



# Challenger Solutions Spectrum Systematic Alpha Fund - Class P

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**Product Disclosure Document**

18 May 2026

**Challenger Solutions Spectrum Systematic Alpha Fund Class P**

ARSN 658 703 934

APIR HOW8852AU

**Responsible Entity**

Fidante Partners Limited

ABN 94 002 835 592

AFSL 234 668

## About this Product Disclosure Statement (PDS)

This product disclosure statement dated 18 May 2026 provides information to help investors and their advisers assess the merits of investing in the Class P class of units in the Challenger Solutions Spectrum Systematic Alpha Fund (ARSN 658 703 934) (**Fund**). References in this PDS to the **Challenger Solutions Spectrum Systematic Alpha Fund - Class P** or the **Fund** are to the Class P units in the Challenger Solutions Spectrum Systematic Alpha Fund. No other class of units in the Challenger Solutions Spectrum Systematic Alpha Fund is offered in this PDS. You should read this document in full before making an investment decision about the Fund. In addition you should also read the Target Market Determination (**TMD**) in conjunction with the PDS to ensure investment in this Fund aligns with your objectives, financial situation and needs. The information provided in this PDS is general information only and does not take account of your personal financial situation or needs. You should obtain financial advice tailored to your own personal circumstances before investing in the Fund.

In preparing this PDS we did not take into account your particular investment objectives, financial circumstances or needs. As investors' needs and aspirations differ, you should consider whether investing in the Fund is appropriate for you in light of your particular objectives, financial circumstances or needs. You should also obtain independent advice before investing in the Fund, particularly about matters such as taxation, retirement planning and investment risk tolerance.

### Important notices

Fidante Partners Limited (ABN 94 002 835 592, AFSL 234 668) (**Fidante, we, our, us, Responsible Entity**) is the responsible entity of the Fund and issuer of this PDS. Our ultimate parent is Challenger Limited (ABN 85 106 842 371). Fidante is a member of the Challenger Limited group of companies (**Challenger Group**). Investments in the Fund are subject to investment risk, including possible delays in repayment and loss of income or principal invested. Accordingly, the performance, the repayment of capital or any particular rate of return on your investments are not guaranteed by any member of the Challenger Group.

Fidante authorises the use of this PDS as disclosure to investors and potential investors who wish to access the Fund directly (**Direct Investors**), and through platforms that are an investor directed portfolio service (**IDPS**) or IDPS like scheme (**Indirect Investors**). Please refer to 'Indirect investors' in the "Additional information" section.

By investing in the Fund, you confirm that you have received a copy of the current PDS and TMD to which this investment relates, that you have read both documents and agree to the terms contained in them, and that you agree to be bound by the terms of the current PDS, TMD and the current Constitution (each as amended from time to time).

The offer or invitation to subscribe for units in the Fund under this PDS is only available to persons receiving this PDS in Australia or New Zealand and is subject to the terms and conditions described in this PDS. The information in this PDS is of a general nature and is based on our understanding of the Australian tax laws, as at the date of this document, as they relate to Australian resident individual taxpayers who hold their investment on capital account and does not take into account the tax treatment of New Zealand resident taxpayers.

We have appointed Challenger Investment Solutions Management Pty Ltd (ABN 63 130 035 353, AFSL 487354) (**Challenger Solutions**, or the **investment manager**) as the investment manager of the Fund.

### Target Market Determination

The Target Market Determination (**TMD**) describes the type of customers who the product is likely to be appropriate for. It also specifies distribution conditions and restrictions that will help ensure the Fund is likely to reach customers in the target market. Each person should obtain and consider the Fund's TMD and this PDS before making a decision about whether to acquire or continue to hold the Fund to ensure this Fund aligns with your objectives, financial situation and needs.

### Updated information

The information in this PDS is up-to-date at the time of preparation. However, some information can change from time to time. If a change is considered materially adverse we will issue a supplementary PDS or a replacement PDS. For updated or other information about the Fund (such as a copy of the PDS, TMD or other information such as performance) that is not considered materially adverse, please contact your financial adviser, call the Fidante Investor Services Team on 1300 721 637 or visit our website [www.challenger.com.au/investments](http://www.challenger.com.au/investments). We will send you a copy of the updated information free of charge upon request.

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

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## Contact details

<b>Phone</b>	Fidante Investor Services Team on 1300 721 637 or +612 8023 5428 from outside Australia between 8.15am to 5.30pm (Sydney time)
<b>Email</b>	<a href="mailto:info@fidante.com.au">info@fidante.com.au</a>
<b>Mail</b>	Fidante GPO Box 3993 Sydney NSW 2001 For any complaints please address to the 'Complaints & Disputes Resolution Officer'
<b>Website</b>	<a href="http://www.fidante.com">www.fidante.com</a>

# About Challenger Solutions

Challenger Solutions is an alternative investment manager that offers cross asset solutions to clients. The team uses quantitative and qualitative analysis to identify market distortions and build a portfolio of systematic strategies that aims to provide clients with consistent returns with low correlation to outright market direction.

Challenger Solutions has extensive global experience in alternative investments and cross-asset derivative strategies, spanning portfolio management, trading, structuring and risk management.

## About the Responsible Entity

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

Fidante is one of Australia's largest active investors, offering compelling strategies across equities, fixed income, and alternative assets, via partnerships with leading investment teams. We have appointed Challenger Solutions as the investment manager of the Fund under an investment management agreement.

Neither we, nor any of our related entities, nor Challenger Solutions 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

- **Absolute return:** The Fund targets positive absolute returns regardless of the market environment.
- **Diversification:** The Fund targets low correlation to other asset classes and traditional investment products. Even relatively small allocations to the Fund can enhance overall risk adjusted returns at the client portfolio level.
- **Liquidity:** The Fund deals in derivatives in highly liquid markets, in contrast to other sources of uncorrelated returns such as alternative asset classes, including infrastructure and property.
- **Experienced investment professionals:** Access to a specialist investment team with over 50 years' combined financial markets experience.

# Features at a glance

		Refer to Section
<b>Minimum transaction requirements<sup>1</sup></b>		'Making, withdrawing and monitoring your investment'
Initial investment	\$100,000.	
Additional investment	No minimum.	
Minimum withdrawal	No minimum.	
Minimum balance	No minimum.	
Indirect Investors	If you are an Indirect Investor, you need to comply with any minimum transaction and balance requirements of your platform operator.	
<b>Fees and costs</b>		'Fees and other costs'
Management fees and costs	The management fees and costs of the Fund are 1.10% p.a. of the adjusted net asset value of the Fund. <sup>2</sup>	
Performance fee	The performance fee is calculated as 15.375% of the Fund's excess performance (excluding all accrued performance fees for the performance fee period but including all other fees and expenses and after adding back any distribution paid) above the RBA Cash rate, calculated daily and subject to a High Watermark.	
<b>Buy/sell spread</b>	0.30% / -0.35% of the investment and withdrawal amount.	
<b>Risks of investing in the Fund</b>	A degree of risk applies to all types of investments, including investments in the Fund. The significant risks are described in 'Risks of investing in managed investment schemes'.	'Risks of investing in managed investment schemes'
<b>Making and withdrawing your investment</b>		'Making, withdrawing and monitoring your investment'
Investment and withdrawing	Generally, if your valid investment or withdrawal request is received in our Sydney office before 3:00pm Sydney time or a New South Wales business day, it will usually be processed using the unit price determined as at the close of business on the next business day. If your valid investment or withdrawal request is received after the daily transaction cut-off time, or on a non-business day, it will be deemed to be received the following business day and processed accordingly.	
Transaction cut-off times	Valid transaction requests must be received by us prior to 3:00pm Sydney time to be processed the next business day. Withdrawal requests will usually be paid within seven business days.	
<b>Distribution payments</b>		'Additional information'
Frequency	The Fund generally pays distributions annually; however, there may be periods in which reduced or no distributions are paid and we do not guarantee any level of distributions.	
Payment methods	Reinvested into the Fund as additional units or paid to your nominated account. For Indirect Investors, distributions will be paid to your platform operator as soon as practicable after the end of the distribution period.	
<b>Valuations and pricing</b>		'Additional information'
Valuing the Fund's assets	The Fund's assets are usually valued each NSW business day.	
Unit pricing	Unit prices are usually calculated each NSW business day.	

<b>Investor reporting</b>		'Making, withdrawing and monitoring your investment'
Transaction confirmations	We generally send transaction confirmations for investments and withdrawals.	
Regular reporting	We send quarterly periodic statements with details of transactions and fees paid.	
Annual tax reporting	We send an annual tax statement.	
<b>ASIC Benchmarks and Disclosure Principles</b>	ASIC has developed two benchmarks and nine disclosure principles for funds that meet ASIC's definition of a hedge fund. These benchmarks and disclosure principles are aimed at assisting investors to understand the risks and features of these funds and whether such investments are suitable to them. The benchmarks deal with the valuation of assets and periodic reporting policy of the Fund, while the disclosure principles provide information on the Fund's investment strategy, investment manager and structure as well as further detail on the Fund's use of derivatives, leverage, short selling and the risks to withdrawals and liquidity.	'ASIC Benchmarks and Disclosure Principles'

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

2 All references to Adjusted Net Asset Value throughout this PDS are to the NAV excluding all accrued performance fees for the performance fee period but including all other fees and expenses.

## ASIC Benchmarks and Disclosure Principles

The ASIC Benchmarks and Disclosure Principles are aimed at assisting investors to understand the risks of investing in hedge funds and assess whether such investments are suitable for them.

