



METRICS DIRECT INCOME FUND

**UPDATED AND REISSUED
ADDITIONAL INFORMATION BOOKLET**

Metrics Direct Income Fund
(ARSN 641 620 331; APIR CODE EVO2608AU; ISIN AU60EVO26084)

10 March 2022

ISSUER AND RESPONSIBLE ENTITY

Equity Trustees Limited
(ACN 004 031 298; AFSL 240975)

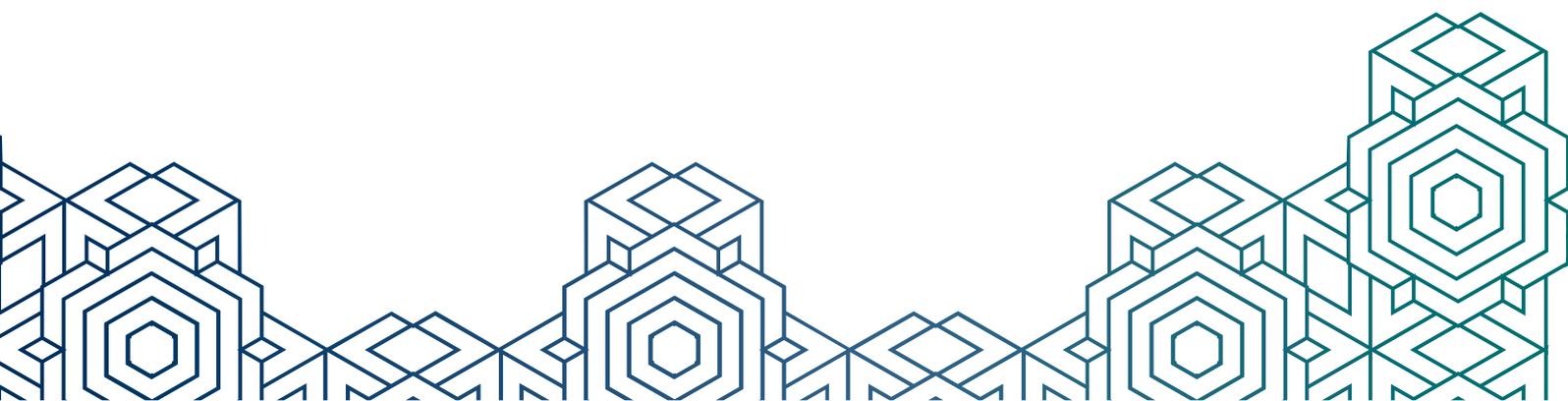
MANAGER

Metrics Credit Partners Pty Ltd
(ACN 150 646 996; AFSL 416 146)

ABOUT THIS ADDITIONAL INFORMATION BOOKLET

This Additional Information Booklet (**AIB**) has been issued by Equity Trustees Limited ACN 004 031 298; AFSL 240975 (**Responsible Entity**). The information in this document forms part of the updated and reissued product disclosure statement of the Metrics Direct Income Fund ARSN 641 620 331 dated 10 March 2022 (**PDS**) and should be read together with the PDS. The PDS can be obtained at no charge at www.metrics.com.au/funding-solutions/metrics-direct-income-fund or by contacting the Distribution Partner on Ph 1300 010 311. The PDS contains a number of references to additional important information contained in this AIB. The information contained in this AIB is not financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs. Before deciding to invest in the Trust, you should read the PDS (including this AIB) in its entirety.

You should take into account all risk factors referred to in the PDS (including those in section 8 of the PDS and in section 6 of this document) and this AIB and consider whether acquiring Units represents an appropriate investment in view of your personal circumstances. You should carefully consider your particular investment objectives, financial circumstances and investment needs (including financial and taxation issues) and you should seek advice from your professional adviser before deciding whether to invest. You should consider the risk factors that could affect the financial performance of the Trust. Capitalised terms have the meaning given in the PDS unless otherwise defined in this document.



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The information in this booklet forms part of the product disclosure statement of the Metrics Direct Income Fund ARSN 641 620 331 dated 10 March 2022 (PDS) and should be read together with the PDS. The PDS contains a number of references to additional important information about the Trust contained in this booklet.



1. ABOUT THE TRUST

1.1 RESPONSIBLE INVESTMENT, ENVIRONMENTAL, SOCIAL AND ETHICAL CONSIDERATIONS

Metrics has a formal Responsible Investment, Environmental, Social and Governance (**RIESG**) Policy in place. Metrics' investment process will take RIESG issues into account for the purpose of selecting or realising an investment alongside traditional factors, noting that analysing RIESG issues can assist in identifying business models that may create sustainable value while reducing risk. Metrics does not have a predetermined view about the standards or considerations which it regards as labour standards or environmental, social or ethical considerations. The RIESG issues against which investments will be assessed and benchmarked are identified by reference to a wide range of data sources integrated into Metrics' due diligence process. Metrics may rely on any third party data, research and analytical tools that it considers relevant. Such tools may include the S&P ESG Risk Atlas, the SASB Materiality Maps and other references employed by Metrics from time to time.

Further, Metrics does not have a predetermined view about how far labour standards or environmental, social or ethical considerations will be taken into account in determining which investments to make.

A copy of the RIESG Policy can be found on the Manager's website www.metrics.com.au/wp-content/uploads/2021/09/Metrics-ESG-Policy.pdf.

2. DISTRIBUTIONS

2.1 DISTRIBUTION REINVESTMENT PLAN

The Responsible Entity has established a DRP to provide Investors with the option to re-invest distributions as additional Units in the Trust. Under the DRP income distributions will be reinvested in the Trust on behalf of the Investor and new Units will be issued to that Investor. Units will be issued (and the applicable Issue Price calculated) on the Issue Date following the end of the applicable distribution period. Investors who have not elected to participate in the DRP will be deemed to have elected to receive cash distributions. Unitholders who have not provided the Unit Registry with valid bank account details for the payment of cash distributions will be deemed to have elected to reinvest all of their cash distributions in additional units in the Trust in accordance with the DRP.

An Investor may elect to participate in the DRP by providing written notice to the Unit Registry.

2.2 CAPITAL DISTRIBUTIONS

The net proceeds from the maturity, repayment (part or full) or sale of any Trust assets or the release of amounts from reserves for expected losses will, at the Responsible Entity's discretion, be distributed to Investors or retained in the Trust for further investment.

3. VALUATION OF ASSETS

The trustees of the Wholesale Funds will cause the assets of the Wholesale Funds to be independently valued. The NAV of the Trust is expected to be calculated daily by deducting from the total value of the assets of the Trust all liabilities (which includes declared but unpaid distributions) calculated in accordance with Australian Accounting Standards.

The Responsible Entity's valuation policy requires the assets of the Trust to be valued using methods consistent with the range of ordinary commercial practice for valuing those and represent its assessment of current market value. The trustees of the Wholesale Funds engage one or more international accounting and professional services firms to provide independent assessments of the net asset value of the Wholesale Funds on an ongoing basis.

The valuation of corporate loans reflects that they are not generally available for sale. Credit risk rather than market risk is the key risk reflected in the asset valuation. Credit risk is assessed in terms of the probability that a borrower may default, the estimated level of utilisation of a loan at default and the anticipated loss given a default has occurred.

The NAV per Unit of the Trust is generally published daily on the website of the Manager. The Sub-Trust and the Wholesale Funds will be valued using the same approach as that outlined above for the Trust.

4. AUSTRALIAN CORPORATE LOAN MARKET

4.1 OVERVIEW

The Australian corporate fixed income market totals approximately \$1.2 trillion. Australian companies are highly reliant on bank debt funding in the form of corporate loans. As at June 2021, 77% (approximately \$888 billion) of the Australian corporate fixed income market was provided by way of corporate loans (see chart 1). While some larger companies may be able to access local and international Bond markets to diversify sources of funding, such issuances typically supplement bank funding rather than replace it. Other developed markets such as the United States and Europe have more established publicly-traded Bond markets which expand the debt funding alternatives available to corporate borrowers in these markets. In Australia, however, companies remain heavily reliant on banks to provide most of their debt capital.

Approximately 80%¹ of Australian corporate loans are provided by over 90 registered domestic and foreign regulated banks. Lending to companies is highly concentrated amongst the four major Australian banks, which together provide approximately 70% of all Australian corporate loans (see chart 2).

Chart 1 – Corporate fixed income market²

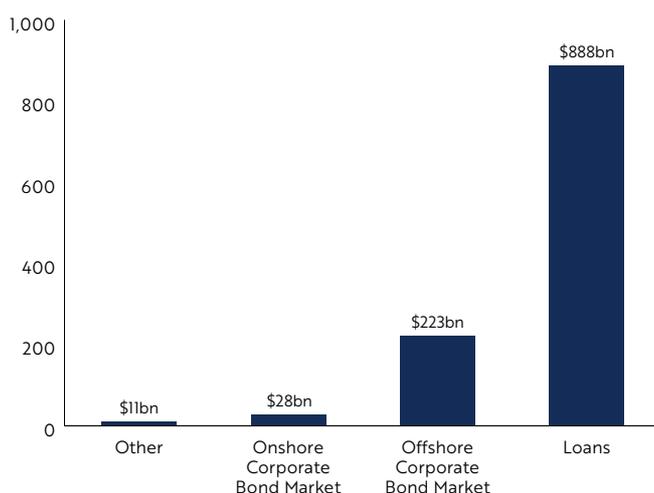
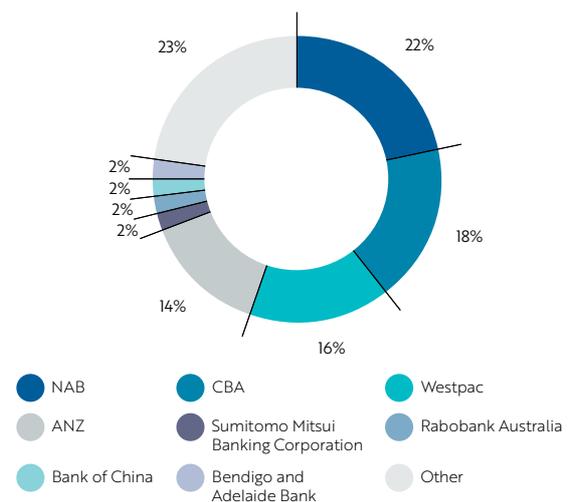


Chart 2 – Corporate loan market bank providers³



At its simplest, a loan is an advance of money to a borrower with obligations to make predetermined repayments and pay interest and fees. Borrowers have a contractual obligation to repay capital advanced at a pre-agreed future date.

Financial returns for lenders in the corporate loan market are generated from several sources:

- > Interest income is the principal income stream and is typically a margin over a floating rate benchmark, usually the Bank Bill Swap Rate (BBSW)⁴ which closely tracks the RBA Cash Rate (see Chart 3). Metrics estimates interest charged on variable rate loans in the corporate loan market has averaged approximately 2.1% over BBSW and 2.3% over the RBA Cash Rate (or 4.6% all-in) post the Global Financial Crisis (GFC) (post-December 2008 quarter) across a variety of borrowers, credit qualities, loan types, tenors and business cycles.
- > Other fee income may be generated, including various other work or time-based fees, which are typically paid by the borrower. Fee income may enhance the overall return available from investing in loans.

¹ Percentage estimated using on-shore debt only.

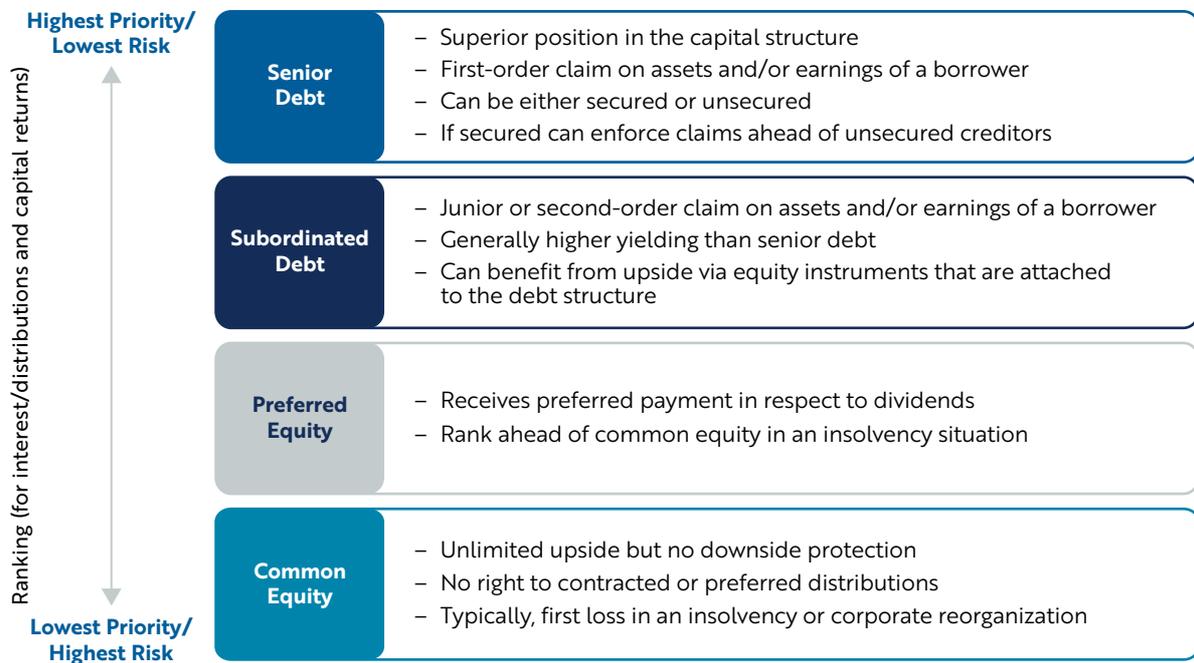
² Source: ABS – Australian National Account: Finance and Wealth, Credit Outstanding June 2021.

