



CIPAM Private Lending Opportunities Fund - Class F

Information Memorandum

23 November 2020

Trustee

Fidante Partners Limited

ABN 94 002 835 592

AFSL 234 668

Important notices and disclaimer

This information memorandum dated 23 November 2020 (**Memorandum**) is issued and made available by Fidante Partners Limited (ABN 94 002 835 592, AFSL 234 668) (**Fidante Partners, we, our, us, Trustee**) as the Trustee of the CIPAM Private Lending Opportunities Fund (**Fund**) in relation to the offer by Fidante Partners of Class F units in the Fund. References in this Memorandum to **units** or **the Fund** are to the Class F units in the Fund. No other class of units in the Fund is offered in this Memorandum.

Our ultimate parent is Challenger Limited (ABN 85 106 842 371). We have appointed Challenger Investment Partners Limited (ABN 29 092 382 842, AFSL 234 678) (**CIP Asset Management, CIPAM** or the **investment manager**) as the investment manager of the Fund.

This Memorandum is a summary of significant information regarding your investment in the Fund. You should consider this information before making a decision about the Fund. All information presented in this Memorandum is believed to be accurate as at the issue date.

This Memorandum does not purport to be complete or to contain all of the information that a prospective investor may require in evaluating an investment in the Fund. The information provided in this Memorandum is general information only and has been prepared without taking into account any person's objectives, financial situation or needs. Any person receiving information in this Memorandum should consider the appropriateness of this information in light of their own objectives, financial situation and needs before acting on the information and should consider talking to a financial adviser before making an investment decision.

Investors in the Fund are not entitled to cooling off rights under the Corporations Act or otherwise. Fidante Partners is not obliged to accept applications and reserves absolute discretion in limiting or refusing any application.

No person other than Fidante Partners has caused or authorised the issue of this Memorandum or takes any responsibility for the preparation of the Memorandum or the establishment of the Fund. Neither Fidante Partners, nor any related entity, nor CIPAM, nor the Fund guarantees the repayment of your capital or the rate of return from the Fund, the performance of your investment or any particular taxation consequences of investing.

Your investment does not represent deposits or other liabilities of Fidante Partners nor any of its related body corporates, associates or employees. Your investment can be subject to investment risk, including possible delays in repayment and loss of income and principal invested, and Fidante Partners does not in any way stand behind the capital value and/or investment performance of the Fund. Further information in relation to the risks associated with an investment in the Fund are contained in the section 'Risks of investing in managed investment schemes'. Unless identified to the contrary, all references to monetary amounts are to Australian dollars.

The information in this Memorandum is up-to-date at the time of preparation and some information in this Memorandum, as well as the terms and conditions of the offer, may change from time to time. Fidante Partners may change this Memorandum from time to time without notice and does not have any obligation to update the contents of the Memorandum. If a change is considered materially adverse to investors, Fidante Partners will issue a replacement Memorandum and notify investors within three months of the change occurring. For updated or other information about the Fund (such as performance), please call Fidante Partners Investor Services team on 02 9994 7259. Fidante Partners will send you a copy of the updated information on request, free of charge. Paper copies of this Memorandum are also available, free of charge, on request, by calling the Fidante Partners Investor Services team or by emailing institutional@challenger.com.au. Neither Fidante Partners nor its related entities, any of their directors, employees or agents, accept any liability for any loss or damage arising out of the use of all or part or, or any omission, inadequacy or inaccuracy in, the information presented in this Memorandum.

Information contained in this Memorandum is confidential proprietary information to Fidante Partners and CIPAM and may not be copied, reproduced or redistributed, directly or indirectly, in whole or in part, to any other person in any manner. Use of any information in this Memorandum for a purpose other than assessing the making, or the making of an investment with Fidante Partners is not permitted. Fidante Partners and CIPAM reserves all rights to take action in connection with any breach of this restriction.

Any forward-looking statements in this Memorandum are made as of the date of such statements and are subject to numerous assumptions, risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Therefore, such forward-looking statements included in this Memorandum may prove to be inaccurate and should not be relied upon as indicative of future matters.

The offer

This Memorandum is only made available to 'wholesale clients' (as defined in the *Corporations Act 2001* (Cth) (**Corporations Act**)) receiving this Memorandum in Australia and where any offer of an investment in the Fund would not require disclosure under Part 6D.2 or Part 7.9 of the Corporations Act. The offer to subscribe for units in the Fund does not constitute an offer to any retail client (as defined in the Corporations Act). The Memorandum is not a prospectus or product disclosure document under the Corporations Act and is not required to be, and has not been, lodged with the Australian Securities and Investments Commission (**ASIC**) under the Corporations Act.

This Memorandum does not constitute an offer or invitation in relation to the units in any place in which, or to any person to whom, it would not be lawful to make that offer or invitation. The distribution of this Memorandum outside Australia may be restricted by the laws of places where it is distributed and therefore persons into whose possession this Memorandum comes should seek advice on and observe those restrictions. Failure to comply with relevant restrictions may violate those laws. The offer to subscribe for units in the Fund is subject to the terms and conditions of this Memorandum.

You must complete the 'Subscription Agreement' to be issued units in the Fund.

Investments in the Fund are governed by the trust deed for the Fund and associated documents (each as amended, varied, updated, supplemented or replaced from time to time) and nothing in this Memorandum limits or qualifies the powers and discretions conferred upon Fidante Partners or CIPAM under those documents. Prospective investors should refer to the complete legal documentation for the Fund, available on request by calling the Fidante Partners Investor Services team on 02 9994 7259 or by emailing institutional@challenger.com.au.

Consent

CIPAM has provided consent to the statements about it in the form and context in which they are included. CIPAM was not otherwise involved in the preparation and distribution of this Memorandum and is not responsible for the issue of this Memorandum, nor is it responsible for any particular part of this Memorandum other than those parts that refer to it. CIPAM has not withdrawn its consent before the date of this Memorandum.

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Contact details

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Website	www.cipam.com.au .

About CIPAM

CIP Asset Management (**CIPAM**) is an institutional manager that works with clients across a global opportunity set in fixed income investments, real estate investments and derivative strategies.

CIPAM's clients include leading global and Australian institutions, including Challenger Life Company Limited. With clients benefiting from the CIPAM team's experience and scale.

CIPAM includes three businesses: Fixed Income, Real Estate and Solutions.

The CIPAM Fixed Income team is a fundamentals driven, active investment manager that adopts a long term focus. The team aims to provide diversified sources of income by seeking opportunities, whilst maintaining capital stability.

For more information on CIPAM you can visit www.cipam.com.au

About the Trustee

Fidante Partners is the Trustee of the Fund. As Trustee, we issue units in the Fund and are legally responsible to the unitholders of the Fund for its operation.

Fidante Partners forms long term alliances with talented investment teams to support and grow specialist investment management businesses. Through these strategic partnerships, we're able to provide investors with some of the world's most compelling investment strategies. We have appointed CIPAM as the investment manager of the Fund. We provide support services to CIPAM, allowing CIPAM the freedom to focus on investing and managing the assets of the Fund.

Neither we, nor any of our related entities, nor CIPAM guarantee the repayment of your capital or the performance of your investment or any particular taxation consequences of investing.

Significant features and benefits of the Fund

- **Diversification:** The Fund provides diversification within the broader fixed income asset class in comparison to more traditional fixed income securities. It offers exposure to specialised credit asset classes within private debt markets which can provide the potential for attractive returns with moderate risk to investors.
- **Opportunity set:** The Fund actively seeks to take advantage of the illiquidity premiums found in private lending markets. This illiquidity premium offers attractive risk adjusted returns when compared to the more liquid traditional fixed income investments. Increased and continued regulatory pressure (for example, the regulatory pressure on banks which has limited their ability to provide funding opening up the opportunity for other entities/structures) supports a sustainable and growing investment opportunity, enhanced by the limited competition in this asset class.
- **Liquidity:** The Fund aims to provide a high level of return by investing in private lending opportunities that offer a illiquidity premium, and, as such, there is a liquidity trade-off required to obtain this illiquidity premium. Despite the illiquid nature of the Fund's investments, the Fund aims to provide quarterly liquidity to investors after an initial 12 month lock up. Refer to 'Liquidity risk' and 'Withdrawal risk' for further information
- **Highly experienced team:** The CIPAM Fixed Income team is uniquely positioned to manage this product given the extensive credit markets experience of the team. The team's average industry experience is approximately 16 years with an average tenure at CIPAM of almost eight years.
- **Track record:** The CIPAM Fixed Income team has a strong track record of managing fixed income strategies within private markets which have delivered attractive risk adjusted returns for investors.
- **Strong governance:** Rigorous oversight and governance ensure the Fund is managed in a stable environment across extensive operational, legal and finance platforms.