The following table provides a summary of the benchmarks and disclosure principles addressed in this PDS. Further information relating to each benchmark and disclosure principle is set out in the ASIC Benchmarks and Disclosure Principles Report (**Benchmark Report**), which also forms part of this PDS, available at [www.fidante.com/au/CHAL-ABR-SSAF-P.pdf](http://www.fidante.com/au/CHAL-ABR-SSAF-P.pdf)

The information in the Benchmark Report will be updated periodically. A copy of the Benchmark Report and any updated information is available on the Fidante website or will be given to you, without charge, upon request by calling our Fidante Investor Services Team on 1300 721 637.

ASIC Benchmark	Description	Summary	Reference
<b>ASIC Benchmark 1: Valuation of assets</b>	This benchmark is intended to support investor confidence in the value of the non-exchange traded assets of the Fund by addressing whether valuations of a fund's non-exchange traded assets are provided by an independent administrator or an independent valuation service provider.	This benchmark is met as the Responsible Entity has in place a policy to ensure valuations of the non-exchange traded assets will be provided by an independent external provider.	For additional information in relation to the valuation of assets, please refer to 'Benchmark 1: Valuation of assets' in the Benchmark Report as well as 'How unit prices are calculated' in this PDS.
<b>ASIC Benchmark 2: Periodic Reporting</b>	This benchmark is aimed at ensuring that investors receive timely, basic fund investment performance information on a periodic basis to make informed investment decisions.	This benchmark is met as the Investment Manager has implemented a policy to provide detailed periodic updates to investors on certain key information in relation to the Fund on an annual and monthly basis as required.	For additional information in relation to periodic reporting, please refer to 'Benchmark 2: Periodic reporting' in the Benchmark Report as well as 'Monitoring your investment' in this PDS.


ASIC Benchmark	Description	Summary	Reference
<b>ASIC Disclosure Principle 1: Investment strategy</b>	<p>This disclosure principle is intended to ensure that investors can make informed decisions about the Fund by disclosing details of the investment strategy for the Fund, including the type of strategy, how it works in practice and how risks are managed.</p>	<p>The Fund is a multi-strategy systematic investment fund and aims to provide an absolute return and capital growth after costs over the medium to long term.</p> <p>The Fund implements systematic strategies through derivatives (including but not limited to total return swaps, futures, options, forwards, cross currency swaps, credit default swaps (CDS), CDS indices and interest rate swaps) and physical securities across different asset classes. Strategies typically fall into categories such as momentum, carry, value and volatility and asset classes such as equities, fixed income, foreign exchange and commodities. The Fund may also invest in cash and cash equivalent securities.</p> <p>Challenger Solutions' approach involves identifying persistent market inefficiencies and developing strategies to systematically extract alpha from these inefficiencies. Challenger Solutions employs a multi-strategy approach, spanning many styles of systematic strategies across multiple asset classes. The strategies may exhibit low correlation to each other and to broad macroeconomic factors. Challenger Solutions believe this is key to creating a portfolio with enhanced risk-adjusted returns which can serve as a diversifying return stream for most investment portfolios.</p> <p>The Fund has the ability to use short selling through security/index derivatives only. The Fund is not permitted to use short selling for individual securities.</p> <p>Investors in the Fund are exposed to a number of investment risks including market risks. The key risks and how they are managed are set out in this PDS.</p> <p>The Responsible Entity may change the investment strategies, benchmarks, asset allocation ranges and processes of the Fund and unitholders will be notified in writing if such a change is considered by the Responsible Entity to be material or would not have been reasonably expected by unitholders.</p>	<p>For additional information in relation to the investment strategy, please refer to 'Disclosure principle 1: Investment strategy' in the Benchmark Report and 'How we invest your money' and 'Risks of investing in managed investment schemes' in this PDS.</p>

ASIC Benchmark	Description	Summary	Reference
<b>ASIC Disclosure Principle 2: Investment manager</b>	This disclosure principle is intended to ensure that investors have the necessary information about the people responsible for managing the Fund's investments, as well as arrangements between the responsible entity and any investment manager.	As Responsible Entity of the Fund, Fidante has appointed Challenger Solutions as the investment manager of the Fund to invest and manage the Fund's portfolio. Fidante is entitled to terminate the investment manager's appointment in writing, under various circumstances, with a minimum five business days' notice of termination.	For additional information in relation to the investment manager, please refer to 'Disclosure Principle 2: Investment manager' in the Benchmark Report.
<b>ASIC Disclosure Principle 3: Fund structure</b>	This disclosure principle is intended to ensure that the investment structures involved, the relationships between entities in the structure, fees and other costs payable to the Responsible Entity and investment manager, jurisdictions involved, the due diligence performed on underlying funds, and the related party relationships within the structure are explained.	<p>The Fund is a registered managed investment scheme with the ability to have multiple unit classes. There are a number of service providers that support the Fund such as Fidante (the Responsible Entity of the Fund), Boardroom Pty Limited who acts as the Fund's registry provider, State Street Australia Limited (State Street) who acts as fund administrator and custodian for the Fund.</p> <p>The Responsible Entity has entered into separate agreements with each of its service providers which set out the terms and conditions of the relationship, as well as the consequences of any breaches to the terms of the relationship. The Responsible Entity may enter into transactions with, and use the services of, any of our related entities. These arrangements will be based on arm's length commercial terms. The key risks to the Fund's structure are counterparty risk, derivative risk, collateral risk, currency risk, fund risk and service provider risk.</p>	For additional information in relation to the Fund structure, please refer to 'Disclosure Principle 3: Fund structure' in the Benchmark Report and 'Risks of investing in managed investment schemes' in this PDS.
<b>ASIC Disclosure Principle 4: Valuation, location and custody of assets</b>	This disclosure principle is intended to ensure that the Responsible Entity of the Fund discloses the types of assets held, where they are located, how they are valued and the custodial arrangements.	<p>The Fund has a valuation policy where assets and liabilities are usually valued each NSW business day. 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.</p> <p>The assets of the Fund are held by State Street as the custodian of the Fund.</p>	For additional information in relation to the valuation of assets in the Fund, please refer to 'Disclosure principle 4: Valuation, location and custody of assets' in the Benchmark Report, 'How we invest your money' and 'How unit prices are calculated' in this PDS.

ASIC Benchmark	Description	Summary	Reference
<b>ASIC Disclosure Principle 5: Liquidity</b>	This disclosure principle is intended to ensure that investors are made aware of the Fund's ability to realise its assets in a timely manner and the risks of illiquid classes of assets.	This disclosure principle is currently not applicable to the Fund as the Responsible Entity of the Fund can reasonably expect to realise at least 80% of its assets, at the value ascribed to those assets in calculating the Fund's net asset value within 10 days.	For additional information in relation to liquidity, please refer to 'Disclosure Principle 5: Liquidity' in the Benchmark Report.
<b>ASIC Disclosure Principle 6: Leverage</b>	This disclosure principle is intended to ensure that investors are made aware of the maximum anticipated and allowed level of leverage of the Fund (including leverage embedded in the assets of the Fund).	Fidante will generally not borrow on behalf of the Fund, except from time to time to cover short-term cash flow needs or if emergency or extraordinary situations arise. However, the portfolio may have implicit leverage through the use of derivatives. The Fund will be managed such that there are sufficient liquid assets to meet all obligations associated with the derivatives held in the Fund	For additional information in relation to the use of leverage in the Fund, please refer to 'Disclosure Principle 6: Leverage' in the Benchmark Report and 'Additional information about the Fund's investments' in this PDS.
<b>ASIC Disclosure Principle 7: Derivatives</b>	This disclosure principle is intended to ensure that investors are made aware of the purpose and types of derivatives used by the Responsible Entity or investment manager, and of the associated risks.	<p>The Fund utilises derivatives to implement systematic strategies. Derivatives may include but are not limited to total return swaps, futures, options, forwards, cross currency swaps, CDS, CDS indices and interest rate swaps.</p> <p>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), managing the duration of the Fund, and as a risk management tool (such as managing the effect of interest rates or foreign currency movements). They may also be used to gain, or avoid, exposure to a particular market rather than purchasing physical assets.</p> <p>Where the Fund uses derivatives, Challenger Solutions aims to manage the Fund so as to keep sufficient liquid assets in the Fund to meet all obligations associated with the derivatives. The main risks to the Fund as a consequence of dealing in derivatives are counterparty risk and derivative risk.</p>	For additional information in relation to how derivatives are used in the Fund, please refer to 'Disclosure Principle 7: Derivatives' in the Benchmark Report, and 'How the Fund uses short selling' and 'Risks of investing in managed investment schemes' in this PDS.

