

# FIIG Monthly Income Fund Reference Guide

## About this Reference Guide

This Reference Guide (“RG”) has been prepared and issued by Equity Trustees Limited (“Equity Trustees”, “we” or “Responsible Entity”). The information in this document forms part of the Product Disclosure Statement dated 1 September 2024 (“PDS”) for the **FIIG Monthly Income Fund** (ARSN: 677 324 882 APIR: ETL6333AU).

The information provided in this RG is for general information only and does not take into account your individual objectives, financial situation or needs. You should obtain financial and taxation advice tailored to your personal circumstances.

## Updated information

Information in the PDS and this RG is subject to change. Before making an investment in the Fund, you should ensure that you have read the current PDS and RG as at the date of your investment.

You can request a copy of the PDS and RG by calling FIIG Securities Limited on 1800 01 01 82, visiting [www.fiig.com.au](http://www.fiig.com.au) or emailing [funds@fiig.com.au](mailto:funds@fiig.com.au) or by calling the Responsible Entity. A paper copy of the updated information will also be provided free of charge on request.

### Investment Manager

FIIG Securities Limited  
ABN 68 085 661 632  
AFSL 224659  
Level 31, 1 Eagle Street  
Brisbane QLD 4000  
Ph: 1800 01 01 81  
Web: [fiig.com.au](http://fiig.com.au)

### Administrator and Custodian

Artega Investment  
Administration Pty Limited  
ABN 31 661 042 093  
AFSL 549937  
Level 2, 5 Martin Place,  
Sydney NSW 2000  
Web: [artega.com.au](http://artega.com.au)

### Registry

Boardroom Pty Limited  
ABN 14 003 209 836  
AFSL 533383  
GPO Box 3993  
Sydney NSW 2001  
Ph: 1300 737 760  
Web: [boardroomlimited.com.au](http://boardroomlimited.com.au)

### Responsible Entity

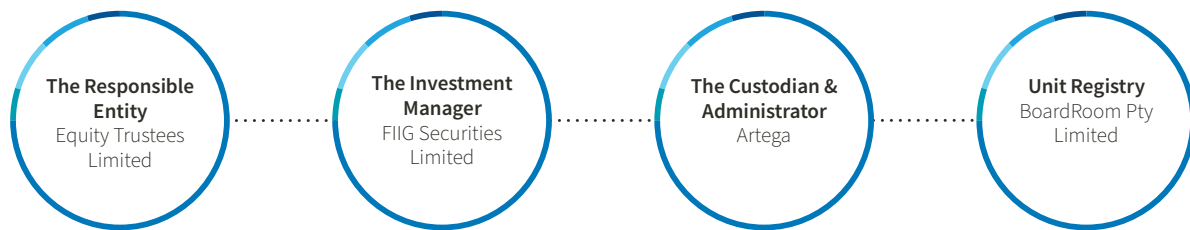
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# 1. Who is Managing the Fund



## The Responsible Entity

### Equity Trustees Limited

Equity Trustees Limited ABN 46 004 031 298 AFSL No. 240975 ("Equity Trustees"), a subsidiary of EQT Holdings Limited ABN 22 607 797 615, which is a public company listed on the Australian Securities Exchange (ASX: EQT), is the Fund's Responsible Entity and issuer of the Fund PDS and Reference Guide. Equity Trustees was established in 1888, by an Act of the Victorian Parliament, to provide trustee and executor services.

The company has evolved into a sophisticated financial services provider offering a broad range of products and services to a diverse client base. In addition to traditional trustee and estate management duties, Equity Trustees' range of services includes portfolio management, superannuation, philanthropy and responsible entity services for external fund managers.

Equity Trustees' responsibilities and obligations as Responsible Entity of the Fund are governed by the Fund's Constitution as well as the Corporations Act and general trust law.

## The Investment Manager

### FIIG Securities Limited (FIIG)

FIIG has been investing in bonds in the Australian market for 25 years and was a pioneer in bringing Over-the-Counter (OTC) bonds directly to Australian Investors. FIIG's deep knowledge and connection with the Australian bond market coupled with its strong research capabilities provide an unparalleled advantage in the Australian fixed income sector.

FIIG was established in 1998 to provide investors and issuers with access to and deep expertise in fixed income markets. As one of Australia's largest independent fixed income specialists, FIIG has grown to service over 6,000 clients with more than \$4.5bn in funds across their product offerings throughout their offices in Sydney, Melbourne, Brisbane, and Perth.

FIIG provides general financial product advice and facilitates fixed income investments across a comprehensive range of services and solutions, including private clients, intermediaries, corporations, and institutions. Those services include access to direct bonds, debt capital markets & private debt for corporate issuers, along with a dedicated, in-house, fixed-income credit research team.

FIIG is privately owned and not owned by any financial institution. This is a significant point of differentiation as it enables FIIG to transact an extensive and unrestricted range of interest rate securities and investments.

FIIG has an Australian Financial Services Licence (issued by ASIC) and provides general financial product advice, custodial services and dealing services to wholesale and retail investors. FIIG is not operating as custodian for the Fund.

FIIG provides comprehensive investment services for a wide variety of investors throughout Australia including;

- private clients: individual/personal investors, self-managed superannuation funds (SMSF), family and other trusts;
- intermediaries: financial advisors and planners, brokers, accountants, family offices and SMSF administration platforms;
- middle markets: companies, not-for-profit and charitable organisations, semi-government and government authorities, and family offices; and
- institutions: major financial institutions, fund managers, and major corporations throughout Australia, as well as working with institutional counterparties internationally through Asia Pacific and Europe.

FIIG also arranges and distributes corporate bonds for issuers of debt capital securities. FIIG maintains strict conflict of interest policies to ensure that the investment management team which manages the Fund operates independently from the segment of the business arranging and distributing corporate bonds.

## The Custodian and Administrator

### Artega Investment Administration Pty Limited

The Responsible Entity has appointed Artega Investment Administration Pty Limited (“Artega” or “the Administrator”) to act as Custodian and Administrator for the Fund. In such capacity, the Administrator is responsible for all general administrative tasks for the Fund, including keeping financial books and records and calculating the Net Asset Value of the Fund, as well as holding legal title to all Fund assets in its capacity as agent of the Responsible Entity.

The Responsible Entity has entered into an Administration Services Agreement with the Administrator which governs the services that will be provided by the Administrator to the Fund including the custody of the Fund’s assets.

The Investment Manager may, at any time, in consultation with the Responsible Entity, select any other administrator or custodian to serve as administrator or custodian to the Fund.

## Unit Registry

### BoardRoom Pty Limited

BoardRoom Pty Limited (“BoardRoom” or “the Unit Registry”) has been appointed as the Unit Registry of the Fund under a Registry Services Agreement. The Registry Services Agreement sets out the services provided by the Unit Registry on an ongoing basis together with the service standards.

The role of the Unit Registry is to keep a record of Investors’ interests in the Fund. This includes information such as the quantity of units held, TFNs (if provided), bank account details and details of distribution reinvestment plan participation to the extent the Responsible Entity offers such a plan. The Unit Registry is also responsible for performing services such as application and redemption processing and distribution payments.

