will be provided on request free of charge.

In this PDS, all references to monetary amounts are in Australian dollars, unless otherwise specified.

This offer to apply for units contained in this PDS may only be distributed in New Zealand to selected wholesale investors whose business is the investment of money or persons who, in the course of and for the purpose of their business, habitually invest money (NZ Eligible Investors). Units issued pursuant to this offer are issued on the terms and conditions contained in the Constitution of the Fund in which units are offered and this PDS.

RESPONSIBLE ENTITY

Ascalon Capital Managers Limited
ACN 093 660 523, AFSL 300697
Level 18, 15 Castlereagh Street
Sydney NSW 2000

INVESTMENT MANAGER (of the H3 Global Commodities Fund)

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Sydney NSW 2000

AUSTRALIAN AND NEW ZEALAND LEGAL COUNSEL

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201 Elizabeth Street
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10 Shelley Street
Sydney NSW 2000

CUSTODIAN AND ADMINISTRATOR

RBC Dexia Investor Services Trust
Level 17, 2 Park Street
Sydney NSW 2000

CONTACT DETAILS

For further information, please contact Ascalon:

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Or send an e-mail to:

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By telephone – toll free during business hours (Sydney time):

1300 303 933

By facsimile: 02 9017 9766

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THE FUND AT A GLANCE	
Investment Objective	The investment objective of the Fund is to provide investors with an actively managed commodities portfolio that seeks to generate returns that are equal or superior to that of major global commodity indices with the same or lower volatility, after fees and expenses, over a medium to long-term time horizon.
Benchmark	Dow Jones AIG Commodities Index (Total Return).
Minimum Investment Amount	\$50,000.
Minimum Additional Investment	\$10,000.
Establishment fee	Nil.
Responsible Entity fee	0.62% per annum of the net asset value of the Fund, calculated and accrued daily and paid monthly in arrears. ¹
Estimated Expense Recoveries	0.10% p.a. of the net asset value of the Fund, calculated and accrued daily and paid monthly in arrears. ¹
Transactions Costs	+/- 0.10% on applications/ withdrawals. ¹
Withdrawal fee	Nil
Applications	Applications can be made by completing the Application form attached to this PDS.
Additional Investments	Additional deposits can be made at any time.
Withdrawals	You can request a withdrawal at any time.
Minimum Withdrawal Amount	\$10,000 – subject to the minimum investment amount being maintained.

¹ Other fees and expenses are payable from the H3 Global Commodities Fund, the underlying fund in which the Fund invests in. Please see page 14 for more information.

THE RESPONSIBLE ENTITY

The Responsible Entity of the Fund is Ascalon Capital Managers Limited.

THE INVESTMENT MANAGER

H3 Global Advisors Pty Limited (H3 or Investment Manager) is the Investment Manager of the H3 Global Commodities Fund (H3 Fund or Underlying Fund).

H3, an Australian company formed in 1996 and based in Sydney, specialises in the application of quantitative investment strategies.

The principals of H3 have over 50 years combined investment experience in the areas of funds management, institutional dealing, fixed income and currency trading and complex derivatives strategies.

Ascalon has an equity stake in H3 Global Advisors Pty Limited.

INVESTMENT STRATEGY

The investment objective of the Fund is to provide investors with an actively managed commodities portfolio that seeks to generate returns that are equal or superior to that of major global commodity indices with the same or lower volatility, after fees and expenses, over a medium to long-term time horizon.

The Fund will invest through an underlying fund, the H3 Fund, a Cayman Islands exempted company.

The H3 Fund actively manages and provides exposure to a diversified basket of global commodities that are listed on European and American commodity exchanges.

Exposure to the underlying commodities is gained through using long only futures contracts with zero leverage.

TRADING PROGRAM

H3 has developed a trading program that targets returns uncorrelated with those of traditional asset classes while minimising and controlling risk by:

- **Diversification across global commodity markets**
Maximising opportunities for profit and spreading risk over more than 20 of the world's most liquid commodity markets.
- **Ongoing research and testing**
Using thoroughly researched and tested trading models which have been applied to more than 20 years of historical data and actual trading since 1996.
- **Diversification of trading programs**
Diversifying investment strategies through the use of trading programs which have been designed to capture short, medium and long term trends in the global commodity markets.
- **Limiting value at risk to predetermined levels**
Monitoring the exposure of each market and the total investment portfolio on an ongoing basis to ensure predetermined levels of risk are maintained as volatility changes in the underlying markets.

- **Disciplined trading approach**

The exposure is actively managed on a daily basis and computerised risk management models are used to ensure the portfolio invests within clearly defined risk and exposure parameters on a market, sector and total portfolio basis.

MARKETS TRADED

The Investment Manager invests in more than 20 of the world's most liquid commodity markets, including energy, industrial and precious metals, and agriculture including livestock, grains and softs.

Commodities as an asset class have historically demonstrated returns that are negatively correlated with returns of stocks and bonds and that are positively correlated with inflation measures.

These characteristics imply that an allocation to a commodity portfolio in a diversified equity and bond portfolio can improve the risk and return characteristics of the portfolio.

The commodity markets currently traded are listed in the table below. As the H3 Fund utilises a short-term trading overlay, the commodity positions held may change daily. H3 regularly reviews other commodities for inclusion in the trading program.

Energy Crude Oil RBOB Unleaded Gas Heating Oil Natural Gas Brent Crude Oil Gas Oil	Industrial Metals Aluminium Copper Zinc Nickel Lead
Livestock Live Cattle Lean Hogs	Precious Metals Gold Silver
Softs Sugar Cotton Coffee Orange Juice Cocoa	Grains Corn Wheat Soybeans Soybean Oil

BENCHMARK

The Dow Jones – AIG Commodity Index (total return) is designed to be a liquid and diversified benchmark for the commodity futures market. The Investment Manager has adopted this index as the benchmark for its trading strategy, though it uses it mainly for relative performance analysis only.

The Investment Manager does not reference the benchmark for position sizing, rather it allocates equally across commodities with similar risk return characteristics, irrespective of their Index weight and also trades commodities not included in the Index

BORROWINGS

Whilst the Constitution for the Fund allows borrowing, currently the intention is that the Fund will not borrow other than to meet short term cash requirements. The H3 Fund will not use leverage in its investment program.

DERIVATIVES

Exposure to the underlying commodities is gained through using long only futures contracts with zero leverage. Holding the underlying commodities would incur additional costs such as transport and storage.

The Investment Manager also uses currency futures contracts to hedge the US dollar exposure in the underlying commodities.

The Investment Manager may also use Over-the-counter (OTC) financial products such as options and swaps to manage positions outside of exchange trading hours or if trading on an exchange has been halted.

Losses as well as gains are possible on these contracts.

It is intended that derivatives will not be used to leverage (gear) the H3 Fund.

LABOUR STANDARDS, ENVIRONMENTAL, SOCIAL AND ETHICAL CONSIDERATIONS

Whilst the Responsible Entity and Investment Manager intend to conduct its affairs in an ethical and sound manner, its investment criteria does not take into account labour standards, environmental, social or ethical considerations for the purpose of selecting, retaining or realising any investment of the Fund.

