



# Challenger Solutions Spectrum Systematic Alpha Fund - Class P

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**Information Memorandum**

19 August 2025

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

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APIR HOW8852AU

**Responsible Entity**

Fidante Partners Limited

ABN 94 002 835 592

AFSL 234 668

## Important notices and disclaimer

This information memorandum dated 19 August 2025 (**Memorandum**) is issued and made available by Fidante Partners Limited (ABN 94 002 835 592, AFSL 234 668) (**Fidante, we, our, us, Responsible Entity**) as the Responsible Entity of the Challenger Solutions Spectrum Systematic Alpha Fund (**Fund**) in relation to the offer by Fidante of Class P units in the Fund. References in this Memorandum to **units** or **the Fund** are to the Class P units in the Fund. No other class of units in the Fund is offered in this Memorandum.

Our ultimate parent is Challenger Limited (ABN 85 106 842 371). We have appointed Challenger Investment Solutions Management Pty Ltd (ABN 63 130 035 353, AFSL 487354) (**Challenger Solutions, CISM** or the **investment manager**) as the investment manager of the Fund.

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

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

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

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

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

The information in this Memorandum is up-to-date at the time of preparation and some information in this Memorandum, as well as the terms and conditions of the offer, may change from time to time. Fidante may change this Memorandum from time to time without notice and does not have any obligation to update the contents of the Memorandum. If a change is considered materially adverse to investors, Fidante will issue a replacement Memorandum and notify investors within three months of the change occurring. For updated or other information about the Fund (such as performance), please call the Fidante Investor Services Team on 1300 721 637. Fidante will send you a copy of the updated information on request, free of charge. Paper copies of this Memorandum are also available, free of charge, on request, by calling the Fidante Investor Services Team or by emailing [info@fidante.com.au](mailto:info@fidante.com.au). Neither Fidante nor its related entities, any of their directors, employees or agents, accept any liability for any loss or damage arising out of the use of all or part or, or any omission, inadequacy or inaccuracy in, the information presented in this Memorandum.

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

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

## **The offer**

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

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

You must complete the 'Application Form for Institutional Clients' to be issued units in the Fund.

Investments in the Fund are governed by the constitution of the Challenger Solutions Spectrum Systematic Alpha Fund (**Constitution**) and associated documents (each as amended, varied, updated, supplemented or replaced from time to time) and nothing in this Memorandum limits or qualifies the powers and discretions conferred upon Fidante or Challenger Solutions under those documents. Prospective investors should refer to the complete legal documentation for the Fund, available on request by calling the Fidante Investor Services Team on 1300 721 637 or by emailing [info@fidante.com.au](mailto:info@fidante.com.au).

**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 Memorandum and is not responsible for the issue of this Memorandum, nor is it responsible for any particular part of this Memorandum other than those parts that refer to it. Challenger Solutions has not withdrawn its consent before the date of this Memorandum.

## Table of contents

About Challenger Solutions	5
Features at a glance	6
About the Fund	8
Risks of investing in managed investment schemes	10
Fees and other costs	13
Making, withdrawing and monitoring your investment	15
How managed investment schemes are taxed	20
Additional information	22

## 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>	info@fidante.com.au
<b>Mail</b>	Fidante GPO Box 3993 Sydney NSW 2001. For any complaints please address to the 'Complaints & Disputes Resolution Officer.'
<b>Website</b>	www.fidante.com.