ASIC Benchmark	Description	Summary	Reference
<b>ASIC Disclosure Principle 8: Short selling</b>	<p>This disclosure principle is intended to ensure that investors are made aware of how short selling may be used as part of the investment strategy, and of the associated risks and costs of short selling.</p>	<p>The Fund has the ability to use short selling. This excludes the short selling of individual physical equities.</p> <p>For example, the Fund may obtain short exposure by using derivative instruments such as CDS to implement systematic strategies. Where the value or credit quality of the CDS reference asset deteriorates, the Fund is expected to benefit from such exposure. Conversely, if the value or credit quality of the reference asset improves, the Fund would be expected to incur a loss.</p> <p>Short selling may expose the Fund to risks such as short position risk, liquidity risk and counterparty risk.</p>	<p>For additional information in relation to how short selling is used in the Fund, please refer to 'Disclosure Principle 8: Short selling' in the Benchmark Report, and 'How the Fund uses short selling' and 'Risks of investing in managed investment schemes' in this PDS.</p>
<b>ASIC Disclosure Principle 9: Withdrawals</b>	<p>This disclosure principle is intended to ensure that investors are made aware of the circumstances in which the Fund allows withdrawals and how these might change.</p>	<p>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 of an 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.</p>	<p>For additional information in relation to withdrawals from the Fund, please refer to 'Disclosure Principle 9: Withdrawals' in the Benchmark Report and 'Additional information about withdrawing your investment' in this PDS.</p>

# How we invest your money

<b>Investment return objective</b>	The Fund aims to provide an absolute return and capital growth after costs over the medium to long term.
<b>Minimum suggested investment timeframe</b>	At least three years
<b>Benchmark</b>	RBA Cash Rate
<b>Risk level</b>	<p>Lower risk Typically, lower rewards</p> <p>Higher risk Typically, higher rewards</p>  <p>Refer to 'Additional information about the Fund's investments' for further information about the Fund's risk.</p>
<b>Description of the Fund</b>	<p>The Fund is a multi-strategy systematic investment fund, aiming to provide positive absolute returns regardless of market direction. The Fund employs a multi-strategy approach which combines many styles of systematic strategy across multiple asset classes into a single portfolio. This approach is intended to deliver more consistent returns over time than an approach which focuses on a single asset class or style of investing.</p> <p><b>Investment philosophy</b></p> <p>Challenger Solutions' investment philosophy is centred on the following core beliefs:</p> <ul style="list-style-type: none"><li>• <b>Systematic:</b> Market distortions exist that can be systematically harvested to generate alpha.</li><li>• <b>Diversification:</b> Systematic strategies can be a powerful source of diversified return to complement more traditional asset class exposures.</li><li>• <b>Active:</b> Actively managing a portfolio of multiple uncorrelated strategies allows Challenger Solutions to navigate changing market environments and deliver more consistent risk and return outcomes.</li></ul> <p><b>What are systematic strategies</b></p> <p>Systematic strategies are rules-based investment strategies which rely on signals generated by quantitative models to execute trades. The signals are based on statistical analysis of market, economic and other data to identify patterns that can be used to make investment decisions.</p> <p>The Fund's approach involves identifying persistent market distortions and developing strategies to systematically extract alpha from those inefficiencies. The Fund takes a scientific, evidence-based approach to researching strategies. However, only strategies whose behaviour is transparent and can be clearly explained and understood in terms of their underlying drivers are implemented in the Fund.</p> <p><b>Why multi-strategy</b></p> <p>By including multiple uncorrelated strategies in a single portfolio, the Fund seeks to gain substantial diversification benefits. By adopting a multi-strategy approach, the Fund seeks to earn returns from multiple different areas, with the objective of earning more consistent returns through time, regardless of market direction.</p> <p>The types of systematic strategies in the Fund tend to exhibit low correlation to each other, to the market and to broad macroeconomic factors. This lends itself to a multi-strategy approach, and is key to creating a portfolio with enhanced risk-adjusted returns which can serve as a diversifying return stream in investor portfolios.</p>

**Labour standards or environmental, social or ethical (ESG) considerations**

**Changes to investment policy**

**Investment Process**

Challenger Solutions utilises a multi-strategy, cross-asset, investment approach investing in systematic strategies on the premise that market distortions can be systematically harvested to generate alpha, and these systematic strategies can be a valuable source of uncorrelated returns.

Similar systematic strategies are grouped into similar style categories, choosing styles suitable for prevailing market conditions, and selecting individual strategies with desired model parameters and return profiles.

The strategies included in the portfolio are fully systematic, however, strategy selection and portfolio construction are discretionary. A quantitative framework is utilised to assess market environment and inform investment decisions.

**Currency strategy**

Currency positions are taken by the Fund. Challenger Solutions hedges the principal (directly held non-AUD assets e.g. cash equivalents) while foreign currency profit and loss from derivatives will be periodically converted back to AUD. please refer to 'Currency Risk' for additional information.

Challenger Solutions may, from time to time, take into account labour standards or environmental, social or ethical considerations when buying, retaining or selling investments. Challenger Solutions' consideration of these factors is part of an integrated portfolio management process and therefore part of a balanced and holistic approach to investment decision making.

The Constitution permits a wide range of investments and gives us, as Responsible Entity, broad investment powers. We may change the investment manager and/or vary the investment objectives, strategies, benchmarks, asset allocation ranges and processes of the Fund. We will give unitholders written notice of any material variation which we believe they would not have reasonably expected.

## Additional information about the Fund's investments

### About the Fund's risk level

The risk level, also known as the Standard Risk Measure, is based on the estimated number of negative annual returns that a managed investment scheme may experience in any 20-year period. In other words, it is a measure of the expected variability of the return of the Fund.

The Fund's anticipated risk level is 'Medium to high risk' – the Fund offers the potential for favourable returns over the long term, with a proportion of returns coming from income, but may exhibit moderate levels of volatility over the short to medium term. The estimated number of negative annual returns in any 20-year period based on this risk level is approximately between 3 and 4. Note that this is an estimate only. Negative annual returns may or may not occur in consecutive years and, should they be negative, the estimate does not indicate the size of the potential negative return (which may vary considerably from strategy to strategy).

The stated risk levels are based on industry guidance and are designed to allow investors to compare investments with different investment strategies and characteristics. However, investment managers and investment administrators may employ different methodologies to determine a risk level and therefore may not be representative of the same considerations. Furthermore, it is not a complete assessment of the risks of investing, nor does it indicate if an investment strategy is designed to meet an investor's investment objectives.

For further information, or to ask about the methodology for determining the risk level, please call the Fidante Investor Services Team.

### Borrowings of the Fund

The Constitution allows for borrowing; however, we will generally not borrow on behalf of the Fund, except from time to time to cover short-term cash flow needs or if emergency or 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 and will be for reasonable remuneration.

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 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 it is believed it would be in the best interests of unitholders.

### Transactions involving related parties

The Fund may transact with related parties of the Responsible Entity 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 Responsible Entity and Challenger Solutions 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.

### How the Fund uses derivatives

The Fund uses derivatives as the primary means of gaining the market exposures required to deliver its investment objectives. The Fund takes positions in derivatives such as futures, options, total return swaps, forwards, credit default swaps (CDS), CDS indices, cross-currency swaps and interest rate 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 to price changes of underlying assets such as commodities, exchange rates, interest rates, equities, equity indices, credit securities and volatility indices.

Derivatives are primarily used to deliver the investment objectives of the Fund, however, derivatives can also be used as a risk management tool including to manage option-related risks (such as through transacting in the underlying securities for delta hedging purposes) or to mitigate the impact of movements in interest rates or foreign exchange rates. They may also be used to gain, or avoid, exposure to a particular market rather than purchasing physical assets.

Challenger Solutions 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.

## **Gearing and leverage**

Challenger Solutions may use leverage to increase the exposure of the Fund to systematic investment strategies. Leveraged market exposure will generally be obtained through the use of derivative instruments. The notional value of derivatives may exceed 100% of the Fund's Net Asset Value. The Fund does not have any explicit constraints on its use of leverage; however, the Fund will be managed such that there are sufficient liquid assets in the Fund to meet all obligations associated with the derivatives held.

## **How the Fund uses short selling**

The Fund has the ability to use short selling. The Fund is not permitted to use short selling for individual physical securities.

The Fund may obtain short exposure by using derivative instruments such as CDS to implement systematic strategies. Where the value or credit quality of the CDS reference asset deteriorates, the Fund is expected to benefit from such exposure. Conversely, if the value or credit quality of the reference asset improves, the Fund would be expected to incur a loss.

## **Labour standards or environment, social or ethical considerations**

The Responsible Entity (Fidante) has delegated investment decisions for the purposes of selecting, retaining or realising investments for the Fund to Challenger Solutions who operates the Fund in accordance with the investment management agreement. Fidante'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 incorporates consideration of environmental, social and governance considerations when selecting, appointing and monitoring investment managers. Fidante does not adhere to any particular set of labour standards, environmental, social and ethical considerations.

Challenger Solutions may, from time to time, take into account labour standards or environmental, social or ethical considerations when buying, retaining or selling investments.

For more information on Challenger Solutions' ESG Policy please contact our client services team on 1300 721 637 or email [info@fidante.com.au](mailto:info@fidante.com.au).

# Risks of investing in managed investment schemes

All investments carry risk. Different strategies carry different levels of risk depending on the assets that make up the strategy. Generally, assets with the potential for the highest long-term returns may also carry the highest level of risk.

When investing in an MIS, it is important to note that the value of assets in the MIS and the level of returns will vary. No return is guaranteed. Future returns may differ from past returns and investors may lose some or all of their money invested. Additionally, laws (including tax laws) that affect MIS may change in the future, which may have an adverse effect on the returns of MIS.

The level of acceptable risk will vary across investors and will depend upon a range of factors such as age, investment timeframe, where other parts of the investor's wealth is invested and the investor's level of risk tolerance.

New Zealand investors need to be aware there are differences in how securities are regulated under Australian laws. For example, the disclosure of fees may be different and the rights, remedies and compensation arrangements available to New Zealand investors may differ.

The risks set out in this section are general only and are not exhaustive. Prospective investors should consider obtaining independent financial advice to determine if an investment in the Fund is appropriate in light of their financial situation, objectives and needs.