HOW THE FUND WORKS

The Fund is a registered managed investment scheme. This means that investors' funds are pooled and managed in accordance with a set objective and strategy. An investor acquires an interest in the Fund in the form of units. When you invest in the Fund, you will be issued with units. Each unit entitles the unit holder to a proportionate beneficial interest in the Fund's portfolio of assets. The Constitution allows for more than one class of units to be offered to investors. Where this is the case, the rights of investors in different classes of units may vary.

A unit does not give you any interest in any underlying asset in the Fund.

Investing in a managed investment scheme can offer a number of benefits to you. These benefits include:

- increased purchasing power - the sheer size of a managed investment scheme means it can buy and sell assets at a cheaper cost than an individual investing directly;
- investment opportunities - managed investment schemes give you the opportunity to access a range of international assets that you could not normally access as an individual investor; and
- professional investment management - your money is managed by a team of professionals who use their resources, experience and specialist skills to make the investment decisions on behalf of all investors in the fund.

Most managed investment schemes are structured so that you buy 'units' in the fund. The number of units you will receive is dependent on the amount of money invested and the 'unit price' at the date of application.

INVESTING IN THE FUND

The minimum initial investment in the Fund is \$50,000, and the minimum additional investment is \$10,000. We reserve the right to waive the minimum investment amounts in our absolute discretion.

We may, in our absolute discretion, accept or reject any application, for any reason, in whole or in part. In such case, the application money or any balance therefore will be returned to you by transfer to your designated account or by mail.

Where RBC Dexia receives an application request by 12 noon (on a business day, Sydney time) and it is accepted for processing, the instruction will be actioned and you will receive the unit price that is determined for that day.

Where RBC Dexia receives an application request after 12 noon (on a business day, Sydney time), it will not be processed until the following business day.

We reserve the right to cancel the issuance of any unit where cleared funds are not received when due, and to charge the applicant for any losses accruing. We also reserve the right not to process any application when full settlement for the purchase of units has not been made. The Fund receives any interest earned on unallocated application monies.

When your application is accepted, a number of units (in a class of units offered in the Fund) will be allocated to your account in the Fund. The number of units is based on the amount of your investment and the applicable unit price (see below).

The value of your investment at any time is calculated by multiplying the number of units you hold in the Fund by the applicable unit price (see below).

INVESTING THROUGH AN IDPS

Investors investing in the Fund indirectly via an IDPS do not themselves become investors in the Fund, and accordingly have no rights as a unit holder. The offer document for your IDPS should have further details. If you are an indirect investor, generally the relevant scheme operator acquires the rights of a unit holder.

Unit holder rights include the right to attend unit holder meetings, to make withdrawal requests, receive and reinvest distributions, participate in termination proceeds and lodge complaints. Your rights and liabilities will be governed by the terms and conditions of the relevant IDPS, which you should read carefully prior to directing the relevant operator to invest in the Fund.

Indirect investors complete application forms for the IDPS, not the Fund, and receive reports from their operator, not us. Inquiries should be directed to that operator.

Minimum investment and withdrawal requirements may not always be relevant to indirect investors because the IDPS operator may invest on behalf of a number of indirect investors. Indirect investors will also incur the fees and expenses applicable to the IDPS, as well as the Fund's fees and expenses. The tax information in this PDS does not specifically cater for indirect investors.

UNIT PRICES

The unit price for the Fund is generally determined daily on each business day (based on market values at the end of that day) by dividing the net value of the assets held in the Fund and allocated to the relevant class by the number of units of the class on issue (adjusted for any transaction costs - please see page 15 for more information). Unit prices are generally calculated to 4 decimal places. The unit price reflects changes in the value of underlying investments held in the H3 Fund (and therefore may rise and fall), plus investment income, less fees and any taxes that are required to be deducted. Therefore, whilst your unit balance will remain constant unless you transact on your account, unit prices may change daily.

DISTRIBUTIONS

Distributions are payable to investors annually, usually within 60 days after the end of June. This amount may include income such as interest, dividend and / or profits from the sale of the Fund's investments. Any distribution will be reinvested unless the investor has requested otherwise. This reinvestment occurs at the unit price calculated at the end of June each year.

If you wish to change your distribution instructions, RBC Dexia will need to receive these instructions at least 10 business days before the end of June.

In certain circumstances, the Responsible Entity may choose to allocate undistributed income and any net realised capital gains to withdrawing investors based on a pro rata allocation with reference to the number of units being redeemed. This would only be utilised to ensure a fair and reasonable allocation of any undistributed income and net realised capital gains amongst investors.

COOLING-OFF PERIOD

Retail investors can change their mind within a 14-day period of their initial investment. The 14-day period commences on the earlier of either the date you receive confirmation of your investment or the end of the 5th business day after the day on which Ascalon issues the units to you. Any Contribution fee and the realised market value of the Units will be refunded, less any taxes and reasonable administrative costs.

The proceeds received may be less or greater than the amount invested, since units in the Fund are subject to market movement from the time they are purchased.

Cooling-off rights will not apply in certain limited situations, such as if the issue is made under a distribution reinvestment plan or represents additional contributions required under an existing agreement.

No cooling off rights apply in respect of any investment acquired through an IDPS. However, indirect investors should contact their operator and read the operator's offer document for more information on any cooling off rights that may apply in relation to an investor's investment through the IDPS.

WITHDRAWALS

You can request a withdrawal (minimum \$10,000) by forwarding a written request either by mail or fax by 12 noon (on a business day, Sydney time), with all parties signing for joint accounts (refer to fax instructions service conditions) and specifying the amount to be withdrawn in either dollars or number of units.

Withdrawals will generally be paid within 20 business days after receipt of your request at RBC Dexias' office.

Mail your request to:

Ascalon Capital Managers Limited
C/- RBC Dexia Investor Services Trust
GPO Box 3657
Sydney NSW 2001

Fax your request to:

Ascalon Capital Managers Limited
C/- RBC Dexia Investor Services Trust
Fax: (02) 8262 5492

Any taxes, duties or other applicable costs will be deducted by the Responsible Entity from the amount paid to you as required or permitted by Legislation

If you request withdrawal of a dollar amount, the withdrawal amount is divided by the applicable unit price on the day on which your withdrawal is processed to determine the number of units to be redeemed.

If you request a withdrawal which would reduce your investment to less than the minimum initial investment amount, we may withdraw all your units and close your account in the Fund.

Where on any business day we receive withdrawal requests representing more than 25% (or such other percentage as the Responsible Entity may determine) of the net asset value of a class of the Fund, we can reduce each withdrawal request received in respect of that business day on a pro rata basis so that only units equal to 25% (or such other percentage as the Responsible Entity may determine) of the net asset value of a class of the Fund are redeemed. The unprocessed withdrawal requests will be carried forward to the next business day.

Similar provisions apply to the Underlying Fund. If a withdrawal request in the Underlying Fund has been deferred/reduced on a pro rata basis, the Responsible Entity may defer and reduce the corresponding withdrawal request in the Fund.