Features at a glance

		Refer to Section
About the Fund		'About the Fund'
Investment objective	The Fund aims to achieve superior return of the Bloomberg AusBond Bank Bill Index (Benchmark) +8% p.a. (after fees).	
Minimum suggested investment timeframe	At least 5 years	'Investment approach' and 'Investment universe and portfolio construction'
Description of the Fund	The Fund is a floating rate multi-sector credit strategy focused on private lending opportunities primarily in Australia and New Zealand. It is suitable for those happy to invest for at least 5 years and who don't need daily liquidity.	
Minimum transaction and balance requirements¹		'Making, withdrawing and monitoring your investment'
Initial investment	\$10,000,000	
Additional investment	\$1,000,000	
Minimum withdrawal	Nil	
Minimum balance	Not applicable	
Fees and other costs^{2,3}		'Fees and other costs'
Contribution or entry fee	Nil	
Withdrawal fee	Nil	
Management fee	0.75% p.a. of the net asset value of the Fund.	
Operating expenses	We currently pay normal operating expenses of the Fund from our management fee and do not recover these from the Fund. We may, however, recover any abnormal expenses from the Fund, such as the costs of unitholder meetings.	
Buy/sell spread	There is no buy/sell spread charged for the Fund. The application and withdrawal provisions are designed to reduce costs and the potential for cash drag on the Fund.	

Making and withdrawing your investment

'Making, withdrawing and monitoring your investment'

Investments and withdrawing

How to invest in the Fund

Investments in the Fund are accepted in the form of binding commitments. To invest in the Fund you must complete a subscription agreement (**Subscription Agreement**). The Subscription Agreement legally binds you to the commitment of capital at such future date and/or time when called upon by the Trustee in its discretion (**Commitment Call**). When investment opportunities arise, the Trustee will make a Commitment Call via a '**Commitment Call Notice**'.

Upon receipt of a Commitment Call Notice, you must ensure that the amount specified in the Commitment Call Notice is paid to, and received by the Trustee by the date the payment is due (usually 5 business days from the date the Commitment Call Notice is issued) (**Payment Date**). We may at any time by notice in writing revoke or postpone a Commitment Call.

If you fail to pay the Trustee the amount specified in the Commitment Call Notice by the Payment Date, you will be issued with a default notice (**Default Notice**). If at any time you have not paid an amount by the Payment Date as called upon in accordance with a Commitment Call Notice and/or if you fail to provide payment, within 10 business days, for the amount specified in the Default Notice, pursuant to the Fund's trust deed, you will be a defaulting subscriber.

Please refer to 'Additional information about investing' in the 'Making, withdrawing and monitoring your investment' section for more information on the Commitment Calls, Commitment Call Notices, Default Notices and defaulting subscribers.

How to withdraw from the Fund

An initial one year lock-up period applies to units issued pursuant to each Commitment Call with the lock-up period beginning from the date the units are issued to the unitholder.

Following the initial one year lock up period, withdrawals are generally processed quarterly (**withdrawal period**) on the first business day of each calendar quarter (**Acceptance Date**) with a minimum of 90 days' notice to be given before the Acceptance Date (**notice period**) and on a 'best endeavours' basis.

If your original withdrawal can't be paid within 12 months, we will reduce the management fee payable on the remaining portion. Please refer to 'Additional information about withdrawing' in the 'Making, withdrawing and monitoring your investment' section for more information.

The above application and withdrawal provisions have been designed having regard to the illiquid nature of the Fund's investments in the private lending market. Please see 'Withdrawal risk' in the section 'Risks of investing in managed investment schemes' for more information.

Transaction cut-off times

A valid application request must be received in our Sydney office before 3:00pm Sydney time on a business day (referred to as the **application transaction cut-off time**). If the valid application request is received after the application transaction cut-off time, it will be deemed to be received on the following business day.

A valid withdrawal request must be received in our Sydney office before 3:00pm Sydney time on a business day (referred to as the **withdrawal transaction cut-off time**). If the valid withdrawal request is received after the withdrawal transaction cut-off time, it will be deemed to be received on the following business day.

Distribution payments		'Additional information'
Frequency	The Fund generally pays distributions quarterly; however, there may be periods in which reduced or no distributions are paid and we do not guarantee any level of distributions.	
Payment methods	<p>Reinvested into the Fund as additional units or paid to your nominated account.</p> <p>Due to the withdrawal provisions of the Fund and the potential for substantial delays in the processing of a withdrawal request, upon receipt of a withdrawal request, if you have chosen the reinvestment option, your distribution reinvestment will be cancelled and you will receive any future distributions paid directly to your nominated account with an Australian financial institution.</p> <p>If you submitted a partial withdrawal request, you may reinstate the reinvestment of distributions once all pending redemption proceeds have been paid. You are required to resubmit a request to update the distribution method.</p>	
Valuations and unit pricing		'Additional information'
Valuing the Fund's assets	The Fund's assets are usually valued no less than monthly unless otherwise determined by the Trustee.	
Unit pricing	Unit prices are usually calculated no less than monthly unless otherwise determined by the Trustee.	

1 We may, at our discretion, accept lower minimum transaction amounts.

2 Unless otherwise stated, all fees and costs are quoted inclusive of any Goods and Services Tax (**GST**) and net of any input tax credits (**ITCs**) or reduced input tax credits (**RITCs**) as applicable. Where available, the prescribed RITC rate is currently 55% or 75%, depending on the nature of the fee or cost incurred. Due to the impact of GST, ITC and RITC calculations, actual fees may vary slightly from those stated and may be rounded to two decimal places.

3 For certain wholesale clients (as defined in the Corporations Act) we may, at our discretion, negotiate, rebate or waive all or part of our fees

About the Fund

The Fund aims to achieve a superior return of the Bloomberg AusBond Bank Bill Index (**Benchmark**) + 8% p.a. (after fees).

The Fund is intended to be suitable for investors who are happy to invest for at least five years and who understand that due to the Fund's investments in the private sector, it may take a longer period for the processing of your withdrawal request with a maximum period of three years permitted under the Fund's trust deed for withdrawal requests to be processed and paid.

For information on the Fund's application and redemption provisions please see 'Processing your withdrawal' and 'Delay of withdrawal payments' in the 'Additional information about withdrawing' section of this document.

Structure of the Fund

The Fund is an unlisted open-ended wholesale unregistered unit trust. The offer for units in the Fund is only available to wholesale clients (as that term is defined in the Corporations Act).

Your money will be invested into the Fund and used to purchase assets in line with the Fund's investment objectives.

When you invest in the Fund, you will purchase units in the Fund (rather than purchasing the assets directly), which represents a share of the value of the Fund's collective asset pool. Certain rights are attached to the units and these rights are exercisable by the person who owns these units (referred to as **you, your, investor, or unitholder** throughout this Memorandum).

Investment approach

The Fund is a floating rate multi-sector credit strategy focussed on private lending opportunities primarily in Australia and New Zealand.

Due to the allocation to the private lending market where assets are traded less frequently, the Fund aims to provide investors with a higher return than if the Fund invested in the same securities within the public market. This is due to a decreased level of liquidity (less buyers and sellers) available, providing for a higher level of return to compensate for the time it may take to realise your investment.

Investors should be aware of this liquidity trade-off when entering the Fund as there is the potential for delays in receiving your withdrawal proceeds as outlined in the 'Features at a glance' table above and the 'Additional information about withdrawing' section.

The Fund further aims to enhance returns by taking on more structural leverage in its portfolio. This includes highly structured asset backed securities (first loss tranches, senior seller notes, residual income units),

mezzanine corporate debt and junior commercial real estate loans. The Fund will generally not target stressed/distressed borrowers or so-called special situations opportunities. The Fund may also utilise leverage to enhance returns on senior secured exposures up to a maximum of 30% of the Fund's gross asset value.

The CIPAM Fixed Income team's investment philosophy values taking a multi-strategy approach to credit investing, allowing for a broader opportunity set and ensuring improved risk/return outcomes for clients. The team believe a disciplined focus on understanding and quantifying credit, liquidity, and complexity risk premia is essential for active fixed income managers to exploit market inefficiencies.

Investment universe and portfolio construction

The investment universe may include, but is not limited to, corporate bonds, corporate loans, loans backed by commercial real estate, asset backed securities, cash investments and derivatives (for hedging purposes only).

The corporate exposures will have varying levels of security including first lien secured, unitranche or stretch senior, second lien secured and secured holding company debt.

The real estate exposures will also have varying levels of security including first secured, second secured, subordinated or preferred equity. The loans will be largely secured against existing investment assets though will include development and bridge loans on commercial real estate (and including residual stock loans).

The securitised exposures will be largely subordinated tranches of securitisations including first loss, second loss and third loss tranches as well as loans secured over net interest margin. The Fund may also invest in whole loan pools directly and effectively earn residual income via holdings of residual income units.

Some, but not all, of the exposures in the Fund will be rated either by an external rating agency or internally by an independent credit risk function. Some will not carry a credit rating at all as they are subordinated to exposures which are B-rated. The Fund will not purchase debt which is considered likely to default or in already in default (i.e. stressed or distressed assets).

The Fund may have exposure to investments with equity characteristics including warrants linked to corporate debt and preferred equity in real estate transactions. The Fund may also invest in non-Australian dollar denominated securities with a maximum non-Australian dollar limit of 25%.

When constructing a portfolio, the CIPAM Fixed Income team considers the following factors:

- **Geography/ Macro:** to avoid situations where macro themes are the key valuation drivers as market shifts can be unpredictable and binary;
- **Sector/ Industry:** by focusing on sectors that have ongoing financing needs rather than opportunistic issuers;
- **Company/ Issuer:** by focusing on refinancing risk, cash flows, debt distribution, financing costs, covenants etc, and the engagement of the Management team (including monitoring key person risk, track record, and stability);
- **Deal structure:** by actively engaging with issuers, ensuring the structure aligns economic incentives of the issuer with clients, and managing the Fund with a preference for structures that incentivise deleveraging to aid refinancing.