## 2. Investing in the Fund

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### Application cut-off times

The Fund will commence accepting applications from 2 September 2024 and will issue the first units in the Fund on 1 October 2024. Any application monies received prior to 1 October 2024 will not be invested until 1 October 2024. From 1 October 2024 the below application timings will apply.

If we receive a correctly completed application form (paper or electronic), identification documents (if applicable) and cleared application money:

- before 2pm (Sydney time) on a Business Day and your application for units is accepted, you will generally receive the Application Price calculated for that Business Day; or
- on or after 2pm (Sydney time) on a Business Day and your application for units is accepted, you will generally receive the Application Price calculated for the next Business Day.

Please see the PDS for information regarding how to apply.

### Application terms

We will only start processing an application if:

- we consider that you have correctly completed the application form;
- you have provided us with the relevant identification documents if required; and
- we have received the application money (in cleared funds) which match your application amount.

If you wish to amend your application amount after submitting your application please contact us at [funds@fiig.com.au](mailto:funds@fiig.com.au) to adjust your application amount. Investment minimums apply.

Under the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 and the Foreign Account Tax Compliance Act (FATCA) applications made without providing all the information and supporting identification documentation requested on the Application Form cannot be processed until all the necessary information has been provided. As a result, delays in processing your application may occur.

Equity Trustees reserves the right to refuse any application without giving a reason. If for any reason Equity Trustees or the Administrator refuses or is unable to process your application to invest in the Fund, the Administrator will return your application money to you, subject to regulatory considerations, less any taxes or bank fees in connection with the application. You will not be entitled to any interest on your application money in this circumstance.

## 3. Managing your investment

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### Authorised signatories

You can appoint a person, partnership or company as your authorised signatory. To do so, please nominate them on the Application Form and have them sign the relevant sections. If a company is appointed, the powers extend to any director and officer of the company. If a partnership is appointed, the powers extend to all partners. Such appointments will only be cancelled or changed once we receive written instructions from you to do so.

Once appointed, your authorised signatory has full access to operate your investment account for and on your behalf. This includes the following:

- making additional investments;
- requesting income distribution instructions be changed;
- withdrawing all or part of your investment;
- changing bank account details; and
- enquiring and obtaining copies of the status of your investment.

If you do appoint an authorised signatory:

- you are bound by their acts;
- you release, discharge and indemnify us from and against any losses, liabilities, actions, proceedings, claims and demands arising from instructions received from your authorised signatory; and
- you agree that our acting on any instructions received from your authorised signatory shall amount to complete satisfaction of our obligations, even if these instructions were made without your knowledge or authority.

### Joint Account Operation

For joint accounts, unless indicated to the contrary on the Application Form, each signatory must sign withdrawal requests. Please ensure all signatories sign the declaration in the Application Form. Joint accounts will be held as joint tenants unless we are advised to the contrary in writing.

### Reports

Investors will be provided with the following reports:

- application and withdrawal confirmation statements;
- transaction statements; and
- (where applicable), distribution and tax statements.

Annual audited financial accounts are available on Equity Trustees' website.

## 4. Withdrawing your investment

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### Withdrawal cut-off times

If we receive a withdrawal request:

- before 2pm (Sydney time) on a Business Day and your withdrawal request is accepted, you will generally receive the Withdrawal Price calculated for that Business Day; or
- on or after 2pm (Sydney time) on a Business Day and your withdrawal request is accepted, you will generally receive the Withdrawal Price calculated for the next Business Day.

Please see the PDS for information regarding how to request a withdrawal.

### Withdrawal terms

Once we receive your withdrawal request, we may act on your instruction without further enquiry if the instruction bears your account number or investor details and your (apparent) signature(s), or your authorised signatory's (apparent) signature(s).

We may contact you to check your details before processing your withdrawal request but are not obliged to. This may cause a delay in finalising payment of your withdrawal money. No interest is payable for any delay in finalising payment of your withdrawal money.

We are not responsible or liable if you do not receive, or are late in receiving, any withdrawal money that is paid according to your instructions.

When you are withdrawing, you should take note of the following:

- Withdrawals will only be paid to an account held in the name of the investor.
- Withdrawal amounts are paid using the Sell unit price which includes any applicable sell spread detailed in the PDS.
- We reserve the right to fully redeem your investment if, as a result of processing your request, your investment balance in the Fund falls below the minimum balance set out in the PDS.
- If we cannot satisfactorily identify you as the withdrawing investor, we may reject your withdrawal request or payment of your withdrawal proceeds will be delayed. We are not responsible for any loss you consequently suffer.
- As an investor who is withdrawing, you agree that any payment made according to instructions received by post, courier or email, shall be a complete satisfaction of our obligations, despite any fact or circumstances such as the payment being made without your knowledge or authority.
- You agree that if the payment is made according to these terms, you, and any person claiming on your behalf, shall have no claim against us with regards to such payment.

### Withdrawal restrictions

Under the Corporations Act, you do not have a right to withdraw from the Fund if the Fund is illiquid. In such circumstances, you will only be able to withdraw your investment if Equity Trustees makes a withdrawal offer in accordance with the Corporations Act. Equity Trustees is not obliged to make such offers.

The Fund will be deemed liquid if at least 80% of its assets are liquid assets (generally cash and marketable securities). In addition, we may at any time suspend consideration of withdrawal requests or defer our obligation to pay withdrawal proceeds if it is not possible, or not in the best interests of investors or former investors for us to do so, due to circumstances outside our control (such as restricted or suspended trading in a Fund asset).

## 5. Additional information on fees and costs

### DID YOU KNOW?

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

**For example, total annual fees and costs of 2% of your investment balance rather than 1% could reduce your final return by up to 20% over a 30-year period (for example, reduce it from \$100,000 to \$80,000).**

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

**You may be able to negotiate to pay lower fees. Ask the Fund or your financial adviser.**

### TO FIND OUT MORE

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

### Fees and other costs

This section shows fees and other costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from the assets of the managed investment scheme as a whole.

Taxes are set out in another part of this document. You should read all the information about fees and costs because it is important to understand their impact on your investment.

## FIIG MONTHLY INCOME FUND

Type of fee or cost	Amount	How and when paid
<b>Ongoing annual fees and costs<sup>1,2</sup></b>		
<b>Management fees and costs</b> The fees and costs for managing your investment <sup>2</sup>	0.50% of the Net Asset Value of the Fund	The management fees component of management fees and costs are accrued daily and paid from the Fund monthly in arrears and reflected in the daily unit price.  Otherwise, the fees and costs are variable and deducted and reflected in the unit price of the Fund as they are incurred.
<b>Performance fees</b> Amounts deducted from your investment in relation to the performance of the product	Nil	Not applicable
<b>Transaction costs</b> The costs incurred by the scheme when buying or selling assets	0.00% of the Net Asset Value of the Fund <sup>3</sup>	Transaction costs are variable and deducted from the Fund as they are incurred and reflected in the unit price. They are disclosed net of amounts recovered by the Buy/Sell Spread.