SUSPENSION OF APPLICATIONS AND WITHDRAWALS

Under the Fund's Constitution applications and withdrawals may be suspended. This may occur, for example where financial markets are closed or their operation is significantly impacted or where it is otherwise considered to be in the interests of unit holders. The Fund may also suspend applications and withdrawals when the H3 Fund suspends applications and withdrawals.

For withdrawals lodged during a suspension period, withdrawal values will be calculated and paid as if the withdrawal was lodged immediately after the end of the suspension.

UNIT PRICING POLICY

A copy of the Responsible Entity's description of the formula and method it uses for determining unit prices, the discretions exercised by the Responsible Entity and its nominees in respect of determining unit prices and the documented policy in respect of such discretions (pursuant to ASIC Class Order 05/26) is available from the Responsible Entity free of charge.

AUTHORISED AGENT

You may appoint an agent to act on your behalf in relation to your investment in the Fund.

Your agent will have the authority to act in exactly the same manner as you, except that your agent cannot:

- request a change in records held of your name, address or other particulars, or
- create and/or alter any other interest in your units (for example, make a withdrawal).

Your agent's authority starts on the day the notice of the authority is received. It continues until the day written advice from you terminating that authority is received.

If you appoint a company as your agent, any director of that company, or any employee authorised by the agent, can act under your agent's authority. Likewise, if you appoint a partnership as your agent, any of the partners can act under that authority.

Ascalon may vary the powers of your agent or cancel their authority at any time.

REPORTING

CONFIRMATION OF TRANSACTIONS - DIRECT INVESTORS

Upon receipt of your initial application you will be sent a letter of confirmation, usually within 10 business days. Confirmations will also be sent if you:

- add funds
- withdraw funds
- switch funds, or
- transfer ownership of funds.

REGULAR REPORTS YOU WILL RECEIVE ON YOUR INVESTMENT - DIRECT INVESTORS

Monthly

A monthly account statement showing net asset value per unit.

Quarterly

A quarterly status report of Fund investments and overall performance.

Annually

Each financial year you will receive a periodic report that also contains the following information about your investment:

- distributions paid and/or reinvested
- tax free and tax deferred income (if applicable), and
- foreign tax credits (if applicable).

If you withdraw some or all of your investment during the financial year, you will also receive a statement of taxable gains or losses, after financial year end, for that financial year. An annual audited financial report for the Fund will be available on Ascalon's website www.ascalon.com.au by 30 September each year. You can elect to receive a hard copy of the annual financial report by indicating this in the appropriate place on the Application Form.

INDIRECT INVESTORS

The IDPS operator will provide indirect investors with reports on the progress of the Fund.

SIGNIFICANT RISKS

All investments carry some level of risk. In investment terms, risk is the variability in short term returns and the potential to lose your capital. There is also a risk that an investment manager may not perform according to expectations.

Investment risk means it is not possible to predict the investment returns that an investment will achieve. Investment returns are not guaranteed and past performance is not an indicator of future performance.

Generally, the higher an investment's expected return, the higher the expected risk. Shares are generally considered more volatile, that is will experience greater fluctuations in value, than property, while property is generally more volatile than fixed interest and cash. However, higher risk asset sectors such as shares and property securities have historically produced higher long term returns than fixed interest and cash.

ASSET SECTOR RISK

If you choose to invest in the Fund described in this PDS you will be invested in one or more asset sectors. There are also specific risks and benefits associated with investments in each asset sector.

HOW TO REDUCE INVESTMENT RISK

There are two main ways in which you can reduce investment risk:

1. Investing for an appropriate length of time

The longer you hold an investment in a growth asset such as shares, the greater the chance of riding out short term market fluctuations.

2. Diversification

By investing across a variety of asset sectors and using investment managers with different investment styles, you can reduce risk.

CHOOSING THE RIGHT FUND FOR YOUR RISK LEVEL

Each investor's risk tolerance is different. In choosing an investment, the factors you should consider include:

- your investment goals
- your expectations for returns
- the length of time you can hold your investment
- how comfortable you are with fluctuations in the value of your investment.

It is recommended you obtain independent professional financial advice before investing in the Fund.

SIGNIFICANT RISKS OF INVESTING IN THE FUND

IMPORTANT NOTE

These risk factors do not purport to be a complete explanation of all the risks contained in this offering. Your investment in the Fund is not guaranteed. The value of your investment will rise and fall in line with the changing value of the underlying investments. Each investor has their own particular investment objectives, financial situation and particular needs. You should consult with your financial and taxation adviser before investing and from time to time, to ensure your investment is, and remains, appropriate to your needs. References to the risks of investing in the Fund include a reference to the risks of investing into the H3 Fund, as the context may require.

There are a number of significant risks you should consider prior to investing in the Fund:

The value of your investment may be affected by factors such as:

- financial market volatility
- economic cycles
- political events
- legislation
- tax
- interest rates
- individual company factors.

General Risks -Significant risks are involved in the trading activities generally undertaken by the Investment Manager. Increasing competition may limit the Investment Manager's ability to take advantage of trading opportunities in rapidly changing markets. No assurance can be given that the Fund will realise a profit or that it will not lose some or all of its equity. In addition, the Fund may be subject to margin calls in the event that the assets of its account on deposit are insufficient to satisfy margin requirements. Because of the nature of trading activities, the results of these activities may fluctuate from month to month and from period to period. Accordingly, investors should understand that the results of a particular period will not necessarily be indicative of results in future periods.

Trading is Speculative and Volatile - Trading conditions in the markets in which the Fund trades may be highly volatile. Price movements for these markets are influenced by, among other things: changing supply and demand relationships; weather; agricultural, trade, fiscal, monetary, and exchange control programs and policies of governments; political and economic events and policies; changes in national and international interest rates and rates of inflation; currency devaluations and revaluations; and emotions of the marketplace. These markets will be traded on a purely speculative basis. No assurance can be given that such speculative trading will result in profitable trades or that this trading will not incur substantial losses.

Past Performance - The historical performance of both commodity markets and the manager are not indicative of future performance.

Manager Risk - The manager may fail to meet the Fund's objective such as not producing returns that compare favourably against a commodities benchmark index. Factors can include the loss of key staff and poor performance of the quantitative model.

Reliance on Management - Although the Responsible Entity has the ultimate authority and responsibility for the management of the Fund, all decisions relating to the investment of the Fund's assets will be made by the Investment Manager. The Fund's expertise in trading is therefore largely dependent on the continuation of the Investment Manager and the services and skills of its officers and employees. The loss of the Investment Manager's services (or that of one of its key personnel) could materially and negatively impact the value of the Fund as it may lead to the loss of the use of any proprietary investment methodology developed by the Investment Manager. Unit holders will have no right or power to take part in the management of the Fund.

Use of Derivatives and Leverage - In managing the Fund, the manager will use leveraged instruments such as exchange traded futures contracts, to obtain or reduce market exposure. It is intended that the Fund as a whole will not be leveraged. However, there is no guarantee that the Fund will not be leveraged, for example due to end of day price movements or foreign exchange changes, and if this occurs, the Investment Manager will endeavour to effect such adjustment as necessary to rectify this. Whilst it is not the intention of the Fund to take physical delivery of a commodity, in certain circumstances, the Fund may be required to take delivery due to factors outside the control of the Investment Manager, and this may result in losses.