The investment process is based on a thorough due diligence process starting with an initial screening of the investment opportunity looking at long-term macroeconomic themes and then conducting a relative value assessment. This is followed by sectoral reviews, quantitative analysis and an evaluation of ESG risk factors. The CIPAM Fixed Income team will also consider the current asset allocation and the mix of assets within the portfolio before following a robust credit risk assessment process for final approval.

Once an investment is executed, the team conducts ongoing monitoring of various factors, including sector allocation, liquidity, credit and interest rate risk, and the income distribution profile.

Strategic asset allocation ranges¹

Asset Class	Min (%)	Max (%)
Corporate loans and bonds	40	100
Asset backed lending	0	60
Real estate lending	0	25

¹These are targeted asset allocation ranges for the Fund and do not reflect explicit limits. The Fund may also invest in cash investments and in derivatives for hedging purposes only.

Currency strategy

The Fund aims to hedge all non-Australian dollar denominated investments into Australian dollars. Please see 'Currency risk' in the 'Risks of investing in managed investment schemes' section for more information.

Additional information about the Fund's investments

Borrowings of the Fund

The Fund's trust deed allows for borrowing.

The Fund may borrow up to 30% of the Fund's gross asset value; however, it is expected that any leverage will be used to gain additional exposure to senior secured opportunities only. The Fund may also borrow from time to time to cover short term cash flows or if extraordinary situations arise.

Borrowings may be from a variety of sources, including related entities. Where funds are borrowed from related entities, the terms are set on a commercial and arm's length basis.

The availability and terms of borrowings are subject to the market for borrowings (including market conditions in debt and other markets) and therefore borrowings may not always be available. Lenders may refuse to provide borrowings, renew an existing borrowing facility or refuse to renew on commercially acceptable terms. This may be for reasons specific to the Fund or due to market-wide events.

We or CIPAM may change the lending financial institution (if any) from time to time and may also seek to vary the terms of any borrowing facility where we believe it would be in the best interests of unitholders.

Please refer to 'Leverage' under 'Additional information about the Fund's investments' for further information on how the Fund may use leverage.

Asset allocation ranges

The Fund gains exposure to various investment markets and asset classes by investing into direct assets and/or indirectly via managed funds. References to asset allocations are references to the exposure of the Fund, not necessarily the physical unit or security held.

Refer to 'About the Fund' for strategic asset allocations for the Fund.

The strategic asset allocations for the Fund are target allocations only and do not reflect explicit limits. The Fund may also invest in cash investments and in derivatives for hedging purposes only.

Making investments directly or indirectly

The Fund may make investments directly or indirectly by investing in other funds (including funds related to, or managed by, a related entity) that have investment

objectives and authorised investments that are consistent with the Fund. This structure helps to minimise transaction costs and can enhance diversification.

Leverage

Leverage can be a useful tool to enhance the returns of the Fund. Leverage can be obtained by either of the following methods:

- using derivative instruments to increase the Fund's investment exposure beyond the net asset value of the Fund; or
- direct borrowing.

It is expected that any leverage will be applied through direct borrowing to increase exposure on senior secured opportunities only.

The maximum amount of leverage is limited to 30% of the Fund's gross asset value.

Transactions involving related parties

The Fund may transact with related parties of the Trustee either as a buyer or a seller. Accordingly, any transactions involving related parties or the interest of related parties must be at arm's length, using prices determined in accordance with our security pricing policy, and comply with the asset allocation parameters and liquidity requirements for the Fund. Furthermore, the Trustee and CIPAM must adhere to Challenger Limited's related party transaction policy which establishes a protocol for negotiating and entering transactions between entities in the Challenger group.

Allocation of investments

The CIPAM Fixed Income team must adhere to its allocations policy when allocating investments and divestments to ensure they are made on a fair and reasonable basis.

How the Fund uses derivatives

The Fund may at times invest in or obtain exposure to derivatives, such as futures, foreign exchange forwards and cross currency swaps.

The term 'derivative' is used to describe any financial product that has a value that is derived from another security, liability, or index.

Derivatives may be used to gain exposure when they offer a more cost-effective way of purchasing the underlying security. Derivatives can be used to implement investment decisions (including hedging), and as a risk management tool (such as managing the effect of interest rates or foreign currency movements). They may also be used to adjust or implement investment decisions and to gain or avoid, exposure to a particular market rather

than purchasing physical assets. The Fund will only use derivatives for the hedging of currency and interest rate risk.

The Fund's trust deed permits the use of derivatives; however CIPAM does not intend to gear the Fund through the use of derivatives. If market movements, investments into or withdrawals from the Fund, or changes in the nature of an investment result in the Fund being geared through derivatives, this may be addressed by CIPAM or us.

Where the Fund uses derivatives, CIPAM aims to manage the Fund so as to keep sufficient liquid assets in the Fund to meet all obligations associated with the derivatives.

The use of derivatives may expose the Fund to certain risks. Please refer to 'Derivative risk' for more information.

Labour standards or environmental, social or ethical considerations

The Trustee (Fidante Partners) has delegated investment decisions for the purposes of selecting, retaining or realising investments for the Fund to CIPAM who operates the Fund in accordance with the investment management agreement. Fidante Partner's parent Challenger Limited is a member of The PRI Association (**PRI**), a leading promoter of responsible investment practices supported by the United Nations. Fidante Partners incorporates consideration of environmental, social and governance (**ESG**) considerations when selecting, appointing and monitoring investment managers. Fidante Partners does not adhere to any particular set of labour standards, environmental, social and ethical considerations.

CIPAM takes into account labour standards and environmental, social and ethical considerations when selecting, retaining or realising investments. CIPAM does not adhere to any particular set of standards but will consider general factors such as (but not limited to) climate change, biodiversity, energy resources and management, demographics, human rights, employee relations, supply chain management, business integrity, shareholder rights, incentive structures and fiduciary duty. These factors are incorporated into CIPAM's research process by analysing the investment's ESG performance. As an investor CIPAM applies a relative value approach, integrating ESG risk factors into its pricing and valuation considerations. The focus of ESG analysis is largely to identify and protect against significant event risk that can impact issuer/originator creditworthiness and that of asset cover pools.

CIPAM will continue to monitor ESG related issues throughout the term of the investment. Changes in such matters may impact on whether the investment is retained, and how CIPAM interacts with the issuer/originator.

For more information on CIPAM's ESG Policy please contact our client services team on 02 9994 7259 or email institutional@challenger.com.au.

Risks of investing in managed investment schemes

It is important to understand that there are inherent risks in any investment. All investments carry risk, including the potential for loss of income or capital, a less than expected rate of return or a delay in payment.

While Fidante Partners and CIPAM are not able to eliminate the risks associated with an investment in the Fund, Fidante Partners and CIPAM will employ a range of investment and risk management strategies to identify, evaluate and manage these risks.

The purpose of this section is to inform a potential investor of the types of risks that may apply to an investment in the Fund. This section is a summary of what Fidante Partners considers to be the significant risks that should be considered before deciding to invest in the Fund. This section does not purport to be a comprehensive summary of all of the risks and there may be other risks that adversely affect the Fund.

Primary risks of the Fund's investment strategy include liquidity risk, withdrawal risk, credit risk and interest rate risk.

Risk	Explanation
Asset backed securities risk	<p>The value of asset backed securities are affected by the value and cashflow of the underlying collateral. Asset backed securities are subject to more structural and legal complexities than other fixed income securities.</p> <p>Risks associated with asset backed securities include credit risk, liquidity risk and interest rate risk. These risks could impact the timing and size of the cashflows paid by the securities and could negatively impact the returns of the securities.</p>
Counterparty risk	<p>The Fund is, to a certain extent, reliant on external counterparties in connection with its operation and investment activities. There is a risk with these arrangements that the other party to a contract (such as derivatives contract, physical security or foreign exchange contract trade) may fail to perform its contractual obligations either in whole or part (refer to 'Credit risk' for more information). In such circumstances, any collateral lodged with counterparties related to these derivatives may also be at risk. This may result in the investment activities of the Fund being adversely affected.</p>
Credit risk	<p>The risk that the issuer of the fixed income security (e.g. asset backed security, corporate bond, corporate loan or derivative counterparty) is unable or unwilling to make interest and/or capital repayments in full and/or on time, or may not meet other financial obligations. Fixed income securities are subject to legal, political, macro-economic, industry and business risks which may lead to a loss of capital or interest payments.</p> <p>Losses may be complete or partial and may occur at any time depending on the extent of financial deterioration, the position of the fixed income security in the capital structure of the issuer or whether the fixed income security has security of assets in the case of default.</p> <p>Fixed income securities are generally assigned a credit rating from rating agencies such as Standard and Poor's or Moody's Investor Services. A credit rating is only an opinion of creditworthiness that is subject to change. Credit risk is generally considered to be lower with investment grade credit quality fixed income securities and moves increasingly higher, the further down the credit quality spectrum.</p> <p>Deterioration in the creditworthiness of an issuer is likely to lead to volatility in the fixed income security secondary market price. A downgrade in credit rating may impact the spread causing the value of a fixed income security to fall.</p>
Currency risk	<p>Some investments held by the Fund may be denominated in a currency different to Australian Dollars. The value of these investments may fluctuate in Australian dollar terms because of fluctuations in currency exchange rates.</p> <p>As an example, a rise in the Australian dollar relative to other currencies may negatively impact investment value or returns. Conversely, a decline in the Australian dollar relative to other currencies may positively impact investment returns.</p> <p>The Fund aims to hedge all non-Australian dollar denominated investments into Australian dollars. However, it should be noted that such hedging strategies could also reduce the potential for increased gains where the value of that currency increases relative to the Australian dollar.</p>

Default risk - failure to fund Commitment Call

The Fund will make Commitment Calls on investors over an extended period of time as an when investment opportunities arise. If investors fail to fund their capital commitment obligations when due, the Fund's ability to successfully implement its investment program may be impaired. A default by an investor may limit opportunities for investment diversification and may require the Fund to forego an investment opportunity eliminating any additional return that may have been generated. This may also have a detrimental effect on the performance on the Fund due to excess cash being held and not placed. There may also be liabilities incurred by the Fund as a result of not being able to meet its payment obligations.

