

# Funding Income Trust

Information Memorandum  
as at 1 December 2023

MANAGER

Funding.com.au Pty Ltd  
ACN 603 756 547

TRUSTEE

Funding Capital Pty Ltd  
ACN 639 203 345, AFSL 523247

CUSTODIAN

Sandhurst Trustees Limited  
ACN 004 030 737

# Important Notices

This Information Memorandum ("IM") is dated 1 December 2023.

Funding Capital Pty Ltd ACN 639 203 345 ("Trustee") holds an Australian Financial Services Licence ("AFSL"), number 523247, and is the Trustee of Funding Income Trust ("Trust") available for investment through this IM. Funding.com.au is the Manager of the Trust. The Manager is an authorised representative (No: 001285983) of the Trustee. The Trustee is the issuer of the IM and the Units in the Trust. Units to which this IM relates will only be issued on the receipt of a properly completed Application Form included in or accompanied by this IM or obtained from the Trustee and any other required information as to an investor's identity and the source of payment of the application monies.

The Trust is subject to investment risk, including possible delays in repayment and loss of income and principal invested. The performance of your investment in the Trust will be linked to the loans in which the Trust invests and the ability of the borrowers under those loans to repay. Your investment does not represent deposits or other liabilities of the Trustee, Funding.com.au Pty Ltd ("Funding.com.au" or "Manager") or any other person. None of the Trust, the Trustee, Funding.com.au or any of their associates or any of its related bodies corporate, guarantees in any way the performance of the Trust, repayment of capital from the Trust, any particular return from, or any increase in, the value of the Trust. Any prospective financial information in the IM is predictive in nature, may be affected by inaccurate assumptions or by known or unknown risks and uncertainties and may differ materially from the results ultimately achieved.

This IM has been prepared without taking into account the investment objectives, financial situation or needs of any particular investor. Before deciding whether to make an investment decision you should carefully read all of this IM and obtain professional advice about an investment in the Trust having regard to your particular investment needs, objectives and financial circumstances before investing.

Any information or representation not contained in this IM must not be relied on as having been authorised by the Trustee or Manager.

The offer to which this IM relates is only available to Wholesale Clients as that term is defined in section 761G of the Corporations Act, receiving this IM in Australia. This IM is not a Product Disclosure Statement. This IM should not be distributed to and does not constitute an offer or invitation in any place where, or to any person to whom, it would be unlawful to make such an offer or invitation.

The information in this IM is current as at 1 December 2023. Information in this IM may change from time to time. Changes to information regarding the Trust that is not materially adverse will be published on [funding.com.au/invest](https://funding.com.au/invest). A paper copy of this IM is also available free of charge upon request from the Manager.

Terms used in this IM are defined in the Glossary in Section 11.

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# 1. Key Features of the Trust

<b>Trust Name</b>	Funding Income Trust
<b>Trustee</b>	Funding Capital Pty Ltd ACN 639 203 345
<b>Trustee's Australian Financial Services Licence No.</b>	523247
<b>Investment Manager</b>	Funding.com.au Pty Ltd ACN 603 756 547
<b>Investment Manager Authorised Rep No.</b>	001285983
<b>Custodian</b>	Sandhurst Trustees Limited ACN 004 030 737 or such other person appointed by the Trustee from time to time.
<b>Auditor</b>	Moore Stephens.
<b>Asset Class</b>	First Mortgages / Fixed Income.
<b>Investment Type</b>	<p>The Funding Income Trust ('Trust') provides investors direct and indirect access to a pool of mortgage Loans, secured by a first mortgage, facilitated by Funding.com.au. As an investor, you obtain exposure to the Loans selected by the Manager and you should receive monthly distributions (including amounts received by the Trust from the Borrowers repayments). The Trust may also invest in first mortgage loans via its warehouse programs. The Trust may hold "Funding Notes" issued by an SPV Lender, and the SPV Lender will hold a first ranking mortgage. Refer to section 7.8 of this IM for further information on Funding Notes, including in relation to other notes issued by an SPV Lender.</p> <p>Investors may invest in one of more of the following Investment Terms which may offer different Target Rates of Return depending on the term of the investment:</p>
<b>Investment Terms</b>	<ol style="list-style-type: none"><li>1. 6 months</li><li>2. 12 months</li></ol> <p>Shorter or longer terms may be made available from time to time. See section 4 for more details.</p>
<b>Target Rates of Returns</b>	<p>The current Target Rates of Return applicable to each Investment Term are available on the Manager's website <a href="https://funding.com.au/invest">funding.com.au/invest</a> and should be read in conjunction with this IM.</p> <p>The Target Rates of Return are an investment objective and not a forecast or guaranteed rate of return. See section 4 for details.</p>
<b>Eligible Investors</b>	Wholesale Investors only.
<b>Minimum Investment</b>	You can invest in the Trust with as little as \$50,000. Each additional investment must be at least \$50,000. The minimum amount may change from time to time at the discretion of the Manager.

<b>Distributions</b>	Any distributions are paid monthly and can be reinvested in the Trust. See section 3.6.
<b>Withdrawals</b>	<p>Generally, you have no right to withdraw units in the Trust until the end of the relevant Investment Term that applies to your investment.</p> <p>At the expiration of the Investment Term, the investment will, unless you have previously requested to withdraw your investment, automatically roll over and be reinvested for the same Investment Term at the then prevailing Target Rate of Return.</p> <p>If you wish to withdraw, in part or in full, at the end of the Investment Term, then you must notify the Manager at least 90 days before the end of the Investment Term. For more information see section 3.8.</p>
<b>Fees &amp; Costs</b>	Fees and costs will apply. See section 8
<b>Risks</b>	There are risks associated with investing in the Trust which may result in Investors losing some or all of their investment – See section 7
<b>Investing in the Trust</b>	You need to complete and submit an Application Form to become an investor in the Trust.