### Member activity related fees and costs (fees for services or when your money moves in or out of the scheme)<sup>1</sup>

Type of fee or cost	Amount	How and when paid
<b>Establishment fee</b> The fee to open your investment	Nil	Not applicable
<b>Contribution fee</b> The fee on each amount contributed to your investment	Nil	Not applicable
<b>Buy-sell spread</b> An amount deducted from your investment representing costs incurred in transactions by the scheme	0.05% upon entry and 0.10% upon exit	These costs are an additional cost to the investor but are incorporated into the unit price and arise when investing application monies and funding withdrawals from the Fund and are not separately charged to the investor. The Buy Spread is paid into the Fund as part of an application and the Sell Spread is left in the Fund as part of a redemption.
<b>Withdrawal fee</b> The fee on each amount you take out of your investment	Nil	Not applicable
<b>Exit fee</b> The fee to close your investment	Nil	Not applicable
<b>Switching fee</b> The fee for changing investment options	Nil	Not applicable

<sup>1</sup> All fees quoted above are inclusive of Goods and Services Tax (GST) and net of any Reduced Input Tax Credits (RITC). See below for more details as to how the relevant fees and costs are calculated. The fees shown are current as at the date of this Reference Guide and are subject to change. All updates will be published on the FIIG website.

<sup>2</sup> The management fee component of management fees and costs can be negotiated in certain circumstances. See "Differential fees" in the "Additional Explanation of Fees and Costs" below.

<sup>3</sup> The disclosed transaction costs (net of amounts recovered by the Buy/Sell spread) is based on a reasonable estimate of the costs for the current financial year to date, adjusted to reflect a 12 month period. Transaction costs are subject to change annually based on actual costs incurred. The calculation basis of these amounts is set out in the "Additional Explanation of Fees and Costs" section below.

## Additional Explanation of Fees and Costs

### Management fees and costs

The management fees and costs include amounts payable for administering and operating the Fund, investing the assets of the Fund, expenses and reimbursements in relation to the Fund and indirect costs if applicable.

Management fees and costs do not include performance fees or transaction costs, which are disclosed separately.

The management fees component of management fees and costs of 0.50% p.a. of the NAV of the Fund is payable to the Responsible Entity of the Fund for managing the assets and overseeing the operations of the Fund. The management fees component is accrued daily and paid from the Fund monthly in arrears and reflected in the unit price. As at the date of this PDS, the management fees component covers certain ordinary expenses such as responsible entity fees, investment management fees, administrator's fees, custodian's fees, registry fees, ASIC, ATO, APIR, accounting/tax/compliance auditor's fees, bank fees and other ordinary expense recoveries related to the establishment and operation of the Fund.

### Indirect costs

The indirect costs and other expenses component may include other ordinary expenses of operating the Fund, as well as management fees and costs (if any) arising from interposed vehicles in or through which the Fund invests and the costs of investing in over-the-counter derivatives to gain investment exposure to assets or implement the Fund's investment strategy. The indirect costs and other expenses component is variable and reflected in the unit price of the Fund as the relevant fees and costs are incurred. They are borne by investors, but they are not paid to the Responsible Entity or Investment Manager. The indirect costs as at the date of this document are 0.00%.

### Transaction costs

In managing the assets of the Fund, the Fund may incur transaction costs such as brokerage, buy-sell spreads in respect of the underlying investments of the Fund, settlement costs, clearing costs and applicable stamp duty when assets are bought and sold and the costs of over-the-counter derivatives that reflect transaction costs that would arise if the Fund held the ultimate reference assets, as well as the costs of over-the-counter derivatives used for hedging purposes. Transaction costs also include costs incurred by interposed vehicles in which the Fund invests (if any), that would have been transaction costs if they had been incurred by the Fund itself. Transaction costs are an additional cost to the investor where they are not recovered by the Buy/Sell Spread, and are generally incurred when the assets of the Fund are changed in connection with day-to-day trading of the Fund's assets or when there are applications or withdrawals which cause net cash flows into or out of the Fund.

Transaction costs generally arise through the day-to-day trading of the Fund's assets and are reflected in the Fund's unit price as an additional cost to the investor, as and when they are incurred.

The gross transaction costs for the Fund are estimated to be 0.05% p.a. of the NAV of the Fund, which is based on a reasonable estimate of the costs for the current financial year, adjusted to reflect a 12 month period. However, actual transaction costs for future years may differ.

### Buy/Sell Spread

The Buy/Sell Spread that is disclosed in the Fees and Costs Summary is a reasonable estimate of transaction costs that the Fund will incur when buying or selling assets of the Fund. These costs are an additional cost to the investor but are incorporated into the unit price and arise when investing application monies and funding withdrawals from the Fund and are not separately charged to the investor. The Buy Spread is paid into the Fund as part of an application and the Sell Spread is left in the Fund as part of a redemption and not paid to the Responsible Entity or FIIG as the Investment Manager.

The estimated Buy/Sell Spread is 0.05% upon entry and 0.10% upon exit. The dollar value of these costs based on an application of \$10,000 is \$5 for an application and for a withdrawal of \$10,000 is \$10 for each individual transaction. The Buy/Sell Spread can be altered by the Responsible Entity at any time and the FIIG website will be updated as soon as practicable to reflect any change. The Responsible Entity may also waive the Buy/Sell Spread in part or in full at its discretion. The transaction costs figure in the Fees and Costs Summary is shown net of any amount recovered by the Buy/Sell Spread charged by the Responsible Entity.

### Can the fees change?

Yes, all fees can change without investor consent, subject to the maximum fee amounts specified in the Constitution. The current maximum management fee to which Equity Trustees is entitled is 2% of the GAV of the Fund. However, Equity Trustees does not intend to charge that amount and will generally provide investors with at least 30 days' notice of any proposed increase to the management fees component of management fees and costs. In most circumstances, the Constitution defines the maximum level that can be charged for fees described in this PDS. Equity Trustees also has the right to recover all reasonable expenses incurred in relation to the proper performance of its duties in managing the Fund and as such these expenses may increase or decrease accordingly, without notice.



### Payments to IDPS Operators

Subject to the law, annual payments may be made to some IDPS Operators because they offer the Fund on their investment menus. Product access is paid (if applicable) by FIIG out of its investment management fee and is not an additional cost to the investor.

### Differential fees

FIIG may from time to time negotiate a different fee arrangement (by way of a rebate or waiver of fees) with certain investors who are Australian Wholesale Clients. Please contact FIIG on [funds@fiig.com.au](mailto:funds@fiig.com.au) or your FIIG Relationship Manager for further information.

### Taxation

Please refer to Section 7 of the Product Disclosure Statement and Section 6 of this Reference Guide for further information on taxation.

### Commissions

To the extent permitted by law, FIIG may agree to pay commissions to your referrer, including Relationship Managers. These payments may be upfront, or ongoing “trail” commissions. The commissions are paid to your referrer at FIIG’s sole discretion and will be paid out of FIIG’s assets and will not represent an additional cost to you.

## 6. Taxation information

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The following information summarises some of the Australian taxation issues you may wish to consider before making an investment in the Fund and assumes that you hold your investment in the Fund 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.

A number of tax reform measures are currently under review by the Australian Government. These reforms may impact on the tax position of the Fund and its investors. Accordingly, it is recommended that investors seek their own professional advice, specific to their own circumstances, of the taxation implications of investing in the Fund.