# 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>About the Fund</b>		
Investment objective	The Fund aims to provide an absolute return and capital growth after costs over the medium to long term.	'About the Fund'  'Investment approach' and 'Investment universe and portfolio construction'
Minimum suggested investment timeframe	At least three years	
Description of the Fund	The Fund is a multi-strategy systematic investment fund aiming to deliver positive absolute returns regardless of market direction. The Fund employs a multi-strategy approach, spanning many styles of systematic strategy and across multiple asset classes.	
<b>Minimum transaction and balance requirements<sup>1</sup></b>		
Initial investment	\$500,000	'Making, withdrawing and monitoring your investment'
Additional investment	Nil	
Minimum withdrawal	Nil	
Minimum balance	Nil	
<b>Fees and other costs</b>		
Contribution or entry fee	Nil	'Fees and other costs'
Management fee	1.00% p.a. (inclusive of GST and net of reduced input tax credits (RITCs)) of the Adjusted NAV <sup>2</sup> of the Fund.	
Performance fee	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.	
Recoverable expenses	Recoverable expenses, which are normal operating expenses of up to 0.10% p.a. of the Adjusted NAV 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.	
Buy/sell spread	+0.30% / -0.35% per transaction. This amount may change if the estimate of the underlying transaction costs changes.	
Exit fee	Nil. Currently we do not charge an exit fee.	
<b>Making and withdrawing your investment</b>		
Investments and withdrawing	<p>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, 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.</p> <p>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.</p>	'Making, withdrawing and monitoring your investment'

<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.	
<b>Valuations and unit 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.	

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

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

# About the Fund

The Fund is a multi-strategy systematic investment fund that aims to provide positive absolute returns regardless of market direction. CISM leverages both quantitative and qualitative analysis to pinpoint market inefficiencies and build a robust portfolio of systematic strategies to capture alpha. The Fund is designed to deliver consistent returns with minimal correlation to overall market direction.

## Investment Approach

CISM's investment philosophy is centred on the following core beliefs:

- **Systematic:** Market distortions exist that can be systematically harvested to generate alpha.
- **Diversification:** Systematic strategies can be a powerful source of diversified return to complement more traditional asset class exposures.
- **Portfolio:** Constructing a portfolio of uncorrelated systematic strategies across multiple asset classes delivers more consistent risk and return outcomes.

CISM's approach involves identifying persistent market inefficiencies and developing strategies to systematically extract alpha from these inefficiencies. CISM employs a multi-strategy approach, spanning many styles of systematic strategies across multiple asset classes. The strategies exhibit low correlation to each other and to broad macroeconomic factors. CISM 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.

CISM dynamically manages its exposure to different systematic strategies to position the overall portfolio for prevailing market conditions, while maintaining sufficient diversification to ensure the portfolio remains uncorrelated.

## Investment universe and portfolio construction

The Fund primarily gains its exposure to systematic strategies through total return swaps. The Fund may also implement systematic strategies using other derivative exposures. Strategies typically fall into categories such as momentum, carry, value and volatility and asset classes such as equities, fixed income, foreign currency exchange and commodities. The Fund may also invest in cash and cash equivalent securities.

CISM sizes exposures to individual strategies in order to balance returns from the different strategies in the portfolio, while aiming to limit overall portfolio volatility.

The Fund invests in strategies across the spectrum of risk aiming to provide consistent performance with low correlation to outright market direction with some slight defensive characteristics.

The end portfolio will typically invest in 5-20 well-researched strategies.

## Strategic asset allocation

Asset class <sup>^</sup>	Min (%)	Max (%)
Systematic investment strategies*	0	500

\*Systematic strategies are implemented via derivatives, and the limits are based on the notional value of the derivatives held in the portfolio, excluding FX forwards used to hedge cash investments and other derivative positions held which hedge underlying exposures of the Fund.

<sup>^</sup>These are asset allocation ranges for the Fund. If market movements, investments into or withdrawals from the Fund, or changes in the nature of an investment, cause the Fund to move outside these ranges, or a limit set out in this Information Memorandum, this will be addressed by us or CISM as soon as reasonably practicable.

## Currency strategy

Currency positions are taken by the Fund. CISM 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.

## Additional information about the Fund's investments

### 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. Challenger Solutions may use leverage to increase the exposure of the Fund to investment markets. Leverage will generally be obtained through the use of derivative instruments. Please refer to 'Gearing and leverage' under 'Additional information about the Fund's investments' for further information on how the Fund may use gearing and leverage.