Liquidity of the Fund's Investments - Many exchanges limit price fluctuations in certain financial instruments during a single day by imposing what are known as "daily price fluctuation limits" or "daily limits." The existence of "daily price limits" or "daily limits" may reduce liquidity or effectively curtail trading in particular markets. Once the price of a particular instrument has increased or decreased by the daily limit, positions in the instrument can effectively neither be taken nor liquidated. Prices in various instruments have occasionally moved the daily limit for several consecutive days with little or no trading. Similar occurrences could prevent the Investment Manager from promptly liquidating unfavourable positions and subject the Fund to substantial losses that could exceed the margin initially committed to such trades. Daily limits may reduce liquidity, but they do not limit ultimate losses, as such limits apply only on a day-to-day basis. In addition, even if prices have not moved the daily limit, the Investment Manager may not be able to execute trades at favourable prices if there is only light trading in the instruments involved.

As part of its emergency powers, an exchange may suspend limit trading in a particular instrument, order immediate liquidation and settlement of a particular instrument, or order that trading in a particular instrument be conducted for liquidation only. The possibility also exists that governments may intervene to stabilize or fix exchange rates, restricting or substantially eliminating trading in the affected currencies.

Concentration Risk - The Investment Manager has the discretion to change the level of exposure to certain sectors or markets. This may result in the fund having no exposure to a particular commodity or sector, and/or more concentrated exposure to other commodities or sectors.

Exposure to Cash and Cash Equivalents - The Investment Manager may seek to invest in cash or cash equivalents in accordance with its investment strategy. There are no limits on the extent to which the Investment Manager may invest in cash or cash equivalents. In certain circumstances, this may result in the Fund having significant exposure to cash or cash equivalents, such as money market instruments, fixed interest term deposits and similar investments, rather than commodity investments.

Default and Counterparty Risk - Many of the markets in which the Fund will effect its transactions are "over-the-counter" or "interdealer" markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of "exchange based" markets. This exposes the Fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the Fund to suffer a loss. In addition, in the case of a default, the Fund could become subject to adverse market movements while replacement transactions are executed. Such "counterparty risk" is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Fund has concentrated its transactions with a single or small group of counterparties. The Fund is not restricted from dealing with any particular counterparty. Moreover, the Fund does not have an internal credit function which evaluates the creditworthiness of its counterparties. The ability of the Fund to transact business with any one or number of counterparties, the lack of any meaningful and independent evaluation of such counterparties' financial capabilities and the absence of a regulated market to facilitate settlement may increase the potential for losses by the Fund.

Interest Rate Risk - Changes in interest rates may adversely effect the value of cash equivalents held by the Fund. An increase in interest rates leads to a reduction in the value of a cash equivalent and vice-versa. The risk is usually greater for cash equivalents that have longer dated maturities.

Currency Risk - Units in the Fund are denominated in Australian Dollars. However, investments in which the Fund invests may be denominated in US dollars or other currencies. Fluctuations in the exchange between the Australian Dollar and the other currencies may cause the value of the Fund's investments to decline.

Risk of Government Intervention - The prices of instruments in which the Fund may trade or invest are subject to certain risks arising from government regulation of or intervention in the relevant capital markets, through regulation of their local markets, restrictions on investments by foreigners or limits on flows of investment funds or risk of government expropriation of the assets of the companies in which the Fund holds interests. Such regulation or intervention could adversely affect the Fund's performance.

No Operating History - The Fund has no financial operating history.

Distributions - There is no assurance as to the level of distributions or income that units will produce, nor as to whether any distributions will be sufficient to service your debt if you borrow to invest.

Underlying Fund Risk - The Fund will purchase shares in the H3 Fund, the Underlying Fund. There is a risk that the Underlying Fund could terminate and that the fees and expenses payable by the Underlying Fund could change. The Underlying Fund may also compulsorily redeem the Fund's investment in the Underlying Fund.

The liquidity of the Fund is directly linked to the liquidity of the Underlying Fund. In other words, the payment from redemptions of units in the Fund will not be made to investors until the Fund receives payment from redemptions in the Underlying Fund. There may be delays if the Underlying Fund defers/reduces or suspends the Fund's redemption.

TAXATION

Investing in the Fund could affect your current or future tax and/or social security position. It is recommended you obtain financial and taxation advice before investing in the Fund.

The following information is a general summary only and is current at the date of the preparation of this PDS.

TAX POSITION OF THE FUND

The Fund is resident in Australia for tax purposes.

Generally, the Fund proposes to re-invest any gains realised to purchase further shares in the H3 Fund. The Fund will allocate the realised gain to its investors in full each financial year and therefore, will not be subject to Australian income tax. Investors may be subject to Australian tax in respect of the portion of gains allocated to them depending on their circumstances.

TAXATION OF AUSTRALIAN RESIDENT INVESTORS

Your share of taxable income of the Fund for each year ended 30 June should be included as assessable income in your tax return for each such year, even if your distribution is reinvested as additional units in the Fund in the next year.

The Australian Government's Controlled Foreign Corporation (CFC) and Foreign Investment Fund (FIF) legislation may impose accruals tax liability on any fund that invests in overseas companies and trusts.

This means that the taxable income of the Fund may include unrealised gains and undistributed income from overseas investments. It is the Responsible Entity's intention to manage the portfolio of investments held by the Fund such that no FIF or CFC accruals liability should apply to your investment. However, if the Responsible Entity is unable to achieve this, your annual tax statement will show the amount required to be included in your tax return.

Because Investors can move into and out of the Fund at different points in time, there is a risk that taxation liabilities in respect of gains that have benefited past investors may have to be met by subsequent investors.

If you dispose of your units (by way of withdrawal or otherwise) you may be subject to tax on any gain arising.

FOREIGN INCOME AND FOREIGN TAX CREDITS

Australian residents are required to include in their assessable income their share of any foreign taxes paid by the Fund. Investors will normally be entitled to a tax credit for foreign taxes paid by the Fund.

CAPITAL GAINS TAX

Your assessable income for each year may include net capital gains (i.e. after offsetting capital losses) where you have purchased units in the Fund as an investment. You may be subject to capital gains tax when you withdraw Units from the Fund.

NON-RESIDENT INVESTORS

Statutory deductions of Australian withholding tax and income tax will be made from distributions of Australian sourced taxable income for non-resident investors. The exact amount cannot be determined as the rate of withholding tax depends on the type of income.

Also, non-residents will not be subject to Australian tax on capital gains arising on withdrawal of Units, provided they hold less than 10% of Units in the Fund. If the non-resident holds more than 10% of Units in the Fund, Australian capital gains should not be payable as the Fund is not expected to invest (directly or indirectly), principally (more than 50% of its assets) in Australian real property.

Non-residents seeking to invest in the Fund should obtain tax advice on their specific circumstances.

The information in this section of the PDS is general information only and does not take into account your individual objectives, financial situation or needs. Before making a decision to invest, you should consider your objectives, financial situation and needs, and consult your financial and taxation advisers.