### General

The Fund is an Australian resident trust for Australian tax purposes. Therefore, the Fund is required to determine its net income (taxable income) for the year of income. On the basis that investors are presently entitled (which is the intention of Equity Trustees) to the net income of the Fund (including net taxable capital gains) or will be attributed their share of assessable income, exempt income, non-assessable non-exempt income and tax offsets (i.e. credits) of the Fund and the Fund is not a public trading trust, the Fund should be treated as a flow-through trust for tax purposes. This means that investors should be taxed on their share of the Fund’s net taxable income or the amount attributed to them, and the Fund should not be subject to Australian income tax.

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

### Attribution Managed Investment Trust (“AMIT”) – core rules

The Fund may qualify as an eligible Attribution Managed Investment Trust (AMIT), and if so, intends to elect into the AMIT regime. The AMIT legislation applies an attribution model whereby Equity Trustees as the Responsible Entity of the Fund attributes amounts of trust components of a particular character to investors on a fair and reasonable basis consistent with the operation of the Fund’s Constitution, which includes provisions in relation to AMIT. Under the AMIT rules, the following will apply:

**Fair and reasonable attribution:** Each year, the Fund’s determined trust components of assessable income, exempt income, non-assessable non-exempt income and tax offsets (i.e. credits) will be allocated to investors on a “fair and reasonable” attribution basis, rather than being allocated proportionally based on each investor’s present entitlement to the income of the Fund.

**Unders or overs adjustments:** Where the Fund’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). Details of cost base adjustments will be included on an investor’s annual tax statement, referred to as an AMIT Member Annual Statement (“AMMA”).

**Large withdrawals:** In certain circumstances, gains may be attributed to a specific investor, for example, gains on disposal of assets to fund a large withdrawal being attributed to the redeeming investor.

**Penalties:** In certain circumstances (e.g. failure to comply with certain AMIT rules), specific penalties may be imposed.

The new rules are intended to reduce complexity, increase certainty and reduce compliance costs for managed investment trusts and their investors. Where the Fund does not elect into the AMIT regime, or has made the election but the election is not effective for the income year (e.g. the Fund does not satisfy the requirements to be a managed investment trust for the income year), the Tax Law applicable to non-AMITs should be relevant. In particular, the Fund should not generally pay tax on behalf of its investors and instead, investors should be assessed for tax on any income and capital gains generated by the Fund to which they become presently entitled.

### Deemed Capital Gains Tax (“CGT”) Election

Eligible managed investment trusts (“MITs”) may make an election to apply a deemed capital account treatment for gains and losses on disposal of certain eligible investments (including equities and units in other trusts but excluding derivatives, debt securities and foreign exchange contracts). Where the election is made the Fund should hold its eligible investments on capital account and gains/(losses) from the disposal of eligible investments should be treated as capital gains/(losses). Capital gains arising on the disposal of eligible investments held for 12 months or greater may be eligible to be treated as discount capital gains.

Where the CGT election is not made, the Fund should hold its eligible investments on revenue account and gains/(losses) from the disposal of eligible investments should be treated as revenue gains or losses.

### Controlled Foreign Company (“CFC”) Provisions

There are certain tax rules (i.e. the CFC provisions) which may result in assessable income arising in the Fund in relation to investments in foreign equities, where certain control thresholds are met. If such interests were to be held at the end of the income year, the taxable income of the Fund may include a share of net income and gains (i.e. CFC attributable income) from such investments.

### Taxation of Financial Arrangements (“TOFA”)

The TOFA rules may apply to certain “financial arrangements” held by the Fund. In broad terms, the TOFA regime seeks to recognise “sufficiently certain” returns on certain financial arrangements on an accruals basis for tax purposes rather than on a realisation basis. Where returns from derivative instruments are not “sufficiently certain” they will continue to be recognised on a realisation basis, unless specific tax timing elections are made.

### Taxation Reform

The tax information included in this Reference Guide is based on the taxation legislation and administrative practice as at the issue date of this reference guide, together with proposed

changes to the taxation legislation as announced by the Government. However, the Australian tax system is in a continuing state of reform, and based on the Government’s reform agenda, it is likely to escalate rather than diminish. Any reform of a tax system creates uncertainty as to the full extent of announced reforms, or uncertainty as to the meaning of new law that is enacted pending interpretation through the judicial process. These reforms may impact on the tax position of the Fund and its investors. Accordingly, it will be necessary to closely monitor the progress of these reforms, and investors should seek their own professional advice, specific to their own circumstances, of the taxation implications of investing in the Fund.

### Tax File Number (“TFN”) and Australian Business Number (“ABN”)

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 the Medicare Levy, on gross payments including distributions or attribution 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.

By quoting their TFN or ABN, the investor authorises Equity Trustees to apply it in respect of all the investor’s investments with Equity Trustees. If the investor does not want to quote their TFN or ABN for some investments, Equity Trustees should be advised.

### GST

The Fund is registered for GST. The issue or withdrawal of units in the Fund and receipt of distributions are not subject to GST.

The Fund may be required to pay GST included in management and other fees, charges, costs and expenses incurred by the Fund. However, to the extent permissible, the Responsible Entity will claim on behalf of the Fund a proportion of this GST as a reduced input tax credit. Unless otherwise stated, fees and charges quoted in this PDS are inclusive of GST and take into account any available reduced input tax credits. The Fund may be entitled to as yet undetermined additional input tax credits on the fees, charges or costs incurred. If the Responsible Entity is unable to claim input tax credits on behalf of the Fund, the Responsible Entity retains the ability to recover the entire GST component of all fees and charges.

The impact of GST payments and credits will be reflected in the unit price of the Fund. Investors should seek professional advice with respect to the GST consequences arising from their unit holding.

## Australian Taxation of Australian Resident Investors

### Distributions

For each year of income, each Australian resident investor will be required to include within their own tax calculations and tax return filings the assessable income, exempt income, non-assessable non-exempt income and tax offsets (i.e. credits) of the Fund attributed to them by Equity Trustees as the Responsible Entity of the Fund.

The tax consequences for investors in the Fund depends on the tax components of assessable income, exempt income, non-assessable non-exempt income and tax offsets (i.e. credits) of the Fund attributed to them.

Investors will receive an Annual Tax Statement (or an “AMMA” for an AMIT) detailing all relevant taxation information concerning attributed amounts and cash distributions, including any Foreign Income Tax Offset (“FITO”) and franking credit entitlements, returns of capital, assessable income, and any upwards or downwards cost base adjustment in the capital gains tax cost base of their units in the Fund (in the case of an AMIT).

An investor may receive their share of attributed tax components of the Fund or net income in respect of distributions made during the year or where they have made a large withdrawal from the Fund, in which case their withdrawal proceeds may include their share of net income or attributed tax components of assessable income, exempt income, non-assessable non-exempt income and tax offsets (i.e. credits). In addition, because Australian investors can move into and out of the Fund at different points in time, there is the risk that taxation liabilities in respect of gains that have benefited past investors may have to be met by subsequent investors.