³ Source: APRA Monthly Banking Statistics, August 2021.
Notes: Loans and advances to non-financial corporations.

⁴ The floating rate benchmark for corporate loans is typically BBSY; however, this is quoted as a fixed margin of 0.05% above BBSW and is therefore not considered a separate benchmark.

Corporate loans typically pay lenders floating-rate interest, ensuring an investor in corporate loans will receive a higher return if benchmark interest rates increase. This contrasts to other debt products such as Bonds, which usually offer fixed interest rates and a greater risk of decline in capital value if benchmark interest rates increase.

Corporate loans generally provide lenders with a high degree of capital stability. Lenders typically have a range of protections to preserve their capital in the form of security, covenants and other controls which impose obligations on borrows and are intended to protect lenders against the risk of loss. The risk of loss is intended to be borne by equity capital which is subordinate to debt in the capital structure.



Source: Metrics

The Australian corporate loan market has historically recorded low loss rates, even in times of market disruption such as the GFC from 2008-2010. Chart 4 demonstrates the net write-offs of capital for corporate loans recorded by Australia's major banks since March 2009. Loan loss rates during this time have averaged approximately 0.2% per annum, peaking at approximately 0.68% in 2010. Net write-offs have since reduced to 0.07% per annum for the year ended September 2021.

Past performance is not a reliable indication of future performance.

Chart 3: Interest rates, RBA Cash Rate and BBSW⁵

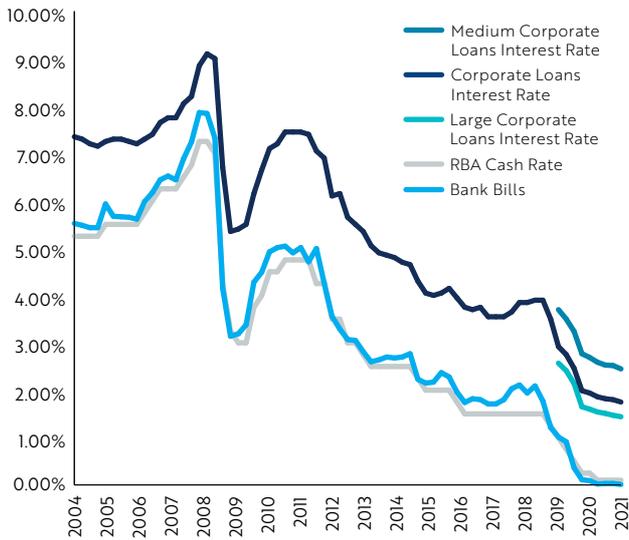
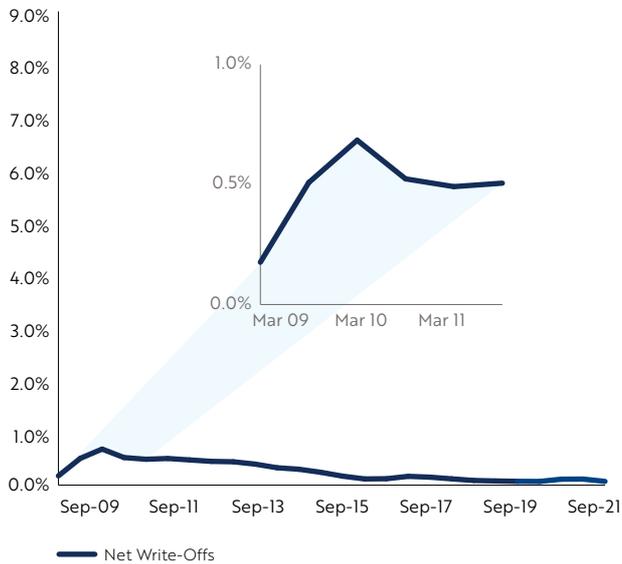


Chart 4: Major banks’ historical net write-offs as at 30 September 2021⁶



Note: there is typically a time-lag between financial distress, loan default and then eventual credit loss.

5 Source: RBA
 Notes: As at September 2021. From 31/01/2004 to 30/06/2019 Corporate Loans Interest Rate is the weighted average variable interest rate on bank credit provided to businesses with outstanding amounts over \$2 million (series discontinued). From 30/09/2019 Corporate Loans Interest Rate is the weighted average interest rate on variable rate business loans to “Large” and “Medium” size borrowers (calculated by Metrics based on RBA data).

6 Source: Metrics analysis.
 Notes: As at 30 September 2021, Metrics analysis of the market is based on major banks’ APRA APS 330 reports and other publicly available information.

In the Manager’s view, the corporate loan market offers attractive risk-adjusted return characteristics compared to other fixed income investment alternatives. In Australia, corporate loans are typically provided to performing companies with credit ratings between ‘A’ and ‘BB’ and banks hold these loan assets on balance sheet.

The vast majority of the borrowers in the corporate loan market do not have global credit ratings. Instead, in order to assess the creditworthiness of borrowers, lenders use

their own proprietary credit rating models that employ a similar approach to that used by the global credit rating agencies and which are approved by prudential regulators.

In assessing the credit worthiness of a borrower, Metrics applies a rating to reflect the risk of payment default and recovery. Metrics’ methodology is similar to that applied by the global credit rating agencies and regulated banks, including the use of the following categories shown in table 1.

Table 1: Metrics’ credit ratings overview

	METRICS’ CATEGORY	DEFINITION
Investment Grade	AAA	The highest rating possible, typically associated with sovereign borrowers. Obligors are the highest quality, with the lowest level of credit risk.
	AA	Only a slight difference to a ‘AAA’ rating. Obligors have very low credit risk with very strong capacity to meet financial commitments.
	A	High credit quality and capacity for payment of financial commitments is still strong.
	BBB	Moderate credit quality and capacity to pay financial commitments is satisfactory.
Sub-Investment Grade	BB	Higher vulnerability to credit risks and may face exposure to adverse business, financial or economic conditions.
	B	Considered speculative and subject to material credit risks.
	CCC	Substantial credit risk and obligor is vulnerable to non-payment of financial commitments.
	CC	Very high levels of credit risk and obligor is highly vulnerable to non-payment of financial commitments.
	C	Exceptionally high levels of credit risk. Default is considered a near certainty.
	D	Obligation is in default or breach.

Source: LoanConnector

4.2 MARKET DIVERSITY

The profile of the corporate loan market reflects both the underlying Australian corporate borrower mix, as well as the portfolio risk parameters of the Australian major banks. The corporate loan market has significant diversity in terms of borrowers, industry representation, credit quality and loan tenors:

- > the corporate loan market is utilised by a variety of industry sectors (see chart 5);

- > based on Metrics’ analysis of data published by Australia’s four major banks and other publicly available information, the majority of corporate loans are investment grade quality and are diversified across the credit spectrum (see chart 6); and
- > banks typically lend for 1, 3 or 5 years, and borrowers may have a combination of revolving (a flexible loan structure that allows a borrower to draw down and to repay the loan on an ongoing basis) and term loans with varying loan terms to maturity.

Chart 5: Market by industry sector⁷

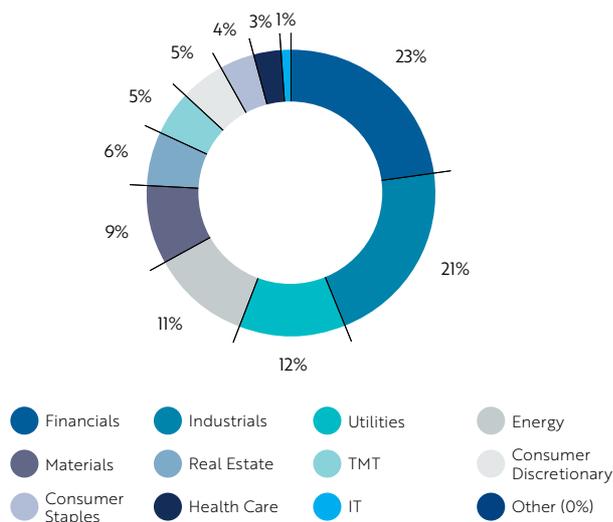
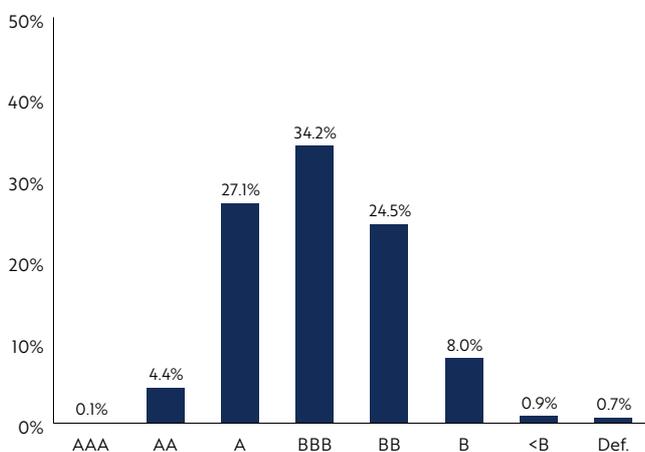


Chart 6: Market by credit quality as at 30 September 2021⁸



Notes: As at 30 September 2021, Metrics analysis of the market is based on major banks' APRA APS 330 reports and other publicly available information.

4.3 BARRIERS TO ENTRY

The corporate loan market has substantial barriers to entry which make it difficult for non-bank investors or lenders to participate:

- > significant levels of capital are necessary to:
 - build a diversified portfolio that mitigates individual borrower and industry risk; and
 - meet minimum commitment amounts for participation in a loan syndicate (typically in excess of \$10 million);
- > a new entrant must initially be able to sustain a high fixed cost base prior to a portfolio achieving a profitable scale;
- > Australia's major banks have extensive borrower relationships and offer borrowers comprehensive financial services;
- > loans usually contain transfer restrictions including a high minimum lender credit rating and requirements for borrower consent;
- > corporate loans are not exchange traded or public securities; and
- > loans are privately negotiated transactions and not available to public market investors.

These characteristics have resulted in investors having limited direct fixed income exposure to the majority of Australia's top companies and projects, and the attractive risk-adjusted returns on offer.

4.4 CORPORATE LOAN FEATURES

Overview of corporate loans

Corporate loans are privately negotiated agreements between a lender and a borrower and can incorporate a range of features including:

- > number of lenders (single, few or many);
- > revolving facilities (a flexible loan structure that allows a borrower to draw down and to repay the loan on an ongoing basis);
- > tenor (contracted loan term for repayment) (typically 3-5 years);
- > single or multi-currency;
- > use of proceeds (e.g. working capital, acquisition, capital expenditure, term funding requirements); and

⁷ Source: Refinitiv Loan Connector and Metrics' analysis.

⁸ Source: Metrics analysis.

- > lender protections (security, covenants, other controls such as restrictions on leverage or distributions and performance reporting obligations).

Fees and interest charged on corporate loans will also differ for each agreement and will reflect, amongst other things:

- > the lender's assessment of the borrower's credit quality (willingness and capacity to repay the loan);
- > market conditions; and
- > structure and term of the loan.

The majority of corporate loans in the Australian market are structured as fixed term-to-maturity loans, with tailored terms and conditions for specialised finance transactions.

Types of corporate lending

Corporate loans are negotiated and the terms and conditions will vary subject to the borrower's circumstances and lender credit risk policies.

Many of Australia's largest companies and projects utilise corporate loans.