QUOTING YOUR TAX FILE NUMBERS

It is not compulsory for an investor to quote their Tax File Number.

As required by tax law, the Responsible Entity must withhold an amount of tax from some payments made to unit holders where some or all of the payment is income unless unit holders provide either:

- **a Tax File Number (TFN)**
It is not an offence if you do not provide a TFN, and if you are exempt from providing a TFN, you should write the reason for your exemption on the Application Form, or
- **an Australian Business Number (ABN)**
An investor can only quote its ABN if the investment is made in the course or furtherance of an enterprise carried on by the unit holder.

If you do not quote a TFN, a reason for a TFN exemption (such as not having a TFN/ABN because you are not a resident of Australia) or an ABN, the amount of tax which is required to be withheld by law is currently 46.5% (that is the top marginal tax rate plus the Medicare Levy) of the payment.

GOODS AND SERVICES TAX (GST)

No GST is payable on the issue or withdrawal of Units as these are input taxed financial supplies for GST purposes. However, the Fund will generally incur GST in respect of various expenses (such as Responsible Entity fees). The Fund may be entitled to reduced input tax credits equal to 75% of GST paid on certain specified expenses, which effectively reduces the GST payable to 2.5%.

FEES AND OTHER COSTS

DID YOU KNOW?

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

For example, total annual fees and costs of 2% of your fund balance rather than 1% could reduce your final return by up to 20% over a 30 year period

(for example, reduce it from \$100,000 to \$80,000).

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

You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the fund or your financial adviser.

TO FIND OUT MORE

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

The following table shows the 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 Fund's assets as a whole.

Taxes are set out in another part of this document.

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

TYPE OF FEE OR COST	AMOUNT	HOW AND WHEN PAID
Fees when your money moves in or out of the Fund		
Establishment fee The fee to open your investment	Nil	No fee is charged.
Contribution fee The fee on each amount contributed to your investment	Nil	No fee is charged.
Withdrawal fee The fee on each amount you take out of your investment	Nil	No fee is charged.
Termination fee The fee to close your investment	Nil	No fee is charged.

	AMOUNT	HOW AND WHEN PAID
Management Costs		
The fees and costs for managing your investment	The components of the Management Costs are:	
Responsible Entity Fee	0.62% p.a. ¹ of the net asset value of the Fund.	The Responsible Entity fee is a per annum fee charged against the net asset value of the Fund. It is calculated and accrued daily and paid monthly in arrears from the Fund. The fee is paid directly from the Fund and reflected in the daily unit price.
Estimated Expense Recoveries	0.10% p.a. ¹ of the net asset value of the Fund.	The estimated recoveries are based on average projected Funds under Management in the 1 st year of \$30 million. Expense recoveries are calculated and accrued daily and paid monthly in arrears from the Fund. They are paid directly from the Fund and reflected in the daily unit price.
Service fees		
Investment switching fee The fee for changing investment options	Nil	No fee is charged.

¹ Please refer to the explanation of 'Management Costs' and 'Expenses' in the 'Additional Explanation of Fees and Costs' section below. This fee may in some cases be negotiated with direct investors. For more information, please refer to the explanation of 'Differential Fees' in the 'Additional Explanation of Fees and Costs' section below.

ADDITIONAL EXPLANATION OF FEES AND COSTS

RESPONSIBLE ENTITY FEE

The Responsible Entity will charge a fee of 0.62% per annum of the net asset value of the Fund. It is calculated and accrued daily and paid monthly in arrears from the Fund. Net asset value means the value of the Fund's total assets less the value of the Fund's total liabilities (as determined under the Fund's constitution).

MANAGEMENT FEE of the Underlying Fund

The management fee payable in respect of the Fund's investment in the Underlying Fund is 0.75% per annum of the net asset value of the Underlying Fund calculated [and accrued daily] and payable monthly in arrears. This is reflected in the value of the Fund's investment in the Underlying Fund and will affect the return on the Underlying Fund. The management fee is paid directly out of the Underlying Fund and you will not be charged directly.

PERFORMANCE FEE of the Underlying Fund

The Underlying Fund incorporates a performance fee payable to the Investment Manager. The performance fee is equal to 15% of the performance of the Underlying Fund (net of all fees and expenses) above the benchmark, calculated and accrued daily but payable quarterly in arrears. This is reflected in the value of the Fund's investment in the Underlying Fund and will affect the return on the Underlying Fund.

If the Underlying Fund underperforms the benchmark, no performance fee will be payable until the shortfall is recouped.

A portion of the performance fee payable to the Investment Manager may be paid to the Responsible Entity.

A performance fee may not always be payable. If the requirements for a performance fee are met, a performance fee will be paid to the

Investment Manager from the Underlying Fund. You will not be charged directly.

For more information on the management fee and performance fee of the Underlying Fund, please refer to the Underlying Fund's Offer Document, which can be obtained by contacting the Ascalon Investor Services team on 1300 303 933.

EXPENSES

Under the constitution, the Responsible Entity is entitled to be reimbursed from the Fund for authorised expenses incurred in its formation, management and administration, such as trustee, registry, custodian, accounting, audit and legal expenses. It is also entitled to be reimbursed for abnormal expenses, for example, the cost of holding a unit holder meeting, which would not necessarily be incurred in any given year. Expense recoveries for the Fund are in addition to the Responsible Entity fee.

The Underlying Fund bears all expenses incidental to its operations and business. These include all transaction costs relating to investment strategy, brokerage, bank service fees, sales and purchases commissions and charges, exchange fees, prime broker's fees and charges, interest and commitment fees on loans and debit balances, income taxes, withholding taxes, transfer taxes, government charges and duties, legal, accounting, auditing and other professional expenses.

Currently, the Responsible Entity estimates these costs will be 0.35% p.a. of the net asset value of the Underlying Fund (excluding transaction costs, management and performance fees and abnormal expenses of the Underlying Fund) based on the 12 month period to 31 December 2007. These expenses are incurred and paid by the Underlying Fund and reflected in the value of Fund's investment in the Underlying Fund and will affect the return on the Underlying Fund. You will not be charged directly.

TRANSACTION COSTS AND BUY/SELL SPREAD

A buy spread is charged when entering the Fund (buying units) and a sell spread is charged when exiting the Fund (selling units) to cover the transaction costs of the Fund.

Transaction costs are costs related to buying and selling assets such as brokerage, settlement costs and stamp duties. The buy/sell spread is not a fee paid to the Responsible Entity or Investment Manager, but a charge to cover transaction costs incurred. The additional cost to the investor is paid to the Fund.

Currently the Fund charges 0.10% pa for the buy spread and 0.10% pa for the sell spread. These amounts may change if, for example, transaction costs change. The dollar value of these costs based on an application or withdrawal of \$50,000 is \$50 for each individual transaction.

Whilst the Underlying Fund does not currently charge a buy/sell spread, the Underlying Fund does incur transaction costs when implementing the Underlying Fund's investment strategy.

DIFFERENTIAL FEES

The Responsible Entity may from time to time enter into special arrangements regarding differential fees in relation to investments made by direct investors who are wholesale investors, to rebate some of the Responsible Entity fee on a case by case basis. Such negotiations would be subject to compliance with legal requirements and any applicable Australian Securities and Investments Commission relief.