## 2. Funding Group

### 2.1 THE TRUST

The Funding Income Trust (“the Trust”) is an unregistered managed investment scheme where Members of the Trust are provided with exposure to a pool of first mortgage loans provided to creditworthy Borrowers.

The Trust receives the principal and interest repayments associated with the Loans in which it invests. Interest repayments are used to fund distributions to Investors.

### 2.2 ABOUT FUNDING

“Funding” in this document references to the companies within the Funding Group and Funding.com.au.

Funding is Australia’s leading mortgage marketplace. The home of a faster, simpler, more reliable mortgage and online investing.

Founded in 2015, Funding has established itself as an awarded non-bank mortgage lender, trusted by both borrowers and investors in the short-term mortgage market.

Funding’s customers consist of both borrowers seeking loans and investors seeking to invest in the mortgage asset class.

### 2.3 FIRST MORTGAGES

All Loans within the Trust are backed (directly or indirectly) by a secured first mortgage loan against real estate. A first mortgage is a first charge over real estate owned by the borrower. If there is a Default in repayment of the Loan, the property can be sold in order to recover the Loan and repay Members.

### 2.4 CREDITWORTHY BORROWERS

Borrowers must meet stringent lending criteria and are approved by our credit committee with combined decades of experience in credit and mortgages. Funding’s borrowers are property investors and property owners who have decided to find an alternative to the banks.

## 2.5 SUITED INVESTORS

The Trust's pooled mortgage investments are tailored to investors who seek higher levels of passive income, capital preservation through real property mortgages. Investors may include Wholesale Clients who are:

- Individual and company investors.
- Self-managed super funds (SMSF).
- Property investors.
- Institutional and Sophisticated investors.

As with any investment there are inherent risks in investing in the Trust, including the risk that the investment may result in a reduction in, or total loss of, the capital value of the investment, loss of income and returns that are less than expected or delays in repayment of capital. Income and capital provided from the Trust are not guaranteed. Any past performance information is not indicative of future performance.

## 2.6 BENEFITS OF THE TRUST

- Stable and Consistent Income Stream.
- Capital preservation through the use of real property with first mortgage security and conservative Loan to Value Ratio (LVR)'s to a maximum of 70%
- Regular interest payments.
- Short to medium investment term.
- Diversification across a pool of mortgage investments.

## 2.7 FEATURES OF THE TRUST

- An investment structure with access online and/or via the Manager.
- A low minimum investment amount.
- An independent Trustee who holds an AFSL and whose key role is to protect Members' interests.
- An Independent Custodian appointed to hold assets of the Trust.
- An experienced Manager with expert management team.

## 2.8 THE LENDER

The Lender or SPV Lender conducts due diligence on each borrower and follows a credit decisioning and underwriting process, based on senior staff and directors combined decades of mortgage lending experience.

The Lender is also the holder of an Australian Credit Licence (ACL Number 483665) and is required to lodge a yearly compliance certificate with ASIC in relation to its consumer lending. The SPV Lender is also authorised to make consumer loans where the NCCP Act applies.

## 3. About the Trust

### 3.1 TRUST STRUCTURE

The Trust is a managed investment scheme which has not been registered with ASIC under Chapter 5C of the Corporations Act. The Trustee of the Trust is Funding Capital Pty Ltd. The Trustee holds an Australian Financial Services Licence (AFSL No. 523247) which authorises it to operate the Trust.

The Trustee has engaged Funding.com.au Pty Ltd as the Manager of the Trust. Information about the Manager is contained in Section 5.

The Trustee has also engaged Sandhurst Trustees Limited, ACN 004 030 737 as the Custodian. The Custodian will hold all assets of the Trust on behalf of the Trustee. The Custodian will hold all assets of the Trust. This ensures the Trust assets are segregated from the Trustee's own assets. The Custodian does not guarantee the obligations of the Trustee or carry out a supervisory function over the Trustee.

The Trust is open to investment by any Australian resident investors. The minimum initial investment and minimum account balance is \$50,000. Each additional investment must be at least \$50,000.

The minimum amount may change from time to time at the discretion of the Manager.

### 3.2 INVESTING IN THE TRUST

To invest in the Trust, you need to make an application to become a Member. The Trustee can accept or reject your application in its discretion. If your application is accepted, you will be a Member of the Trust.

Applications for Units will be accepted generally within 15 days or less subject to peak periods. Units will be issued at the current Unit Price.

### 3.3 LOANS

Each Loan will be between the Lender or an SPV Lender and a Borrower and may be for personal or business purposes.

Loans will have a term of up a length determined as appropriate by the Manager, with monthly repayments of interest only and principal repayable on maturity. The Lender or SPV Lender may also agree to capitalise interest to the Loan such that no repayments are required until maturity. Alternatively, the Lender or SPV Lender may require all interest be prepaid.

Interest will be at a fixed rate. The Lender or SPV Lender will set the interest rate based on the nature of the Loan, Borrower and the prevailing market conditions.

Loans will be secured by first mortgage over real estate and will have a maximum Loan-to-Valuation Ratio (**LVR**) of 70%. For Loans with capitalised interest, the LVR must not exceed 65 to 70% at any time during the term of the Loan.

For direct Loans, the Lender (or Funding Commercial) will hold the first mortgage over the secured real estate. The Trust holds security over the Lender's assets. Further information about the arrangements between the Trust and the Lender can be found in section 10.1.

Where a Loan is made by an SPV Lender (rather than directly by the Lender), it will be the SPV Lender that will have the benefit of the security provided in respect of the Loan. Therefore, in this case, the Trustee or the Lender will not have a direct right of enforcement of the security in respect of the Loan. The SPV Lender will manage any enforcement process.