Table 2: Types of Corporate Loans

LOAN TYPE	
Corporate loans	Corporate loans are issued to public and private companies as a core part of financing their capital requirements and for general working capital purposes. Corporate loans may be secured or unsecured.
Project finance loans	Project finance loans are specialised debt facilities provided for the construction and operation of a specific project. Facility drawdowns are controlled and risks are carefully allocated amongst project participants including project delivery. The project sponsor will contribute the equity component before the debt is drawn and either the project sponsor or construction contractor will guarantee any cost overruns
Real estate loans	Real estate loans can be for both project development or for single or multiple existing properties. Construction facilities are structured similarly to specialised project finance (described above). Equity investors first contribute a proportion of capital, which suffers losses (first, before lenders) if there is a fall in the price of the underlying asset or the property fails to generate sufficient cashflow to repay the loan.
Acquisition finance loans	Acquisition facilities are provided to an acquirer to purchase a target company. These facilities are a form of specialised finance.
Other types of corporate loan structures	Loans can rank as either senior or subordinated ranking claims in the capital structure of the corporate. Loans can be secured over all of the assets of the borrower or the borrower may grant security to a lender over specific assets. These loans are known as specialised finance loans and may include subordinated or mezzanine loans.
Specialised asset-backed loans	Asset backed loans are usually ringfenced against a specific asset of a borrower against which a lender can pursue recovery in the event of non-payment. Often such assets can be taken off balance sheet through a 'sale and leaseback' transaction whereby the company leases the asset rather than owning it.
Subordinated loans	Subordinated or mezzanine loans are loans to which senior ranking debt claims rank in priority from a cashflow and repayment perspective. Subordinated or mezzanine loans generally carry higher interest rates as they carry a higher risk of not being paid where the borrower is insolvent and there is senior debt in place.

5. MATERIAL CONTRACTS

The Responsible Entity considers that certain agreements are material to the Trust or are of such a nature that an investor in the Trust may wish to have particulars of them when making an assessment of whether to apply for Units (**Material Agreements**).

The provisions of the Material Agreements are summarised below. As this section 5 only contains a summary, the provisions of each agreement are not fully described. To understand fully all rights and obligations pertaining to the Material Agreements, it would be necessary to read them in full.

5.1 CONSTITUTION

The Trust is governed by the Constitution and applicable laws. A summary of the key rights and obligations attaching to the Units and a description of the material provisions of the Constitution are set out below. This summary is not exhaustive nor does it constitute a definitive statement of the terms of the Constitution. The rights and obligations attaching to ownership of Units are also governed by the Corporations Act, and general law which are not discussed in full.

If you invest in the Trust, you agree to be bound by the terms of this PDS and Constitution. Copies of the Constitution are available, free of charge on request from the Responsible Entity. Please consider the Constitution before investing in the Trust.

(a) Units

The Trust is divided into Units. A Unit confers on the Investor an undivided beneficial interest in the Trust as a whole, subject to trust liabilities and not in parts or single assets. An Investor holds a Unit subject to the rights and obligations attaching to that Unit. Units may be issued at a price determined by the Responsible Entity.

(b) Redemption of Units

Other than when the Trust is liquid, Units are not able to be redeemed, except under a withdrawal offer or buy-back of Units which is at the absolute discretion of the Responsible Entity to offer. Such offers will be made to all Investors and in accordance with the Corporations Act.

(c) Amendments to Constitution

While the Trust is a Registered Scheme, the Constitution may be amended by the Responsible Entity, provided that the Responsible Entity reasonably considers that the amendment will not adversely affect the rights of Investors, or by special resolution of Investors. Any amendment to the Constitution will not be effected until the modification is lodged with ASIC.

(d) Liability of Investors

As is typically the case with Australian managed funds, the liability of each Investor is limited to the amount subscribed, or agreed to be subscribed by the Investor, for Units plus any losses related to their default under the Constitution and taxes related to their Units, although this has not been definitively tested by the courts.

(e) Responsible Entity's powers and duties

The Responsible Entity has within and outside Australia all the powers in relation to the Trust that it is legally possible for a natural person, corporation, trustee or responsible entity to have, including to invest in real or personal property of any nature, to borrow or raise money and to secure by mortgage or otherwise, give guarantees and incur liabilities and obligations of any kind and to fetter its own discretion, as if it were the absolute and beneficial owner of all Trust assets.

The Responsible Entity may appoint delegates or agents to perform any act and to exercise any of its powers, as well as advisers to assist with its duties and functions.

In discharging its duties, the Responsible Entity is required to comply with the Constitution, the Corporations Act and the general law in Australia.

(f) Responsible Entity's indemnity and expense reimbursement

The Responsible Entity is indemnified out of the Trust assets and can be reimbursed for any liability incurred by it, in its own capacity or through an agent, manager, adviser or delegate, in relation to the proper performance of any of its duties in respect of the Trust. The Responsible Entity will incur expenses to maintain the Trust such as the maintenance of the unit register.

(g) Responsible Entity's liability

Under the Constitution the Responsible Entity will not be liable to Investors except in the case of its fraud, negligence or breach of trust or any other amounts required under applicable law.

The Responsible Entity's liability is generally limited to the extent to which it is entitled and does recover through its right of indemnity from the Trust property.

(h) Related parties

The Responsible Entity, the Manager and any related company or Associate of the Responsible Entity or Manager, may, subject always to acting in good faith to Investors:

- (i) hold Units including units in the Listed Trust, Sub-Trust and Wholesale Trusts;
- (ii) represent or act for, or contract with, individual Investors;
- (iii) deal in any capacity with the Responsible Entity, the Manager or with any related body corporate or Associate of the Responsible Entity, the Manager or with any trust;
- (iv) invest in and deal in any capacity with the same investments as those of the Trust, on similar or different terms;
- (v) recommend that investments be purchased or sold, on behalf of the Trust, regardless of whether at the same time it may buy, sell or recommend, in the same or in a contrary manner, the purchase or sale of identical investments in relation to itself or other clients;
- (vi) deal in any investment regardless of whether that dealing is inconsistent with the dealing of the Trust;
- (vii) act in any capacity in relation to any other trusts, including subscribing for units in other trusts on behalf of Investors;
- (viii) act in various capacities in relation to, or be otherwise involved in (such as by way of investment), other business activities that may be in competition with the interests of Investors;
- (ix) acquire or dispose of Trust property to associates of the Responsible Entity or the Manager at the price and in the manner contemplated by this PDS or in the Constitution; or

- (x) receive and retain profits or benefits of any nature, in connection with the Trust or otherwise, including buying or selling Trust property from or to itself in another capacity, without being liable to account to the Trust, to the Responsible Entity, to the Manager or to an Investor.

(i) Removal and retirement of the Responsible Entity

Investors do not have a right to remove the Responsible Entity other than the right granted by the Corporations Act which requires Investors with at least 5% of the votes that may be cast on the resolution or at least 100 Investors who are entitled to vote on the resolution to call a meeting to consider a vote on an extraordinary resolution (i.e. passed by 50% of the total votes that may be cast by Investors entitled to vote on the resolution) to remove the Responsible Entity. Under the constitution, at least 3 Investors holding at least 75% of the aggregate Units must be present at a meeting to consider a resolution to remove the Responsible Entity. The Responsible Entity may retire in accordance with the Corporations Act. The Responsible Entity and its associates may vote on a resolution to remove it.

(j) Small holdings

In certain circumstances, the Responsible Entity may redeem any Units held by an Investor which comprise less than the minimum balance as provided in the Constitution.

(k) Meetings

Investors with at least 5% of the votes that may be cast on the resolution or at least 100 Investors who are entitled to vote on the resolution may generally call a meeting to consider a resolution. Resolutions must only be matters that Investors are permitted to vote on under the law or Constitution. Resolutions may be determined by postal ballot if permitted under the law or at a meeting of Investors.

(l) Termination of the Trust

Investors may at any time terminate the Trust by calling a meeting of Investors in accordance with the Corporations Act to consider and vote on an extraordinary resolution directing the Responsible Entity to wind up the Trust. The quorum for such a meeting under the Constitution is at least 3 Investors holding at least 35% of the aggregate Units.

(m) Confidentiality

All information provided to current or former Investors in relation to the Trust must be kept confidential by the Investor except in certain circumstances, including where:

- > the prior written consent of the Responsible Entity or Manager is obtained;
- > required by an applicable law, government agency of stock exchange, provided prior consultation with the Responsible Entity or Manager (as applicable) about the disclosure occurs; or
- > reasonably required by a an Investor to perform its reporting obligations to a custodian, trustee, manager, investors or beneficiaries or similar and their advisers, or a fund for which the investor holds its units, provided it informs those parties of the confidential nature of the information and they have agreed to comply with substantially the same obligations imposed on the Investor.

(n) Accounting principles

To the extent that:

- > an amount paid to acquire or upon redemption of a Unit;
- > remuneration payable to the Responsible Entity or Manager or their agents;
- > a covenant or any other parameter relating to borrowings or an investment of the Trust; or
- > an amount of distribution payable to an Investor,

is required to be calculated under generally accepted accounting principles and practices in Australia by reference to the value of Trust property (including property rights and income of the Trust including tax credits attaching to income of the Trust), that amount may instead be calculated by applying generally accepted accounting principles or accounting standards as generally accepted or in force immediately before 1 January 2005 (being the date before which the Australian equivalent to the International Financial Reporting Standards did not apply).

(o) Defaulting investors

An Investor is considered a 'Defaulting Member' in certain circumstances including where the Investor is prohibited by an applicable law from being an investor in the Trust, an Investor has not paid an amount called on it within 10 Business Days of receiving a notice to do so in accordance with the Constitution, if in the reasonable opinion of the Responsible Entity an

Investor has made a material misrepresentation in acquiring its Units or if an Investor fails to comply with the reasonable request of the Responsible Entity which may result in the Trust breaching and applicable law.

5.2 INVESTMENT MANAGEMENT AGREEMENT

The Responsible Entity has appointed the Manager on an exclusive basis to be the manager of the Trust and has entered into the Investment Management Agreement. Pursuant to the Investment Management Agreement, the Responsible Entity has agreed to appoint the Manager on an exclusive basis whereby the Responsible Entity will not appoint another manager to the Trust during the term of the Investment Management Agreement. The Manager may from time to time perform similar investment, management and administration services for itself and other persons to the services performed in respect of the Trust.

The Responsible Entity may terminate the Investment Management Agreement at any time by written notice to the Manager but only where there is cause to do so, including if:

- a) a receiver, receiver and manager, administrator or similar person is appointed to the Manager;
- b) the Manager goes into liquidation other than for the purposes of a reconstruction or amalgamation on terms previously approved in writing by the Responsible Entity;
- c) the Manager ceases to carry on business in relation to its activities as an investment manager;
- d) the Manager breaches the Investment Management Agreement and fails to correct such breach within 20 Business Days of receiving notice in writing from the Responsible Entity;
- e) relevant law requires the Investment Management Agreement to be terminated.

The Manager may also terminate the Investment Management Agreement at any time on 3 months' notice by giving written notice to the Responsible Entity. The Manager may also terminate the Investment Management Agreement at any time in certain circumstances, including where the Responsible Entity goes into liquidation (other than for purposes of a reconstruction or amalgamation on terms approved by the Manager), ceases to carry on business or where a person other than the Manager or its associates acquires a relevant interest where, due to such acquisition,

that person's or another person's voting power in the Trust exceeds 50%.

The Manager may request the Responsible Entity to retire. If the Responsible Entity receives this request it will facilitate its retirement and replacement, each in accordance with the relevant provisions of the Corporations Act. Investors will be entitled to vote on the appointment of the new responsible entity in those circumstances.

Manager indemnity

The Responsible Entity must indemnify the Manager against any direct losses or liabilities reasonably incurred by the Manager arising out of, or in connection with, and any costs, charges and expenses incurred in connection with the Manager or any of its officers or agents acting under the Investment Management Agreement except to the extent of the Manager's or any of its officers' or agents' negligence, fraud or dishonesty, or its officers, employees or agents or the Manager's breach of the Investment Management Agreement, or any act or omission of the Manager or any of its officers, employees or agents that causes the Responsible Entity to be liable to Investors for which the Responsible Entity has no right of indemnity from the Trust.

Responsible Entity indemnity

The Manager must indemnify the Responsible Entity against any direct loss or liability reasonably incurred by the Responsible Entity in connection with any negligent, fraudulent or dishonest act or omission of the Manager, its officers, employees or agents, the Manager's breach of the Investment Management Agreement and any act or omission of the Manager or any of its officers, employees or agents that causes the Responsible Entity to be liable to Investors for which the Responsible Entity has no right of indemnity from the Trust.

Expenses

The Responsible Entity must reimburse the Manager from the assets of the Trust all taxes, costs, charges (including negative interest rate charges provided those charges are reasonably incurred) and expenses properly incurred by the Manager in connection with the services provided under the Investment Management Agreement. Any deferral of expense reimbursement by the Manager will not affect its rights to such amounts.

Amendment

The Investment Management Agreement may be amended by the written agreement of the Responsible Entity and the Manager.

5.3 MANAGER TERM FOR THE SUB-TRUST

Consistent with the investment management agreement for the Listed Trust, Metrics has an initial term as manager of the Sub-Trust of ten years from the listing date of the Listed Trust (being 9 October 2017) subject to an automatic extension of the initial term for a further one year, every year from the fifth year of the initial term provided that investors in the Sub-Trust do not vote against the extension. Metrics may also request a meeting of investors in the Sub-Trust to pass an ordinary resolution to extend the initial term for a period of up to ten years.

The Sub-Trustee must terminate the investment management agreement of the Sub-Trust in circumstances where Metrics is removed as manager of the Listed Trust and the responsible entity of the Listed Trust does not redeem the units it holds in the Sub-Trust in accordance with the trust deed for the Sub-Trust within three months of the resolution being passed by the investors in the Listed Trust.