The Fund's trust deed and the Subscription Agreement include provisions where an investor defaults in respect of its unfunded capital commitment (**Defaulting Subscriber**). Defaulting Subscribers may be subject to certain liabilities including, interest, expenses and costs incurred as a result of the failure to provide funding. Please see 'Defaulting Subscribers' in the 'Making, withdrawing and monitoring your investment' section for more information.

Derivative risk

The value of a derivative is linked to the value of an underlying asset and can be volatile. While the use of derivatives offers the opportunity for higher gains, it can also magnify losses to the Fund. Risks associated with using derivatives might include the value of the derivative failing to move in line with that of the underlying asset, potential illiquidity of the derivative, the Fund not being able to meet payment obligations as they arise or the risk that the other party with whom the derivative contract is held will fail to perform its contractual obligations (refer to 'Counterparty risk').

CIPAM does not intend to gear the Fund through the use of derivatives. CIPAM aims to keep derivative risk to a minimum by:

- monitoring the Fund's use of derivatives;
- aiming to ensure that the Fund keeps sufficient liquid assets to meet all obligations, costs, liabilities and potential losses associated with derivatives; and
- entering into derivative contracts with reputable counterparties.

Equity security risk

CIPAM does not invest directly in equity securities however the Fund may have some equity exposure through warrants linked to corporate debt and preferred equity in real estate transactions. Preferred equity holds preference for payment over the common equity (shares) mentioned below however there is still a risk that interest will not be paid as it is linked to the cash flow of the company.

CIPAM does not intend to hold individual equity securities or shares.

The value of an individual equity security (also known as a share) may be affected by market sentiment and other factors that may impact the performance of the actual company over short or extended periods of time. Investing in shares of a company will expose an investor to many of the risks to which the individual company is itself exposed. They include many factors, such as changes in management, technology, and a company's financial health, actions of competitors, regulators and market trends. Share markets tend to move in cycles, and the individual share price of a security may fluctuate.

Equities may also be affected by dilutive equity issuance or changes to dividend policy.

Investment returns from international shares are also affected by exchange rate fluctuations. The currency exposure from the Fund's international equity investments may be hedged or partially hedged into the Australian dollar. Refer to 'Currency strategy' under 'About the Fund' for more information.

Fixed income security risk

A fund investing in fixed income securities may experience a decline in income where market interest rates are falling and securities are reinvested at a lower yield. The impact of interest rate risk will largely depend on the term to maturity of the security. Refer to 'Interest rate risk' for further information.

There are a number of additional risks which can result in significant variability in investment returns and a loss of income or capital value, including market risk and credit risk. The level of credit risk will generally depend on the creditworthiness of the security issuer. Refer to 'Credit risk' for further information.

Investors are also exposed to risks associated with the terms and conditions of the individual financial security.

<p>Fund risk</p>	<p>Fund risk refers to specific risks associated with the Fund, such as termination, changes to fees and expenses and government policies. We may close the Fund to further investments if, for example, we consider it appropriate given the investment objective and investment strategy of the Fund. We may also terminate the Fund by notice to unitholders.</p> <p>Your investment in the Fund is governed by the terms of the trust deed and the Memorandum of the Fund (each as amended from time to time), the Corporations Act (where applicable), and other laws. The value or tax treatment of an investment in the Fund or its underlying assets, or the effectiveness of the Fund's trading or investment strategy may also be adversely affected by changes in government policies (including taxation), regulations and laws, or changes in generally accepted accounting policies or valuation methods. Such changes could also make some investors consider the Fund to be a less attractive investment option than other investments, prompting greater than usual levels of withdrawals, which could have adverse effects on the Fund.</p> <p>There is also a risk that investing in the Fund may give different results from holding the underlying assets of the Fund directly because of:</p> <ul style="list-style-type: none"> • income or capital gains accrued in the Fund at the time of investing; and • the consequences of investment and withdrawal decisions made by other investors in the Fund; for example, a large level of withdrawals from the Fund may lead to the need to sell underlying assets which would potentially realise income and/or capital gains. <p>We aim to manage these risks by monitoring the Fund and by acting in investors' best interests. In the event of winding up the Fund, we will realise all the Fund's assets, which will generally result in the crystallisation of tax positions (both income and capital) at that time.</p>
<p>High yield bond risk</p>	<p>High yield bonds rated sub-investment grade, or bonds which are unrated but judged to be of comparable quality with sub-investment grade bonds, may be more volatile than higher-rated bonds of similar maturity. High yield bonds may be subject to greater levels of credit default. High yield bonds may be less liquid and more difficult to sell at an advantageous time or price or to value than higher-rated bonds.</p>
<p>Interest rate risk</p>	<p>The market price of fixed income securities (such as bonds) can be affected by movements in interest rates. For example, when interest rates rise, the capital value of the bond tends to fall and vice versa. Generally, the longer the maturity (or duration) of the bond, the greater the impact that a given change in interest rates will have on the value of that bond.</p>
<p>Leverage risk</p>	<p>The use of borrowed money or gearing within the Fund will increase investment exposure and can magnify the potential gains and losses from investments and increase the volatility of the Fund's total return. Gearing also increases the risk of the Fund not meeting the financial obligations of the borrowing, including but not limited to the cost of the borrowing and refinancing risk.</p> <p>While the Fund can use leverage up to a maximum of 30% of the Fund's gross asset value, CIPAM anticipates that any leverage will be used to increase exposure on senior secured opportunities only.</p>

Liquidity risk

Liquidity risk is the risk that the Fund will not have adequate cash resources to meet its short-term financial commitments as they fall due (including meeting the Fund's objective and investors' expectations for payment of redemptions).

Liquidity risk may also occur due to the absence of an established market or a shortage of buyers for an investment which can result in a loss if the holder of the investment needs to sell it within a particular timeframe.

Liquidity risk can also occur due to pandemics and other widespread public health emergencies such as the outbreak of COVID-19 which may cause volatility and declines in markets for financial assets (refer to 'Market risk' below) which in turn may impact the liquidity of the Fund.

Certain investments may be typically less liquid than other investments or pose a higher risk of becoming illiquid during times of market stress. The less liquid the investment, the more difficult it may be to sell the investment when it is desirable to do so or to realise what the investment manager perceives to be fair value in the event of a sale.

If an investor or a group of investors in a fund with exposure to less liquid assets seek to make large withdrawals, then selling assets to meet those withdrawals may result in a detrimental impact on the price we receive for those assets. In certain circumstances, we may suspend or otherwise restrict withdrawals (refer to 'Withdrawal risk') to allow sufficient time for a more orderly liquidation of assets to meet the withdrawals.

The liquidity risk factors above have been considered in designing the application and withdrawal provisions specific to the Fund.

Due to the Fund's investments in the less liquid private lending market, the Fund includes additional restrictions such as:

- applications into the Fund are accepted in the form of a binding commitment via a Subscription Agreement to provide funding at a later date when called upon. A Commitment Call Notice will be issued as and when investment opportunities arise;
- an initial one year lock-up period on units issued pursuant to each Commitment Call from the date the units are issued to the unitholder; and
- withdrawals are generally offered quarterly with a minimum 90 day notice period and on a 'best endeavours' basis.

This application provision reduces the cash drag that can occur due to the delay in timing between the receipt of application monies and subsequent placement. The redemption provisions provide the investment manager with time to liquidate assets orderly, reducing the need for a forced sale resulting in a detrimental impact on the price received and performance of the Fund overall.

Please see 'Making and withdrawing your investment' in the 'Features at a glance' section and the 'Making, withdrawing and monitoring your investment' section for more information.

Market risk

The Fund may experience investment losses due to factors that result in market volatility and disruption and affect the overall performance of the financial markets. These events may include changes in spreads, macro-economic, regulatory, social and political conditions, weather events, terrorism, changes in technology, the environment and market sentiment and pandemics and other widespread public health emergencies including outbreaks of infectious diseases such as COVID-19.

Often assets from less developed regions or markets display higher levels of volatility of investment return than assets in mature markets.

Service provider risk

The Fund maybe reliant on external service providers in connection with their operation, such as the custodian. There is a risk with these arrangements that the service providers may default in the performance of their obligations or seek to terminate the services with the result that the Fund may be required to seek an alternative supplier and, in the interim, investment activities and other functions of the Fund may be affected.

Withdrawal risk

If a situation occurs where the assets that the Fund invests in are no longer able to be readily bought and sold, or market events reduce the liquidity of a security or asset class, there is a risk that the generally applicable timeframe for meeting withdrawal requests may not be able to be met. This is because it may take longer to sell these types of investments at an acceptable price. In this case, withdrawals from the Fund may take significantly longer than the generally applicable timeframe and may need to be suspended (see 'Suspending withdrawals' for more information).