## Risks of investing in managed investment schemes

Risk	Explanation
<b>Collateral risk</b>	The Fund enters into derivatives arrangements that require it to deliver (or 'post') collateral to the derivative counterparty or clearer. As a result, the Fund may be exposed to certain risks in respect of that collateral including the credit risk of the counterparty or clearer.
<b>Conflict of interest risk</b>	The Responsible Entity of the Fund, Fidante Partners Limited, and the Investment Manager are related parties within the Challenger Group. This relationship may create potential conflicts of interest, for example where decisions are made by the RE regarding the appointment, remuneration and oversight of the Investment Manager. The RE has obligations to act honestly and in the best interest of unitholders, and has governance frameworks, compliance controls and conflict management policies in place to manage these risks. These include independent oversight, segregation of duties, and disclosure of any material conflicts. Despite these measures, there remains a risk that conflicts could arise.
<b>Counterparty risk</b>	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.
<b>Credit risk</b>	<p>The Fund may be exposed to credit and fixed income assets. 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 may be assigned a credit rating from rating agencies such as S&amp;P Global Ratings or Moody's Investor Services or may be unrated. 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**

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.

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.

**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' and 'Collateral risk'.

There are certain risks associated with the collateral requirements of derivative counterparties, particularly when over-the-counter (**OTC**) derivatives are used. This may involve the Fund providing margin financing or equivalent securities to the counterparty and the Fund may have a right to the return of equivalent assets. The margin or equivalent securities may exceed the value of the Fund's obligations to the counterparty where the counterparty requires excess margin or collateral. Counterparty risk is particularly prevalent in OTC derivative contracts as it centres on the creditworthiness of the counterparty and the potential for default or failing to perform an obligation in the manner and time agreed between the parties.

Challenger Solutions may gear the Fund through the use of derivatives as part of the investment process. Derivative holdings may result in notional exposures that are greater than the underlying assets in the Fund.

Challenger Solutions aims to keep derivative risk to a minimum by:

- constantly 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**

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.

Such risk is considered by Challenger Solutions through its investment process and managed by maintaining a diversified portfolio of securities.

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 How we invest your money 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.

**Fund risk**

Fund risk refers to specific risks associated with the Fund, such as termination, changes to fees, or changes in government policies (including taxation, investment sanctions, regulations and laws) that may affect the Fund or investors in the Fund. 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.

Your investment in the Fund is governed by the terms of the Constitution and the PDS 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.

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:

- 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.

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.

**Interest rate risk**

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.

**Leverage risk**

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.

**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.

**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.

<b>Service provider risk</b>	The Fund may be reliant on external service providers in connection with their operation, such as the fund administrator, custodian and registry provider. 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.
<b>Short position risk</b>	<p>The Fund doesn't borrow physical securities to sell them short however it can enter into derivatives in which the fund benefits when security prices drop e.g. short futures. A different assessment of risk is required for short positions compared to the risk assessment of investing in the security directly. When investing in a security directly, the maximum loss is generally limited to the amount invested. With a short position, there is no limit to how much an investor can lose if the price of the security continues to rise.</p> <p>Short selling will also increase the Fund's total gross effective exposure to investment markets. This in turn may magnify the exposure to other investment risks detailed in this section.</p>
<b>Withdrawal risk</b>	<p>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 intended timeframe of 7 business days 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).</p> <p>The maximum timeframe in which we, as Responsible Entity, have to meet a withdrawal request is set out in the Constitution. Where the Fund is not liquid (as defined in the Corporations Act), you may only withdraw when we make an offer to withdraw to all investors, as required by the Corporations Act. 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, and an investor's ability to withdraw if the Fund is not liquid.</p>

# Fees and other costs

## DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns. For example, total annual fees and costs of 2% of your account balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from \$100,000 to \$80,000). You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs. You may be able to negotiate to pay lower fees. Ask the fund or your financial adviser.

## TO FIND OUT MORE

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

This section shows fees and other costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from the assets of the managed investment scheme as a whole. Taxes are set out in another part of this document. You should read all the information about fees and costs because it is important to understand their impact on your investment.

## Fees and costs summary

Challenger Solutions Spectrum Systematic Alpha Fund - Class P		
Type of fee or cost	Amount <sup>7</sup>	How and when paid
<b>Ongoing annual fees and costs</b>		
<p><i>Management fees and costs</i><sup>1,2,3,4</sup></p> <p>The fees and costs for managing your investment</p>	<p>The management fees and costs of the Fund are 1.10% p.a. of the adjusted net asset value of the Fund</p>	<p>The amount quoted is made up of the following three components:</p> <p>Management fees of 1.00% p.a. of the adjusted net asset value of the Fund, which are calculated and accrued daily and paid monthly in arrears from the Fund's assets on or around the last business day of the month.</p> <p>Indirect costs (if any), which are deducted from the Fund's assets, accrued daily in the adjusted net asset value, and then paid as and when due.</p> <p>Recoverable expenses, which are normal operating expenses of up to 0.10% p.a. of the next asset value of the Fund that are deducted from the Fund's assets, accrued daily and paid monthly on or around the last business day of the month. May also include abnormal expenses that, if charged, will be deducted from the Fund's assets and paid as incurred.</p>
<p><i>Performance fees</i><sup>5</sup></p> <p>Amounts deducted from your investment in relation to the performance of the product</p>	<p>We estimate that the performance fee of the Fund will be 0.25% p.a. of the adjusted net asset value of the Fund.</p>	<p>The performance fee is deducted from the Fund's assets and paid quarterly. It is calculated according to the Fund's particular methodology.</p>
<p><i>Transaction Costs</i><sup>6</sup></p> <p>The costs incurred by the scheme when buying or selling assets</p>	<p>The net transaction costs incurred by the Fund for the last financial year were approximately 0.00% p.a. of the adjusted net asset value of the Fund</p>	<p>Transaction costs are deducted from the assets of the Fund as and when they are incurred (where not otherwise recovered through the buy/sell spread).</p>

<b>Member activity related fees and costs (fees for services or when your money moves in or out of the scheme)</b>		
<i>Establishment fee</i> The fee to open your investment	Not applicable	Not applicable
<i>Contribution fee</i> The fee on each amount contributed to your investment	Nil	Not applicable
<i>Buy-sell spread</i> An amount deducted from your investment representing costs incurred in transactions by the scheme	Estimated to be 0.30%/-0.35% of the investment or withdrawal amount	Charged at time of transaction and paid into the Fund when you invest in or withdraw from the Fund. The buy/sell spread is reflected in the unit price and is not separately charged to the investor.
<i>Withdrawal fee</i> The fee on each amount you take out of your investment	Nil	Not applicable
<i>Exit fee</i> The fee to close your investment	Not applicable	Not applicable
<i>Switching fee</i> The fee for changing your investment options	Nil	Not applicable

- 1 Unless otherwise stated, all fees and costs are quoted gross of income tax and any Goods and Services Tax (**GST**) and reduced by 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.
- 2 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. Please refer to 'Can fees be different for different investors?' in 'Fees and other costs'.
- 3 All estimates of fees and costs in this section are based on information available as at the date of this PDS and reflect the Responsible Entity's reasonable estimates of the typical fees for the current financial year. The costs component of management fees and costs reflect the actual amount incurred for the last financial year and the Responsible Entity's reasonable estimates where information was not available as at the date of this PDS (adjusted to reflect a 12-month period where applicable). All figures have been rounded to two decimal places. Please refer to 'Management fees and costs' under the heading 'Additional explanation of fees and costs' for more information on management fees and costs.
- 4 Please refer to 'Other payments' under the heading 'Additional explanation of fees and costs' for more information on costs that may be payable.
- 5 The reasonable estimate of the performance fee is based on the average of the actual performance fees paid for the Fund over the previous financial year(s). Past performance is not a reliable indicator of future performance and the Fund's actual performance fee will be based on the Fund's performance over the relevant period. Please refer to 'Performance fees' under the heading 'Additional explanation of fees and costs' for more information on performance fees.
- 6 Transaction costs are the costs associated with the buying and selling of the Fund's assets. These costs include brokerage, settlement costs, clearing costs, stamp duty and other government taxes or charges and include the transactional and operational costs incurred by the underlying assets. Transaction costs are recovered from the assets of the Fund as and when they are incurred. The amount quoted reflects the transaction costs not recovered by the buy/sell spread for the last financial year (adjusted to reflect a 12 month period where applicable), including our reasonable estimates where information about actual costs was unavailable at the date of this PDS.
- 7 'Nil' means there is an entitlement under the Constitution but we have elected not to charge it. 'Not applicable' means there is no entitlement for us to charge this fee.

## Example of annual fees and costs for the Fund

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

<b>EXAMPLE - Challenger Solutions Spectrum Systematic Alpha Fund - Class P</b>	<b>BALANCE OF \$100,000 WITH A CONTRIBUTION OF \$10,000 DURING YEAR</b>	
Contribution Fees	Nil	For every additional \$10,000 you put in, you will be charged \$0
<b>Plus</b> Management fees and costs	1.10% p.a. of the adjusted net asset value of the Fund	<b>And</b> , for every \$100,000 you have in the Fund, you will be charged or have deducted from your investment \$1,100 each year.
<b>PLUS</b> Performance fees	0.25% p.a. of the adjusted net asset value of the Fund	<b>And</b> , you will be charged or have deducted from your investment \$250 in performance fees each year.
<b>PLUS</b> Transaction costs	0.00% p.a. of the adjusted net asset value of the Fund	<b>And</b> , you will be charged or have deducted from your investment 0 in transaction costs.
<b>EQUALS</b> Cost of the Fund		If you had an investment of \$100,000 at the beginning of the year and you put in an additional \$10,000 during that year, you would be charged fees of and costs of: \$1,350  <b>What it costs you will depend on the investment option you choose and the fees you negotiate.</b>

**!** This example assumes that the \$10,000 contribution is made at the end of the year and the value of the investment is otherwise consistent, therefore the management fees and costs associated above are calculated using the \$100,000 balance only. Please note that this is just an example. In practice, actual investment balances will vary daily and the actual fees and expenses we charge are based on the value of the Fund, which also fluctuates daily. Additional fees may apply. Please note that this example does not capture all the fees and costs that may apply to you such as the buy/sell spread. For a detailed explanation about all of the fees and costs that apply see the fees and costs summary above.