5.4 INVESTMENTS OF THE SUB-TRUST

The Sub-Trust may invest in the Wholesale Funds from time to time and this may be through a variety of different financial instruments in order to obtain an investment exposure.

This may include investing in the Wholesale Funds by way of units, convertible notes, debt facilities and other financial instruments from time to time. The following summary sets out the key terms of the investments of the Sub-Trust in the Wholesale Funds.

(a) Summary of Units

The following summary of units in the Wholesale Funds is provided given that the Sub-Trust may invest in units in the Wholesale Funds.

Redemptions

In respect of the Wholesale Fund known as DASLF, the trustee of DASLF may allow redemptions on the first Business Day of each quarter and or such other days as the trustee may determine, with redemption proceeds payable generally within five Business Days after the relevant redemption date.

The trustee of DASLF may refuse any redemption request. Redemption requests must be received at least 90 days prior to a redemption date otherwise the request will be held over for consideration for the following redemption date. The trustee of DASLF has discretion to apply an amount of transaction costs to redemption proceeds to ensure that investors are not actually or potentially adversely impacted by the actions of other investors.

For the SPDF II and REDF redemption requests are allowed at any time which may be accepted by the trustee in its absolute discretion. The redemptions will be paid from the redeeming unitholder's share of the proceeds received by the trustee from the realisation or repayment of investments (less fees and costs) in the relevant fund as at the redemption date (run-off investments). The redeeming unitholder will still be entitled to their pro rata share of distributable income in respect of their remaining interest in the fund as it runs-off.

The ability of the Sub-Trust to redeem from the Wholesale Funds may affect the ability of Investors to redeem from the Trust.

Retirement of the trustee of a Wholesale Fund

The DASLF is a Registered Scheme under the Corporations Act. As such retirement of the trustee of the DASLF must be in accordance with the Corporations Act. Pursuant to the Corporations Act unitholders may remove the trustee if an extraordinary resolution (50% of votes that may be cast by unitholders) is passed at a meeting of unitholders.

In respect of the REDF and SPDF II the trustee may retire on 90 days' notice. The trustee may be forced to retire if directed to retire by ordinary resolution of unitholders in certain circumstances (e.g. insolvency, if required by law or due to wilful misconduct, fraud or negligence or an unremedied breach of an investment document).

Retirement of the Manager of the Wholesale Funds

Metrics acts as the manager of the Wholesale Funds.

In respect of the DASLF the trustee has various rights under the investment management agreement of DASLF to terminate Metrics' appointment as manager to the fund including:

- > if an insolvency event occurs in respect of Metrics;
- > if a change in control occurs in respect of Metrics; or
- > if Metrics breaches the investment management agreement of DASLF in a way that materially adversely affects the interests of members (and fails to rectify the breach within a reasonable time).

The investment management agreement of the DASLF includes a process for an expert to resolve any disputes between the trustee and Metrics including in relation to whether a breach is material or has been adequately rectified.

In respect of the REDF and SPDF II, Metrics as manager may retire upon 90 days' notice if unitholders approve the retirement by special resolution. Metrics as manager may be forced to retire if directed to retire as manager of REDF and SPDF II by ordinary resolution of unitholders in certain circumstances (e.g. insolvency, if required by law or due to wilful misconduct, fraud or negligence, an unremedied breach of an investment document or if a key person has acted with fraud, dishonesty or wilful misconduct in connection with the relevant Wholesale Fund).

Wholesale Fund Termination

The DASLF may be terminated by an extraordinary resolution of unitholders (50% of votes that may be cast by unitholders), as determined by the trustee (with not less than 60 days prior written notice to investors) or in accordance with the Corporations Act (e.g. if ordered by a court).

The REDF and SPDF II may be terminated by the trustee with approval of unitholders by special resolution.

Voting

As the DASLF is a Registered Scheme each unitholder, on a show of hands has 1 vote and on a poll, has 1 vote for each dollar of the value of the total interests they have in the scheme.

Each unitholder in the REDF and SPDF II has one vote for each dollar of its committed capital on a resolution.

Trustee indemnity

In respect of the DASLF, the trustee is entitled to be indemnified in full out of the assets of the fund for any liability incurred by it in the proper performance of its duties or powers in relation to the fund.

In respect of the REDF and SPDF II, the trustee is entitled to be indemnified out of the property of the relevant fund for any loss incurred by it, excluding overheads, in performing any of its duties or exercising any of its powers in relation to the relevant fund or attempting to do so.

(b) Summary of convertible notes

The following provides a summary of Convertible Notes issued or to be issued by the Wholesale Funds to the Sub-Trust by way of investment in the Wholesale Funds **(Sub-Trust Notes)**.

Sub-Trust Notes are unsecured with a term of up to 10 years, and the Sub-Trust is entitled to a return referable to the returns on the underlying investments of the Wholesale Funds after fees.

The Sub-Trust Notes rank behind third party creditors and will rank equally alongside other noteholders and unitholders in the respective Wholesale Funds.

Any losses in the underlying portfolios of the Wholesale Funds will reduce the value of the Sub-Trust Notes.

Distributions on the Sub-Trust Notes are paid monthly or at such other times as the relevant trustee of the Wholesale Fund determines.

The trustee of the relevant Wholesale Fund may choose to terminate the Sub-Trust Notes by not less than 90 days' notice to the relevant noteholder. The redemptions will be paid from the redeeming noteholder's pro rata share of the proceeds received by the trustee of the Wholesale Fund from the realisation or repayment of run-off investments (less fees and costs in the relevant fund). The redeeming noteholder will still be entitled to their pro rata share of distributable income whilst Sub-Trust Notes remain outstanding. There are no covenants or other similar obligations owed by the trustee of the relevant Wholesale Fund in respect of the Sub-Trust Notes.

If the trustee of the Sub-Trust does not choose to terminate the Sub-Trust Notes as set out above for the initial term of the Sub-Trust Notes, the Sub-Trust Notes will automatically roll over for their term.

The Sub-Trust Notes do not carry the right to vote unless required by law such as for DASLF.

The trustee of the relevant Wholesale Fund may repay the Sub-Trust Notes early and must repay early if an event of default occurs. An event of default includes if the trustee of the Wholesale Fund is insolvent or the Wholesale Fund is terminated.

The trustee of a relevant Wholesale Fund may choose to convert the Sub-Trust Notes into units in the relevant Wholesale Fund during the term of the Sub-Trust Notes provided that it does not dilute the Sub-Trust's economic interest in the Wholesale Fund.

5.5 OTHER MATERIAL CONTRACTS

Auditor

The Responsible Entity intends to appoint KPMG as the independent auditor of the Trust's financial statements **(Auditor)**.

The Responsible Entity is also required to appoint an auditor of the compliance plan. The auditor is required to conduct an audit of the compliance plan within 3 months of the end of the financial year of the registered scheme and provide a report to the Responsible Entity. Deloitte PricewaterhouseCoopers ABN 52 78 0 433 757 has been appointed by the Responsible Entity to conduct this audit on the Trust's compliance plan on an annual basis.

Unit Registry

The Responsible Entity has appointed Automic Pty Ltd trading as Automic Group to provide unit registry services for the Trust. Under the Registry Services Agreement, the Unit Registry is responsible for the processing of applications and redemptions as well as investor communications among other services. The Unit Registry is entitled to be paid fees out of the assets of the Trust for its services.

Trust Administrator

The Responsible Entity has appointed MCH Fund Administration Services Pty Ltd (ABN 31 636 286 970) to provide administration and accounting services for the Trust pursuant to the Administration Services Deed. The Administrator and the Manager are both owned by the same parent company.

The Administration Services Deed can be terminated by each party at any time in certain circumstances such as where a party is insolvent. The Trust Administrator may terminate the Administration Services Deed on 45 Business Days' written notice. The Trust Administrator is entitled to be paid fees out of the assets of the Trust for its services.

Custodian

As at the date of this PDS, Sandhurst Trustees Limited ABN 16 004 030 737 is the custodian for the Trust. The Responsible Entity has appointed EQT Australia Limited ACN 111 042 132 to replace Sandhurst Trustees Limited ABN 16 004 030 737 as custodian for the Trust. The Incoming Custodian is a related party to the Responsible Entity. Under the arrangement with the Custodian, the role of the Custodian is limited to holding and maintaining assets of the Trust on behalf, and as agent, of the Responsible Entity.

6. INVESTMENT RISKS

Investing in the Trust has risks and performance of the Trust is not guaranteed by any party including the Responsible Entity or Metrics.

You should consider the risks set out below and in the PDS carefully and obtain your own advice in deciding whether or not to invest in the Trust.

ASX RISK

Due to undertakings given by each of the responsible entity of the Listed Trust and the Sub-Trustee to the ASX, where the Manager is terminated as manager of the Listed Trust, this may result in the termination of the Manager as manager of the Sub-Trust. If the Manager is removed as manager of the Sub-Trust it will have no ability to execute the Sub-Trust's and accordingly the Trust's Investment Objective. Please refer to section 5.3 above for more information in respect of the Manager's term as manager of the Sub-Trust.

The Listing Rules contain restrictions on the issue of securities of a listed entity to a related party. The ASX may exercise its discretion to determine that the Trust is related to the Listed Trust on the basis that both the Listed Trust and the Trust are managed by the Manager. If the ASX makes such a determination and no waiver is obtained, the ability of the Trust to hold units in the Listed Trust may be curtailed. This may have the effect of reducing the Trust's liquidity and limiting the ability of the Responsible Entity to fulfil Redemption Requests. The responsible entity of the Listed Trust has received in-principle advice from the ASX that the ASX will be unlikely to exercise its discretion to treat the Trust as related to the Listed Trust on the basis that Metrics is the manager of both the Trust and the Listed Trust. However, the ASX is not bound by this advice and it may be reviewed in the future.

If units in the Sub-Trust are redeemed by the Listed Trust, the Trust may become illiquid for a period as Investors in the Sub-Trust (including the Trust) may not be able to withdraw their investments in the Sub-Trust, which will affect the Trust ability to pay redemptions to Investors.

INVESTMENT RISK

The value of an investment in the Trust and/or the Trust's investments may fail in the short or long term for a number of reasons, including the risks set out in this section, which means that you may receive less than your original investment when you sell or redeem your Units in the Trust. The price of individual financial instruments may fluctuate or underperform other asset classes over time.

An investor is exposed to these risks through the life of their holding of Units in the Trust and through the Trust's investment strategies and policies.

INTEREST RATE RISK

The Trust will invest, through the Sub-Trust and the Wholesale Funds, primarily in floating interest rate investments meaning that as the underlying base interest rate of these investments rises and falls, the income and value of the Trust may change.

There is a strong correlation between the RBA Cash Rate and the base rates upon which loans are priced. Absolute returns on loans therefore rise and fall largely in correlation with the RBA Cash Rate.

REDEMPTIONS IN KIND

The terms of the Sub-Trust provide that the Sub-Trustee may satisfy redemption requests it receives by transferring assets it holds to the redeeming investor. If the Sub-Trustee determines to do so in respect of a redemption request from the Trust, the Trust could directly hold any assets held by the Sub-Trust, such as units or Sub-Trust Notes in the Wholesale Funds. The Trust would then need to liquidate those assets to fund Redemption Requests.

LIQUIDITY RISK

Where the Sub-Trust is unable to redeem or withdraw its holdings in the Wholesale Funds, due to the illiquidity of the Wholesale Funds, the ability of Investors to withdraw from the Trust may be impeded. Where it is necessary for the Wholesale Funds to sell assets in order to meet redemption requests of the Sub-Trust and accordingly, the Trust, the Manager may not be able to sell investments at an attractive price. This may impact the redemption price of Units.

In certain instances the Responsible Entity may be required to dispose of assets of the Trust to satisfy Redemption Requests. In these instances Transaction Costs may be incurred by Investors and the Trust may bear similar costs due to redeeming units in the Sub-Trust. This may reduce the amounts payable to Investors on redemption of their Units. Subject to its duties under the Corporations Act, the Responsible Entity may determine that, where assets of the Trust need to be sold to satisfy Redemption Requests, the redemption price of the relevant Units will be equal to the proceeds of those assets being sold. This may cause a loss for redeeming Investors in certain circumstances.

INVESTMENT STRATEGY RISK

The historical performance of the various Wholesale Funds managed by the Manager cannot be relied on as a guide to future performance of those Wholesale Funds, subsequent wholesale funds, the Sub-Trust or the Trust. The investment strategy to be used by the Manager on behalf of the Trust includes inherent risks. These include, but are not limited to the following:

- > the Trust's success and profitability is reliant upon the ability of the Manager to devise and maintain a portfolio that achieves the Trust's Investment Objective, Investment Strategy and guidelines within the parameters of the investments in which it is permitted to invest and set out in this PDS and the law;
- > the ability of the Manager to continue to manage the Trust's portfolio in accordance with this PDS, its mandate and the law which may be compromised by such events as the loss of its licence or registrations; and
- > the Trust's portfolio may not be as diversified as other investment entities.