Due to the Fund's investments in the less liquid private lending market, where assets are traded less frequently, the Fund has an initial lock-up period of one year on units issued pursuant to each Commitment Call from the date the units are issued to the unitholder and generally offers quarterly withdrawals with a minimum 90 day notice period and on a 'best endeavours' basis. However, given the illiquid nature of the assets, investors in the Fund must be aware that it may take a significant period of time to process a withdrawal request. For example, withdrawal requests may be carried over to subsequent withdrawal periods or withdrawals may be suspended. Please see 'Making and withdrawing your investment' in the 'Features at a glance' table and 'Suspending withdrawals' for more information.

The maximum timeframe in which we, as Trustee, have to meet a withdrawal request is set out in the trust deed of the Fund. Please refer to 'Additional information about withdrawing' for further information about an investor's ability to withdraw when the Fund is liquid, including the timeframes.

Fees and other costs

The fees detailed below are for an investment in the Fund. Fees stated may be rounded to two decimal places. Whilst the trust deed of the Fund permits us as Trustee to charge fees above the amounts set out in this Memorandum, it is not our current intention to charge fees in excess of the amounts set out in this Memorandum. We will provide investors with prior written notice of any proposed increase in fees.

Unless otherwise stated, all fees and costs are quoted inclusive of any Goods and Services Tax (**GST**) and net of any input tax credits (**ITCs**) or reduced input tax credits (**RITCs**) as applicable. Where available, the prescribed RITC rate is currently 55% or 75%, depending on the nature of the fee or cost incurred. Due to the impact of GST, ITC and RITC calculations, actual fees may vary slightly from those stated, which may be rounded to two decimal places. Please refer to 'How managed investment schemes are taxed' for more details.

Management fee

The Fund charges a management fee of 0.75% p.a. of the net asset value of the Fund. The management fee is calculated and accrued daily and paid monthly in arrears from the Fund's assets on or around the last business day of the month.

Recoverable expenses

Normal operating expenses

We currently pay the normal operating expenses of the Fund (e.g. custody fees, audit fees, accounting fees, legal and regulatory fees) from the management fee and will not, without notice, recover these from the Fund. The trust deed does not place any limit on the amount of expenses that can be paid from the Fund.

Abnormal expenses

We may recover abnormal expenses (such as costs of unitholder meetings, changes to the Fund's trust deed and defending or pursuing legal proceedings) from the Fund. Whilst it is not possible to estimate such expenses with certainty, we anticipate that the events that give rise to such expenses will not occur regularly.

In circumstances where such events do occur, we may decide not to recover these abnormal expenses from the Fund.

Entry and exit fees

There is no entry fee charged on the application of units in the Fund or exit fee charged on withdrawing from the Fund.

Buy/sell spreads

The buy/sell spread is the difference between the investment unit price and the withdrawal unit price and is stated as a percentage of the net asset value of the Fund. The buy/sell spread is not a fee paid to us. It is reflected in the unit price and is therefore an additional cost to you. The current buy/sell spread for the Fund is nil; however, this may vary from time to time and we will provide notification of any changes to the buy/sell spread on the CIP Asset Management website.

Can fees change?

All fees can change. Reasons for this might include changing economic conditions and changes in regulation. We cannot charge more than the Fund's trust deed allows. If we wish to raise fees above the amount allowed for in the Fund's trust deed, we would first need to obtain the approval of unitholders. We also reserve the right to waive or reduce any of the fees and costs described in this Memorandum without prior notice.

Making, withdrawing and monitoring your investment

Additional information about making an investment

Initial Investments

The Fund is an unlisted wholesale unregistered unit trust. Fidante Partners can only issue units in the Fund to wholesale clients as defined by section 761G of the Corporations Act.

The minimum initial investment amount is \$10,000,000. We may waive or vary the minimum investment amount at any time.

Investments in the Fund are accepted in the form of binding commitments. To invest in the Fund you must complete a Subscription Agreement with the agreement legally binding you to the commitment of capital at such future date and/or time when called upon by the Trustee in its discretion (**Commitment Call**).

As investment opportunities arise, the Trustee will make a Commitment Call via a Commitment Call Notice. This notice will outline the terms of the Commitment Call such as; the desired amount the Trustee is seeking, the date payment is due (usually 5 business days from the date the Commitment Call Notice is issued) (**Payment Date**) and the date units will be issued in return for receipt of the application monies. The amount of each Commitment Call will vary depending on the size of the opportunity and may be for a proportion, or, the full amount of your outstanding commitment. In the case of a partial Commitment Call, a pro-rata amount will be calculated based on each individual investor's outstanding commitment.

Upon receipt of a Commitment Call Notice, you must ensure that the amount specified in the Commitment Call Notice is paid to, and received by the Trustee by the Payment Date. We may at any time by notice in writing revoke or postpone a Commitment Call.

If you fail to pay to the Trustee the amount specified in the Commitment Call Notice by the Payment Date, you will be issued with a Default Notice specifying the unpaid amount that was called upon pursuant to the Commitment Call Notice (**Commitment Call Breach**), any interest payable on the amounts that remain unpaid, calculated at such interest rate as determined by the Trustee (**Commitment Call Interest**), and any amount which in the reasonable opinion of the Trustee would compensate the Trustee, the Fund and unitholders for all losses and other amounts they incur as a result of the Commitment Call Breach or in recovering any other unpaid amounts.

If at any time you have not paid an amount by the Payment Date as called upon in accordance with a Commitment Call Notice and/or if you fail to provide payment, within 10 business days, for the amount specified in the Default Notice, pursuant to the Fund's trust deed, you will be a defaulting subscriber (**Defaulting Subscriber**).

Defaulting subscribers

As set out above, a Defaulting Subscriber must immediately pay any unpaid amounts, plus the Commitment Call Interest (calculated and accrued daily) on those amounts for the period that they remain unpaid. The Trustee may apply any amount payable from the Fund to the Defaulting Subscriber to offset any unpaid amount plus accrued interest, expenses and costs.

While an investor remains a Defaulting Subscriber, all of the investor's rights under the trust deed for the Fund and the Subscription Agreement or otherwise attaching to any interest in the Fund are suspended until re-instated by the Trustee. This includes but is not limited to; the right to vote, receive reports, transfer or redeem units, and receive distributions.

If an investor has been issued with a Default Notice and the Defaulting Subscriber has not remedied the breach or does not remedy the breach within the timeframe specified in the Default Notice, the Trustee may:

- compulsorily redeem or otherwise dispose of some or all of that investor's units (**Defaulted Units**), including any such units issued to that investor in respect of a previous Commitment Call, deduct from the redemption/disposal proceeds any amounts or estimated amounts owing under the trust deed and remit the net proceeds to the investor at such time as determined by the Trustee;
- compulsorily redeem or otherwise dispose of some or all of that investor's units, including any such units issued to that investor in respect of a previous Commitment Call, to recoup the costs and compensate the Trustee, the Fund and unitholders for all losses and other amounts they incur as a result of the Commitment Call Breach or in recovering unpaid amounts;
- require the investor to pay all unpaid amounts and any other accrued interest, expenses and/or costs incurred in recovering the unpaid amounts and may deduct such amounts from any amount payable from the Fund to the investor;
- cancel the unpaid portion of an investor's capital commitment; and/or
- immediately call upon any remaining portion of an investor's capital commitment.

Additional one-off investments

You can make additional investments into the Fund by following the same process as detailed in 'Initial investments' above. The minimum additional investment amount is \$1,000,000.

If you wish to make additional investments into the Fund, please keep a copy of the current Memorandum and any information that updates it for future reference.

A copy of the current Memorandum and any supplements to the Memorandum are available free of charge by calling Institutional Client Services on 02 9994 7259 or by emailing institutional@fidante.com.

Incomplete or rejected Subscription Agreements

Under the Fund's trust deed, we can accept or reject any application for units and are not required to give any reason or grounds for such a refusal. This may include where a Subscription Agreement is incomplete.

Customer Identification Program

To address money laundering and terrorism risks, verification of each customer's identity is a prerequisite for all new customers starting an investment. The requirements to verify each customer's identity will depend on what type of investor you are, e.g. individual or company etc.

You will be required to provide certified copies of your identity verification documents directly to us (refer to 'Who can certify' for a list of who can certify these documents). If the Subscription Agreement is signed under Power of Attorney we will also require a certified copy of the Power of Attorney document and a specimen signature of the attorney.

Under relevant laws, we may be required to ask you for additional identity verification documents and/or information about you, anyone acting on your behalf, or any related persons that are beneficial owners in relation to your investment, either when we are processing your investment request or at some stage after we have issued units in the Fund. We may pass any information we collect and hold about you or your investment to the relevant government authority.

Identity verification documents

You will be required to provide valid identity verification documentation when you invest. The actual documentation required will depend on whether you are an individual investor or a non-individual investor such as a superannuation fund, a trust or a company.

We have outlined the specific documentation required in the relevant Subscription Agreement. If any documentation you provide is not in English, it must be accompanied by an original copy of an English translation prepared by an accredited translator. If we do not receive all required valid customer identity verification documents with your application, we will not be able to commence your investment. We will contact you as soon as possible if we require more information. We may also seek to re-verify your identity or collect additional information at any time after your investment has commenced.