### Foreign Income

The Fund may derive foreign source income that is subject to tax overseas, for example withholding tax. Australian resident investors should include their share of both the foreign income and the amount of the foreign tax withheld in their assessable income. In such circumstances, investors may be entitled to a FITO for the foreign tax paid, against the Australian tax payable on the foreign source income. To the extent the investors do not have sufficient overall foreign source income to utilise all of the FITOs relevant to a particular year of income, the excess FITOs cannot be carried forward to a future income year.

### Disposal of Units by Australian Resident Investors

If an Australian resident investor transfers or redeems their units in the Fund, this may constitute a disposal for tax purposes depending on their specific circumstances.

Where an investor holds their units in the Fund on capital account, a capital gain or loss may arise on disposal and each

investor should calculate their capital gain or loss according to their own particular facts and circumstances. 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 Fund have been held for 12 months or more. No 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.

The discount capital gains concession may be denied in certain circumstances where an investor (together with associates) holds 10% or more of the issued units of the Fund, the Fund has less than 300 beneficiaries and other requirements are met. Investors who together with associates are likely to hold more than 10% of the units in the Fund should seek advice on this issue.

## Australian Taxation of Non-Resident Investors

### Tax on Income

The Fund expects to derive income which may be subject to Australian withholding tax when attributed by Equity Trustees as the Responsible Entity of the Fund to non-resident investors.

Australian withholding tax may be withheld from distributions of Australian source income and gains attributed to a non-resident investor. The various components of the net income of the Fund which may be regarded as having an Australian source include Australian sourced interest, Australian sourced other gains, Australian sourced dividends and CGT taxable Australian property.

We recommend that non-resident investors seek independent tax advice before investing, taking into account their particular circumstances and the provisions of any relevant Double Taxation Agreement/Exchange of Information Agreement (“EOI”) between Australia and their country of residence.

### Disposal of Units by Non-Resident Investors

Based on the Fund’s investment profile, generally non-resident investors holding their units on capital account should not be subject to Australian CGT on the disposal of units in the Fund unless the units were capital assets held by the investor in carrying on a business through a permanent establishment in Australia. Australian tax may apply in certain circumstances if the non-resident holds their units on revenue account. CGT may also apply in some cases where the Fund has a direct or indirect interest in Australian real property. We recommend that non-resident investors seek independent tax advice in relation to the tax consequences of the disposal of their units.

## 7. Other important information

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### Your privacy

The Australian Privacy Principles contained in the Privacy Act 1988 (Cth) (“Privacy Act”) regulate the way in which we collect, use, disclose, and otherwise handle your personal information. Equity Trustees is committed to respecting and protecting the privacy of your personal information, and our Privacy Policy details how we do this.

It is important to be aware that, in order to provide our 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 our legal and regulatory obligations (including under the Corporations Act, the AML/CTF Act and taxation legislation). If you do not provide the information requested, we 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 us of the changes in writing. While we will generally collect your personal information directly from you, Equity Trustees, your broker, adviser, FIIG, the Unit Registry or the Administrator, we may also obtain or confirm information about you from publicly available sources in order to meet regulatory obligations.

In terms of how we deal with your personal information, Equity Trustees will use it for the purpose of providing you with our products and services and complying with our regulatory obligations. Equity Trustees may also disclose it to other members of our corporate group, or to third parties who we work with or engage for these same purposes. Such third parties may be situated in Australia or offshore, however we 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 we 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 FIIG as the Investment Manager, the Custodian and Administrator, the Unit Registry, auditors, or those that provide mailing or printing services;
- our other service providers;
- regulatory bodies such as ASIC, ATO, APRA and AUSTRAC; and

- other third parties who you have consented to us disclosing your information to, or to whom we are required or permitted by law to disclose information to.

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

In addition to the above information, Equity Trustees’ Privacy Policy contains further information about how we handle 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](http://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](mailto:privacy@eqt.com.au).

### The Constitution

The Fund is governed by a constitution that sets out the Fund’s operation (the “Constitution”). The Constitution, together with the Fund’s PDS (which includes this Reference Guide), the Corporations Act and other laws, regulate our legal relationship with investors in the Fund. If you invest in the Fund, you agree to be bound by the terms of the Fund’s PDS and the Fund’s Constitution. Please read these documents carefully before investing in the Fund. The Constitution contains a number of provisions relating to the rights, terms, conditions and obligations imposed on both Equity Trustees, as the Responsible Entity of the Fund, and investors. Some of the provisions of the Constitution are discussed elsewhere in this Reference Guide.

Other provisions relate to an investor’s rights under the Constitution, and include:

- an investor’s right to share in any Fund income, and how we calculate it;
- what you are entitled to receive when you withdraw or if the Fund is wound up;
- an investor’s right to withdraw from the Fund - subject to the times when we can or must cease processing withdrawals;
- the nature of the units - identical rights attach to all units within a given class of units; and
- an investor’s rights to attend and vote at meetings – these provisions are mainly contained in the Corporations Act and the Constitution deems that such provisions which apply to registered schemes apply to the Fund.

There are also provisions governing our powers and duties, including:

- how we calculate unit prices, the maximum amount of fees we can charge and expenses we can recover;
- that we can amend the Constitution by deed while the Fund is not a registered scheme;
- when we can retire as the Responsible Entity of the Fund;
- when we can be removed as the Responsible Entity of the Fund - which is when required by law or by an extraordinary resolution of Unitholders; and
- our broad powers to invest, borrow and generally manage the Fund.
- The Constitution also deals with our liabilities in relation to the Fund and when we can be reimbursed out of the Fund's assets.

For example:

- we are not liable for acting in reliance and good faith on professional advice;
- we are not liable for any loss except (while the Fund is registered with ASIC) to the extent the Corporations Act imposes such liability on us, or (while the Fund is unregistered) if we fail to act in good faith, or we act negligently; and
- we can be reimbursed for any liabilities we incur in connection with the proper performance of our powers and duties in respect of the Fund.

Copies of the Constitution are available, free of charge, on request from Equity Trustees.

You can request a copy of the Constitution free of charge from Equity Trustees.

We may amend the Constitution from time to time in accordance with the provisions in the Constitution and the Corporations Act.

### **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 (and our appointed service providers) 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 shall not be liable to applicants or investors for any loss you may suffer because of compliance with the AML/CTF laws.

### **Indirect Investors**

You may be able to invest indirectly in the Fund via an IDPS by directing the IDPS Operator to acquire units on your behalf. If you do so, you will need to complete the relevant forms provided by the IDPS Operator and not the Application Form accompanying the PDS. This will mean that you are an Indirect Investor in the Fund and not an investor or member of the Fund. Indirect Investors do not acquire the rights of an investor as such rights are acquired by the IDPS Operator who may exercise, or decline to exercise, these rights on your behalf.

Indirect Investors do not receive reports or statements from us and the IDPS Operator's application and withdrawal conditions determine when you can direct the IDPS Operator to apply or redeem. Your rights as an Indirect Investor should be set out in the IDPS Guide or other disclosure document issued by the IDPS Operator.

### **Information on underlying investments**

Information regarding the underlying investments of the Fund will be provided to an investor of the Fund on request, to the extent Equity Trustees is satisfied that such information is required to enable the investor to comply with its statutory reporting obligations. This information will be supplied within a reasonable timeframe having regard to these obligations.