INCIDENTAL FEE

If you make an investment by cheque and it is dishonoured, your financial institution may charge the Responsible Entity a cheque dishonour fee and in turn the Responsible Entity may charge you that fee.

GST ON FEES

Please refer to the 'Taxation' section of this PDS. Unless otherwise stated, all fees stated in this PDS are inclusive of GST, net of any input tax credits (including reduced input tax credits) available to the Fund.

EXAMPLE OF ANNUAL FEES AND COSTS FOR THE FUND

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

Example		BALANCE OF \$50,000 WITH A CONTRIBUTION OF \$5,000 DURING THE YEAR
Contribution Fees	Nil.	For every additional \$5,000 you put in, you will be charged nil.
PLUS Management Costs	Responsible Entity Fee: 0.62% pa Estimated Expense Recoveries: 0.10% pa	And , for every \$50,000 you have in the Fund you will be charged \$360.00 each year.
EQUALS Cost of fund		If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged fees of: \$360.00* What it costs you will depend on the fees you negotiate with the Fund or financial adviser.

* Additional fees may apply. Please refer to the above explanation of 'Transaction Costs and Buy/Sell Spread'. The example does not take into account the fees and costs of the Underlying Fund. Please see page 14 for the fees and costs associated with the Underlying Fund. For illustrative purposes, the above example assumes that management costs were calculated on a balance of \$50,000. It does not take account of management costs that would be charged on the additional \$5,000 contributed during the year.

The fees and expenses as set out in this section of the PDS titled "Fees and Other Costs" are paid out of the assets of the Fund or Underlying Fund. Services supplied to the Fund are generally taxable supplies for GST purposes and will therefore usually include a GST component (being 1/11 of the total amount of the fees and expenses). Generally, the Fund cannot claim full input tax credits for these services but is usually entitled to reduced input tax credits equal to 75% of the GST payable on those services.

FEE INCREASES AND OTHER FEES

The Constitution permits higher fees to be charged by the Responsible Entity as well as other fees which are not currently levied without the consent of investors. You will be given 30 days written notice in advance of any variation of fees and costs charged by the Fund. Indirect investors should consult with their IDPS operator to determine their arrangement for notifying of changes in fees and costs. The maximum fee entitlement of the Responsible Entity under the Constitution is 3% per annum of the net asset value of the Fund.

There are currently no entry or exit fees for investing in or withdrawing from the Fund. While the Responsible Entity does not intend to change the current fee structure, the Constitution allows Ascalon to charge a maximum entry fee of 5% of the amount invested and an exit fee of 5% of the proceeds of redemption.

FEES FOR INDIRECT INVESTORS

For indirect investors accessing the Fund through an IDPS, additional fees and costs may apply. These fees and costs are stated in the offer document provided by the relevant IDPS operator.

ADMINISTRATION FEE

Ascalon may enter into arrangements to pay administration fees to IDPS operators in connection with the listing of this Fund on their investment menus. This fee is paid by Ascalon and not by the Fund. It is not charged out of the assets of the Fund and is not a separate additional charge to investors.

FUND INFORMATION

THE CONSTITUTION

The Fund is governed by a Constitution, which sets out rules such as:

- the powers, rights and duties of the Responsible Entity (including the right to fees, recovery of expenses and indemnification)
- remuneration of the Responsible Entity
- a unit holder's rights and obligations
- liability of unit holders and the Responsible Entity
- issue and redemption of units
- withdrawal procedures where the Fund is no longer 'liquid' within the meaning of the Corporations Act 2001 (the procedures described in this PDS apply where the Fund is liquid)
- distributions and distribution reinvestment
- the authorised investments of the Fund
- how the Fund may be terminated
- how the Responsible Entity may be removed or replaced.

The Constitution may be varied without unit holders' consent if the Responsible Entity reasonably believes that the variation will not adversely affect unit holders' rights. Otherwise unit holders' approval must be obtained in accordance with the Legislation. You can view a copy of the Constitution for the Fund at the Responsible Entity's registered office during business hours, or a copy will be provided free of charge on request. For a copy please contact the Ascalon Investor Services team on 1300 303 933.

ASCALON'S ROLE AS 'RESPONSIBLE ENTITY'

Ascalon is the Responsible Entity of the Fund. As Responsible Entity, Ascalon is responsible for ensuring the Fund complies with the Constitution and the Legislation. This responsibility includes the establishment and implementation of the Fund's investment objectives and strategies.

ASCALON'S PROCESS IN ASSESSING THE H3 GLOBAL COMMODITIES FUND

The Fund will implement its investment strategy by investing its assets in the H3 Fund. Ascalon will continually assess the performance of the H3 Fund and its investment manager. In assessing the investment manager, Ascalon focuses on the investment manager's potential for success by evaluating the investment manager's:

- investment style and process
- consistency with which this investment style and process is applied
- the proficiency and experience of the investment team
- relative past performance.

ASCALON WORKS CLOSELY WITH THE INVESTMENT MANAGER

Ascalon works closely with the investment manager in reviewing the performance objectives, corporate governance and risk management standards of the H3 Fund. The investment manager determines the specific investments.

CONTINUAL REVIEW PROCESS

Ascalon regularly monitors the investment manager and conducts formal reviews on a quarterly basis. Ascalon reviews the investment manager on two levels:

- to ensure it is performing to investment expectations; and

- to ensure it is managing the Underlying Fund according to the agreed governance, investment style and process.

RELATIONSHIP WITH THE CUSTODIAN AND ADMINISTRATOR

RBC Dexia Investor Services Trust has been appointed as the Custodian for the Fund. RBC Dexia's role as Custodian is limited to holding assets of the Fund. RBC Dexia has also been appointed as the administrator of the Fund. In accordance with the relevant agreement between RBC Dexia and Ascalon, RBC Dexia has no supervisory role in relation to the operation of the Fund, and has no liability or responsibility to Unit holders for any acts or omissions. RBC Dexia was not involved in preparing, nor takes any responsibility for this PDS and RBC Dexia Investors Services Trust makes no guarantee of the success of the Fund nor the repayment of capital or any particular rate of capital or income return.

CHANGES TO THE FUND

The Responsible Entity may, at its discretion add to or close the Fund that is currently offered, change the rules that govern the Fund or alter its investment objectives and strategies. You will be provided with notice of such changes.

Up to date information can be obtained from the Ascalon Investor Services team on 1300 303 933.

Further information about the Fund or investing in the Fund, including a copy of the Constitution and information which has previously been made generally available to the public or might reasonably influence the decision whether to acquire this product, can also be obtained by contacting Ascalon.

The Fund may become a 'disclosing entity' under the Corporations Act. When that occurs, a Fund will be subject to regular reporting and disclosure obligations. Copies of documents lodged with ASIC may be obtained from or inspected at, an ASIC office.

In addition, investors will have the right to obtain a copy of the following documents:

- the annual financial report most recently lodged with ASIC;
- any half yearly financial report lodged with ASIC after the lodgement of the annual financial report and before the date of this PDS; and
- any continuous disclosure notices given by the Fund after lodgement of the annual financial report and before the date of this PDS.