Who can certify

You must ensure that each page of the relevant identity verification document(s) is certified. The person certifying must state in writing:

- their capacity (from the list provided); and
- on each page of the document 'this document is a true and correct copy of the original' or words to that effect.

An identity verification document may be certified as a true and correct copy of an original document by one of the following persons:

- an officer with, or authorised representative of, a holder of an Australian Financial Services Licence, having two or more continuous years of service with one or more licensees, i.e. a financial adviser;
- a Justice of the Peace;
- a person who is enrolled on the roll of the Supreme Court of a State or Territory, or the High Court of Australia, as a legal practitioner (however described), i.e. an Australian lawyer;
- a member of the Institute of Chartered Accountants in Australia, CPA Australia or the National Institute of Accountants, i.e. an accountant;
- an agent of the Australian Postal Corporation who is in charge of an office supplying postal services to the public;
- a permanent employee of the Australian Postal Corporation with two or more years of continuous service who is employed in an office supplying postal services to the public; or
- a police officer.

Other persons may also be qualified to certify documents. For a full list of eligible persons, please contact us.

Additional information about withdrawing

How to make a withdrawal

An initial one year lock-up period applies to units issued pursuant to each Commitment Call from the date the units are issued to the unitholder.

Following the initial one year lock up period, the Trustee will generally seek to process withdrawals quarterly (**withdrawal period**) on the first business day of each calendar quarter (**Acceptance Date**) with a minimum 90 days' notice to be given before the Acceptance Date (**notice period**) and on a best endeavours' basis.

Valid withdrawal requests that have been given in accordance with the notice period and have been accepted will usually be processed using the unit price determined as at the first business day of the calendar quarter in which we process the withdrawal request.

For the avoidance of doubt the Fund will offer withdrawals on the first business day in January, April, July, and October.

Notice period example - If you submit a withdrawal request on 20 January, the earliest that the Trustee will attempt to process the withdrawal request will be on 1 July. Similarly, if you submit a withdrawal request on 20 March, the earliest that the Trustee will attempt to process that withdrawal request will be on 1 July. For the avoidance of doubt, you should note that depending on when you submit a withdrawal request, it will be at least 90 days before the Trustee will attempt to process your withdrawal request but as per the above examples it could be longer.

Under the Fund's trust deed, the Trustee has the discretion to accept or reject a withdrawal request. Where a withdrawal request has been received in accordance with the notice period, on the Acceptance Date the Trustee will determine whether to accept that withdrawal request (or a portion of the withdrawal request), reject that withdrawal request (or a portion of the withdrawal request) and where the Trustee has determined to accept the withdrawal request, whether the withdrawal request (or a portion of the withdrawal request) will be processed during that withdrawal period or carried forward to the following withdrawal period.

For each withdrawal period, the Trustee may determine the aggregate amount of withdrawal proceeds that are available.

If the aggregate amount of withdrawal requests exceeds the aggregate amount of withdrawal proceeds that the Trustee has determined are available for the relevant withdrawal period, the Trustee will process withdrawal

requests on a pro-rata basis. In this instance, you will receive a pro-rata amount dependent on the total percentage of withdrawal proceeds available for that withdrawal period. The remaining balance will be carried forward to the following withdrawal period and so on until the full amount of the withdrawal request is processed.

If the Trustee determines that there are no withdrawal proceeds available for a withdrawal period, your withdrawal request will be carried forward to the following withdrawal period.

Under the Fund's trust deed, the Trustee has a maximum period of three years from the Acceptance Date of the first withdrawal period following the notice period for that withdrawal request to process and pay that withdrawal.

If your original withdrawal request cannot be facilitated within 12 months from the Acceptance Date of the first withdrawal period following the notice period, the management fee will be reduced to 0.50% p.a. for the remaining portion of that original withdrawal request. The fee rebate will be paid to your nominated account after the end of each calendar quarter that the withdrawal request remains outstanding.

All withdrawal requests carried forward will be processed prior to any subsequent withdrawal requests received for the Fund.

Investors can request a withdrawal by telephone or fax (refer to 'Telephone and fax instructions' in this document) or in writing. A withdrawal request, either in whole or in part, once received by us may not be withdrawn without our agreement. Withdrawals can only be made to a bank account held in your name. If you make your withdrawal request by telephone or fax, we can make your withdrawal payment to a previously nominated bank account we have on file.

If you provide us with an appropriately signed, original written request, then in addition to the payment methods set out above, we can also make payments by direct credit to another bank account in your name.

We will require the following information when you make your withdrawal request:

- your account number;
- the full name(s) in which your investment account is held;
- the amount (dollar or units) you wish to withdraw;
- method of payment; and
- a daytime telephone number.

Please ensure that the appropriate signatories sign all written withdrawal instructions, including those forwarded by fax.

If you originally invested via direct debit and you make a withdrawal within the first three months of making your investment, we will only pay the withdrawal proceeds to the account that was debited when making your initial investment.

Processing your withdrawal

We can make withdrawal payments by direct credit to your nominated account. You agree that if the type of payment you request results in bank fees being charged, we may deduct those fees from your withdrawal proceeds before remitting the net amount to you.

Generally, if the payment for your withdrawal is returned to us and remains outstanding for 1 month, we may reinvest the proceeds in the Fund. Any reinvestment of a withdrawal amount will be processed using the investment unit price current at the time of the reinvestment transaction. For more information on unit prices, refer to 'How unit prices are calculated' below.

We may determine that some or all of the withdrawal amount consists of income (which may include net capital gains), rather than capital of the Fund.

We will advise you when this is the case as soon as practicable after the end of the financial year in which the withdrawal occurred.

We have the discretion to transfer assets of the Fund to you (instead of cash) in payment (partly or fully) of the proceeds of your withdrawal request less any costs for the transfer.

We have the right to compulsorily redeem units in issue, if we give at least 30 days prior written notice to affected investors.

Delay of withdrawal payments

Withdrawals are normally paid within five business days of processing a valid withdrawal request; however, we do not guarantee this timeframe and we may take significantly longer to process and pay withdrawals in certain circumstances.

Withdrawals may be delayed in the following circumstances:

- under the Fund's trust deed, we have 984 days to process a valid withdrawal request; and
- under the Fund's trust deed, we can suspend withdrawals for up to 90 days (refer to 'Suspending withdrawals' below).

Where multiple delays are applicable, timeframes may apply cumulatively.

Additionally, if we did not receive all required identity verification documents at the time of investment or your withdrawal request is incomplete, we may not process your withdrawal request until these documents are received or further requirements are met.

We have 21 days from the date of redemption of the relevant units to pay the withdrawal proceeds.

Suspending withdrawals

We may suspend withdrawal requests for up to 90 days where:

- it is impracticable for us or we are unable to calculate the Fund's net asset value (and hence unit prices) for example because of:
 - an inability to value the assets of the Fund;
 - closure of, or trading restrictions or suspensions on, stock, commodities, futures or securities exchanges, or over-the-counter market on which any significant portion of the assets of the Fund are listed, quoted, traded or dealt; or
 - an emergency, natural disasters, acts of terrorism, insurrection, civil disorder, war, military operations or other state of affairs, or on declaration of a moratorium in a country where the Fund invests (or the Fund has exposure through any assets of the Fund (including any derivative) in which the Fund invests) or under the Corporations Act;
- we reasonably estimate that we must sell 5% or more (by value) of all the Fund's assets to meet withdrawals;
- there have been, or we anticipate there will be, withdrawal requests that will require us to realise a significant amount of the Fund's assets and we consider that if those requests are all met immediately, this may either place a disproportionate expense or capital gains tax burden on remaining investors or meeting those withdrawal requests would otherwise be to the remaining investors disadvantageous including a material diminution in the value of the assets of the Fund;
- we are unable to realise the assets of the Fund to satisfy the withdrawal requests;
- we reasonably consider it to be in the interests of investors to do so; or
- the law otherwise permits.

Any withdrawal requests received during a period of suspension, or for which a unit price has not been calculated or confirmed prior to the commencement of a period of suspension, will be deemed to have been received immediately after the end of the suspension period.

Additional information about transactions

Transferring ownership

You can generally transfer some or all of your investment to another person in such a manner and subject to such conditions as required by law and that we, from time to time, prescribe. We are not obliged to register a transfer that does not meet these criteria, or where there is an amount payable to us by the transferee or the transferor (as applicable) in respect of the units being transferred. We recommend that you obtain your own professional advice regarding your position before transferring some or all of your investment, as tax and social security laws are complex and subject to change, and investors' individual circumstances vary.

Please contact us for further information about transferring units.

Transaction cut-off times

Application transaction cut-off time

The Fund accepts applications in the form of binding commitments. To invest in the Fund you must complete a Subscription Agreement.

When investment opportunities arise, the Trustee will make a Commitment Call via a 'Commitment Call Notice'. This notice will outline the terms of the Commitment Call such as the desired amount the Trustee is seeking, the date payment is due and the date units will be issued in return for the application monies.

A valid application request must be received in our Sydney office before 3:00pm Sydney time on a business day (referred to as the **application transaction cut-off time**). If the valid application request is received after the application transaction cut-off time, it will be deemed to be received on the following business day.

Withdrawal transaction cut-off time

Valid withdrawal requests that have been given in accordance with the notice period and have been accepted will usually be processed using the unit price determined as at the first business day of the calendar quarter in which we process the withdrawal request.