## Additional explanation of fees and costs

### Management fees and costs

The costs component of management fees and costs in the 'Fees and costs summary' reflects the actual amount incurred for last financial year and the Responsible Entity's reasonable estimates where information was not available as at the date of this PDS (adjusted to reflect a 12 month period). All figures have been rounded to two decimal places.

You should refer to the Fund's website at [www.challenger.com.au/investments](http://www.challenger.com.au/investments) from time to time for any updates which are not materially adverse to investors.

The total management fees and costs for the Fund, outlined in the 'Fees and costs summary' above include the management fee, indirect costs and recoverable expenses. They do not include the performance fees (if payable), the Fund's buy/sell spread or the transaction costs of underlying assets (as set out below).

The Fund's management fees and costs are payable from the Fund's assets (generally those being referable to the relevant class) and are not paid directly from your account. Each of these are explained further below.

For details of the maximum fees permitted under the Constitution, please refer to 'Maximum allowable fees'.

#### Management fee

This is the fee charged for managing the investments, overseeing the Fund's operations and providing access to the Fund. The management fee of the Fund is 1.00% p.a. of the Adjusted NAV of the Fund. The management is calculated and accrued daily and payable monthly in arrears from the Fund's assets on or around the last business day of the month.

#### Indirect costs

Indirect costs are those amounts paid from the assets of the Fund that we know or, where required, reasonably estimate will reduce, whether directly or indirectly, the return of the Fund or the amount or value of the income of, or property attributable to, the Fund or an interposed vehicle in which the Fund invests. Indirect costs do not include the management fee, performance fee, or recoverable expenses as set out in this section.

Indirect costs of the Fund are estimated to be 0.00% p.a. of the Fund's net asset value, based on the actual amount incurred for the previous financial year and the Responsible Entity's reasonable estimate of such costs

where information was not available as at the date of this PDS or where the Responsible Entity was unable to determine the exact amount.

#### Recoverable expenses

##### *Normal operating expenses*

Under the Constitution, we are entitled to recover costs incurred in the performance of our duties as Responsible Entity of the Fund and in the administration and management of the Fund. These normal operating expenses include charges, fees, expenses, commissions, liabilities, and losses associated with the Fund.

The management fees and costs set out in the 'Fees and costs summary' above include normal operating expenses of 0.10% p.a. of the Fund's adjusted NAV which is the amount actually incurred by the Fund for the previous financial year including the Responsible Entity's reasonable estimates where information was unavailable at the date of this PDS. This amount is not an indication or guarantee of the amount that may be charged in the future. Normal operating expenses, and therefore total management costs, may vary each year.

##### *Abnormal expenses*

We may recover abnormal expenses (such as costs of unitholder meetings, changes to the Constitution and defending or pursuing legal proceedings) from the Fund's assets. 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's assets.

The management fees and costs set out in the 'Fees and costs summary' above include abnormal expenses of 0.00% p.a. of the adjusted NAV of the Fund, which is the amount actually incurred by the Fund for the previous financial year including the Responsible Entity's reasonable estimates where information was unavailable at the date of this PDS. If abnormal expenses are charged, they will be recovered from the Fund's assets when they are incurred.

The amount quoted is not an indication or guarantee of the amount that may be charged in the future. At the date of this PDS, there is no intention to hold a unitholder meeting nor are we aware of any legal proceedings the Fund may be a part of that may require us to recover associated abnormal expenses from the Fund.

### *Investment expenses*

We currently pay the standard investment management costs of the Fund from the management fee.

### **Performance fee**

A performance fee is calculated on each business day. If the Fund's daily return (excluding all accrued performance fees for the performance fee period but including all other fees and expenses and after adding back any distributions paid) exceeds its defined Performance Benchmark within a performance period, a performance fee may be payable. The performance fee is accrued daily and reflected in the Fund's unit price.

The performance fee in the 'Fees and costs summary' above is a reasonable estimate based on the average of the actual performance fee paid for the Fund over the previous financial year(s). Past performance is not a reliable indicator of future performance and the Fund's actual performance fee will be based on the Fund's performance over the relevant period. These amounts are inclusive of GST and income tax less reduced input tax credits.

#### *The Performance Benchmark*

The Performance Benchmark is the daily return of RBA Cash Rate (**Performance Benchmark**).

The Fund must outperform the Performance Benchmark before the performance fee becomes payable.

#### *High watermark*

A High Watermark is set each time a performance fee is paid. The Fund must outperform the High Watermark (i.e. have cumulative positive performance since the last High Watermark) for a performance fee to become payable at the end of a Performance Fee Period.

#### *How is the performance fee calculated and paid?*

The performance fee is calculated as 15.375% of the Fund's excess performance (excluding all accrued performance fees for the performance fee period but

including all other fees and expenses and after adding back any distributions paid) above the RBA Cash Rate, calculated daily and subject to a High Watermark.

The performance fee is calculated on each business day and reflected in the unit price. The cumulative performance fee amount on any given business day is the aggregate of all the daily performance fee amounts since a performance fee was last paid from the Fund up to and including the day of the calculation date (**Cumulative Performance Amount**).

The Cumulative Performance Amount will be paid from the Fund for performance fee periods ending 31 March, 30 June, 30 September and 31 December, subject to the last High Watermark (**Performance Fee Period**). The Fund must outperform the High Watermark (i.e. have positive returns) for a performance fee to become payable.

If, on a given day the Fund has underperformed the Performance Benchmark, any Cumulative Performance Amount will be adjusted down to reflect the day's underperformance of the Performance Benchmark.

If, during a Performance Fee Period the Fund has underperformed the Performance Benchmark, the Cumulative Performance Amount will be zero. The Fund will need to outperform the Performance Benchmark before a performance fee is accrued.

The performance fee is estimated as 0.25% p.a. of net asset value of the Fund, calculated based on Responsible Entity's reasonable estimate for the current financial year.

For historical performance fees, please contact the Fidante Investor Services Team on 1300 721 637. For additional information about how unit prices are calculated please refer to 'How unit prices are calculated' in this document.

#### *Performance fee – worked dollar example*

The table below provides a dollar fee example based on an investor with a \$100,000 investment in the Fund. Please note that this is just an example and should not be taken as an indication or guarantee of future performance, nor an indication of the performance fee that may be charged in the future. We do not provide any assurance that the Fund will achieve the performance used in the examples and you should not rely on this in determining whether to invest in the Fund.

Scenario	Example (Balance of \$100,000)
<p><b>The Fund's daily performance exceeds the daily Performance Benchmark AND the overall Fund performance exceeds the Performance Benchmark for the Performance Fee Period.</b></p> <ul style="list-style-type: none"> <li>• The Fund's daily net performance: 1%</li> <li>• The daily Performance Benchmark (RBA Cash Rate) for the period was 0.5%</li> </ul>	<p><math>(1\% - 0.5\%) \times 15.375\% \times \\$100,000 = \\$76.88</math></p> <p>For a balance of \$100,000, you would pay a performance fee of approximately \$76.88 for that day.</p>
<p><b>The Fund's daily performance exceeds the daily Performance Benchmark AND the overall Fund performance <u>does not</u> exceed the Performance Benchmark for the Performance Fee Period.</b></p>	<p>No performance fee is payable as the Fund's overall performance is below the Performance Benchmark for the Performance Fee Period.</p>
<p><b>The Fund's daily performance <u>does not</u> exceed the daily Performance Benchmark AND the overall Fund performance <u>still exceeds</u> the Performance Benchmark for a Performance Fee period.</b></p>	<p>The Funds Cumulative Performance Amount (reflecting the Fund's outperformance of the Performance Benchmark for the Performance Fee Period) is adjusted down to reflect the days underperformance.</p>

## Transaction costs

Transaction costs are the costs associated with the buying and selling of the Fund's assets. These costs include brokerage, settlement costs, custody and bank charges (where applicable), OTC derivative costs, clearing costs, stamp duty and other government taxes or charges and include underlying security buy/sell spreads and the transaction costs incurred to acquire or sell the underlying assets.

The total gross transaction costs incurred by the Fund for the last financial year were approximately 0.01% p.a. of the net asset value of the Fund, including the Responsible Entity's reasonable estimates where information was unavailable at the date of this PDS. The transaction costs shown in the 'Fees and costs summary' are net of any amount recovered by the buy/sell spread.

The net transaction costs of the Fund (representing the total gross transaction costs minus the total amount recovered through the buy/sell spread of (0.30%/-0.35%) incurred for the last financial year were 0.00% p.a. of the

net asset value of the Fund, including the Responsible Entity's reasonable estimates where information was unavailable at the date of this PDS.

Transaction costs are not included in the management fees and costs. Instead they are paid from the assets of the Fund as and when they are incurred and therefore (where not otherwise recovered through the buy/sell spread) are an additional cost to you.

## Total fees and costs

Based on the estimated costs outlined in this section, the estimated total of the amounts for management fees and costs, performance fees and net transaction costs is estimated as 1.35% p.a. of the net asset value of the Fund. The dollar figure of these estimated total management fees and costs, performance fees and net transaction costs based on an investment balance of \$100,000 is \$1,350.

## Buy/sell spreads

The buy/sell spread is a type of transaction cost that the Responsible Entity may charge to investors to recover some or all of the transaction costs of the Fund. The

purpose of the buy/sell spread is to ensure that only those investors transacting in the Fund's units at a particular time bear the Fund's costs of buying and selling the Fund's assets as a consequence of their transaction.