The Lender or an SPV Lender will not accept certain Loans or security including retirement villages, assisted living facilities or substantial development construction loans.

All secured properties must be appropriately insured, with the Lender's or SPV Lender's interest noted on the policy where possible.

Our loans are generally between \$20,000 and \$10,000,000, but we may lend outside of this range from time to time.

### 3.4 VALUATIONS

The Lender and SPV Lender's valuation policy has been tailored to meet the specific Loan circumstances. This is to ensure that there is an independent or external assessment of the market value of the security at the time of making a Loan and upon renewal of a Loan. These valuations are undertaken by a qualified and registered valuer.

We generally obtain full on-site valuation. However, as the LVR decreases, or the coverage of a given Loan by real estate security increases, the need for a full on-site valuation decreases. We may use alternate valuation methods mentioned below if the LVR is estimated to be below 50%.

- Full on-site valuation: A full onsite inspection and report is provided by a licensed valuer.
- Kerb-side assessment: An exterior assessment to confirm the location and observable condition of a property, used particularly for further advances on an existing mortgage and/or if house prices have not fluctuated significantly. The assessor will often draw on comparisons with properties recently sold in the area to support the estimation.
- Desk-top assessments: A method of assessment that does not involve a physical inspection of the residential property.
- Automated valuation methods (AVMs): A system or process that can provide an estimate of real estate property valuations using mathematical modelling, taking account of relevant factors, combined with a database.
- Municipal valuation: Municipal valuation which indicates that the proposed Loan

does not exceed 50% of the value of the security.

We use a panel of independent valuers which is reviewed annually. We require valuers to declare any conflicts of interest. If a conflict of interest is identified a different valuer will be used.

An additional valuation will be undertaken within 2 months of the directors of the Trustee, Manager, the Lender or SPV Lender forming a view that there is a likelihood that a decrease in the value of a property may have caused a material breach of the Loan Agreement.

### 3.5 BORROWERS

We will accept individuals, companies and trusts as Borrowers. For individual Borrowers, each person must be over 18 and not currently the subject of bankruptcy. For company Borrowers, each director must be over 18 and not currently the subject of bankruptcy.

The Lender or SPV Lender may also obtain one or more guarantees to support the Borrower's obligation to repay. For example, for a Loan to a company, the Lender typically requires personal guarantees from all directors.

The Lender or SPV Lender will not make Loans to any of the Trustee, Manager, Lender, SPV Lender, Custodian or their directors, offices, shareholders, employees or associates.

### 3.6 DISTRIBUTIONS

Any Distributions are paid monthly generally within 2 to 3 business after the end of the month. Payment of distributions is dependent on the Trust receiving Interest and capital repayments from the Borrowers.

### 3.7 REINVESTMENT

When you invest in the Trust, your initial Investment Term begins on the day Units are issued and runs for the length of the relevant Investment Term. At the expiration of the Investment Term, your investment will, unless withdrawn in accordance with section 3.8, automatically roll over for the same Investment Term at the then prevailing Target Return offered by the Trust. Each subsequent Investment Term runs for the



same period of time starting from the date the preceding Investment Term expires.

You are able to reinvest any distributions in the Trust. Where you do so, you will be issued with Units with the same Investment Term as the Units to which the distribution relates (if available).

### 3.8 WITHDRAWALS

You cannot withdraw your investment from the Trust before the end of the relevant Investment Term, unless permitted by the Trustee, in its discretion, subject to the Trust Deed.

Where the Trust is 'liquid' (that is, where at least 80% of the assets can be realised for market value within the period specified in the Trust Deed), you can withdraw from the Fund by sending us a withdrawal request at least 90 days prior to the end of your Investment Term. If no withdrawal request is made, your investment will be re-invested for the same term as the current Investment Term as set out in section 3.7.

Withdrawal requests will, subject to the matters outlined below, be processed at the next available distribution date following the end of your Investment Term (generally being the first business day in the month following the end of your Investment Term). By way of example, if your Investment Term ended on 20 November then your withdrawal request would be processed on or around 1 December being the next distribution date following the end of your Investment Term.

The Trust is liquid as at the date of this IM.

Your ability to withdraw will be impacted if the Trust ceases to be liquid. We can suspend withdrawals where it is reasonably necessary to comply with the Law and our Trust Deed allows us to pay withdrawals up to 12 months after receiving them.

When the Trust is not liquid as defined under the Law, an Investor may withdraw from the Trust in accordance with the terms of any withdrawal offer made by the Trustee, in accordance with the provisions of the Law regulating officers of that kind.

If there is no withdrawal offer currently open for acceptance by investors, an Investor has no right to withdraw from the Trust.

### 3.9 HOW TO APPLY TO BECOME A MEMBER OF THE TRUST

To become a Member of the Trust, complete the Application Form available at [funding.com.au/invest](https://funding.com.au/invest).

It is the responsibility of the Trustee to comply with the AML Requirements. As such, information as to an investor's identity and the source of payment of the application monies must be collected and verified, prior to your application being accepted and Units being issued.

The Trustee has the discretion to reject part or all of an application for Units, without giving reason for doing so.

If the Trustee rejects an application for Units it must give written notice of the rejection and repay the application money (less any Taxes and bank fees incurred by the Trust or the Trustee in connection with the application) to the Applicant. Any interest earned on the application account will be retained by the Trust.

### 3.10 COOLING OFF

Members do not have cooling-off rights under the Law. Once you have invested in the Trust, you will only be able to withdraw your investment as described in Section 3.8 above.

### 3.11 MINIMUM INITIAL AND ADDITIONAL INVESTMENTS AND MINIMUM BALANCES

The minimum initial investment and minimum balance is currently \$50,000 and the minimum additional investment for the Trust is \$50,000. The Trustee may, in its absolute discretion, accept lesser amounts and may change these amounts from time to time.