A valid withdrawal request must be received in our Sydney office before 3:00pm Sydney time on a business day (referred to as the **withdrawal transaction cut-off time**). If the valid withdrawal request is received after the withdrawal transaction cut-off time, it will be deemed to be received on the following business day.

Telephone and fax instructions

You should understand that a person without your authority could telephone us or send us a fax and, by pretending to be you, withdraw funds from your account for their own benefit.

We take care when acting on instructions. In doing so, we perform security checks and have in place internal policies and procedures designed to reduce the risk that fraud is committed in relation to your account. In using the telephone and/or a fax facility, you agree that we are not responsible to you for any fraudulently completed communications and that we will not compensate you for any losses if we have complied with internal policies and procedures, and we have not been negligent, fraudulent or dishonest.

We will only act on completed communications that we receive. In the case of a fax, a transmission certificate from your fax machine is not sufficient evidence (unless we have otherwise agreed), that we received your fax. We will not be liable for any loss or delay resulting from the non-receipt of any transmission.

In the case of joint holdings, superannuation funds, trusts and companies, additional processes may apply and any investor or director who signs the Subscription Agreement may request a telephone withdrawal.

If the details of the bank account quoted at the time of making a telephone or fax withdrawal do not match the nominated bank account we have on file, the withdrawal will not proceed. You must advise us via an original, signed, written request if you wish to change your previously nominated bank account details. If you do not want withdrawals to be able to be made from your account via a telephone or fax request, we must receive an original, signed, written request to cancel these withdrawal facilities. Cancellation will be effective from the end of the second business day after receipt of this written request.

We may cancel or vary these requirements by giving you notice in writing.

Changes to permitted transactions

We can vary the minimum investment amounts for the Fund at any time and can also change the application or withdrawal transaction cut-off time. Under the Fund's trust deed, we can refuse applications or withdrawals for any reason. In particular, where we consider it to be in the interests of unitholders (such as an inability to value the Fund), we may suspend application or withdrawal requests. Any application or withdrawal requests received during the period of suspension, or for which a unit price has not been calculated or confirmed prior to the

commencement of a period of suspension, will be deemed to have been received immediately after the end of the suspension period.

Monitoring your investment

We will send you regular information about your investments, including:

- confirmation of the acceptance of your initial and one-off additional investments; this confirmation will provide details of the units issued;
- confirmation that we have processed a withdrawal request; this confirmation will provide details of the unit and dollar value withdrawn;
- a quarterly statement; and
- a consolidated annual taxation statement.

At any time, you may request a transaction statement that shows either all transactions since your last regular statement or all transactions for a specific period. We recommend that you check all statements and transaction confirmations carefully. If there are any discrepancies, please contact us or your financial adviser.

Keeping us informed

Our records about you are important.

Please inform us in writing of any change to the personal details that you have given us. This may be a new postal address, a change of name or new bank account details. We will send you written confirmation of any changes that you request us to make to your personal details.

What happens if you choose not to disclose certain information?

If you choose not to disclose certain information, the following may apply:

- Account details: we will not be able to pay withdrawal proceeds or income distributions to you.
- Tax residency information: we may not be able to process your request, or we may be required to notify the ATO.
- Incomplete Subscription Agreement: unless otherwise agreed, we will not be able to process your investment request.
- If you do not provide all relevant identity verification documents, we will not be able to process your investment request.

For Australian resident investors, if you choose not to disclose your TFN, TFN exemption or ABN, we have to deduct tax at the highest marginal tax rate plus Medicare levy (and any other levies we are required to deduct,

from time to time) from any amounts attributed or distributed to you (refer to 'Tax File Number' in 'How managed investment schemes are taxed').

Up-to-date information about the Fund

You can obtain up-to-date Fund performance, actual asset allocations and Fund size information by calling Institutional Client Services on 02 9994 7259 or emailing institutional@fidante.com.au.

A paper copy of any updated information will be given to you, without charge, on request by contacting us.

A paper copy of the Fund's annual financial reports, any continuous disclosure notices, and any half yearly financial report will also be given to you, without charge, on request.

Additional information about making a complaint

As part of our commitment to providing quality service to our Investors, we endeavour to resolve all complaints quickly and fairly. Our policy is to acknowledge any complaint promptly after receiving it and investigate, properly consider, and decide what action (if any) to take and to provide a final response to you within 45 days (30 days in relation to privacy complaints).

Complaints Resolution Officer

Fidante Partners
Reply Paid 86049
Sydney NSW 2001

How managed investment schemes are taxed

Taxation of the Fund

The Attribution Managed Investment Trust (**AMIT**) legislation applies to qualifying Managed Investment Trusts (**MITs**) that make an irrevocable election to become an AMIT. The Trustee has determined that the Fund will elect to become an AMIT from the 2021 financial year.

An AMIT must attribute its taxable income to investors on a fair and reasonable basis, and investors are advised of their share of the taxable income via an AMIT Member Annual Statement (**AMMA Statement**). The Fund will generally not be liable to pay income tax on its taxable income on the basis that it will attribute all determined trust components (i.e. assessable income, exempt income and non-assessable non-exempt income) to members each year. If the Fund were to cease being an AMIT, it should also generally not be liable to pay income tax on the basis that unitholders are presently entitled to the Fund's distributable income.

Other key features of the AMIT regime include: income character retention; deemed fixed trust status; an ability for adjustments and errors at the trust level to be carried forward and dealt with in the year in which they are discovered; adjustments (upwards and downwards) made to investors' cost bases for CGT purposes, and their costs for revenue purposes, where there are differences between the amount distributed and the amount attributed on an AMMA statement; and clarification of the treatment of tax deferred distributions.

The MIT capital account election regime permits eligible MITs to make an irrevocable election to adopt capital account treatment for certain types of assets (broadly shares, units and real property) for income years to which the election applies. In view of the investment management approach adopted in respect of the assets held by the Fund, we, as Trustee of the Fund, do not intend to make an irrevocable election in respect of the Fund and the assets held by the Fund will be held on revenue account rather than capital account. Accordingly, it is not expected that the Fund will attribute net realised capital gains to investors. Rather any net realised gains derived by the Fund will be attributed as ordinary income.

The Foreign Investment Fund (**FIF**) provisions were repealed with effect from the 2010/2011 income year. The FIF provisions may be replaced by a specific anti-avoidance roll-up rule for Foreign Accumulation Funds (**FAF**), which seek to ensure that Australian residents cannot defer or avoid a tax liability on income earned in a FAF. As at the date of this document, the Government has not released the final FAF legislation.

Additionally, there is arm's length income legislation that applies to MITs. Under this legislation, excess income generated by a MIT from non-arm's length arrangements

may be determined to be subject to tax at 30%. It is not expected that the arm's length income provisions will impact the Fund.

The Taxation of Financial Arrangement (**TOFA**) provisions apply on a mandatory basis to qualifying taxpayers in respect of certain financial arrangements. Broadly, the TOFA provisions recognise certain gains and losses on financial arrangements on an accruals basis, which may result in a taxing point prior to the realisation of the investment. As at the date of this document, we, as Trustee of the Fund, have not made an election to apply one of the elective methods under TOFA.

Tax losses incurred by the Fund will remain in the Fund and can be applied to reduce the Fund's income in future years (subject to the Fund satisfying the specific provisions of the trust loss carry forward legislation).

Tax position of Australian resident investors

You will generally be required to include in your assessable income your attributed income of the Fund. There may be instances where your attributed share of the taxable income of the Fund exceeds the distribution you receive from the Fund.

Where investors disagree with the allocation of taxable income in an AMMA Statement, they may give a 'member choice' to the Commissioner of Taxation. In the event investors make a member choice, the Fund's trust deed provides that the investors will indemnify us for all costs and liabilities incurred as a result of the member choice.

CGT cost base reductions or uplifts may occur where taxable income attributed is either less than or greater than, respectively, the total of both cash distributed and tax offsets attributed for an income year. Where cost base reductions or uplifts occur, this will affect the CGT position of the investment. For those investors who have a zero cost base in their units, or where the total cost base reduction amount exceeds the cost base of their units, a capital gain may arise to these investors for that year. Investors should maintain records of their cost base adjustments. You may also be entitled to tax offsets (franking credits and/or foreign tax offsets) attributed by the Fund. Provided investors satisfy certain provisions of the Tax Act, investors may be able to utilise these offsets against their tax liability on the taxable components of the distributions. In order to claim the amount of tax offsets, investors must include the amount of the offsets in their assessable income.

We will advise each investor of their share of tax offsets in the AMMA statement.

The disposal of units (for instance by withdrawal or transfer) may give rise to a capital gains tax liability or a capital loss. Investors who have held their units on capital account for more than 12 months may be entitled to a capital gains tax discount.

Non-resident account holder reporting requirements

As a result of an increased international focus on account holder data exchange, a number of countries have legislated that financial institutions (which includes us) identify and report certain information about the financial accounts of investors. The regimes include the United States Foreign Account Tax Compliance Act (**FATCA**) and the OECD's Common Reporting Standard (**CRS**). To comply with our obligations under various reporting legislation we will provide to the ATO such data as required in respect of your investment with us. This will be required if you are a US citizen or a foreign tax resident of any jurisdiction outside of Australia. If we have attempted to confirm your tax status with you but have been unable to do so, we may still be required to notify the ATO.