There is no guarantee that the investment strategy of the Trust will be managed successfully or will meet its objectives. Failure to do so could negatively impact the performance of the Trust.

If the Manager ceases to manage the Trust and the Investment Management Agreement is terminated, the Responsible Entity will need to identify and engage a suitably qualified and experienced manager to manage the Trust and continue to meet the Trust's investment strategy. If the Manager for any reason ceases to be the manager of the Sub-Trust or any of the Wholesale Funds this is likely to impact the Trust's ability to achieve the Investment Objective and implement the Investment Strategy.

PORTFOLIO CONSTRUCTION

Metrics as manager of the Sub-Trust and the Wholesale Funds may cause those funds to invest in a variety of assets in differing proportions so as to best implement the investment objective applicable to those funds. Metrics may allocate capital from the Sub-Trust to the Wholesale Funds and direct assets in proportions as it may determine having regard to a number of factors. These may include (but are not limited to) availability of capital, origination of opportunities, matters specific to the Wholesale Funds and prevailing market conditions. The Manager may not be able to achieve

its preferred allocation in seeking to achieve the Trust's Investment Objective.

CREDIT CYCLE RISK

Metrics operates in an industry which is influenced by both domestic and global credit cycles. Credit cycles expand and contract naturally over time in line with macroeconomic variables and are influenced by governments' fiscal and monetary policies.

During the contraction phase, serviceability and liquidity of debt can deteriorate meaning the value of debt assets could decline.

VALUATION RISK

The Trust will be indirectly exposed to investments in the Wholesale Funds which will be exposed to illiquid assets which will require independent valuation. Independent valuations are inherently subjective and in determining value, a valuer will be required to make certain assumptions and such assumptions may prove to be inaccurate. This is particularly so in periods of volatility or where there is limited relevant data against which the valuation of a private credit instrument can be benchmarked.

INTERNATIONAL INVESTMENT AND FOREIGN CURRENCY RISK

The Trust may be exposed to (through the Sub-Trust and the Wholesale Funds) foreign currency denominated assets, although any such foreign currency investments are expected to be funded by foreign currency funding facilities in the Wholesale Funds, limiting any foreign currency exposure.

Investing in international financial instruments poses additional risks. The performance of international financial instruments can be adversely affected by the different political, regulatory and economic environments in countries where the investments are made, and fluctuations in foreign currency exchange rates may also adversely affect the value of foreign securities. Potentially adverse political, economic, legal and tax, or social conditions in international markets may affect the value of the Trust's investments. In addition, the laws of foreign jurisdictions may offer less legal rights and protections to holders of financial instruments in foreign entities in such foreign jurisdictions compared to the laws in Australia.

MANAGER AND RESPONSIBLE ENTITY REPLACEMENT

Given the illiquid nature of some of the underlying assets to which the Trust is exposed, the votes required to remove the Responsible Entity as set out in section 5.1.

The Manager may, in certain circumstances, request that the Responsible Entity retire as responsible entity of the Trust. The retirement of the Responsible Entity and its replacement will be governed by the provisions of the Corporations Act. Investors will be entitled to vote on the appointment of a new responsible entity in those circumstances. Please refer to section 5.1 for more information.

Under the Investment Management Agreement, the Manager may only be terminated for cause. These instances include where the Manager is insolvent, in breach of any provisions of the Investment Management Agreement or ceases to hold necessary authorisations to operate as an investment manager.

Certain loan investments and agreements to which the Trust is exposed via its indirect investments in the Wholesale Funds may have change of control rights granted to third parties. These rights can be triggered if there are significant changes in the ultimate owner of the Manager.

Please refer to section 5.2 of this Additional Information Booklet for a summary of the Investment Management Agreement.

DERIVATIVE RISK

It is not anticipated that the Sub-Trust or the Wholesale Funds will use Derivatives, however, the Wholesale Funds do have the ability to use Derivatives if the Manager determines that they are required.

LEGAL AND REGULATORY RISK

Legal and regulatory risk is the risk that a change in government policies, laws and regulations (including taxation and accounting) may adversely affect the value of an investment in the Trust or its underlying assets.

SERVICE PROVIDER RISK

The performance of the Trust's portfolio relies on the successful performance of the Responsible Entity's contracts with service providers, such as the Investment Management Agreement with the Manager, the Unit Registry and the Trust Administrator. Refer to section 5 of this Additional Information Booklet for details on the Material Agreements. The Trust

could be exposed to the risk of loss if a counterparty does not meet its obligations, including due to insolvency, financial distress or a dispute over the terms of the contract or the termination of any of the material agreements and there can be no assurance that the Responsible Entity would be successful in enforcing its contractual rights. In the case of a counterparty default, the Trust may also be exposed to adverse market movements while the Responsible Entity sources replacement service providers.

The Responsible Entity is related to the Incoming Custodian. This relationship could conflict with the Responsible Entity's role in operating the Trust. The Responsible Entity maintains detailed conflict of interest procedures to avoid or mitigate conflicts of interest should they be found to arise, including where the Responsible Entity transacts with its related parties. The Responsible Entity's conflicts policy requires the Responsible Entity to identify, report and monitor on an ongoing basis any related party conflicts of interest.

Entities within the Perpetual Group may act in various capacities (such as trustee and custodians) for other funds or accounts. Other roles may conflict with the roles they play in operating and managing the Sub-Trust and the Wholesale Funds.

Perpetual Group have implemented policies and procedures to identify and, where possible, mitigate or avoid conflicts associated with the service providers of the Sub-Trust and Wholesale Funds, including where members of Perpetual Group may act in various capacities in a transaction. All agreements with related party service providers have been entered into on terms that are similar to those the relevant Perpetual related entity would have negotiated with an unrelated party and that entity, where it acts as a trustee of the Sub-Trust or a Wholesale Fund must still ensure that the appointment of the related party is in the best interests of the members of the relevant trust. Each business carries out the services on behalf of separate legal entities. All documents and agreements are separately reviewed and signed off by each business unit and different members of the Perpetual Group legal department. Perpetual also has separate supervision protocols applicable to relevant persons or entities whose principal function involves carrying out activities on behalf of, or providing services to parties with potentially conflicting interests.

The Perpetual Group has in place governance frameworks, group policies and divisional procedures to ensure conflicts are identified and managed appropriately. These conflict

policies are aimed at ensuring that conflicts involving individuals or related entities in the Perpetual Group are identified, reported, assessed and managed in a timely and appropriate manner in order to uphold the best interests of clients, members and shareholders. This ensures that Perpetual and its related entities are adopting and promoting a culture of awareness and effective management of conflicts of interests when carrying out its operations. As part of the management of conflicts, Perpetual maintains a register of generic corporate conflicts, including related party conflicts, acting in multiple capacities on the same transaction and service provider to multiple entities, and how these conflicts are to be managed. When such a conflict is identified, the register provides for certain controls to be utilised in order to manage this conflict. Examples of controls include engaging on 'arm's length' or third party terms, use of information barriers and compliance plans.

Additionally, the trustee of the Sub-Trust and each Wholesale Fund has a duty at law and under the relevant trust deed to act in the best interest of the members of the relevant trust and where there is conflict between the members' interests and its own to give priority to the members. The Sub-Trustee and the trustees of each Wholesale Fund must follow this duty when making decisions about and managing any potential conflicts of the relevant trust.

RESPONSIBLE ENTITY RISK

The Responsible Entity is required to supervise and monitor the Manager and other service providers to the Trust. The Responsible Entity has put in place policies and procedures to achieve this. These measures may not however be successful or adequate, resulting in such service providers not being adequately supervised and monitored. This could result in the Responsible Entity not being in a position to protect the interests of Investors.

DISTRIBUTION RISK

The Trust's ability to pay a distribution is contingent on the income it receives from the Sub-Trust and the Wholesale Funds. No guarantee can be given concerning the future earnings of the Trust, the earnings or capital appreciation of the Trust's portfolio or the return of your investment. The Manager may make poor investment decisions which may result in the Trust's return being inadequate to pay distributions to Investors. The distribution policy of the Trust will depend on the distribution policy set by the Sub-Trust and the Wholesale Funds. Any delay in distributions being made by the Sub-Trust or the Wholesale Funds may cause delays in distributions made by the Trust to Investors.

MULTIPLE EXPOSURES RISK

The Trust and other clients or funds of Metrics may be exposed to different types of debt investments in respect of the same borrower. This can create a conflict of interest where there is a default by the borrower and there is insufficient money to repay all of the debt. In these situations, the lower ranking debt and the equity may incur a complete loss. The Manager takes a mechanical approach to dealing with these types of situations by engaging a third-party valuer to value the investments and then seeks to recover at least those valuations. To manage any conflict such investment is considered separately and is managed according to its terms so that, for example, the most senior debt is always paid in priority to lower ranking debt.

INFLUENCE RISK

The Trust is exposed to investments in the Sub-Trust and Wholesale Funds which are managed by the Manager. The Responsible Entity does not have the legal right to influence the operations of the Sub-Trust and Wholesale Funds. The Trust is effectively a passive investor in those funds alongside other Investors and due to the long term nature of the Sub-Trust Notes may not be able to effect a redemption of the Trust's exposure to the Wholesale Funds. This means the Responsible Entity may not be able to protect the interests of Investors at the Wholesale Funds level.

REGULATORY APPROVALS

All regulatory approvals for the continued operation of the Trust, including licenses or exemptions from licensing for the Manager have been obtained and the Responsible Entity and Manager are not aware of any circumstances which might give rise to the cancellation or suspension of any of those approvals. If any of the approvals are cancelled or suspended, the Trust may be adversely affected.

LITIGATION RISKS

From time to time, the Responsible Entity, Sub-Trust or Wholesale Funds may be involved in litigation. This litigation may include, but is not limited to, contractual claims. If a claim is pursued against the Responsible Entity, Sub-Trust or Wholesale Funds, the litigation may adversely impact on the profits and financial performance of the Trust. Any claim, whether successful or not, may adversely impact on the Trust's Unit price and/or the return on your investment.

CYBER RISK

There is a risk of fraud, data loss, business disruption or damage to the information of the Trust or to Investors' personal information as a result of a threat or failure to protect this information or data.

7. REPORTING AND DISCLOSURE OBLIGATIONS

If the Trust has 100 or more Investors it will be a disclosing entity under the Corporations Act and subject to regular reporting and disclosure obligations. The Trust is expected to be a disclosing entity. At such time as the Trust becomes a disclosing entity the Responsible Entity will satisfy its continuous disclosure obligations by following ASIC's good practice guidance for website disclosure. Accordingly, annual financial reports, half yearly financial reports, continuous disclosure notices and other relevant information for the Trust will be available at the Trust Website or by contacting the Responsible Entity on +61 3 8623 5000.

8. ADDITIONAL INFORMATION

8.1 CONFLICTS OF INTEREST

The Manager is also the manager of other funds and clients not described in this PDS. While the Manager has implemented policies and procedures to identify and mitigate conflicts of interest, it is possible that the Manager may, in the course of its business, have potential conflicts of interest which may not be managed effectively and may be detrimental to the Trust and its Investors. These conflicts could include the Manager having to decide which clients and funds it allocates investment opportunities to. In order to manage this conflict, the Manager has a policy of allocating opportunities between those funds and clients for which the opportunity is considered appropriate and among such clients and funds proportional to their available capital for that opportunity. Please refer to 'Multiple exposures risk' in section 6 above for more information.

The Trust will only be exposed to funds managed by Metrics and as such Metrics, as manager of those funds benefits from such investments through the receipt of management fees and performance fees. Other parties and Investors (including investors in the Sub-Trust or Wholesale Funds) may have interests that diverge from that of Metrics, the Trust and Investors, which may have an adverse effect on Investors. The votes of those Investors could outweigh the votes referable to the Trust's investment in those funds. Where the Manager is not meeting the Target Return, the Responsible Entity may not be able to remove the Manager as manager of the Sub-Trust and Wholesale Funds.

8.2 RELATED PARTY INTERESTS

Other than as set out in this PDS, there are no existing agreements or arrangements relevant to the Trust and there are no currently proposed transactions in which the Responsible Entity was, or is to be, a participant, and in which any related party had or will have a direct or indirect material interest.

The Investment Management Agreement and other material contracts have been entered into on arm's length terms between the relevant parties. The Responsible Entity and the Manager may be subject to conflicts of interest when performing their duties in relation to the Trust. Both the Responsible Entity and the Manager have policies and procedures in place to appropriately manage these conflicts of interest.

The Incoming Custodian is a related party of the Responsible Entity. There may be situations where the interests of the Responsible Entity as custodian conflicts with the interests

of investors. This risk is managed through the Responsible Entity's conflict of interest policy that governs related party transactions. The Responsible Entity maintains a conflict of interest policy.