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.

### **Asset allocation ranges**

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

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

If market movements, investments into or withdrawals from the Fund, or changes in the nature of an investment cause the Fund to exceed these asset allocations, or a limit set out in the Memorandum, this will be addressed by us or Challenger Solutions as soon as reasonably practicable.

### **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 invests in, or obtains exposure to derivatives, such as total return swaps, options, forwards, cross-currency swaps, interest rate swaps and futures.

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

Derivatives may be used to gain exposure when they offer a more cost-effective way of purchasing the underlying security. Derivatives can be used to implement investment decisions (including hedging), 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 adjust or implement investment decisions and to gain, or avoid, exposure to a particular market rather than purchasing physical assets.

The Constitution permits the use of 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 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. The notional value of derivatives, excluding derivatives used to hedge foreign currency exposures, is limited to 500% of the Fund's Net Asset Value. Leveraged market exposure will generally be obtained through the use of derivative instruments including total return swaps, options and forwards.

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

The Fund has the ability to use short selling for short security/index derivatives. The Fund is not permitted to use short selling for individual securities.

### **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

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

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

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

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>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. 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>Currency risk</b>	<p>Some investments held by the Fund may be denominated in a currency different to Australian Dollars. The value of these investments may fluctuate in Australian dollar terms because of fluctuations in currency exchange rates.</p> <p>As an example, a rise in the Australian dollar relative to other currencies may negatively impact investment value or returns. Conversely, a decline in the Australian dollar relative to other currencies may positively impact investment returns.</p>
<b>Derivative risk</b>	<p>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'.</p> <p>There are certain risks associated with the collateral requirements of derivative counterparties, particularly when over-the-counter (<b>OTC</b>) 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.</p> <p>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.</p> <p>Challenger Solutions aims to keep derivative risk to a minimum by:</p> <ul style="list-style-type: none"> <li>• constantly monitoring the Fund's use of derivatives;</li> <li>• aiming to ensure that the Fund keeps sufficient liquid assets to meet all obligations, costs, liabilities and potential losses associated with derivatives; and</li> <li>• entering into derivative contracts with reputable counterparties.</li> </ul>

<p><b>Fund risk</b></p>	<p>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.</p> <p>Your investment in the Fund is governed by the terms of the Constitution and the Memorandum of the Fund (each as amended from time to time), the Corporations Act (where applicable), and other laws. The value or tax treatment of an investment in the Fund or its underlying assets, or the effectiveness of the Fund's trading or investment strategy may also be adversely affected by changes in government policies (including taxation), regulations and laws, or changes in generally accepted accounting policies or valuation methods. Such changes could also make some investors consider the Fund to be a less attractive investment option than other investments, prompting greater than usual levels of withdrawals, which could have adverse effects on the Fund.</p> <p>There is also a risk that investing in the Fund may give different results from holding the underlying assets of the Fund directly because of:</p> <ul style="list-style-type: none"> <li>• income or capital gains accrued in the Fund at the time of investing; and</li> <li>• 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.</li> </ul> <p>We aim to manage these risks by monitoring the Fund and by acting in investors' best interests. In the event of winding up the Fund, we will realise all the Fund's assets, which will generally result in the crystallisation of tax positions (both income and capital) at that time.</p>
<p><b>Leverage risk</b></p>	<p>The use of borrowed money or gearing within the Fund will increase investment exposure and can magnify the potential gains and losses from investments and increase the volatility of the Fund's total return. Gearing also increases the risk of the Fund not meeting the financial obligations of the borrowing, including but not limited to the cost of the borrowing and refinancing risk.</p>
<p><b>Liquidity risk</b></p>	<p>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).</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>
<p><b>Market risk</b></p>	<p>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.</p> <p>Often assets from less developed regions or markets display higher levels of volatility of investment return than assets in mature markets.</p>
<p><b>Service provider risk</b></p>	<p>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.</p>

**Withdrawal risk**

If a situation occurs where the assets that the Fund invests in are no longer able to be readily bought and sold, or market events reduce the liquidity of a security or asset class, there is a risk that the generally 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).