Goods and Services Tax (GST)

GST is not payable on the issue, withdrawal or transfer of units in the Fund, as these are input-taxed financial supplies for GST purposes. However, GST will generally be incurred on various acquisitions made by the Fund, including the acquisition of investment management services. In certain specified circumstances, the Fund may be entitled to input tax credits (**ITCs**), or reduced input tax credits (**RITCs**) at the prescribed percentage of 55% or 75% depending on the acquisition. Any available ITCs or RITCs effectively reduce the non-recoverable GST cost incurred.

Tax File Number

On your Subscription Agreement you may provide us with your Tax File Number (**TFN**), or TFN exemption. Alternatively, if you are investing in the Fund in the course of an enterprise, you may quote an Australian Business Number (**ABN**). It is not compulsory for you to quote a TFN, exemption or ABN, but if you do not, then we are required to deduct tax from your attributed or distributed amounts at the highest marginal tax rate plus the Medicare levy (and any other levies we are required to deduct, from time to time). The collection of TFNs is authorised, and their use is strictly regulated by tax and privacy laws. Non-residents are generally exempt from providing a TFN, however may be required to provide other information.

Additional information

How unit prices are calculated

Unit prices are determined in accordance with the Fund's trust deed and are usually calculated no less than monthly. The calculation of both the investment unit price and the withdrawal unit price is based on the net asset value (**NAV**) adjusted by the buy/sell spread. For information on buy/sell spreads, refer to 'Buy/sell spreads' in 'Fees and other costs'.

For investment and withdrawal unit prices, the NAV is the value of all the Fund's assets attributed to the Fund less the value of the Fund's liabilities at the valuation time. When calculating the NAV, we must use the most recent valuations of the Fund's assets and the most recent determination of the liabilities.

The Fund's assets and liabilities are usually valued no less than monthly.

Generally, for unit pricing purposes, listed securities are valued using the last available market close price quoted on the relevant exchange. Other assets are generally valued at recoverable value. Any income entitlements, cash at bank, and any amount of Goods and Services Tax (**GST**) recoverable by the Fund from the Australian Taxation Office are also included in asset values used to calculate the investment and withdrawal unit prices.

Generally, for unit pricing purposes, liabilities are valued at cost. Liabilities also include an accrual for fees and for costs (if any) that an investor would ordinarily incur when investing in the Fund's underlying assets.

Where we receive a valid transaction request before the transaction cut-off time of 3:00pm (Sydney time) on a NSW business day, the unit price will generally be determined at the next valuation time after that transaction cut-off time. This is typically referred to as 'forward pricing'.

In rare circumstances, we may suspend unit pricing where, acting in accordance with our Trustee obligations to unitholders, we consider it impracticable to calculate a NAV.

We have a Unit Pricing Permitted Discretions Policy. The policy sets out how we will exercise any discretions in relation to unit pricing (such as, for example, how often we determine unit prices and valuation methodology). If we depart from our policy, we are also required to record details of this departure. You can obtain a copy of this policy or any recorded departures free of charge by calling us.

Additional information about distributions

If we pay a distribution, you may choose to have your distribution reinvested in additional units in the Fund, or paid directly to your nominated account with an Australian financial institution. Unless you have indicated otherwise, we will reinvest your distributions.

Due to the withdrawal provisions of the Fund and the potential for substantial delays in the processing of a withdrawal request, upon receipt of a withdrawal request, if you have chosen the reinvestment option, your distribution reinvestment will be cancelled and you will receive any future distributions paid directly to your nominated account with an Australian financial institution.

If you submitted a partial withdrawal request, you may reinstate the reinvestment of distributions once all pending redemption proceeds have been paid. You are required to resubmit a request to update the distribution method.

The price of units issued on reinvestment of distributions is the investment price for units next determined after the close of business on the last day of the distribution period. There is no buy/sell spread reflected in this investment price. The amount of each distribution may vary. Your share of any distribution depends on how many units you hold at the end of the relevant period as a proportion of the total number of units in the relevant class on issue at that time and the amount of distributable income referable to those units and that class.

As distributable amounts are a component of the unit price, unit prices normally fall by the distribution amount following a distribution.

The amount of income distributed each year will generally be the distributable income received by the Fund, unless we decide to distribute a different amount. Any net capital gains derived by the Fund during the financial year are generally distributed in the June distribution period.

If you invest just prior to a distribution payment, you may receive some of your investment back immediately as income. Conversely, if you withdraw from the Fund just before a distribution, you might turn income into a capital gain or reduce your capital losses.

Generally, if any distribution payments are returned to us and remain outstanding for 1 month, we may reinvest those distributions and amend your future distribution method to reinvest.

Any reinvestment of an unclaimed or returned distribution will be processed using the investment unit price current at the time of the reinvestment transaction.

Under the Fund's trust deed, we have the power to make reinvestment of distributions compulsory. At the date of this document, we have no intention of making distribution reinvestment compulsory. We also have the discretion to transfer assets of the Fund to you (instead of cash) in payment (partly or fully) for a distribution amount.

If you wish to change your distribution payment instructions, please follow the process outlined below.

Please mail us an original, signed, written request.

How the Fund is governed

The Fund's trust deed, together with other laws, governs the way in which the Fund operates, including the rights, responsibilities and duties of the Trustee and unitholders.

The trust deed

The trust deed contains the rules relating to a number of issues including:

- unitholder rights;
- the process by which units are issued and redeemed;
- the calculation and distribution of income;
- the investment powers of the Trustee;
- the Trustee's right to claim indemnity from the Fund and charge fees and expenses to the Fund;
- the creation of other classes of units; and
- the termination of the Fund.

The trust deed allows for different classes of units to be established and all rights, entitlements, obligations, assets, liabilities and calculations of a unit are referable to that class of units.

It is generally thought that unitholders' liabilities are limited to the value of their holding in the Fund. It is not expected that a unitholder would be under any obligation if a deficiency in the value of the Fund was to occur. However, this view has not been fully tested at law.

Unitholders can inspect a copy of the trust deed at our head office or we will provide a copy free of charge, on request.

We may alter the trust deed by supplemental deed if:

- we consider it is necessary to comply with the provisions of any law or requirements of any government agency except where the amendment causes a defeasance of any interest in income and/or capital of the Trust;
- in our opinion, the amendment is of a formal, trivial or technical nature, made to correct a manifest error or inconsistency or necessary to comply with the

provisions of any law or the requirements of any statutory authority;

- in our opinion it will not have a materially adverse effect on unitholders' interests;
- it is approved by a special resolution of unitholders; or
- it has been consented to in writing by each person who is a unitholder at the time we execute the supplemental deed.

We may retire or be required to retire as Trustee if unitholders pass a resolution approving our removal.

Termination

The trust deed governs how and when the Fund may be terminated. We may terminate the Fund at any time by written notice to unitholders. On termination, a unitholder is entitled to a share of the net proceeds of our realisation of the assets in proportion to the number of units they hold in the Fund.

Unitholder meetings

The conduct of unitholder meetings and unitholders' rights to requisition, attend and vote at those meetings are subject to the Fund's trust deed.

Other parties

We have engaged a custodian to hold the assets of the Fund. The custodian has no independent discretion with respect to the holding of assets and is subject to performance standards.

Privacy

We collect, use and disclose personal information to:

- process your application;
- provide and administer your investment and send you information;
- improve and personalise our products and services;
- conduct product and market research;
- inform you about other products and services that may be useful to you; and
- comply with our obligations under the law, including with respect of anti-money laundering, financial services and taxation laws.

We collect personal information from you and, if relevant, from your financial adviser. We may take steps to verify the information collected. Where you provide us with personal information about someone else (for example, your power of attorney, or related persons including the

beneficial owners connected with your investment) you must have their consent to provide their personal information to us.

If you decide not to provide certain information, we may not be able to process your investment or future withdrawal requests, or will have to deduct tax from any amounts attributed or distributed to you at the highest marginal tax rate plus the Medicare levy (and any other levies we are required to deduct, from time to time).

Disclosing your information

We disclose your information to your financial adviser. In addition, we may disclose information we hold about you:

- if you consent to the disclosure;
- if the disclosure is required or authorised by law;
- to organisations acting on our behalf (for example, sending your statements);
- to professional service firms that provide services to us such as legal and audit services, or data or information services;
- to related companies and/or the investment manager that may also provide you with a financial product or financial service;
- to electronic identity verification service providers, in order for identity information (about you or related persons connected with your investment) to be verified against relevant government and other databases, for the purpose of complying with anti-money laundering laws; or
- otherwise in accordance with our privacy policy.

We do not disclose personal information to recipients in foreign jurisdictions.

From time to time we or our related companies may contact you to tell you about other products and services that might be useful to you, including financial, superannuation, investment, insurance and funds management products and services. Please contact us (our details are noted in this Memorandum) if you do not want to receive any of this kind of marketing material.

For how you can correct or update the personal information we hold about you refer to 'Keeping us informed'. Our privacy policy also contains this information as well as further details about our handling of personal information and about how you can request access to it or lodge a complaint if you believe your personal information has been misused, and how we deal with complaints.

For more information regarding the collection and use of personal information, please refer to our 'Privacy Policy' available from the Fidante Partners website or by contacting the Investor Services team.

We do not normally receive any personal information about you when you invest in the Fund through an IDPS operator. For details on the collection, storage and use of personal information you should contact your IDPS operator. The information we collect and store from IDPS operators is used to establish and administer its investments. If we do receive any personal information we will deal with it in accordance with our privacy policy.