The buy/sell spread for the Fund is stated as a percentage of the investment or withdrawal amount and is the difference between the investment unit price and the withdrawal unit price. It reflects an estimate of the transaction costs expected to be incurred in buying and selling the Fund's assets as a result of investments and withdrawals made by investors.

This estimate may take into account factors such as (but not limited to) historical transaction costs and anticipated levels of investments and withdrawals. It is expected that brokerage will make up the vast majority of transaction costs.

The current buy/sell spread of the Fund is 0.30%/-0.35%; however a different buy/sell spread may apply if the estimate changes.

We have discretion to waive or reduce the transactional and operational costs on investments or withdrawals where no or reduced costs are incurred. We will provide notification to unitholders of any changes to buy/sell spread transaction costs on the Challenger website.

Any difference between total gross transaction costs and the amounts recovered from the buy/sell spread from transacting investors is an additional cost that is borne by all investors of the Fund.

Please note that while the buy/sell spread is an additional cost to you, it is not a fee paid to us or Challenger Solutions. It is paid to the Fund and is reflected in the Fund's unit price.

#### Buy/sell spread example

- The current buy spread on an investment in the Fund is 0.30%. Therefore, the cost of an investment of \$100,000 into the Fund would be \$300.
- The current sell spread on a withdrawal from the Fund is -0.35%. Therefore, the cost on a withdrawal of \$100,000 from the Fund would be -\$350.

Please note that this is just an example. In practice, actual transaction costs will depend on the amount you invest or withdraw.

#### Can fees be different for different investors?

Yes; we may negotiate, rebate, or waive fees for wholesale clients (as defined in the Corporations Act), where permitted by law. We do not negotiate fees with retail investors.

#### Borrowing costs

Borrowing costs are the costs associated with borrowing money or securities. The Fund may enter into borrowing facilities and, if so, the costs of a borrowing facility would be deducted from the Fund and not paid for by us from the fees we receive. Borrowing costs are not part of transaction costs, and are not shown in the 'Fees and costs summary'.

#### Government charges and GST

Government taxes such as stamp duty and Goods and Services Tax (**GST**) may apply to the Fund or your investment. Unless otherwise stated, all fees and costs are quoted inclusive of any GST and net of any input tax credits (**ITCs**) or reduced input tax credits (**RITCs**) that are expected to be available to the Fund.

Where RITCs are available, the prescribed rate is currently 55% or 75%, depending on the nature of the fee or cost incurred. Please refer to 'How managed investment schemes are taxed' for additional information on GST.

#### Other Payments

We may pay fees from our resources to some platform operators because they make the Fund available through their investment service. These fees may be rebated to the Indirect Investor investing in the Fund through the service or in some circumstances may be retained by the operator and include:

- for each platform operator, product access payments of up to \$20,000 p.a.; and/or
- where permitted by law, fund manager payments of up to 0.55% p.a. of the amount invested in the Fund.

These payments are made from our own resources so that they are not an additional cost to the Fund or its unitholders.

#### Maximum allowable fees

The Constitution allows certain maximum fees (see table below), and allows for expenses of the Fund (whether normal or abnormal expenses), such as registry, audit, taxation, advice, investment management and offer document costs to be paid directly from the Fund.

Fee	Maximum amount
<b>Contribution fee</b> (currently not charged)	5% of the contribution amount
<b>Management fee</b> (currently charged at 1.00% p.a.)	3% p.a. of the net asset value of the Fund
<b>Withdrawal fee</b> (currently not charged)	5% of the withdrawal amount
<b>Performance fee</b> (currently charged at 15.375% of the Fund's net return above its performance benchmark)	30% of the difference between the Fund's daily return (after adding back any distributions paid) and the daily return of the RBA Cash Rate.
<b>Switching fee</b> (currently not charged)	Contribution fee plus \$50 (CPI adjusted)

The Constitution does not place any limit on the amount of the expenses that can be paid from the Fund.

### Can fees change?

All fees can change without investor consent. Reasons for this might include changing economic conditions and changes in regulation. We will give unitholders 30 days' written notice of any proposed increase in fees. We cannot charge more than the Constitution allows. If we wish to raise fees above the amount allowed for in the Constitution, 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 PDS without prior notice.

### Indirect (or alternative form) remuneration

We may provide benefits to other financial services intermediaries where the law permits. If we do, we will provide these benefits from our own resources so that they are not an additional cost to the Fund or its unitholders.

We maintain a register (in compliance with the relevant regulatory requirements) summarising alternative forms of remuneration that are paid or provided to Australian financial services licensees and/or their representatives. Registers are publicly available and if you would like to review our register, please contact us.

### Tax

Information about tax is set out in the 'How managed investment schemes are taxed' section.

# Making, withdrawing and monitoring your investment

Each person should obtain and consider the Fund's PDS and TMD before making a decision about whether to acquire or continue to hold units in the Fund. A copy of the Fund's PDS and TMD can be obtained from your financial adviser or by calling the Fidante Investor Services Team on 1300 721 637. The information in the table below applies to Direct Investors only. If you are an Indirect Investor, you will need to comply with any requirements set by your platform operator. Please refer to 'Indirect Investors' for further information.

Please note that when making an investment, (whether initial or additional investments) the funds must come from an account held in your name. Similarly, withdrawals/distributions from your investment must also be paid to an account held in your name. Please note that 3rd party payments are not accepted.

	Minimum amounts <sup>1</sup>	How to lodge your request	More information
<b>Initial investment</b>	\$100,000	<p>You can invest in the Fund directly by following these two easy steps:</p> <ol style="list-style-type: none"> <li>1 Read and understand this PDS and TMD both available by contacting us on 1300 721 637; and</li> <li>2 Complete and submit a paper application form available by contacting us on 1300 721 637.</li> </ol> <p>Investments can be made from an account held in your name via direct debit or electronic funds transfer. All direct debits are subject to the Direct Debit Service Agreement available on the Fidante website.</p>	'Additional information about making an investment' and 'Customer Identification Program'
<b>Additional one-off investments</b>	No minimum	<p>Once you have made your initial investment in the Fund, you can make additional one-off investments.</p> <p>You can make additional investments in the Fund by following these two easy steps:</p> <ol style="list-style-type: none"> <li>1 Ensure you have read and understood the most recent copy of the Fund's PDS and TMD both available by contacting us on 1300 721 637; and</li> <li>2 Complete and submit a paper additional application form available by contacting us on 1300 721 637.</li> </ol> <p>Investments can be made from an account held in your name via direct debit or electronic funds transfer. All direct debits are subject to the Direct Debit Service Agreement available on the Fidante website.</p>	'Additional information about making an investment'
<b>Withdrawals</b>	No minimum	<p>Direct Investors can request a withdrawal by lodging a Fidante Withdrawal Request Form 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.</p>	'Additional information about withdrawing'
<b>Transferring ownership</b>	No minimum	<p>Subject to conditions as required by law or that we, from time to time, prescribe.</p>	'Transferring ownership'

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

## Additional information about making an investment

### Initial Investments

When you make your initial investment in the Fund, we will email you a confirmation letter and log-in details to the secure online portal InvestorServe where you can manage your investment. Please refer to 'Keeping you informed' for more information.

Each person should obtain and consider the Fund's PDS and TMD before making a decision about whether to invest or continue to hold the Fund. A copy of the Fund's PDS and TMD can be obtained from your financial adviser or by calling the Fidante Investor Services Team on 1300 721 637.

### **Direct Investors**

Details of how to make your initial investment are outlined in the 'Making, withdrawing, and monitoring your investment' table. Once you have made your initial investment in the Fund, you can make additional one-off investments.

### **Indirect Investors**

If you are an Indirect Investor you must complete the documentation which the platform operator requires. Please contact the relevant platform operator directly with any enquiries.

### **Additional one-off investments**

Once you have made your initial investment in the Fund, you can make additional one-off investments.

Each person should obtain and consider the Fund's PDS and TMD before making a decision about whether to make additional investments in the Fund. A copy of the Fund's PDS and TMD can be obtained from your financial adviser or by calling the Fidante Investor Services Team on 1300 721 637.

### **Direct Investors**

Details of how to make your additional investment are outlined in the 'Making, withdrawing, and monitoring your investment' table.

### **Indirect Investors**

If you are an Indirect Investor you must complete the documentation which the platform operator requires. Please contact the relevant platform operator directly with any enquiries.

### **Incomplete or rejected application forms**

Under the Constitution, we can accept or reject any application for units and are not required to give any reason or grounds for such a refusal.

Monies from incomplete applications will generally be held on trust for a maximum period of 30 days in a non-interest bearing account commencing on the day we receive the monies. After this period, your funds will be returned to the source of payment.

Once we receive your completed application form, the monies held will be divided by the next determined unit price to calculate the number of units that will be allocated to you.

## **Customer Identification Program**

### **Direct Investors**

The verification of each customer's identity is a prerequisite for all new customers starting an investment. The requirements to verify each customer's identity (including information about beneficial owners and related persons) will depend on what type of investor you are, e.g. individual or company etc and will be collected as part of the application process.

Verification of your identity may be done via an electronic or documentary verification process. In some cases, we may require the identity verification documentation to be certified.

Where the Application Form 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.

We may, where required, pass any information we collect and hold about you or your investment to the relevant government authority.

If any documentation requested by us 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 information and/or documents, 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.

### **Indirect Investors**

Indirect Investors should refer to their platform operator for details of their customer identification program.