The Trust Company Limited (ACN 004 027 749; AFSL 235 148) (**Sub-Trustee**) has been appointed as the trustee of the Sub-Trust and related entities of the Sub-Trustee have been appointed as trustees of each of the Wholesale Funds. Other funds issued by the Responsible Entity, its related entities, the Sub-Trustee or entities related to the Sub-Trustee may also hold units in the Trust. Those persons will therefore be dealing with related parties in relation to the Trust's or the Sub-Trusts (as applicable) investments. The Responsible Entity is required under law to prefer the interests of the Investors over its own or that of Metrics. The Responsible Entity, the Sub-Trustee and its related parties have entered into arm's length agreements with Metrics which give the Responsible Entity, the Sub-Trustee and its related parties the right to terminate Metrics for misconduct or breaches of its agreements. Please refer to section 5 for further details of those agreements.

The Perpetual Group maintains a conflicts of interest policy that applies to all employees across the Perpetual Group. This policy defines a 'corporate conflict' as a conflict between 2 Perpetual entities. Under this policy all employees must identify and consider the impact of conflicts of interest in the course of carrying out their day to day duties. If an employee becomes aware of a corporate conflict the employee is required to notify their manager and the Perpetual Group compliance team. As part of the management of conflicts, Perpetual maintains a register of generic corporate conflicts, including related party conflicts, acting in multiple capacities on the same transaction and service provider to multiple entities, and how these conflicts are to be managed. When such a conflict is identified, the register provides for certain controls to be utilised in order to manage this conflict. Examples of controls include engaging on 'arm's length' or third party terms, use of information barriers and compliance plans. Where an employee notifies the Perpetual Group compliance team of a conflict, an assessment of the conflict will be referred to a quorum of 2 conflict officers. The conflict officers will apply a standardised assessment tool to determine the materiality of the conflict and, if material, the controls which may be required to manage the conflict, if it cannot be avoided. Depending on the conflict, there may be a requirement for the development of specific separation protocols for the relevant business unit, in order to appropriately manage the conflict. If the conflict officers determine that a conflict

is material, it will be added to the relevant conflicts register of the entity and the conflicts register will be tabled at the next board meeting of that Perpetual entity. The conflicts register includes the controls used to manage the conflict. The board of directors of each Perpetual entity has ultimate responsibility for the management of conflicts, but day to day responsibility has been delegated to the conflicts officers.

8.3 CONSENTS

Each of the parties referred to below:

- > does not make the Offer;
- > other than as specified in this PDS, does not make, or purport to make, any statement that is included in this PDS, or a statement on which a statement made in this PDS is based, other than as specified in this section 8;
- > to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this PDS other than a reference to its name and a statement included in this PDS with the consent of that party as specified below;
- > each of the parties listed below has given and has not, before lodgement of this PDS with ASIC, withdrawn its written consent to the inclusion of the statements in this PDS that are specified below in the form and content in which the statements appear:
 - a) PPNSW Services has given, and not before the date of this PDS withdrawn, its written consent to be named in the PDS in relation to the tax information in the form and context in which it is named and to the inclusion in this PDS of its tax summary in section 10 and the statements specifically attributed to it in the text of, or by a footnote in, this PDS, in the form and context in which they appear in this PDS.
 - b) Metrics has given and not before the date of this PDS withdrawn, its written consent to being named as the Manager to the Trust in this PDS, and any electronic version of this PDS, in the form and context in which it is named.
 - c) MinterEllison has given and not before the date of this PDS withdrawn, its written consent to being named as Australian legal adviser to the Offer in this PDS, and any electronic version of this PDS, in the form and context in which it is named.
 - d) Automic Pty Ltd has given, and has not before the date of this PDS withdrawn, its written consent to be named as the Unit Registry to the Trust in this PDS and any electronic version of this PDS in the form and context in which it is named.
 - e) Perpetual Group have given and not before the date of this PDS withdrawn, their written consent to being named in this PDS, and any electronic version of this PDS, in the form and context in which they are named.
 - f) Pinnacle has given and not before the date of this PDS withdrawn, its written consent to being named in this PDS, and any electronic version of this PDS, in the form and context in which it is named.
 - g) KPMG has given and not before the date of this PDS withdrawn, its written consent to being named in this PDS, and any electronic version of this PDS, in the form and context in which it is named.
 - h) Metrics Credit Holdings Pty Ltd has given and not before the date of this PDS withdrawn, its written consent to being named in this PDS, and any electronic version of this PDS, in the form and context in which it is named.
 - i) MCH Fund Administration Services Pty Ltd has given and not before the date of this PDS withdrawn, its written consent to being named in this PDS, and any electronic version of this PDS, in the form and context in which it is named.
 - j) EQT Australia Limited has given and not before the date of this PDS withdrawn, its written consent to being named in this PDS, and any electronic version of this PDS, in the form and context in which it is named.
 - k) PricewaterhouseCoopers ABN 52 780 433 757 has given, and not before the date of the PDS withdrawn, its written consent to being named in this PDS, and any electronic version of this PDS, in the form and context in which it is named.

8.4 LEGAL PROCEEDINGS

The Trust is not engaged in any litigation at the date of this PDS, and as far as the Responsible Entity is aware, no litigation involving the Trust is pending or threatened.

9. MCP WHOLESALE INVESTMENTS TRUST

9.1 TARGET PORTFOLIO CONSTRUCTION OF SUB-TRUST

The Sub-Trust, via its investment in the Wholesale Funds, invests in a portfolio of corporate loans which broadly reflects activity in Australia's corporate loan market, diversified by borrower, industry and credit quality in the following proportions:

- > 60-70% of capital invested in DASLF;
- > 20-30% of capital invested in SPDF II; and
- > 10-20% of capital invested in the REDF.

From time to time the Trust may also hold cash and units in the Listed Trust. These allocations may change from time to time.

9.2 INVESTMENT PIPELINE

The Manager is constantly assessing investment opportunities for the Sub-Trust and the Wholesale Funds. The Manager expects to be able to deploy capital raised from the Offer, via its investment in the Sub-Trust, in investments which are consistent with the Investment Strategy and Target Return of the Trust. **The Target Return is a target only and may not be achieved.**

9.3 VALUATION OF ASSETS

The valuation of corporate loans to which the Trust is indirectly exposed reflects the fact that they are not generally available for sale. Credit risk rather than market risk is the key risk reflected in the asset valuation. Credit risk is assessed in terms of probability that a borrower may default, estimated level of utilisation of a loan at default and the anticipated loss given a default has occurred.

The valuation methods applied by the trustee of the Sub-Trust to value the Sub-Trust's assets and liabilities must be consistent with the range of ordinary commercial practice for valuing them and represent its assessment of current market value.

An international accounting and professional services firm is engaged to provide an independent valuation assessment of the net asset value of the Wholesale Funds on an ongoing basis.

9.4 INVESTMENTS OF THE SUB-TRUST

Metrics is responsible for managing the investments of the Sub-Trust (**Sub-Trust Manager**).

The Sub-Trust invests in the Wholesale Funds. The Sub-Trust Manager anticipates that the Sub-Trust's direct investments and investments in the Wholesale Funds will typically involve long term commitments of 5 to 10 years given the nature of the investments of the Wholesale Funds which can have terms of up to 15 years. The ability of the Sub-Trust to withdraw its investment in the Wholesale Funds will be dependent on a number of factors, which include:

- > the terms of the Wholesale Funds which are discussed further below;
- > the ability of the Wholesale Funds to liquidate their investments to pay any withdrawal of the Sub-Trust and whether liquidating those investments is in the best interests of investors as a whole in those funds; and
- > the volume of other withdrawing investors in the Wholesale Funds.

The Sub-Trust may borrow and may invest directly in loans with other Investors to the extent that the Sub-Trust Manager and the Sub-Trustee deem appropriate.

Subject to the Corporations Act and the Listing Rules, the Sub-Trust may also make investments in the Listed Trust by acquiring units in the Listed Trust where the Manager believes it is financially beneficial (such as where units in the Listed Trust are trading below their underlying value).

9.5 ARRANGEMENTS WITH INVESTORS IN THE SUB-TRUST

The Sub-Trustee and the trustees of the Wholesale Funds and the Manager may enter into arrangements with wholesale investors in the Sub-Trust or Wholesale Funds in certain circumstances to satisfy the wholesale investor's requirements (e.g. to satisfy regulatory requirements specific to the investor or in respect of redemptions, not having exposure to certain investments and the retirement of the Sub-Trustee or Sub-Trust Manager where they have acted wrongfully).

9.6 REDEMPTION FROM THE SUB-TRUST

The Sub-Trustee is not obliged to redeem the Trust's units in the Sub-Trust but may accept a redemption request at its absolute discretion. None of the Sub-Trust or the Wholesale Funds are readily liquid and that is why redemptions are limited.

If the Manager's appointment as manager of the Listed Trust is terminated by ordinary resolution of unitholders in the Listed Trust, the Sub-Trustee may at its discretion compulsorily redeem the Trust's units in the Sub-Trust within three months of the resolution. The timing and funding of such redemptions will be dependent on a number of factors.

9.7 VOTING

Each unitholder of the Sub-Trust is entitled to one vote on a show of hands and one vote, per dollar of the issue price of a unit, held on a poll. The Trust will not always hold units in the Sub-Trust.

9.8 RETIREMENT OF THE SUB-TRUSTEE

The Sub-Trustee may retire as trustee by giving 20 Business Days' notice (unless a shorter notice is agreed by unitholders) to unitholders in the Sub-Trust. The Sub Trustee's retirement will be of effective upon the appointment of a replacement trustee for the Sub-Trust.

The Sub-Trustee must also retire, after the fourth year from the date the Listed Trust commenced trading units on the ASX, if directed to retire by Metrics on three months' notice or by special resolution of unitholders (which requires a resolution passed at a meeting of all Sub-Trust unitholders by at least 85% of votes cast by unitholders).

9.9 INDEMNITY OF SUB-TRUSTEE

The Sub-Trustee is indemnified out of the property of the Sub-Trust for any liability incurred by it, in its own capacity or through an agent, manager, adviser or delegate, in relation to the proper performance of any of its duties in respect of the Sub-Trust.

9.10 SUMMARY OF WHOLESALE FUNDS

Metrics Credit Partners Diversified Australian Senior Loan Fund (DASLF)

Launched in June 2013, DASLF is a registered managed investment scheme ARSN 163 161 591 which invests primarily in Australia's domestic loan market, participating in corporate and institutional loan facilities alongside banks and other lenders in addition to bilateral facilities originated by Metrics. Investments include loans provided to: listed companies; large and medium sized private companies; project finance borrowers including public-private partnerships; property developers and investors, including real estate investment trusts; and acquisition finance facilities. DASLF can invest in corporate facilities that are both term drawn and revolving, multi-currency, secured and unsecured, senior and subordinated.

TERM	DETAIL
Structure	Open ended unit trust, registered managed investment scheme.
Benchmark	90-day BBSW (Bloomberg: BBSW3M).
Target Returns	Benchmark plus additional return from applicable credit margin and lending fees.
Base Management Fee	The management fee for DASLF is a 'recoverable expense' and is calculated and accrues daily at between 0.179% to 0.308% per annum (depending on an investor's unitholding) on adjusted net asset value and is payable monthly. Note that the fee quoted excludes GST.
Outperformance fee attributable to the Trust investor	There are no outperformance fees payable to the Manager by DASLF.
Asset duration	Target weighted average tenor of assets of the fund is 3 to 5 years.
Portfolio Construction	<ul style="list-style-type: none"> > Investments reflecting Australia's corporate loan market, diversified by borrower, industry, credit quality and debt product. > >90% senior ranking and >80% Australian domiciled borrowers. <p>As at the date of this PDS, DASLF held in excess of 170 loans in its portfolios. The number of loans DASLF holds may vary over time. This is detailed in the monthly performance reporting.</p>
Leverage	<p>DASLF may borrow (up to 30% of DASLF's GAV) for purposes including:</p> <ul style="list-style-type: none"> > to enable DASLF to undertake its investment activities; > to enable DASLF to participate in revolving credit facilities provided to borrowers; and > to meet working capital requirements of DASLF. <p>This does not apply to Sub-Trust Notes issued by the trustee of DASLF.</p>
Distributions	Net income will generally be distributed to investors on a monthly basis, subject to the responsible entity's discretion to set different distribution periods. Distributions may be reinvested into fund units.

DASLF is an open-ended trust and is open to accept applications only from wholesale clients. DASLF offers liquidity and provides institutional investors with a diversified exposure to Australian corporate debt across borrowers, industries and the credit risk spectrum.

MCP Secured Private Debt Fund II (SPDF II)

SPDF II provides direct exposure to Australian corporate debt across predominantly mid-market borrowers. SPDF II invests primarily in loans to sub investment grade mid-market Australian companies. SPDF II can invest in both term and undrawn and revolving, senior and subordinated debt facilities. SPDF II is an open ended trust and is open to accept applications only from wholesale clients.