COMPULSORY REDEMPTION OF UNITS

The Responsible Entity has power under the Constitution to compulsorily redeem (i.e. sell and pay you the proceeds) of your units in the Fund if it, in its discretion decides. This power may be exercised, for example, where:

- The Responsible Entity suspects that an investor is prohibited by law from being a unit holder; or
- The value of your units in a Fund falls below the minimum investment amount.

Should any of these events occur, the Responsible Entity may redeem your units at the current unit value in accordance with the Constitution. Proceeds will generally be paid within 20 business days.

CLIENT INFORMATION

YOUR RIGHTS

Your rights as a unit holder in the Fund is governed by the Constitution for the Fund and the Legislation.

This includes the right to:

- receive distributions (where applicable)
- receive copies of accounts and other information for the Fund
- attend and vote at unit holder meetings
- receive your share of distributions if the Fund is terminated
- transfer units to any other person, subject to the Responsible Entity's right to refuse such a transfer
- pass units to any surviving joint holder by will or otherwise to your estate.

You do not have the right to participate in the management or operation of the Fund.

The Constitution contains provisions designed to limit your liability to the amount invested in the Fund. However, you should be aware that the effectiveness of such a limitation is yet to be conclusively determined by the courts.

COMPLAINTS RESOLUTION

Ascalon has a formal complaints handling procedure in place. The Constitution establishes a procedure for the directors of Ascalon to receive, consider, investigate and respond to complaints made by Clients dissatisfied with the management or administration of the Fund.

If you are dissatisfied with the provision of any service related to the Fund, please contact the Ascalon Investor services team on 1300 303 933. We will acknowledge your complaint in writing within 5 business days and a written response will be provided within 45 days.

Ascalon is a member of the Financial Industry Complaints Service (to be renamed Financial Ombudsman Service) (FICS) which is an ASIC approved external dispute resolution scheme. If you are not satisfied with the way Ascalon has handled your complaint you may refer the matter to FICS at:

Mail:
Financial Industry Complaints Services
PO Box 579
Collins Street West
Melbourne VIC 8007

Phone: 1300 780 808
Fax: (03) 9621 2291
Email: fics@fics.asn.au
Web: www.fics.asn.au

ADVISER ENQUIRIES

If you have an adviser, they may ask Ascalon to provide them with information about your investment. Ascalon's policy is to supply this information, unless you have issued instructions in writing not to do so.

If you change your adviser, please provide your new adviser's details in writing so that your details are updated accordingly.

PROTECTING YOUR PRIVACY

WHAT IS THIS STATEMENT ABOUT

Your right to privacy is important. This statement explains your privacy rights and Ascalon's rights and obligations in relation to your personal information.

YOUR PRIVACY

The Responsible Entity is committed to ensuring the confidentiality and security of your personal information. The Responsible Entity is bound by the Privacy Act 1988 and by the National Privacy Principles regulated by the Federal Privacy Commissioner as guidance in the responsible handling of personal information and the New Zealand Privacy Act 1993.

If you complete the Application Form, you will be providing personal information to the Responsible Entity and its agents. They will collect, hold and use that personal information in order to assess your Application, service your needs as a unit holder, comply with Legislation, provide facilities and services that you request and to carry out appropriate administration of the Fund. The Responsible Entity may also collect personal information (including sensitive information) about you from third parties, to meet its obligations under the Legislation. Without this information, we may not be able to process your Application or provide you with an appropriate level of service.

Under the Privacy Act and the New Zealand Privacy Act, you may request access to personal information held by the Responsible Entity or the administrator. You can contact the Ascalon Investor Services team for a copy of the relevant entity's privacy policy.

If you notify the Responsible Entity that you have a financial adviser, either on your Application Form or in writing (at a later date), you acknowledge that details of your investment will be provided to them.

If you are investing in the Fund via an IDPS, please be aware that neither the Responsible Entity nor the administrator collects or holds personal information in connection with an investment in the Fund.

YOUR AUTHORITY

By signing the application, you authorise the collection, maintenance, use and disclosure of your personal information in the manner set out in this privacy statement.

By completing the Application Form attached to this PDS on behalf of another person, you undertake to provide a copy of this privacy statement to the principal, company officer or partner that you represent.

FAX INSTRUCTIONS SERVICE CONDITIONS

Ascalon offers a fax instruction service that allows you to instruct Ascalon by fax on your account.

By using this service you release and indemnify Ascalon, its officers, employees and agents, against all losses, damages and liabilities arising from any payment made or action taken based on any fax instruction (even if not genuine) that Ascalon receives by fax which contains your account name and a signature which appears to be yours or that of an authorised signatory on your account.

You also agree that neither you nor anyone claiming through you has any claim against, and will indemnify, the Fund, in relation to these payments or any actions by Ascalon in relation to them.

As there is a risk of fraudulent fax withdrawal requests by someone who has access to your account number and your signature, you need to exercise caution.

Ascalon reserves the right to add additional requirements to the fax conditions at any time.

INVESTOR IDENTIFICATION

As part of our responsibility for the prevention of money laundering, a unit holder will be required to provide detailed verification of identity, any beneficial owner underlying the account and the source of the payment. Each of the Responsible Entity and the administrator or their delegates will request such information as it reasonably requires to verify the identity of a unit holder and the underlying beneficial owner of a potential unit holder's or a unit holder's units in the Fund. In the event of delay or failure by the potential unit holder or unit holder to produce any information required for verification purposes, the Responsible Entity may refuse to accept an application. The Fund, by written notice to any unit holder may suspend the payment of withdrawal proceeds payable to such unit holder if it or the administrator reasonably deem it necessary to do so to comply with anti-money laundering laws and regulations applicable to them.

GLOSSARY

Administrator means RBC Dexia Investor Services Trust

Business day means a day on which banks are open for business in Sydney, excluding a Saturday, Sunday or public holiday.

Custodian means RBC Dexia Investor Services Trust

H3 Global Commodities Fund is an exempted company with limited liability incorporated on 2 September 2005 and existing under the laws of the Cayman Islands

Investment Manager means H3 Global Commodities Advisors Pty Limited ACN 074 254 425

Legislation means any present or future law of the Commonwealth of Australia, or any State or Territory of Australia, which the Responsible Entity must satisfy in order to avoid a relevant penalty, detriment or disadvantage, including Australian taxation laws, the Corporations Act 2001 and the Anti-Money Laundering and Counter Terrorism Financing Act 2006.

NZ Eligible Investor means in New Zealand, wholesale investors whose business is the investment of money or persons who, in the course of and for the purpose of their business, habitually invest money

Responsible Entity means Ascalon Capital Managers Limited ACN 093 660 523

Underlying Fund means the H3 Global Commodities Fund

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GUIDE TO COMPLETING THE APPLICATION FORM

Before completing the Application Form you should read the entire PDS to ensure the Fund meets your needs.