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.

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# Fees and other costs

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

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

## Management fee

The Fund charges a management fee of 1.00% p.a. of the Adjusted NAV of the Fund. The management fee 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.

Fidante receives a fee to act as Responsible Entity. This Responsible Entity fee is payable out of the above management fee and is not an additional fee to unitholders.

## 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.

## Performance Benchmark

The Performance Benchmark is the daily return of the 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.

## 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 normal operating expenses of the Fund are estimated to be 0.10% p.a. of the Adjusted NAV of the Fund. Normal operating expenses are deducted from the Fund's assets, accrued daily and paid monthly on or around the last business day of the month. This amount is not an indication or guarantee of the amount that may be charged in the future. Normal operating expenses 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.

Whilst it is not possible to estimate such expenses with certainty, we anticipate that the events that give rise to such expenses will not occur regularly.

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

### **Entry and exit fees**

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

### **Buy/sell spreads**

The buy/sell spread is the difference between the investment unit price and the withdrawal unit price and is stated as a percentage of the net asset value of the Fund. The buy/sell spread is not a fee paid to us. It is reflected in the unit price and is therefore an additional cost to you. The current buy/sell spread for the Fund is 0.30%/-0.35%. This may vary from time to time and we will provide notification of any changes to the buy/sell spread on the Challenger website.

### **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.

### **Can fees change?**

All fees can change without investor consent. Reasons for this might include changing economic conditions and changes in regulation. 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 Memorandum without prior notice.



# Making, withdrawing and monitoring your investment

## Additional information about making an investment

### Initial Investments

The minimum initial investment amount is \$500,000. We may vary or waive the minimum investment amount at any time.

All individual or joint investors in the Fund must be at least 18 years of age.

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.

To make your initial investment please complete the following:

1. Read and understand this Information Memorandum; and
2. Complete and submit a paper application form available by contacting us on 1300 721 637.

### Additional one-off investments

You can make additional investments into the Fund.

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

A copy of the current Information Memorandum and any supplementary notices is available free of charge by calling the Fidante Investor Services Team on 1300 721 637 or by emailing [info@fidante.com.au](mailto:info@fidante.com.au).

To make a one-off additional investment please complete the following:

1. Read and understand this Information Memorandum; and
2. Complete and submit a paper additional application form available by contacting us on 1300 721 637.

### 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

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.

## Additional information about withdrawing

### How to make a withdrawal

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 Unitholder Number;
- the full name(s) in which your investment account is held;
- the amount (dollar or units) you wish to withdraw;
- method of payment;
- 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.

### **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').

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).

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 Memorandum, the Responsible Entity expects that the Fund will be liquid.

## Additional information about transactions

### Transferring ownership

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

Please contact us for further information about transferring units.

### Transaction cut-off times

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.

### Online transacting terms and conditions

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.

### **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.

### **Monitoring your investment**

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.

### **Keeping us informed**

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.

### **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 by emailing [info@fidante.com.au](mailto:info@fidante.com.au).

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

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

## Additional information about making a complaint

As part of our commitment to providing quality service to our Investors, we endeavour to resolve all complaints quickly and fairly. Our policy is to acknowledge any complaint 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)

# How managed investment schemes are taxed

## Taxation of the Fund

The Attribution Managed Investment Trust (**AMIT**) legislation applies to qualifying Managed Investment Trusts (**MITs**) that make an irrevocable election to become an AMIT. The 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.

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 fees and for costs (if any) that an investor would ordinarily incur when investing in the Fund's underlying assets.

Where we receive a valid transaction request before the transaction cut-off time of 3:00pm (Sydney time) on a NSW business day, 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, 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.

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

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

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

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

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

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.

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

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

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

Please log into InvestorServe to update your details.

## 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.

## **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 Memorandum 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.