### **Proxy Voting**

FIIG as Investment Manager will vote on all matters with respect to debt securities held by the Fund that are considered material to the interests of the Fund. FIIG will vote in a manner consistent with the Fund's investment objectives, which may include protecting the interests of the Fund and their investors.

## Unitholder's liability

The Constitution for the Fund provides that unless there is a separate agreement with a Unitholder, no Unitholder can be called on to contribute to the assets of the Fund or to its creditors if the Fund is liquidated or becomes insolvent, other than certain costs or taxes incurred in respect of particular Unitholder. Therefore, it is expected that Unitholders will not be under any obligation if a deficiency in the assets of the Fund was to occur. However, this view has not been fully tested and so it is not possible to give an absolute assurance that a Unitholder's liability will be limited in all circumstances.

In general, the liability of a Unitholder is limited to the amount (if any) which remains unpaid in relation to their subscription for units and certain amounts in respect of tax. The Responsible Entity is permitted to deduct certain amounts owed to the Responsible Entity from amounts payable to Unitholders.

## Listing of units

The units of the Fund are not listed on any stock exchange. Equity Trustees will provide investors with advance notice if the units of the Fund are to become listed on any stock exchange.

## Foreign Account Tax Compliance Act ("FATCA")

In April 2014, the Australian Government signed an intergovernmental agreement ("IGA") with the United States of America ("U.S."), which requires all Australian financial institutions to comply with the FATCA Act enacted by the U.S. in 2010.

Under FATCA, Australian financial institutions are required to collect and review their information to identify U.S. residents and U.S. controlling persons that invest in assets through non-U.S. entities. This information is reported to the Australian Taxation Office ("ATO"). The ATO may then pass that information onto the U.S. Internal Revenue Service.

In order to comply with the FATCA obligations, we may request certain information from you. Failure to comply with FATCA obligations may result in the Fund, to the extent relevant, being subject to a 30% withholding tax on payment of U.S. income or gross proceeds from the sale of certain U.S. investments. If the Fund suffers any amount of FATCA withholding and is unable to obtain a refund for the amounts withheld, we will not be required to compensate investors for any such withholding and the effect of the amounts withheld will be reflected in the returns of the Fund.

## Common Reporting Standard ("CRS")

The CRS is developed by the Organisation of Economic Co-operation and Development and requires certain financial institutions resident in a participating jurisdiction to document and identify reportable accounts and implement due diligence procedures. These financial institutions will also be required to report certain information on reportable accounts to their relevant local tax authorities.

Australia signed the CRS Multilateral Competent Authority Agreement and has enacted provisions within the domestic tax legislation to implement CRS in Australia. Australian financial institutions need to document and identify reportable accounts, implement due diligence procedures and report certain information with respect to reportable accounts to the ATO. The ATO may then exchange this information with foreign tax authorities in the relevant signatory countries.

In order to comply with the CRS obligations, we may request certain information from you. Unlike FATCA, there is no withholding tax that is applicable under CRS.

## Related party transactions

The Responsible Entity and its associates are entitled to enter into or be interested in their own account in any transactions entered into on behalf of the Fund or with any company or body in which the Fund is invested or who provides services to the Fund. Any such transactions will be on arm's length commercial terms and no priority will be afforded to the Responsible Entity or its associates over any other Unitholder. The Responsible Entity and its associates are also permitted to hold units in any capacity.

## Indemnification of the Investment Manager

Under the terms of the Investment Management Agreement, Equity Trustees, in its capacity as trustee of the Fund, indemnifies and agrees to hold harmless FIIG as the appointed Investment Manager against any loss or liabilities reasonably incurred by the Investment Manager, and any direct costs, charges and expenses incurred by the Investment Manager by reason of the Investment Manager performing its duties and obligations under the Investment Management Agreement. The Investment Manager will not be entitled to be indemnified in relation to any such loss, liability, cost, charge or expense to the extent to which it is caused by the Investment Manager's negligence, fraud or dishonesty.

## Termination of the Fund

The Responsible Entity may resolve at any time to terminate, liquidate and wind up the Fund in accordance with the Fund's Constitution. The Fund may otherwise terminate if required by law. A notice will be provided to Unitholders advising of the Fund's termination. Upon termination and after conversion of Fund assets into cash and payment of, or provision for, all costs and liabilities (actual and anticipated), the net proceeds will be distributed pro-rata amongst all Unitholders according to the number of units they hold in the Fund.



## Electronic Instructions

If an investor instructs Equity Trustees or FIIG by electronic means, such as email or via the internet, the investor releases each of Equity Trustees and FIIG from and indemnifies each of Equity Trustees and FIIG against, all losses and liabilities arising from any payment or action Equity Trustees or FIIG makes based on any instruction (even if not genuine):

- that Equity Trustees or FIIG (as applicable) receives by an electronic communication bearing the investor's investor code; and
- which appears to indicate to Equity Trustees or FIIG (as applicable) that the communication has been provided by the investor (for example, it has a signature which is apparently the investor's or an authorised signatory's or it has an email address which is apparently the investor's).

The investor agrees that neither the investor nor anyone claiming through the investor has any claim against Equity Trustees or FIIG or the Fund in relation to such payments or actions.

There is a risk that a fraudulent withdrawal request can be made by someone who has access to an investor's investor code and a copy of their signature or email address. Please take care.

## Valuations

The assets of the Fund are valued by the Fund Administrator in accordance with the Fund's Constitution using methods consistent with the ordinary commercial practice for valuing that type of assets and producing a value that is reasonably current.

The Fund Administrator values the Fund's assets in accordance with generally standard market practice and market prices are generally electronically sourced from third parties. Where no independent pricing source is available to value an asset, Equity Trustees will liaise with the Administrator to determine the value of the asset in accordance with acceptable industry standards.

The value of the Fund will be decreased by the amount of any liability owing by the Fund, such as distributions to investors, the management fees and costs payable, other expenses, provisions and contingent liabilities.

### NAV for the Fund

The NAV for the Fund is available at [www.fiig.com.au](http://www.fiig.com.au) or by calling us on 1800 01 01 82 or emailing [funds@fiig.com.au](mailto:funds@fiig.com.au).

### Reporting

Unitholders will be able to view the NAV of the Fund on a daily basis, made available through the registry online portal and published on the FIIG website.

A quarterly performance update will be published on the FIIG website.

Yearly audited reports for the Fund will be made available on the FIIG website.

## 8. Principal risks

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All investments carry risks. Different investment strategies may carry different levels of risk, depending on the assets acquired under the strategy. Assets with the highest long-term returns may also carry the highest level of short-term risk. You should consider the significant risks below when deciding whether to invest in the Fund. You should consider these risks in light of your risk profile. Your risk profile will vary depending on a range of factors, including your age, the investment time frame (how long you wish to invest for), your other investments or assets and your risk tolerance.

We do not offer personal advice that takes into account your personal financial situation, including advice about whether the Fund is suitable for your circumstances. If you require personal financial or taxation advice, you should contact a licensed financial advisor and/or taxation advisor. You should also regularly review your investments in light of your particular investment objectives, financial situation and needs.