## **Additional information about withdrawing**

### **How to make a withdrawal**

#### **Direct Investors**

Direct Investors can request a withdrawal by lodging a Fidante Withdrawal Request Form 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 an Australian bank account held 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 (dollars or units) you wish to withdraw;
- method of payment; and
- a daytime telephone number.

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.

### Indirect Investors

You must complete the withdrawal documentation required by the platform operator.

### Processing your withdrawal

While withdrawals are normally processed and paid within seven business days of receiving your valid withdrawal request, we may take significantly longer than this in certain circumstances (please refer to 'Delay of withdrawal payments').

For Direct Investors, 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 referable to 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 processed and paid within seven business days of receiving a valid withdrawal request; however, we do not guarantee this timeframe and we may take significantly longer to pay withdrawals in certain circumstances.

Withdrawals may be delayed in the following circumstances:

- under the Constitution, we have 21 days to satisfy a valid withdrawal request;
- under the Constitution, we can suspend withdrawals for up to 60 days (refer to 'Suspending withdrawals' below);
- we can also spread withdrawal payments, generally over four months (refer to 'Spreading withdrawals' below); or
- if the Fund becomes illiquid, we are not required to pay withdrawals unless we offer to do so in accordance with the Corporations Act (refer to 'If the Fund becomes illiquid' 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.

### Suspending withdrawals

We may suspend withdrawal requests for up to 60 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 due to (without limitation) 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 due to 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 that would be disadvantageous to remaining investors (such as placing capital gains tax burden on remaining investors or resulting in a material diminution in the value of the assets of the Fund);
- we reasonably consider it to be in the interests of investors to do so;
- where the Fund or a class is quoted, the units or units in that class is suspended or the trading of any units or units in a class is otherwise halted, interrupted or restricted by the ASX, or the trading of any units or units in a class on the ASX is subject to a period of deferred settlement trading, or there is a period which units are subject to a consolidation or division;
- where the Fund or a class is quoted, units or units in a class cease to be quoted; 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.

### **Spreading withdrawals**

Under the Constitution, we may, if we consider it to be fair to all unitholders, spread the redemption of some or all of the relevant units across more than one redemption date. Generally, we may spread a withdrawal request where:

- we receive a withdrawal request for the value of 5% or more of the number of units on issue;
- we receive, on any day, withdrawal requests that in total represent 10% or more of the number of units on issue;
- there have been, or we anticipate that there will be, withdrawal requests for 10% or more of the total units on issue in the Fund and we consider that if those requests are met rapidly this may either place a disproportionate expense or capital gains tax burden on remaining investors or meeting the requests would impact negatively on the price we could achieve in selling Fund assets or otherwise disadvantage remaining investors.

When we spread withdrawals, we may determine that a withdrawal request is four separate requests, each for a quarter (or as close to a quarter as we determine) of the total number of units in the original withdrawal request.

Each of the four (deemed) withdrawal requests will be deemed to be received by us on the same business day of the month (or next business day, if not a business day or if that day does not occur in that month) in each of the four succeeding months following the original withdrawal request.

### **If the Fund becomes illiquid**

If the Fund is not liquid (as defined in the Corporations Act), unitholders will only be able to withdraw from the Fund if we make an offer of withdrawal to unitholders. If we do make such an offer, unitholders may only be able to withdraw part of their investment. There is no obligation for us to make withdrawal offers.

Under the Corporations Act, the Fund is regarded as liquid if liquid assets account for at least 80% of the value of the assets of the Fund. Liquid assets generally include money in an account or on deposit with a bank, bank-accepted bills, marketable securities and property of the kind prescribed under the Corporations Act.

As at the date of this PDS, the Responsible Entity expects that the Fund will be liquid.

## **Additional information about transactions**

### **Transferring ownership**

#### **Direct Investors**

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.

#### **Indirect Investors**

Contact the platform operator if you wish to transfer your units.

## Transaction cut-off times

### Direct Investors

Generally, if your valid investment or withdrawal request is received in our Sydney office before 3:00pm Sydney time on a New South Wales business day (referred to as the transaction cut-off time), it will usually be processed using the unit price determined as at the close of business on the next business day. If your valid investment or withdrawal request is received after the transaction cut-off time, or on a non-business day, it will be deemed to be received the following business day and processed accordingly.

### Indirect Investors

You should contact your platform operator for information regarding transaction cut-off times.

## Online transacting terms and conditions

### Direct Investors

You should understand that a person without your authority could login to your account via InvestorServe and, by pretending to be you, make changes to your account.

We take care when acting on instructions. In doing so, we have in place internal policies and procedures designed to reduce the risk that fraud may be committed in relation to your account. We currently only allow withdrawals to be made via the Fidante Withdrawal Request Form or in writing.

In using the online transacting 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.

If the details of the bank account quoted at the time of making a withdrawal do not match the nominated bank account we have on file, the withdrawal will not proceed. You can change your bank account details online via InvestorServe or in writing. If you lodge a withdrawal request within 90 days of changing your bank account on file, we will follow up with a call before processing the request.

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

### Indirect Investors

You should contact the platform operator for information regarding how to transact.

## 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 Constitution, we can refuse applications for any reason. 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.

## Keeping you informed

You can access your account information through the secure online access system InvestorServe, which is available 24 hours a day, 7 days a week. InvestorServe is a secure online service which provides access to up-to-date information about your investments.

Through InvestorServe you can:

- view your account balances and transaction histories;
- view all confirmations and statements relating to the Fund and your investment (this includes distribution and tax statements, transaction confirmations) ;
- view your quarterly periodic statement;
- view and change your contact details and distribution payment preference;
- select the way you would prefer us to communicate with you; and
- if applicable, set up, modify or cancel your Regular Investment Plan.

At any time, you may request a paper copy of any statement or confirmation by calling the Fidante Investor Services Team on 1300 721 637. We recommend that you check all statements and transaction confirmations carefully. If there are any discrepancies, please contact us or your financial adviser.

### Indirect Investors

Please contact the platform operator for information regarding your investment in the Fund.

## Keeping us informed

### Direct Investors

Our records about you are important.

Please ensure your personal details on your account are up to date. You can update these details via InvestorServe at any time. This includes a new postal

address, a change of name or new bank account details. We will send you confirmation of any changes that you request us to make to your personal details.

### **Indirect Investors**

As an Indirect Investor, you should notify the platform operator of any changes 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 application form: 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 may 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 from the Fund's regular report available at [www.challenger.com.au/investments](http://www.challenger.com.au/investments).

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

If the Fund is a "disclosing entity" under the Corporations Act, it will be subject to regular reporting and disclosure obligations. Copies of documents lodged with the Australian Securities and Investments Commission (ASIC) in relation to the Fund may be obtained from, or inspected at, an ASIC office.

You can obtain copies of the Fund's most recent annual financial report by visiting the Fidante website. 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.

As Responsible Entity of the Fund, we may be subject to continuous disclosure obligations that require us to make material information available to investors. You can obtain a copy of the Fund's continuous disclosure information by visiting the Fidante website.

## **How to exercise cooling-off rights**

The repayment of your investment under the cooling-off right is subject to an adjustment for market movements (both positive or negative) during the period in which the investment has been held. We may also deduct a reasonable charge for our administration costs.

### **Direct Investors**

If you are a Direct Investor and you wish to exercise the cooling off rights, we must receive your written instructions at our office before the expiry of the cooling-off period. This cooling-off right must be exercised within 14 days from the earlier of:

- when you receive confirmation of your investment; or
- the end of the fifth business day after the day on which your units were issued or sold to you.

### **Indirect Investors**

If you are an indirect investor, you should seek advice from your financial adviser or platform operator about the cooling-off rights (if any) that might apply to your investment in or through the platform.

### **Wholesale clients**

These cooling-off rights do not apply to wholesale clients (as defined in the Corporations Act). Please note that as an investor in the Fund you will not necessarily be a wholesale client for the purposes of the Corporations Act.

## 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 within 24 hours or as soon as practical after receiving it and investigate, properly consider, and decide what action (if any) to take and to provide a final response to you within 30 calendar days for standard complaints. If you have a particular complaint regarding your investment, please do not hesitate to contact us by calling the Fidante Investor Services Team on 1300 721 637 or by writing or emailing to:

### **Complaints and Disputes Resolution Officer**

C/- Fidante  
GPO Box 3993  
Sydney NSW 2001

E: [info@fidante.com.au](mailto:info@fidante.com.au)

If you are not satisfied with our response or how the complaint has been handled (or we have not responded within 30 days) you may contact the following external dispute resolution scheme.

### **The Australian Financial Complaints Authority (AFCA)**

GPO Box 3  
Melbourne VIC 3001  
Tel: 1800 931 678  
[www.afca.org.au](http://www.afca.org.au)

email: [info@afca.org.au](mailto:info@afca.org.au)

AFCA provides fair and independent financial services complaint resolution that is free to consumers.

New Zealand investors must send all complaints in writing to the Financial Markets Authority, New Zealand.

Indirect Investors may either contact the platform operator or us with complaints relating to the Fund. Complaints regarding the operation of the platform should be directed to them. If a complaint is first raised with the platform operator and an Indirect Investor is not happy with how the complaint has been handled, the Indirect Investor will need to raise that with the platform operator or the platform operator's external dispute resolution service.

# How managed investment schemes are taxed

The Australian tax commentary below is of a general nature and is based on our understanding of the Australian tax laws, as at the date of this document, as they relate to Australian resident individual taxpayers who hold their investment on capital account. It does not take into account the Australian or New Zealand tax treatment of New Zealand resident taxpayers. Any information contained therein should be used as a guide only and does not constitute professional taxation advice as individual circumstances may differ. Fidante is not a registered tax (financial) adviser and is not licensed or authorised to provide tax advice. We recommend that you obtain your own professional advice regarding your position, as tax and social security laws are complex and subject to change, and investors' individual circumstances vary.