## 4. Returns

Target Rates of Return (net of fees) for each of the available Investment Terms are published on the Manager's website at [funding.com.au/invest](https://funding.com.au/invest)

Different classes of Units, corresponding to the different Investment Terms, may have different Target Rates of Return and different fees and costs.

**You should read the important information referenced on the Manager's website before making an investment decision. Key information in this IM, including the Target Rates of Return, may change between the time you read this IM and the day when you acquire the product. The information referred to on the Manager's website forms part of the IM.**

The Target Rates of Return are an investment target and not a forecast or guarantee of the Trust's performance. They are merely an indication of what the Trust aims to achieve on the assumption that credit markets and underlying investment performance remain relatively stable throughout the Investment Term. The Trust may not be successful in meeting the Target Rates of Return.

Target Rates of Return are not guaranteed and are determined by the payment of the Loans by Borrowers. Revenue from the payment of the Loans interest and principal that make up the returns of the Trust may be lower than expected.

### 4.1 INVESTMENT OBJECTIVE AND STRATEGY

The Funding Income Trust ('Trust') provides investors direct or indirect access to a pool of mortgage Loans, secured by a first mortgage, facilitated by Funding.com.au. As an investor, you obtain exposure to the Loans selected by the Manager and you should receive monthly distributions (including amounts received by the Trust from the Borrowers repayments).

### 4.2 PAYMENT OF INVESTMENT RETURNS

Any distributions are paid monthly, generally within 2 to 3 business days after the end of each month.

## 5. About the Manager and Service Providers

### 5.1 FUNDING.COM.AU

The Trustee has delegated responsibility for the management of the Trust to the Manager, Funding.com.au Pty Ltd.

### 5.2 MANAGEMENT AGREEMENT

The Trustee's engagement of the Manager occurs under a Management Agreement.

The key duties of the Manager under the Management Agreement are:

- Market and source suitable Loans for the Trust;
- Manage the Loans;
- Assist in the administration of the Trust;
- Assist the Trustee in exercising their duties under the Trust Deed.

### 5.3 TRUSTEE

Funding Capital Pty Ltd ACN 639 203 345 is the Trustee of the Trust and the issuer of this IM.

Funding Capital Pty Ltd is licensed by the Australian Securities & Investments Commission ("ASIC") under Australian Financial Services Licence No. 523247 ("AFSL").

The company is required to meet strict financial guidelines as set out in the Law and under its AFSL, including holding adequate professional indemnity insurance, a minimum net tangible assets and it must produce regular cash flow projections to ensure it has the financial resources to meet its obligations on an ongoing basis.

The main responsibilities of the Trustee are to operate the Trust and ensure ongoing compliance.

In exercising its powers and duties, the Trustee will:

- Act honestly and in the best interests of Unitholders at all times;
- Appoint and monitor the performance of the Manager;
- Exercise a reasonable degree of care and diligence;
- Treat each class of unitholders equally and fairly;
- Not make use of information obtained to gain an improper advantage or cause detriment to unitholders;
- Comply with the Trust's governing documentation and all applicable laws;
- Ensure Trust property is separated from the property of and other schemes operated by the Trustee or Manager;
- Ensure the Trust is conducted in accordance with the Trust Deed and all applicable legislation.

### 5.4 CUSTODIAN

The Custodian of the Trust is Sandhurst Trustees Limited, ACN 004 030 737, or such other person appointed by the Trustee from time to time. Sandhurst Trustees is part of Bendigo and Adelaide Bank's wealth division.

## 6. Lending Policy overview

This overview outlines the adopted procedures and guidelines for the Loan origination process by which the Lender, SPV Lender and Manager determine whether and under what conditions to make a Loan.

**All Loan applications are assessed by management and/or directors. Each approving officer carries a wide range of lending experience across all property types, high analytical skills and is experienced in structuring, documenting and negotiating property loans.**

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Loans are made on the following basis:

### General Loan conditions

- First registered mortgage as primary security over acceptable real estate.
- Purpose can be for consumer/personal or business use.
- Interest only loans with the principal repayable on expiration.
- General security interest registered on Personal Property Security Register (PPSR) where applicable (ie. for company borrowers).
- The Loan is within the Loan to Value (LVR) requirements;
- Borrowers or guarantors have the financial capability to meet repayment requirements.

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### Borrowers

Borrowing parties can be:

- Individual/s;
- Companies;
- Trusts with individual trustee;
- Trusts with corporate trustee;
- Self-managed super funds (SMSF).

Borrowers are to receive independent legal advice on the Loan.

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We have tailored our valuation policy to meet the specific Loan circumstances. This is to ensure that we have an independent or external assessment of the market value of the security at the time of making a Loan.

We generally obtain a full on-site valuation. However, as the LVR decreases, or the coverage of a given Loan by real estate security increases, the need for a full on-site valuation decreases. We may use alternate valuation methods mentioned below if the LVR is estimated to be below 50%.

### Valuations

- Full on-site valuation: A full onsite inspection and report is provided by a licensed valuer.
- Kerb-side assessment: An exterior assessment to confirm the location and observable condition of a property, used particularly for further advances on an existing mortgage and/or if house prices have not fluctuated significantly. The assessor will often draw on comparisons with properties recently sold in the area to support the estimation.
- Desk-top assessments: A method of assessment that does not involve a physical inspection of the residential property.
- Automated valuation methods (AVMs): A system or process that can provide an estimate of real estate property valuations using mathematical modelling, taking account of relevant factors, combined with a database.
- Municipal valuation: Municipal valuation which indicates that the proposed Loan does not exceed 50% of the value of the security.