The Responsible Entity and the Investment Manager do not guarantee the liquidity of the Fund's investments, repayment of capital or any rate of return or the Fund's investment performance. The value of the Fund's investments will vary. There is no guarantee of the performance of the Fund's investments within the limits or guidance of the Fund. Investing in a managed investment scheme may result in a part or total loss of capital invested. The level of returns will vary, and future returns may differ from past returns. Laws affecting managed investment schemes may also change in the future. The structure and administration of the Fund is also subject to change.

The risks set out in the PDS and this Reference Guide are the key risks identified, and are not intended to be an exhaustive list of all potential risks.

## General Risk

In general, cash and fixed income securities can provide greater certainty in income flows and can offer greater capital price stability than alternative investments, such as shares and property. However, there are a number of risks associated with investing in fixed income securities that can result in significant variability in investment returns and a loss of income or capital value.

## Market Risk

The market price of securities owned by the Fund may go up or down, sometimes rapidly or unpredictably. Securities may decline in value due to factors affecting securities markets generally or particular industries represented in the securities markets. The value of a security may decline due to general market conditions which are not specifically related to a particular company, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates, adverse changes to credit markets, global political instability, or adverse investor sentiment generally. The value of a security may also decline due to factors that affect a particular industry or industries, such as labour shortages or increased production costs and competitive conditions within an industry. During a general downturn in the securities markets, multiple asset classes may decline in value simultaneously. Further, changes in tax, legal and economic policy, political events and technology failure can all directly or indirectly create an environment that may influence the value of your investments.

## Interest Rate Risk

Interest rate risk is the risk that fixed income securities and other Instruments in the Fund's portfolio will decline in value because of an increase in interest rates. As nominal interest rates rise, the value of certain fixed income securities held by the Fund is likely to decrease. A nominal interest rate can be described as the sum of a real interest rate and an expected inflation rate. Interest rate changes can be sudden and unpredictable, and the Fund may lose money as a result of movements in interest rates. The Fund may not be able to hedge against changes in interest rates or may choose not to do so for cost or other reasons. In addition, any hedges may not work as intended.

Bonds are subject to the risk that litigation, legislation or other political events, local business or economic conditions, or the bankruptcy of the issuer could have a significant effect on an issuer's ability to make payments of principal and/or interest.

## Credit Risk

The Fund could lose money if the issuer or guarantor of a fixed income security, or the counterparty to a derivative, repurchase agreement or a loan of portfolio securities, is unable or unwilling, or is perceived (whether by market participants, rating agencies, pricing services or otherwise) as unable or willing, to make timely principal and/or interest payments, or to otherwise honour its obligations. The downgrade of the credit of a security held by the Fund may decrease its value. Securities are subject to varying degrees of credit risk, which are often reflected in credit ratings. Measures such as average credit quality may not accurately reflect the true credit risk of a fund. This is especially the case if the Fund consists of securities with widely varying credit ratings. Therefore, if a fund has an average credit rating that suggests a certain credit quality, that fund may in fact be subject to greater credit risk than the average would suggest.

## Multiple unit class risk

The Fund may offer separate classes of units for investment. Any classes are not separate legal entities and the assets of each class will not be segregated. All of the assets of the Fund are available to meet all of its liabilities, regardless of the class to which such assets or liabilities are attributable. In practice, cross-class liability will usually only arise where any separate class becomes insolvent and is unable to meet all of its liabilities. In this case, all of the assets of the Fund attributable to other separate classes may be applied to cover the liabilities of the insolvent classes. If losses or liabilities are sustained by a class in excess of the assets attributable to such class, such excess may be apportioned to the other classes.

## Capital Risk

Capital risk refers to the possibility of losing all or part of your capital invested. The level of capital risk varies depending on the level of funds you have invested in the Fund. In general, holding a diversified, well-rated portfolio of bonds that sit higher up the capital structure will lessen an investor's exposure to capital risk.

## Fund Risk

Fund risk refers to specific risks associated with the Fund, such as termination and changes to fees and expenses. The performance of the Fund or the security of an investor's capital is not guaranteed. There is no guarantee that the investment strategy of the Fund will be managed successfully, or that the Fund will meet its investment objectives. Such circumstances could negatively impact the performance of the Fund. As the Fund will be rebalanced periodically, the Fund may not reposition in response to market events in periods between rebalancing. An investment in the Fund is governed by the terms of the Constitution and the PDS including this Reference Guide, each as amended from time to time. The Responsible Entity may elect, in accordance with the Constitution, to terminate the Fund for any reason.



## Liquidity Risk

Liquidity refers to the ease with which an asset can be traded (bought and sold) in the marketplace at its current value. Some fixed income securities can be more liquid than others, with lower rated structured bonds generally being less liquid than higher rated vanilla bonds. An asset subject to liquidity risk may be more difficult to trade and it may take longer for the full value of the asset to be realised (if it can be realised at all).

The Fund invests in a diversified pool of fixed income securities to manage the liquidity risks which may be presented by some securities.

## Derivatives Risk

The Fund may use derivatives, directly or indirectly, for hedging purposes and/or for investment purposes. The value of a derivative is derived from the value of an underlying asset. This involves basis risk as the value of a derivative may not move perfectly in line with the physical security. Therefore, the derivative positions cannot be expected to perfectly hedge the risk of the physical security. Other risks associated with derivatives may include:

- loss of value because of a sudden price move or because of the passage of time;
- potential illiquidity of the Derivative;
- the Fund being unable to meet payment obligations as they arise;
- potential for leverage risk
- the counterparty to any derivative not being able to meet its obligations under the contract; and
- significant volatility in prices.

Note that neither the Responsible Entity nor the Investment Manager guarantee that the Fund's derivatives strategy will be successful.

## Counterparty and Service Provider Risk

Default by any of the Fund's counterparties or key service providers (e.g. the Administrator) may cause losses to the Fund.

## Distribution Risk

The Fund's ability to pay a distribution to you is contingent on the income it receives from the assets held by the Fund. No guarantee can be given concerning the future earnings of the Fund, the earnings or capital appreciation of the Fund's portfolio or the return of your investment.

## Pandemic and other unforeseen event risk

Health crises, such as pandemic and epidemic diseases, as well as other catastrophes that interrupt the expected course of events, such as natural disasters, war or civil disturbance, acts of terrorism, power outages and other unforeseeable and external events, and the public response to or fear of such diseases or events, have and may in the future have an adverse effect on the economies and financial markets either in specific countries or worldwide and consequently on the value of the Fund's investments. Further, under such circumstances the operations, including functions such as trading and valuation, of the Investment Manager and other service providers could be reduced, delayed, suspended or otherwise disrupted.

## Investment Manager Risk

The Investment Manager's investment style may have significant impacts on the investment returns of the Fund. No single investment style will perform better than all other investment styles in all market conditions. There is a risk that the Investment Manager's investment strategy may not be successful and result in the underperformance of the Fund, either relative to the market and/or its peers or in absolute terms. Matters such as the loss of key staff, or the failure of an Investment Manager to perform as expected may negatively impact returns, risks and/or liquidity.