TERM	DETAIL
Structure	Unregistered open ended unit trust.
Benchmark	90-day BBSW (Bloomberg: BBSW3M).
Hurdle Return	Benchmark plus 4.00% per annum net of fees.
Base Management Fees	The 'Base Management Fee' is a recoverable expense of SPDF II and is calculated daily at 0.205% pa on the gross value of all SPDF II property (SPDF II GAV) (excluding undrawn loan commitments by SPDF II), paid monthly and reflected in the unit price. Note that the fee quoted excludes GST.
Outperformance fee attributable to the Trust investor	'Outperformance Fee' of 15.375% of SPDF II returns above the Hurdle Return up to a maximum Base Management Fee and Outperformance Fee cap of 0.75% pa on the SPDF II GAV (excluding undrawn loan commitments by SPDF II) calculated daily, payable annually in arrears. If the accrued Outperformance Fee as at the date on which the Outperformance Fee is due to be paid is a negative amount, then no Outperformance Fee will be paid and the negative accrual carries forward to the next calculation period.
Asset duration	The fund will invest in loans with a tenor to maturity of 6 months to 10 years.
Portfolio Construction	<ul style="list-style-type: none"> > A portfolio of Australian corporate loans reflecting activity in Australia's mid-market corporate loan market. > Sub-investment grade loans. > Diversified across borrowers, industries and the capital structure of borrowers. <p>As at the date of this PDS, SPDF II held in excess of 65 loans in its portfolios. The number of loans SPDF II holds may vary over time. This is detailed in the monthly performance reporting.</p>
Leverage	<p>SPDF II may borrow (up to 50% of the SPDF II GAV) for purposes including:</p> <ul style="list-style-type: none"> > to enable SPDF II to undertake its investment activities; > to enable SPDF II to participate in revolving credit facilities provided to borrowers; and > to meet working capital requirements of SPDF II. <p>This does not apply to Sub-Trust Notes issued by the trustee of SPDF II.</p>
Distributions	<ul style="list-style-type: none"> > Net income will generally be distributed to investors on a monthly basis, subject to SPDF II's trustee's discretion to set different distribution periods. > Distributions may be reinvested into new units.

MCP Real Estate Debt Fund (REDF)

The REDF seeks to provide direct exposure to a portfolio of Australian commercial real estate debt, providing investors with attractive risk-adjusted returns. REDF can invest in both senior and subordinated debt facilities. REDF is an open ended trust and is open to accept applications direct from wholesale clients only.

TERM	DETAIL
Structure	Unregistered open ended unit trust.
Benchmark	90-day BBSW (Bloomberg: BBSW3M).
Hurdle Return	Benchmark plus 5.00% per annum net of fees.
Base Management Fees	The 'Base Management Fee' is a recoverable expense of REDF and is calculated daily at 0.205% pa on the gross value of all REDF property (REDF GAV) (excluding undrawn loan commitments by REDF), paid monthly and reflected in the Unit Price. Note that the fee quoted excludes GST.
Outperformance fee attributable to the Trust investor	'Outperformance Fee' of 15.375% of REDF returns above the Hurdle Return up to a maximum Base Management Fee and Outperformance Fee cap of 0.75% pa on the REDF GAV (excluding undrawn loan commitments by REDF) calculated daily, payable annually in arrears. If the accrued Outperformance Fee as at the date on which the Outperformance Fee is due to be paid is a negative amount, then no Outperformance Fee will be paid and the negative accrual carries forward to the next calculation period.
Asset duration	REDF will invest in loans with a tenor to maturity of 6 months to 10 years.
Portfolio Construction	Build and maintain a diversified portfolio of Australian commercial real estate debt assets, diversified by: <ul style="list-style-type: none"> > projects and borrowers; > sectors (industrial, retail, residential development and commercial); > geography (across states in both metro and regional); > stage of development (new development and brownfield); and > position in the capital structure. <p>As at the date of the PDS, REDF held in excess of 75 loans in its portfolios. The number of loans REDF holds may vary over time. This will be detailed in the monthly performance reporting.</p>
Leverage	REDF may borrow (up to 50% of the REDF GAV) for purposes including: <ul style="list-style-type: none"> > to enable REDF to undertake its investment activities; > to enable REDF to participate in revolving credit facilities provided to borrowers; and > to meet working capital requirements of REDF. <p>This does not apply to Sub-Trust Notes issued by the trustee of REDF.</p>
Distributions	Net income will generally be distributed to investors on a monthly basis subject to REDF's trustee's discretion to set different distribution periods. Distributions may be reinvested into fund units.

10. TAXATION

10.1 AUSTRALIAN TAXATION IMPLICATIONS

The comments in this section are based on the Income Tax Assessment Act 1936, the Income *Tax Assessment Act 1997*, *A New Tax System (Goods and Services Tax) Act 1999* and the relevant Australian stamp duties legislation as at the date of the PDS.

The following information summarises some of the Australian taxation issues you may wish to consider before making an investment in the Trust and assumes that you hold your investment in the Trust on capital account and are not considered to be carrying on a business of investing, trading in investments, or investing for the purpose of profit making by sale. The information should be used as a guide only and does not constitute professional tax advice as individual circumstances may differ.

This summary is based on the taxation laws as at the date of the PDS. Investing in a registered managed investment scheme is likely to have tax consequences. However, it is noted that taxation laws can change at any time, which may have adverse taxation consequences for Investors concerned. It is recommended that Investors seek their own professional advice, specific to their own circumstances, of the taxation implications of investing in the Trust.

10.2 AUSTRALIAN TAXATION TREATMENT OF THE TRUST

General

The income tax treatment of the Trust and its Investors will depend on whether the Trust is eligible, and the Responsible Entity elects to apply the Attribution Managed Investment Trust (**AMIT**) provisions.

The AMIT provisions are an elective income tax regime for qualifying managed investment trusts (**MIT**) that provide for flow-through taxation to Investors. While the AMIT provisions are not expected to materially change the way in which Investors would be taxed (as compared to the general trust taxation rules), the AMIT provisions are intended to provide greater certainty on tax treatments for beneficiaries of such trusts and simplicity of administration to trustees when compared to the taxation rules that generally apply to trusts.

Where the Trust qualifies as a MIT for income tax purposes, the Responsible Entity is intending to make an irrevocable election to apply the AMIT rules.

If the Responsible Entity elects to enter the AMIT regime and the Trust subsequently ceases to qualify as an AMIT, the general taxation rules on trusts will commence to apply to the Trust at the time. Consequently, the Trust will be treated as a flow-through vehicle provided that the Trust will conduct solely eligible investment business and will not control any trading business as defined in the income tax legislation.

Where the Trust does not qualify as a MIT, it is not eligible to enter the AMIT regime and consequently, AMIT provisions will not apply. The general taxation rules on trusts will then apply to the Trust.

It is intended that Investors will be presently entitled to all of the taxable income of the Trust for each financial year such that no taxation liability will accrue to the Responsible Entity.

AMIT Provisions

On the basis that the Responsible Entity intends to make the irrevocable election to enter into the AMIT regime and that the Trust will continue to meet the AMIT eligibility requirements, the following are the key features of the AMIT regime that will apply to the trust:

Fair and reasonable attribution

Each year, the Responsible Entity of the Trust will determine trust components of assessable income, exempt income, non-assessable non-exempt income, and tax offsets (i.e. credits). This will be attributed to Investors on a 'fair and reasonable' basis, having regard to their income and capital entitlements in accordance with constituent documents.

Unders or Overs adjustments

Where the Trust's determined trust components for a year are revised in a subsequent year (e.g. due to actual amounts differing to the estimates of income, gains / losses or expenses), then unders and overs may arise. Unders and overs will generally be carried forward and adjusted in the year of discovery.

Cost base adjustments

Where the distribution made is less than (or more than) certain components attributed to Investors, then the cost base of an Investor's Units may be increased (or decreased) as appropriate. Details of net annual tax cost base adjustments will be included on an Investor's annual tax statement, referred to as an AMIT Member Annual Statement (**AMMA**).

Large redemptions

In certain circumstances, gains may be attributed to a specific Investor, for example, gains on disposal of assets to fund a large redemption being attributed to the redeeming Investor.

Multi-class AMITs

A choice is available to elect to treat separate classes of units as separate AMITs, where applicable. The purpose of this election is to quarantine the income tax calculation on a class-by-class basis. This can allow income, deductions and tax losses referable to a class of Units to be quarantined in that class, so that they are not spread to Investors holding other classes of Units. In the absence of the Trust being an AMIT and having made the multi-class election, the tax treatment of each Investor may differ significantly (see below).

AMMA statement

Investors are subject to tax on trust components attributed to them under the AMIT regime.

The AMMA statement will show the trust components attributed to the investors in the year the AMMA statement relates to, even if distributions are received or reinvested after the end of the income year.

Penalties

In certain circumstances, such as the failure to comply with certain AMIT rules, specific penalties may be imposed.

The AMIT regime is intended to reduce complexity, increase certainty, and reduce compliance costs for MITs and their unitholders.

Non-AMIT provisions

On the basis that Investors are presently entitled to all of the Trust's distributable income (which is the Responsible Entity's intention) and the Trust is not a public trading trust, the Trust should be treated as a flow-through trust for income tax purposes. This means that Investors should be taxed on their share of the Trust's net taxable income, and the Trust should not be subject to Australian income tax.

Multi-class non-AMITs

In the absence of an AMIT multi-class election being made, the Trust is treated as a single taxpayer. As the classes are not treated as separate taxpayers, it is possible under the current non-AMIT trust taxation regime that the income tax character of distributions made to a particular class may be impacted by transactions associated with another class.

Other taxation considerations

Public trading trust rules

A unit trust is subject to income tax at the corporate tax rate if it is classified as a "public trading trust". A public trading trust cannot be an AMIT and is not a flow-through vehicle for income tax purposes and is instead taxed like a company at the current corporate tax rate.

The Trust does not intend to derive income other than from an 'eligible investment business'. Accordingly, it should not be subject to income tax as a public trading trust. Further, the Responsible Entity will seek to ensure it does not control entities that carry on trading activities.

Losses

In the case where the Trust makes a tax loss for Australian income tax purposes, the Trust cannot distribute these tax losses to Investors. However, the tax losses may be carried forward by the Trust for offset against taxable income of the Trust in subsequent years, subject to the operation of the trust loss rules.

Taxation of Financial Arrangements (TOFA)

The TOFA rules may apply to financial arrangements held by the Trust when calculating its assessable income. Broadly, the TOFA rules may impact the timing of the recognition of gains and losses in the Trust for income tax purposes and will also treat relevant gains and losses as being on revenue account.

10.3 AUSTRALIAN TAXATION OF AUSTRALIAN RESIDENT INVESTORS

Distributions – AMIT

The AMIT provisions require the taxable income of the Trust to be attributed to Investors on a fair and reasonable basis, having regard to their income and capital entitlements in accordance with the constituent documents. The Responsible Entity will seek to allocate taxable income having regard to the Units held by Investors, entitlements to income and capital, as well as cash distributions made to such Investors during the relevant period. Under the AMIT provisions, an Investor may be taxable on their share of the Trust's taxable income prior to receiving distributions from the Trust.

Distributions – Non-AMIT

Provided that the Trust is treated as a flow-through vehicle, Investors will be assessed on the taxable income derived by the Trust, based on their proportionate share of the annual income of the Trust that is distributed to them in that income year. The Trust's Investors will be required to include their share of taxable income in their tax return.

Foreign Income

The Trust may derive foreign sourced income that might be subject to foreign tax. Australian resident Investors should include their share of both the foreign income and the amount of any foreign tax withheld in their assessable income. In such circumstances, Investors may be entitled to a Foreign Income Tax Offset (**FITO**) for the foreign tax paid, against the Australian tax payable on the foreign sourced income. FITOs that are not utilised cannot be carried forward to a future income year.

Capital Gains

If an Investor's share of the taxable income of the Trust includes an amount that consists of discount capital gains derived by the Trust, the Investor needs to first 'gross up' the discount capital gain (by multiplying it by 2). However, (after grossing up any discount capital gains) Investors may be able to reduce the capital gains distributed by the Trust by any capital losses which are available to them. Furthermore, after applying any loss, individual, trust, and complying superannuation fund Investors may then be entitled, in determining the net capital gain that is to be included in their assessable income, to discount that capital gain by 50% for individuals and trusts, and 33 1/3% for complying superannuation funds.

Non-assessable distribution payments – AMIT

Under the AMIT provisions, an Investor's cost base in their Units held is increased where taxable income is allocated to them (inclusive of any tax-free component of a discount capital gain). The cost base is decreased where cash distribution entitlements are made to the Investor in respect of their Units, irrespective of whether the amounts distributed are classified as income or capital. Additional reductions are made for certain tax offsets (such as the franking credit tax offset and foreign income tax offset).

The net annual tax cost base adjustment amount will be detailed in an AMMA tax statement, which will be sent annually to Investors after year-end.

Non-assessable distribution payments – Non-AMIT

Tax-deferred distributions may occur where the Trust distributes an amount of cash that exceeds the taxable income allocated to an Investor. Certain tax-deferred distributions that are not assessable to an Investor result in a reduction in the cost base of the Units held by the Investor. A capital gain will arise where those tax-deferred distributions exceed the cost base of the Units.