<b>Loan to Value Ratio (LVR)</b>	<p>The ratio of the amount of the Loan outstanding to the value of the property securing the Loan.</p> <p>Prudent LVR limits help to minimise the risk that the property serving as collateral will be insufficient to cover any repayment shortfall. Consequently, prudent LVR limits serve as an important element of portfolio risk management.</p> <p>Our maximum LVR is currently set at 65% or 70% depending on the nature of the security.</p>
<b>Acceptable Security Property</b>	<p>Acceptable security</p> <ul style="list-style-type: none"> <li>• Residential – Free standing</li> <li>• Residential – Unit / town house</li> <li>• Residential – Land</li> <li>• Commercial/Industrial</li> </ul> <p>Unacceptable security</p> <ul style="list-style-type: none"> <li>• Retirement village as defined by a Retirement Villages Act (not freehold).</li> <li>• Highly specialised properties;</li> <li>• Contaminated land.</li> <li>• Residential facility that provides assisted living.</li> </ul>
<b>Property Insurance</b>	<p>The Lender and SPV Lender require acceptable insurance cover on any building for its replacement and reinstatement, noting its interest where possible. Adequate insurance cover is to be maintained for the duration of the Loan.</p>
<b>Credit checks</b>	<p>The Lender and SPV Lender conduct due diligence enquiries in relation to Borrowers, including carrying out credit checks or other independent enquiries in respect of Loan applicants. For consumer loans, the Lender and SPV Lender complies with its obligations, including in relation to responsible lending requirements, under the National Consumer Credit Protection Act 2009 (Cth).</p>
<b>Defaults &amp; recovery</b>	<p>Any Loans that fall outside of their contractual terms by a period of greater than 14 days will be managed by top level management or directors. The objective of the recovery management process is to minimise the risk of loss and provide clear and concise guidelines that comply with legal requirements. Investors in a particular Loan will be notified of such an event.</p> <p>The internal procedures of the Lender and SPV Lender include monthly monitoring of any Default by the borrower in payment of principal or interest.</p> <p>The Lender and SPV Lender’s loan management strategy focuses on the management of Loans in arrears with an overarching goal to maximise the recovery of the Loan from all possible sources. The Lender and SPV Lender seeks to work with the Borrower where possible and practical. However, where the Lender and SPV Lender believes it is in its best interest to do so it will exercise its rights under its loan and security documents. In some situations this may result in the sale of the underlying security by the Lender and SPV Lender as mortgagee. In addition to the freehold security held for a Loan the Lender and SPV Lender also pursues Guarantors in order to maximise its recovery. It is the Lender and SPV Lender’s usual practice to ensure that personal guarantees from Directors of the Borrower are taken in support of the Borrowers obligations.</p>
<b>Related party loans</b>	<p>The Trustee does not permit Loans to Borrowers who are directors, managers, secretaries, shareholders, staff members or other related parties of the Trustee, Lender, SPV Lender or Manager.</p>

<b>Responsible Lending under NCCP</b>	If the Loan falls within the NCCP, responsible lending will be in accordance with the Lender and SPV Lender's Lending Policy.
<b>Capitalised or prepaid interest</b>	The Lender or SPV Lender may approve a Loan on the basis that interest will be prepaid on commencement for the term of the Loan or capitalised to the Loan balance each month and the clearance of the debt will be via pending sale of the borrower's or guarantor's property. The aggregate of the Loan and any capitalised interest must not at any time exceed the maximum LVR.
<b>How are the interest rates determined?</b>	During the Loan application process the Lender, SPV Lender, Manager and the borrower agree on a suitable interest rate based on the LVR, property location and other factors.

## 7. Risks

All investments involve risk and there can be no guarantee against loss resulting from an investment in the Trust, nor can there be any assurance that the Trust's investment objectives will be achieved or that any investor will get any of its money back.

The risks identified below have been identified by the Manager, however they are not intended to be a complete list of risks and they do not take account of your personal circumstances.

### 7.1 DEFAULT OR DELAY BY A BORROWER

The return on your investment in the Trust, and your ability to receive repayment of your capital, depend on the ability of Borrowers to repay the Lender and SPV Lender for each Loan held by the Trust.

Investment in the Trust is not a deposit with, or investment in, the Trustee, the Manager, SPV Lender or the Lender. None of these entities guarantee or underwrite the return of capital or performance of the Trust. Furthermore, the Trust does not benefit from the Australian Government's Financial Claims Scheme which applies to protect some bank deposits.

While the Lender and SPV Lender will exercise care in the identification of suitable Borrowers, all lending carries a risk of Default.

### 7.2 LIQUIDITY

The Trust may not be liquid and you will not be able to withdraw Units you hold until the Trustee makes a withdrawal offer.

### 7.3 SERVICE PROVIDER RISK

The Trust is operated by a range of service providers, including the Trustee, Manager and, Lender, SPV Lender and Custodian.

The Trustee may become insolvent, lose its Australian Financial Services Licence or otherwise become unable to act as the Trustee. The Trustee may also be removed as the Trustee of the Trust by the Members, in accordance with the Trust Deed. If this occurs, there may not be another entity willing to act as Trustee of the Trust, in which case the Trust would have to be wound up.

The Trustee has engaged the Manager to manage the Trust. The performance of the Trust is dependent, among other things, on the Manager properly performing its functions. If the Manager ceased performing this role, it may not be possible to identify a suitable replacement.

To facilitate the making of Loans, the Trust has entered into a Master Loan Agreement with the Lender and SPV Lender. Under this Agreement, the Trust will finance Loans to borrowers by advancing the Loan amount to the Lender and SPV Lender on request. In exchange, the Lender and SPV Lender will issue Loan Notes to the Trust which are referable to

the Loans. Loan Notes in relation to a Loan represent the Trust's right to receive the benefit of all principal and interest repayments made by the Borrower under the Loan, after the deduction of relevant fees.