LODGING APPLICATIONS

Mail your completed Application Form to:

Ascalon Capital Managers Limited
C/- RBC Dexia Investor Services Trust
GPO Box 3657
Sydney NSW 2001

Cheques should be made payable to:

RBC Dexia Investor Services Australia Nominees Pty Limited,
Ascalon Capital – a/c [investor name(s)]

Fax instructions should be forwarded to:

Ascalon Capital Managers Limited
C/- RBC Dexia Investor Services Trust
Fax: (02) 8262 5492

COMPLETING THE APPLICATION FORM

Please complete the Application Form in **block letters**.

1. NEW AND EXISTING INVESTORS

(a) New Investors

To apply you need to complete all relevant sections of the application form.

(b) Existing Investors

If you are an existing investor in the Fund, please specify your current Investor ID and Account ID details in the sections allocated. This will facilitate processing of your transaction whether it is an additional investment, or a new investment.

2. INVESTOR INFORMATION

Please complete this section with your details.

Joint ownership

When you purchase units in more than one name, you hold them as joint tenants. This means that all unit holders must sign the Application Form and all future correspondence with Ascalon.

3. INVESTMENT DETAILS

Note that you will need to indicate if your investment is an initial investment or an additional investment. Then write the amount you wish to invest next to the Fund you have chosen in the "Investment Amount" column.

4. AUTHORISED AGENT'S AUTHORITY

Please read and complete if applicable.

5. PRIVACY CONSENT PREFERENCE

Please read and complete.

6. TAXATION DETAILS

Please read and complete if applicable.

7. ANNUAL FINANCIAL REPORT

Please read and complete if applicable.

8. SIGNATURES

Please read the statements outlined under this section. An application cannot be accepted unless it has the signatures of all applicants.

The Responsible Entity may refuse to accept any application for units without giving reason and must not accept Contributions contrary to the law.

ADDITIONAL INFORMATION

Further information about the Fund is available by calling the Ascalon Investor Services team on 1300 303 933 or by email to ascalon@ascalon.com.au

Please cut along the line

Ascalon H3 Commodities Fund - APPLICATION FORM: Ascalon Capital Managers Limited ACN 093 660 523 AFSL 300697

This Application Form relates to the **Ascalon H3 Commodities Fund PDS** dated 17 April 2008. Please ensure you have read this PDS before completing this Application Form. **[BLOCK LETTERS ONLY PLEASE]**

1. NEW AND EXISTING INVESTORS

If you are a new investor go to No. 2 and complete the application form

If you are an existing investor please advise your Investor ID and Account ID details.

Investor ID

Account ID

If you are adding to your existing investment go to No. 3

If you are an existing investor and wish to make a new investment go to No. 3

2. APPLICANT 1 DETAILS

Title Given names (in full)

Surname

Date of birth / / Male Female

Occupation

Company/trust name/partnership

ABN

Contact name

Street address/Registered office

Mailing address (if different to above)

Contact details Home phone Work phone

Fax Mobile

E-Mail

Country of residence Driver's licence number

APPLICANT 2 DETAILS

Title Given names (in full)

Surname

Date of birth / / Male Female

Occupation

Contact details Home phone Work phone

Fax Mobile

Email

Country of residence Driver's licence number

ADVISER USE ONLY

Dealer code - B D

Adviser code - B A

Adviser name

Adviser signature

Adviser stamp

3. INVESTMENT DETAILS

Source of funds: Cheque

Fund Name	Initial ¹ Investment amount	Additional ² Investment amount		
Ascalon H3 Commodities Fund	A\$	A\$	<input type="checkbox"/>	<input type="checkbox"/>
TOTAL AMOUNT	A\$	A\$		

1. Minimum initial investment is \$50,000.

2. Minimum additional investment is \$10,000.

4. AUTHORISED AGENT'S AUTHORITY

Refer to the PDS under the heading 'Authorised Agent' for more details.

Do you wish to appoint an authorised agent to act on your behalf?

No ⇒ go to 5.

Yes ⇒ please complete the following:

You agree to be bound by the terms and conditions of appointment of an agent set out in the PDS under the heading 'Authorised Agent'.

In appointing an agent you acknowledge that you may not make any claim against Ascalon for:

- anything that may (or may not) be done at the request of your agent
- anything for which reasonable grounds were held to believe was done (or not done) at your agent's request or with or under your agent's agreement.

Agent's full name

Agent's signature

Date (dd/mm/yyyy)

5. PRIVACY CONSENT PREFERENCE

Refer to the PDS under the heading "Protecting Your Privacy" for more details.

Would you like the benefit of receiving information, about products and services, which may be of value or interest to you?

No Yes

If you do not tick either box, information about products and services will continue to be provided. This information could be provided to you either in written or electronic form. Your answer applies to both applicants (if applicable).

6. TAXATION DETAILS

Applicant 1

Tax File Number or reason for a TFN exemption

I authorise this Tax File Number to apply to this investment only.

I authorise Ascalon to apply the Tax File Number previously provided.

(only applies if the investment is an additional contribution to an existing account).

Applicant 2

Tax File Number or reason for a TFN exemption.

I authorise this Tax File Number to apply to this investment only.

I authorise Ascalon to apply the Tax File Number previously provided.

(only applies if the investment is an additional contribution to an existing account).

7. ANNUAL FINANCIAL REPORT

You can obtain a copy of the Fund's annual financial report from Ascalon's website at www.ascalon.com.au from 30 September each year. However, if you would like to receive a copy by post please tick the box below.

8. SIGNATURES

To: Ascalon Capital Managers Limited

I/We agree to be bound by the provisions of the Constitution governing the Ascalon H3 Commodities Fund. I/We acknowledge that neither Ascalon Capital Managers Limited, nor any of its related entities, shareholders, directors or officers makes any representation as to the performance or success of, the rate of income or capital return from, or recovery of money invested in the Fund.

If signed under Power of Attorney, the Attorney hereby certifies that he/she has not received notice of any limitation or revocation of that Power.

I/We have read and understood the privacy statement in the PDS under the heading 'Protecting Your Privacy' and consent to the collection, use and disclosure of personal information in accordance with the privacy statement. Where I/we have provided information about another individual, I/we declare that the individual has been made aware of that fact and the contents of the privacy statement.

I/We acknowledge and agree to be bound by the declarations and conditions outlined in the PDS, of which this Application form forms part.

If I/we have provided an e-mail address, I/we consent to receive ongoing investor information including confirmations of transactions, tax statements, distribution information and additional information as applicable, via that method of delivery.

Where an application relates to an offer in New Zealand, I/we are an NZ Eligible Investor (as defined in the PDS) and therefore not a member of the public for the purposes of the New Zealand Securities Act 1978 including in respect of each future application, unless I/we notify the Responsible Entity otherwise in writing.

Before signing, you should read the PDS in its entirety. Each applicant must sign this Application Form. If you are signing under Power of Attorney, you must attach a certified copy of the Power (for initial investments only). Applications by a trustee(s) must be signed by each trustee. Corporations (including trustees) must sign under company seal, or by two directors or by a director and secretary, or by Power of Attorney (as defined in section 129 of the Corporations Act 2001).

SIGNATURE - Applicant 1

Date (dd/mm/yyyy)

Print full name

SIGNATURE - Applicant 2

Date (dd/mm/yyyy)

Print full name

Company seal (if applicable)