## Operational Risk

Operational risk includes those risks which arise from operating a managed investment scheme. The operation of the Fund may require the Unit Registry, Administrator, or an agent appointed by the Responsible Entity to implement sophisticated systems and procedures. Some of these systems and procedures are specific to the operation of the Fund. Inadequacies with these systems and procedures or the people operating them could lead to a problem with the Fund's operation and result in a decrease in the value of units.

## Regulatory Risk

There is a risk that a change in laws and regulations governing a security, sector or financial market could have an adverse impact on the Fund or on the Fund's investments. A change in laws or regulations can increase the costs of operating a business and/or change the competitive landscape.

## 9. Glossary

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### **\$, A\$ or dollar**

The lawful currency of Australia.

### **Administrator or Artega**

Artega Investment Administration Pty Limited ABN 31 661 042 093, the custodian and administrator for the Fund.

### **AFSL**

Australian Financial Services Licence.

### **AMIT**

Attribution Managed Investment Trust.

### **AML/CTF Act**

The Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth).

### **Application Form**

The application form for the Fund available online at [www.fiig.com.au](http://www.fiig.com.au)

### **Application Price**

The price at which units are issued as determined in accordance with the Constitution.

### **APRA**

Australian Prudential Regulation Authority

### **ASIC**

Australian Securities and Investments Commission.

### **ATO**

Australian Taxation Office.

### **AUSTRAC**

Australian Transaction Reports and Analysis Centre

### **Benchmark Index**

Bloomberg AusBond Bank Bill Index<sup>1</sup>

### **Buy/Sell Spread**

The estimated transaction costs associated with buying and selling the assets of the Fund when Unitholders invest in, or redeem from, the Fund.

### **Business Day**

Any day on which a majority of trading banks are open for business in Sydney, NSW.

### **Constitution**

Refers to the trust deed establishing and governing the Fund dated 10 May 2024, as amended from time to time.

### **Corporations Act**

Corporations Act 2001 (Cth).

### **CRS**

Common Reporting Standard.

### **Derivatives**

Derivatives are financial contracts whose value is based on one or more underlying market factors— such as events, reference rates (for example, interest rates and foreign exchange rates), and the prices of assets. Derivatives include forwards, futures, swaps, and options.

### **Emerging Market Bonds**

Are debt securities issued by governments or corporations in developing countries. These bonds typically offer higher yields due to the increased risk associated with political, economic, and currency instability in these regions.

Examples of countries included are Brazil, China, India, Mexico and South Africa. They provide opportunities for higher returns but come with higher risk compared to bonds from developed markets.

### **FATCA**

Foreign Account Tax Compliance Act.

### **Fund**

The FIIG Monthly Income Fund, a registered managed investment scheme governed by the Constitution.

### **Gross Asset Value (GAV)**

The value of the assets of the Fund without taking into account the liabilities of the Fund.

### **GST**

Goods and Services Tax.

### **High Yield Bond**

Are bonds that offer higher interest rates due to their lower credit ratings and higher risk of default compared to investment-grade bonds.

### **Investment Grade**

The credit rating provided by a bond rating firm such as S&P, Fitch Ratings or Moody's is greater than BBB- or Baa3.

<sup>1</sup> Bloomberg Index Services Limited. BLOOMBERG® is a trademark and service mark of Bloomberg Finance L.P. and its affiliates (collectively "Bloomberg"). Bloomberg or Bloomberg's licensors own all proprietary rights in the Bloomberg Indices. Bloomberg does not approve or endorse this material or guarantee the accuracy or completeness of any information herein, nor does Bloomberg make any warranty, express or implied, as to the results to be obtained therefrom, and, to the maximum extent allowed by law, Bloomberg shall not have any liability or responsibility for injury or damages arising in connection therewith.

### **Investment Management Agreement**

The investment management agreement between the Responsible Entity and Investment Manager under which the Investment Manager is appointed to manage the Fund's assets.

### **Investment Manager or FIIG**

FIIG Securities Limited ABN 68 085 661 632, the investment manager of the Fund.

### **Indirect Investors**

Individuals who invest in the Fund through an IDPS.

### **IDPS**

Investor-Directed Portfolio Service or investor-directed portfolio-like managed investment scheme. An IDPS is generally the vehicle through which an investor purchases a range of underlying investment options from numerous investment managers. An IDPS is often referred to as a platform.

### **IDPS Guide**

Investor-Directed Portfolio Service guide

### **IDPS Operator**

An entity responsible for operating an IDPS.

### **Net Asset Value ("NAV")**

The market value of the Fund's assets less certain liabilities.

### **Retail Client**

Persons or entities defined as such under section 761G of the Corporations Act.

### **Structured Credit**

Involves pooling various debts and dividing them into tranches with different risk and return profiles. Examples include collateralized debt obligations (CDOs) and mortgage-backed securities (MBS).

### **Trustee, Equity Trustees, us or we**

Equity Trustees Limited ABN 46 004 031 298, the Responsible Entity of the Fund.

### **Unitholder**

A person who completes and submits an Application Form and application monies in accordance with the terms of the PDS and whose application has been accepted and who is registered as a holder of units under the Constitution. Throughout the PDS and this Reference Guide, 'Unitholder' is used synonymously with the term investor.

### **Unit Registry**

BoardRoom Pty Limited ABN 14 003 209 836, the unit registry for the Fund.

### **Unrated Bonds**

Are debt securities without a credit rating from agencies like Standard & Poor's or Moody's. Their credit risk is unknown, making it harder to assess default likelihood. They may offer higher yields to compensate for the added uncertainty.

### **US Person**

A person so classified under securities or tax law in the United States of America ("US") including, in broad terms, the following persons:

- (a) any citizen of, or natural person resident in, the US, its territories or possessions; or
- (b) any corporation or partnership organised or incorporated under any laws of or in the US or of any other jurisdiction if formed by a US Person (other than by accredited investors who are not natural persons, estates or trusts) principally for the purpose of investing in securities not registered under the US Securities Act of 1933; or
- (c) any agency or branch of a foreign entity located in the US; or
- (d) a pension plan primarily for US employees of a US Person; or
- (e) a US collective investment vehicle unless not offered to US Persons; or
- (f) any estate of which an executor or administrator is a US Person (unless an executor or administrator of the estate who is not a US Person has sole or substantial investment discretion over the assets of the estate and such estate is governed by non-US law) and all the estate income is non-US income not liable to US income tax; or
- (g) any fund of which any trustee is a US Person (unless a trustee who is a professional fiduciary is a US Person and a trustee who is not a US Person has sole or substantial investment discretion over the assets of the trust and no beneficiary (or settlor, if the trust is revocable) of the trust is a US Person); or
- (h) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a US Person; or
- (i) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated or (if an individual) resident in the US for the benefit or account of a US Person.

### **Wholesale Client**

Has the meaning given to that term under section 761G of the Corporations Act.

### **Withdrawal Price**

The price at which units are withdrawn as determined in accordance with the Constitution.

### **We, us**

Refers to Equity Trustees.

## Talk to the experts

Please call our national number 1800 01 01 81 to speak to a FIIG fixed income expert, email us at [funds@fiig.com.au](mailto:funds@fiig.com.au) or contact your nearest office directly.

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