Under the Master Loan Agreement and General Security Deed, the Lender and SPV Lender grant the Trust a general security interest over its rights under the Loan Agreements, including any security provided by Borrowers. Among other things, this allows the Trust to enforce the Lender and SPV Lender's rights in certain circumstances where the Lender or SPV Lender is unable or unwilling to do so (such as where the Lender or SPV Lender have become insolvent). If the Lender or SPV Lender were to become unable to perform its duties and manage the Loans, the Trustee could exercise its security interest over the Lender and SPV Lender's rights and could also take over the activities of the Lender or SPV Lender in respect of the Loan, or to appoint a replacement to step into the Lender and SPV Lender's place, if necessary.

As a result of the Master Loan Agreement structure, the Loans to Borrowers are made by the Lender and SPV Lender. Accordingly, both the Lender and SPV Lender hold all legal rights to repayment by the Borrowers. If the Lender or SPV Lender become insolvent or otherwise ceased performing its role, the Master Loan Agreement grants the Trustee a security interest in any repayments which have been received by the Lender or SPV Lender. The Master Loan Agreement would allow the Trustee to take over the activities of the Lender or SPV Lender in respect of the Loan, or to appoint a replacement to step into the Lender or SPV Lender's place, if necessary.

#### 7.4 LEGAL REGULATORY RISK

While the Trust complies with current legal and regulatory requirements, any legal or regulatory changes could impact the ongoing viability of the Trust.

#### 7.5 SECURITY BREACH AND TECHNOLOGY RISK

The Trust relies on the technology embodied in the systems of the Manager, Lender and SPV Lender. These systems are subject to cyber security attacks and other vulnerabilities. The Manager, Lender and

SPV Lender have taken steps to protect these systems, including bank level security encryption keeping information private as it is sent online.

#### 7.6 INTEREST RATE RISK

Changes in Interest rates may lead to the Trust generating less interest from Borrowers and may result in the Trust paying lower distributions or may have other negative impacts.

#### 7.7 TAXATION RISK

Changes to state or federal taxation laws in Australia and/or changes to the taxation status of the Trust may affect the Trust's tax treatment. This could include the risk that the Trust is considered not to satisfy AMIT requirements.

The Trustee will manage taxation risk by seeking the advice of appropriately qualified and experienced taxation advisers.

#### 7.8 SUBORDINATE LOAN RISKS

Funding Group has a warehouse program where institutional investors invest into its first mortgage loans. The Fund now allows wholesale investors the opportunity to access and participate in the warehouse program. The first mortgage loans are within the same Lending Policy as defined in section 6 of this IM. The Fund may hold Funding Notes in the warehouse program via an SPV Lender. These notes rank behind senior notes within the warehouse program. Where the Fund holds Funding Notes, the Fund will not receive repayment until after the senior notes have been repaid. The warehouse program has an independent trustee and in the event of default the trustee will wind down the program and repay senior notes followed by Funding Notes.

#### 7.9 GENERAL RISKS

As with other investments, the performance of the Trust is subject to a range of general risks, including economic downturn leading to increased default rates, adverse legal or tax changes and inflation.

## 8. Fees and Other Costs

The information in the following consumer advisory warning is standard across IM's and other disclosure documents and is not specific to information on fees and other costs associated with an investment in the Trust.

### **Did you know?**

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

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

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

You may be able to negotiate to pay lower administration fees where applicable. Ask the Trust or your financial adviser.

### *To find out more*

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

This document shows fees and other costs that you may be charged. These fees and other costs may be deducted from your money, from the returns on your investment or from the Trust's assets as a whole.

Information about taxes is set out in Section 9 of this IM.

You should read all information about fees and costs because it's important to understand their impact on your investment.



## 8.1 FUNDING INCOME TRUST

Type of fee or cost	Amount	How and when paid
<b>Fees when your money moves in or out of the Trust</b>		
Establishment fee The fee to open your investment	Nil	Not applicable
Contribution fee The fee on each amount contributed to your investment	Nil	Not applicable.
Withdrawal fee The fee on each amount you take out of your investment	Nil	Not applicable.
Exit fee The fee to close your investment	Nil	Not applicable.
<b>Management costs<sup>1</sup></b>		
The fees and costs for managing your investment	Management fees or the margin is no more than 2% of the Loan amount per annum (paid by the Borrower).	Please refer to further information in section 8.3(c) for details on how this fee is calculated.
<b>Service fees</b>		
Switching fee The fee for changing investment options	Nil	No switching fee is charged.

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<sup>1</sup> See Section 8.3(c): "Management Costs" for further details.

## 8.2 EXAMPLE OF ANNUAL FEES AND COSTS

This table gives an example of how the fees and costs for this managed investment product can affect your investment over a one year period. You should use this table to compare this product with other managed investment products.

Example		Balance of \$50,000 with a contribution of \$5,000 during the year
Contribution Fees	Nil	For every additional \$5,000 you put in you will not be charged a fee.
<b>Plus</b> Management costs	2% per annum	And for every \$50,000 you have in the Funding Income Trust you will be charged \$1,000 each year.
<b>Equals</b> Cost of Funding Income Trust		If you put in \$5,000 during the year and your balance was \$50,000, then for that year you will be charged fees of \$1,000.

**Note – All target rates of return offered are NET of fees**

## 8.3 ADDITIONAL EXPLANATION OF FEES AND COSTS

### (a) Fees and charges to the borrower

The Manager may also charge the borrower an application fee in relation to their application for a loan. These fees are paid directly to the Manager by the borrower. These fees are generated before the Members fund the loan and are not an expense of the Trust.

### (b) Interest on cash

The Manager also retains as a fee any interest earned on Cash whilst it is held in the Trust's bank account by the Custodian. The Manager and Trustee at their discretion may decide to pass on the interest to the Members from time to time.