Disposal of Units by Australian Resident Investors

If an Australian resident Investor transfers or redeems their units in the Trust, this will constitute a disposal for income tax purposes.

Where an Investor holds their units in the Trust on capital account, a capital gain or loss on the disposal may arise and each Investor should calculate their capital gain or loss according to their own particular facts and circumstances.

Investors would derive a taxable capital gain where the capital proceeds received as a result of the disposal of their Units exceed the cost base of the unit at the time of disposal. Likewise, Investors would incur a capital loss where the reduced cost base of the Units disposed of exceeds the capital proceeds.

Generally, the capital proceeds received by Investors from the disposal of their units will be equal to the consideration received on disposal. The cost base of units will generally be equal to the amount paid to acquire the units plus brokerage (if any) and any other incidental costs. The cost base of units will also need to include relevant cost base adjustments since acquisition (such as tax deferred components as outlined above).

As noted above, proceeds on disposal may include a component of distributable income. In calculating the taxable amount of a capital gain, a discount of 50% for individuals and trusts, or 33 1/3% for complying Australian superannuation funds may be allowed where the units in the Trust have been held for 12 months or more. No Capital Gains Tax (CGT) discount is available to corporate Investors.

Any capital losses arising from the disposal of the investment may be used to offset other capital gains the Investor may have derived. Net capital losses may be carried forward for offset against capital gains of subsequent years but may not be offset against ordinary income. For corporate Investors, net capital losses carried forward and sought to be utilised in future income years will be subject to the tax loss recoupment rules under the Australian income tax law.

Goods and Services Tax (GST)

The Trust is registered for GST. The acquisition and disposal of units in the Trust by Investors should not be subject to GST. Similarly, the distributions paid by the Trust should not be subject to GST. GST is payable on some ongoing expenses, however the Trust may be able to claim a reduced input tax credit, depending on the precise nature of the expenses incurred. All fees and expenses are quoted inclusive of GST net of RITCs.

Duty

The issue or redemption of Units should not attract any duty. Duty may be payable on the transfer of units. Investors should confirm the duty consequences of transferring units with their taxation adviser.

Tax File Number (TFN) and Australian Business Number (ABN)

As the Trust is an investment body for income tax purposes, the Trust will be required to obtain a TFN or ABN in certain cases from its Investors.

It is not compulsory for an Investor to quote their TFN or ABN. If an Investor is making this investment in the course of a business or enterprise, the Investor may quote an ABN instead of a TFN. Failure by an Investor to quote an ABN or TFN or claim an exemption may cause the Responsible Entity to withhold tax at the top marginal rate, plus levies, on gross payments including distributions of income to the Investor. The Investor may be able to claim a credit in their tax return for any TFN or ABN tax withheld. Collection of TFNs is permitted under taxation and privacy legislation.

Foreign Account Tax Compliance Act (FATCA)

In compliance with the U.S. income tax laws commonly referred to as FATCA and the Intergovernmental Agreement signed with the Australian Government in relation to FATCA, the Trust will be required to provide information to the ATO in relation to: (a) Investors that are US citizens or residents; (b) entities controlled by US persons; and (c) financial institutions that do not comply with FATCA.

The Trust is intending to conduct its appropriate due diligence (as required). Where the Trust's Investors do not provide appropriate information to the Trust, the Trust will also be required to report those accounts to the ATO.

Common Reporting Standard (CRS)

The CRS is the single global standard for the collection, reporting and exchange of financial account information of non-residents, which applies to calendar years ending after 1 July 2017. The CRS is similar to FATCA, whereby the Responsible Entity will need to collect and report similar financial account information of all non-residents to the ATO. The ATO may exchange this information with the participating foreign tax authorities of those non-residents.

Annual Investment Income Report (AIIR)

The Responsible Entity is required to lodge annually an AIIR to the ATO containing Investor identity details and details of unit disposals and investment income paid or attributed to Investors for the relevant income year.

10.4 TAXATION IMPLICATIONS FOR NEW ZEALAND RESIDENT INVESTORS

As the Trust is a unit trust, it is considered to be a company for New Zealand income tax purposes. It follows that any units held in the Trust are treated as a direct income interest in a foreign company, and therefore an attributing interest in a foreign investment fund (FIF) for New Zealand income tax purposes.

Therefore, New Zealand tax resident Investors (each a **New Zealand Investor**) will need to apply the FIF rules to establish the New Zealand income tax treatment that will apply to the Units they hold.

If a New Zealand Investor's Units are an 'attributing interest' under the FIF rules, depending on the method available or used, the Investor will be required to pay New Zealand income tax on the unrealised gains and distributions capped

at a deemed amount of 5% per annum. Any realised amounts they actually receive in relation to their Units (including cash distributions and proceeds from the sale of their Units) will not be separately taxed.

For many New Zealand Investors their Units are likely to be an attributing interest for the purposes of the FIF rules. There are, however, various legislative exclusions where FIF interests are expressly excluded from being attributing interests under the FIF rules. In particular, a de minimis exclusion can be applied for individuals or trustees of certain family trusts where the total cost of all attributing FIF interests is not more than NZ\$50,000. New Zealand Investors will need to consider these exclusions carefully. Different income tax rules will apply if a New Zealand Investor's Units are not an attributing interest.

If a New Zealand Investor's Units are not an attributing interest under the FIF rules, the Investor will be taxed on a realisation basis. Any ongoing distributions they receive in relation to their Units will generally be taxable as dividends when they are received. However, as New Zealand does not have a formal capital gains tax, any amounts a New Zealand Investor receives from disposing of their Units will generally not be subject to New Zealand income tax unless the Investor holds their Units on 'revenue account'. A New Zealand Investor will hold their Units on revenue account if they hold their Units as part of a business of dealing in securities, the Units were acquired for the purpose of disposal, or the Units are being disposed of as part of a profit-making undertaking or scheme.

New Zealand resident Investors will not be subject to Australian CGT on a capital gain (or loss) on the disposal of Units in the Trust unless:

- > The New Zealand resident holds more than 10% of the Units in the Trust or has held more than 10% for at least 12 months in the prior two years; and
- > Broadly, more than 50% of the Trust's assets (by market value) are represented by 'taxable Australian real property'.

Income distributions (i.e. Australian dividends, interest, or royalty income) received by New Zealand resident Investors from the Trust would be subject to Australian withholding tax.

New Zealand Investors should seek their own professional advice regarding the taxation implications of investing in the Trust.

11. OTHER IMPORTANT TRUST INFORMATION

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of this AIB and the PDS, the Trust Deed and the Investment Management Agreement, together with the most recent audited accounts and annual report of the Trust (if any) may be inspected at Metrics' offices during usual business hours. Copies of these documents may also be obtained from Metrics or the Responsible Entity on request.

PRIVACY GENERALLY

The Australian Privacy Principles contained in the *Privacy Act 1988* (Cth) ("Privacy Act") regulate the way in which Equity Trustees collects, uses, discloses, and otherwise handles your personal information. Equity Trustees is committed to respecting and protecting the privacy of your personal information, and its Privacy Policy details how Equity Trustees does this.

It is important to be aware that, in order to provide its products and services to you, Equity Trustees may need to collect personal information about you and any other individuals associated with the product or service offering. In addition to practical reasons, this is necessary to ensure compliance with Equity Trustees' legal and regulatory obligations (including under the Corporations Act, the AML/CTF Act and taxation legislation). If you do not provide the information requested, Equity Trustees may not be able to process your application, administer, manage, invest, pay or transfer your investment(s).

You must therefore ensure that any personal information you provide to Equity Trustees is true and correct in every detail. If any of this personal information (including your contact details) changes, you must promptly advise Equity Trustees of the changes in writing. While Equity Trustees will generally collect your personal information from you, your broker or adviser or the Investment Manager and Administrator directly, Equity Trustees may also obtain or confirm information about you from publicly available sources in order to meet regulatory obligations.

In terms of how Equity Trustees deals with your personal information, Equity Trustees will use it for the purpose of providing you with its products and services and complying with its regulatory obligations. Equity Trustees may also disclose it to other members of Equity Trustees' corporate group, or to third parties who Equity Trustees works with or engages for these same purposes. Such third parties may be situated in Australia or offshore, however Equity Trustees

take reasonable steps to ensure that they will comply with the Privacy Act when collecting, using or handling your personal information.

The types of third parties that Equity Trustees may disclose your information to include, but are not limited to:

- > stockbrokers, financial advisers or adviser dealer groups, their service providers and/or any joint holder of an investment;
- > those providing services for administering or managing the Fund, including the Investment Manager, Custodian; Unit Registry and Trust Administrator, auditors, or those that provide mailing or printing services;
- > Equity Trustees' other service providers;
- > regulatory bodies such as ASIC, ATO, APRA and AUSTRAC; and
- > other third parties who you have consented to Equity Trustees' disclosing your information to, or to whom Equity Trustees are required or permitted by law to disclose information to.

Equity Trustees may from time to time provide you with direct marketing and/or educational material about products and services it believes may be of interest to you. You have the right to "opt out" of such communications by contacting Equity Trustees using the contact details below.

In addition to the above information, Equity Trustees' Privacy Policy contains further information about how Equity Trustees handles your personal information, and how you can access information held about you, seek a correction to that information, or make a privacy-related complaint.

Full details of Equity Trustees' Privacy Policy are available at www.eqt.com.au. You can also request a copy by contacting Equity Trustees' Privacy Officer on +61 3 8623 5000 or by email to privacy@eqt.com.au.

PRIVACY AND COLLECTION AND DISCLOSURE OF PERSONAL INFORMATION

The *Privacy Act 1998* (Cth) (**Privacy Act**) regulates, among other things, the collection, disclosure and access to personal information.

Certain laws require us to collect, store and disclose information about you (including personal information), for example, The *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (**AML/CTF Law**), the *Foreign Account Tax Compliance Act* (**FATCA**) and the *Tax Laws Amendment (Implementation of the Common Reporting Standard) Act 2016* (Cth) (**CRS**). We may be required under the AML/CTF Law to provide information about you (including personal information) to the Australian Transaction Reports and Analysis Centre (**AUSTRAC**), the body responsible for regulating the AML/CTF Law. In respect of Investors who are ordinarily resident in a country other than Australia, both FATCA and CRS may require us to collect and disclose to the Australian Taxation Office information about you (including personal information) obtained from you.

If you do not provide the information requested in our application form, we will not be able to process your application (including any application for additional units) and your application may be delayed or rejected, or where Units have been issued they may be cancelled or compulsorily redeemed. In these circumstances, where applications are delayed or refused or where Units are cancelled or compulsorily redeemed, we are not liable for any loss you suffer (including consequential loss) as a result. Alternatively, if we accept your application to the Trust when you have not provided all of the requested information, we may provide information about you to the relevant regulator.

We will be required to share information about you (including personal information) with service providers to the Responsible Entity in respect of the Trust (including the Manager) to ensure you receive the appropriate information and assistance in respect of your holding in the Trust.

By applying to invest in the Trust, you consent to your information (including your personal information) being collected, used and disclosed by the Responsible Entity for the purposes disclosed above and in our Privacy Policy.

You are entitled to access, correct and update all personal information we hold about you. You can contact us to find out what personal information we hold about you or if you have any concerns about the completeness or accuracy of the

information we hold. If you want us to correct any personal information we hold, please contact us using the details in this PDS.

The privacy statement of the Responsible Entity is publicly available on its website at <https://www.eqt.com.au/global/privacystatement>

The Manager, Unity Registry, Trust Administrator, and the Distribution Partner may also collect, use and disclose your personal information, including personal information provided to the Manager by the Responsible Entity, for investor relations purposes in accordance with its privacy policy. A copy of the Manager's and Trust Administrator's privacy policy is publicly available at www.metrics.com.au/privacy/. A copy of the Unit Registry's policy is publicly available at <https://www.automicgroup.com.au/privacy-policy/>.

ANTI-MONEY LAUNDERING AND COUNTER TERRORISM FINANCING ("AML/CTF")

Australia's AML/CTF laws require Equity Trustees to adopt and maintain a written AML/CTF Program. A fundamental part of the AML/CTF Program is that Equity Trustees must hold up-to-date information about Investors (including beneficial owner information) in the Fund.

To meet this legal requirement, we need to collect certain identification information (including beneficial owner information) and documentation ("KYC Documents") from new investors. Existing investors may also be asked to provide KYC Documents as part of an ongoing customer due diligence/verification process to comply with AML/CTF laws. If applicants or investors do not provide the applicable KYC Documents when requested, Equity Trustees may be unable to process an application, or may be unable to provide products or services to existing investors until such time as the information is provided.

In order to comply with AML/CTF Laws, Equity Trustees may also disclose information including your personal information that it holds about the applicant, an investor, or any beneficial owner, to its related bodies corporate or service providers, or relevant regulators of AML/CTF Laws (whether inside or outside Australia). Equity Trustees may be prohibited by law from informing applicants or investors that such reporting has occurred.

Equity Trustees and the Investment Manager shall not be liable to applicants or investors for any loss you may suffer because of compliance with the AML/CTF laws.

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