## 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 Responsible Entity has determined that the Fund will elect to become an AMIT from the 2023 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. An irrevocable election has been made in respect of the Fund and accordingly deemed

capital treatment will apply in respect of the qualifying assets for the income years to which the election applies.

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 Responsible Entity 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 Constitution 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 application form 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, 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 Constitution and are usually calculated each NSW business day. 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 'Additional explanation of fees and 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. Where more than one class is on issue, the investment and withdrawal prices will be calculated for the relevant class using the NAV that is referable to that particular class.

The Fund's assets and liabilities are usually valued each NSW business day.

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 management costs (which includes management fees up to and including the calculation date and a performance fee if payable up to the date before the calculation date) 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, it will usually be processed using the unit price determined as at the close of business on the next business day. The unit price will generally be determined at the next valuation time after the effective date of the transaction. This is typically referred to as 'forward pricing'.

In rare circumstances, we may suspend unit pricing where, acting in accordance with our Responsible Entity 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, as a Direct Investor 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.

As an Indirect Investor you should contact your platform operator for distribution payment or reinvestment options.

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.

Under the Constitution, we have the power to make reinvestment of distributions compulsory. At the date of this document, we have no intention of introducing compulsory distribution reinvestment. We have the

discretion to transfer assets of the Fund to you (instead of cash) in payment (partly or fully) for a distribution amount.

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.

Generally, if any distribution payments made by electronic transfer of funds is unsuccessful three times, the money may be reinvested and your future distribution payment method will be updated to re-invest.

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

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

#### **Direct Investors**

Please log into InvestorServe to update your details.

#### **Indirect Investors**

Please contact your platform operator for the documentation required.

## **How the Fund is governed**

The Constitution, together with the Corporations Act and other laws, governs the way in which the Fund operates, including the rights, responsibilities and duties of the Responsible Entity and unitholders.

#### **The Constitution**

The Constitution 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 Responsible Entity;
- the Responsible Entity'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 Constitution allows for different classes of units to be established (this includes reclassifying a class as being the same as another class).

The Constitution also grants us the power to quote a class of units (including Class P Units) in the Fund on a Securities Exchange.

Subject to the terms of the Constitution, while a class is quoted, we may act as a market maker for the Fund to provide liquidity for the class of units quoted on a Securities Exchange and facilitate settlements on the Fund's behalf.

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 Constitution at our head office or we will provide a copy free of charge, on request.

We may alter the Constitution if we reasonably consider the amendments will not adversely affect unitholders' rights. Otherwise (subject to any exemption under the law), we must obtain unitholder approval at a meeting of unitholders.

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

#### **Termination**

The Constitution, together with the Corporations Act, 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 Corporations Act and (to the extent applicable) the Constitution.

#### **Compliance plan and compliance committee**

We have lodged the Fund's compliance plan with ASIC and established a compliance committee for the Fund with a majority of external members. The compliance plan sets out how we will ensure compliance with both the Corporations Act and the Constitution.

The compliance committee's role is to monitor compliance with the compliance plan. It must also regularly assess the adequacy of the compliance plan and report any breaches of the Corporations Act or the Constitution to us. If we do not take appropriate action to deal with the breach, the compliance committee must report the breach to ASIC.

The Fund and the compliance plan are required to be audited annually.

### **Other parties**

We have engaged a third party registry provider that is responsible for maintaining the register of unitholders which includes all details of an investor's account and investments. The registry provider is responsible for sending all correspondence related to unitholders investments as well as providing customer service support.

We have also engaged a third party fund administrator that is responsible for back office, fund accounting, and other administrative services, including unit price calculations, distribution calculations and performance reporting.

In addition we have also appointed a third party 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.

We have also appointed a registered company auditor. The auditor's role is to provide an audit of the financial statements of the Fund each year, as well as performing a half-yearly review (if required), and to provide an opinion on the financial statements.

## **Other important information**

### **Indirect Investors**

Investors accessing the Fund through platforms that are an IDPS or IDPS like scheme do not become unitholders in the Fund, nor do they acquire the rights of a unitholder. It is the platform operator that acquires those rights and can exercise or decline to exercise them on behalf of Indirect Investors.

To invest, Indirect Investors need to complete the documentation which their platform operator requires. Before investing please ensure you read and understand the Fund's PDS and TMD as well as the platform operator's documentation as that explains their services and fees.

Please contact the relevant platform operator directly with any enquiries.

### **New Zealand Investors**

This offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act 2001 (Cth) (Aust) and regulations made under that Act. In New Zealand, this is subpart 6 of Part 9 of the Financial

Markets Conduct Act 2013 and Part 9 of the Financial Markets Conduct Regulations 2014. Please refer to 'Important Information for New Zealand Investors'.

## **Privacy**

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.

We will use your 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.

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 our appointed registry services provider or organisations acting on our behalf (for example, external mail houses we may use to mail correspondence);
- 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;
- in some circumstances, to digital service providers, such as Facebook, Google and LinkedIn, to develop a better understanding of our current and prospective customers and advisers (please refer to the Privacy Policy for additional information); or
- otherwise in accordance with our Privacy Policy.

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 if you do not want to receive any of this kind of marketing material.

For information on how you can correct or update the personal information we hold about you refer to 'Keeping us informed' in this PDS and our 'Privacy Policy' available at [www.challenger.com.au/investments](http://www.challenger.com.au/investments) and our third party registry providers privacy policy for more information.

Our Privacy Policy contains 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.

We do not normally receive any personal information about you when you invest in the Fund through a platform operator. For details on the collection, storage and use of personal information by a platform operator you should contact them directly. The information we collect and store from platform 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.

## About the service providers

### About the Custodian

The Fund has appointed State Street Australia Limited (**State Street**) as Custodian for the Fund.

Certain assets of the Fund will, subject to the following paragraph, be held by the Custodian in segregated accounts. Such assets will not be mixed with the property of the Custodian and should not be available to third party creditors of the Custodian in the event of insolvency

of the Custodian. However, the assets of the Fund held by a Custodian will be subject to a charge to secure the Fund's obligations.

The Custodian will provide custody services for the assets of the Fund (including documents of title or certificates evidencing title to investments). The Custodian may appoint sub-custodians. The Fund may remove State Street as the Custodian and appoint another custodian in its place at any time without notice to investors.

The Custodian will not be liable for any loss to the Fund resulting from any act or omission in relation to the services provided under the terms of the custody agreements unless such loss results directly from the negligence, wilful default, dishonesty or fraud of the Custodian or its employees, officers or directors.

The Custodian is a service provider to the Fund and is not responsible for the preparation of this document or the activities of the Fund and therefore accepts no responsibility for any information contained in this document, other than those parts that refer to it. The Custodian will not participate in the investment decision-making process for the Fund.

State Street has provided its consent to the statements about it in the form and context in which they are included. State Street was not involved in the preparation and distribution of this document and not responsible for the issue of this document, nor is it responsible for any particular part of this document. State Street has not withdrawn its consent before the date of this document.

# Glossary

Investment term	Explanation
<b>active management</b>	A style of investment management that seeks to attain returns through active asset allocation and security selection within each asset class rather than by tracking an index.
<b>alpha</b>	The excess return generated by an investment strategy relative to a benchmark or market return. It represents the value added by active management.
<b>cash</b>	Cash and short-term securities include cash, deposits and short-term bank bills. Cash traditionally produces a stable investment return (through the payment of interest).
<b>Constitution</b>	The constitution of the Challenger Solutions Spectrum Systematic Alpha Fund, as amended from time to time.
<b>derivatives</b>	Derivatives are a contract between two or more parties with a value based on an underlying asset. The value of derivatives generally is derived from the performance of an asset, index, interest rate, commodity, or currency. Generally derivative contracts are used to manage the risk associated with buying, selling, or trading assets with fluctuating prices. Futures, options and swaps are all types of derivative contracts.
<b>futures</b>	An agreement between two parties to buy or sell a specified quantity of a specified underlying asset, at a particular time in the future and at a price agreed when the agreement is made.
<b>option</b>	An agreement between two parties that conveys the right, but not the obligation, to the holder of the option to either buy or sell a specific asset at an agreed price and within an agreed period of time. If the option is not exercised during that time, the money paid for it is forfeited.
<b>quantitative model</b>	A systematic framework that uses data, statistical methods, and predefined rules to analyse markets, identify investment opportunities, and inform trading or portfolio decisions.
<b>short selling</b>	An investment technique whereby the Fund takes a short position in a market or stock (via borrowing a stock from a securities lender and selling it on the stock market or via derivatives such as a swap). If the market or stock drops in price, the Fund will benefit, as the price it entered into the short position is higher than the current price. If the price rises, the Fund will make a loss as the price it entered into the short position is lower than the current price.
<b>swap</b>	A contract between two parties to exchange an agreed stream of future cash flows for another.
<b>total return swap</b>	A total return swap is a derivative contract where one party agrees to pay the total economic performance of a reference asset to another party, in exchange between two parties to exchange an agreed stream of future cash flows for another.
<b>volatility</b>	The extent of fluctuations in share prices, exchange rates and interest rates. The higher the volatility, the less certain an investor is of the return, and therefore volatility is one measure of risk.
<b>warrant</b>	Similar to an option, it is an agreement between two parties that conveys the right, but not the obligation, to the holder of the warrant to either buy or sell a specific asset at an agreed price and within an agreed period of time. However, a warrant is issued by the company itself (the company will be one party to the transaction), and therefore when the warrant is exercised the transfer of shares is between the investor and the company.