### (c) Management costs

The management costs include the Manager's management fees, the margin, fees and charges to the borrower, the fees paid to the Trustee and the Trustee's estimated operating expenses in relation to the Trust.

#### *Management fee*

For providing the services under the Management Agreement, the Manager is entitled to receive a management fee of between 1% and 2%.

#### *Margin*

The Lender and SPV Lender charge a margin between 1% and 4% per annum calculated on the Loan amount. The margin will be deducted from interest payments received by the Lender and SPV Lender from the Borrower.

#### *Fees and charges to the borrower*

The Manager may also charge the borrower fees in relation to the setup of their Loan or ongoing attendances on the Loan. These fees are paid directly to the Manager by the borrower.

The loan setup fees may include a loan commitment fee, a valuation fee and any advisory fees payable to structure the Loan. The amounts of these fees cannot be ascertained as they will vary from Loan to Loan and are reliant on a future event

occurring. These fees are due prior to or on commencement of the Loan.

The loan setup fees may include a loan establishment fee of between 1% and 4% (plus GST) of the loan amount. These fees are due prior to or on commencement of the Loan.

The ongoing fees may be charged for one off attendances during the Loan including to prepare a loan statement, to increase a Loan amount, roll over a Loan, make an early or partial repayment, to substitute the security property or attend to another request of the borrower. The amounts of these fees cannot be ascertained as they will vary from Loan to Loan and are reliant on a future event occurring.

#### *Fees paid to the Trustee*

The Trust Deed provides that the Trustee may be paid a fee up to the greater of 0.4% per annum of the total assets value of the Trust or \$48,000 per annum. The Trustee may charge this fee to the Trust however whilst it is paid for out of the margin or by the Manager, it will not be charged to the Trust.

#### **(d) Expense recoveries**

Under the Trust Deed, in addition to the Trustee fee, the Trustee is entitled to be indemnified for all expenses which are incurred when properly performing or exercising any of its powers under duties or rights in relation to the Trust, including costs associated with operating the Trust such as administration, custody, management and compliance. The Trust Deed does not impose a limit on the amount that the Trustee can recover from the Trust as expenses provided they are properly incurred in operating the Trust.

#### **(e) Referral arrangements**

The Manager, Lender or SPV Lender may pay fees to mortgage brokers who refer them suitable loans for the Trust. The Trust does not pay commissions. However, the Manager may agree to pay a third party commissions

and if so, such commissions will be disclosed to the Member.

#### **(f) Taxation and GST**

Unless otherwise noted, all fees and management costs specified in this IM (including in the worked example above) are GST inclusive, net of any input tax credits (including reduced input tax credits) available to the Trust. However, if expenses are recovered from the Trust, and the Trustee is required to pay GST or similar taxes in respect of that expense, the Trustee may recover an amount equal to the GST or other tax from the assets of the Trust.

Please also refer to Section 9 of this IM below.

#### **(g) Increases or alterations to Fees**

Should there be a decision to increase fees and expenses, Members will be given 30 days prior notice.

#### **(h) Servicing/management fee**

The Manager may also charge the borrower a servicing/management fee. This is not an expense of the Trust but rather a component of interest rate pricing to the Borrower. The Manager is entitled to set at its discretion or negotiate the servicing/management fee with the borrower and therefore the amounts cannot be ascertained as they will vary from loan to loan although market conditions usually dictate the amount.

#### **(i) Third party fees**

The Manager may pay a fee to the introducing broker for introducing the loan application. The fee may consist of an initial amount calculated by reference to the loan amount.

#### **(j) Adviser fees**

The Trust does not pay commissions. However, the Manager may pay third party commissions for example to your financial adviser. Such commissions will be disclosed to you prior to proceeding.

## 9. Tax considerations

### 9.1 TAX SUMMARY

The following provides a summary of the general tax implications for an investment by an Australian resident individual Member who holds their Units on capital account. Each Member's taxation position will depend on their individual circumstances and accordingly this summary is necessarily general in nature.

This summary is based on the taxation laws as at the date of this IM. Investing in an unregistered MIS ("MIS") 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 Members concerned.

Each Member must take full and sole responsibility for the associated taxation implications arising from an investment in the Trust including any change in the taxation implications arising during the term of their investment. It is recommended that Members obtain their own professional and independent taxation advice before investing in the Trust.

### 9.2 INCOME TAX (AMIT PROVISIONS)

In order to qualify as an AMIT for an income year, the Trust must qualify as an AMIT for income tax purposes for that income year and the Members must have clearly defined rights to income and capital.

The Trust believes that it should be in a position to qualify as an AMIT for taxation purposes and is anticipating that it should make the irrevocable election to apply the AMIT provisions. To the extent that the Trustee does not believe it will qualify to apply the provisions in any particular future income year, the Trustee will notify the Members accordingly.

### 9.3 INCOME TAX TREATMENT OF MEMBERS

The AMIT provisions require the taxable income of the Trust to be attributed to Members on a fair and reasonable basis, having regard to their income and capital entitlements in accordance with the constituent documents. The Trustee will seek to allocate taxable income having regard to the Units

held by Members, entitlements to income and capital, as well as cash distributions made to such Members during the relevant period. Under the AMIT provisions, a Member may be taxable on their share of the Trust's taxable income prior to receiving distributions from the Trust.

### 9.4 TAX DEFERRED DISTRIBUTIONS

Under the AMIT provisions, a Member's cost base in their Units held is increased where taxable income is allocated to them. The cost base is decreased where cash distribution entitlements are made to the Member in respect of their Units, irrespective of whether the amounts distributed are classified as income or capital.

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

### 9.5 PUBLIC TRADING TRUST

It is noted that a Unit Trust that is a public trust can be taxed as a company where it carries on (or controls another entity that carries on) trading activities other than eligible investment business activities ("the public trading trust provisions").

Eligible investment business activities include passive activities, such as investing in land for the primary purpose of rent and investing or trading in financial securities (e.g. shares in a company).

The Trust will be regarded as a public unit trust if it either: (a) has 50 or more unit holders (directly or indirectly through other trusts); (b) makes an offer or invitation of its units to the public; or (c) has its units listed for quotation on a stock exchange.

While the Trustee believes that the Trust will satisfy the definition of being a public unit trust, it intends to limit the activities of the Trust to eligible investment business activities so that the public trading trust provisions do not apply to the Trust.

## ADDITIONAL INCOME TAX ISSUES

### 9.6 ACCRUALS TAXATION

It is possible that the Trust may derive assessable income prior to those amounts being received by the Trust or distributed to Members. Accordingly, Members may be required to include amounts in their taxable income prior to receiving a distribution of those amounts from the Trust.

### 9.7 TAX LOSSES

Where the Trust incurs a tax loss, these do not flow-through the Trust to Members. However, provided that the requirements of the trust loss provisions are satisfied, the Trust may be able to carry forward those tax losses to offset them against assessable income derived in a future income year.

### 9.8 DISTRIBUTION REINVESTMENT

Members may choose to reinvest their distributions as additional units in the Trust. Where the investor makes such a choice, the Member may still be assessed on the amount of the distribution applied to the reinvestment.

### 9.9 DISPOSAL OF UNITS

To the extent that a Member disposes of their Units (e.g. by way of a transfer or withdrawal) a gain or loss may arise. A Member that holds their Units on capital account will derive a capital gain or incur a capital loss.

A Member may make a capital loss in respect of the disposal of their Units to the extent that the capital proceeds are less than the tax cost base of the Units. Alternatively, a Member may make a capital gain to the extent that the capital proceeds exceed the tax cost base of the Units. In ascertaining the tax cost base, tax adjustments from tax-deferred distributions will need to be taken into account.

A Member may be eligible for the discount capital gains tax concession if the Units are held for 12 months or more and the Member is an individual, trustee or complying superannuation fund.

## 9.10 ANNUAL REPORTING

The Trust will be required to provide distribution information (including tax components) to the ATO on an annual basis by lodging the Annual Investment Income Report (AIIR).

Where the Trust is an AMIT, the Trust will be required to provide an annual tax distribution statements in the form of an AMMA statement that complies with the ATO guidelines. The AMMA will reconcile the cash distribution with the taxable distribution for the income year. The AMMA will also provide details on the net tax cost base adjustment for the income year.

### 9.11 TAX FILE NUMBER (TFN) AND AUSTRALIAN BUSINESS NUMBER (ABN)

As the Trust will be an investment body for income tax purposes, the Trust will be required to obtain a Tax File Number (TFN) or Australian Business Number (ABN) in certain cases from its Members.

It is not compulsory for a Trust's Member to quote a TFN, claim a valid exemption for providing a TFN, or (in certain circumstances) provide an ABN. However, failure to obtain an appropriate TFN or ABN from Members will result in the Trust being required to withhold at the top marginal rate (currently 47%) with respect to distributions to the Member (which may be creditable in their tax return).

### 9.12 GOODS AND SERVICES TAX (GST)

The acquisition and disposal of units in the Trust by the Trust's Members will not be subject to GST.

However, GST may apply if fees are charged to the Trust by the Trustee or the Investment Manager. In such a case, the Trust may be eligible to claim a Reduced Input Taxed Credit of either 75 per cent or 55 per cent of the GST paid on some of the fees charged to the Trust, depending on the type of fee.

### 9.13 STAMP DUTY

The issue, redemption, transfer or any other arrangement involving a change in the unitholding of a unit trust may result in Stamp Duty consequences (for example, if the change in

unitholding occurs at a time when the unit trust holds dutiable property, such as real property, or certain debts in Queensland). Members should confirm the duty consequences of their dealings in units with their taxation advisers.

#### 9.14 FOREIGN ACCOUNT TAX COMPLIANCE ACT (FATCA)

In compliance with the U.S income tax laws commonly referred to as the Foreign Account Tax Compliance Act (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:

- Members that are US citizens or residents;
- Entities controlled by US persons; and
- Financial institutions that do not comply with FATCA.

The Trust is intending to register for FATCA purposes and to conduct its appropriate due diligence (as required). Where the Trust's Members do not provide appropriate information to the Trust, the Trust may also be required to report those accounts to the ATO.

#### 9.15 COMMON REPORTING STANDARD (CRS)

The Common Reporting Standard ("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 Trustee 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.

## 10. Additional Information

#### 10.1 MASTER LOAN AGREEMENT AND GENERAL SECURITY DEED

The Trustee has entered into a Master Loan Agreement with the Custodian and the Lender. Under

the Master Loan Agreement, the Trustee will advance to the Lender the amount required to fund any available Loans. The Lender must use that money to fund Loans and the Lender will issue the Trustee with loan notes linked to those Loans. The Lender pays interest on the loan notes and the principal repayments the Lender receives from the Borrowers to repay those Loans.

The Trustee agrees not to take action against the Lender to recover any amount outstanding under the loan notes except to the extent that amount is actually received or recovered by the Lender in respect of the Loans.

The Lender agrees that it will only borrow money under the Master Loan Agreement for the purposes of funding Loans. The Lender also agrees that it will:

- (a) negotiate Loan terms, undertake credit assessments and prepare relevant disclosure documents as reasonably required for the prudent operation of its business;
- (b) ensure appropriate legal and security documentation has been prepared, collect principal and interest repayments and enforce Loans in the event the Borrower is in Default; and
- (c) act prudently in making any decision to waive or vary the terms of any Loan.

If there is an event of default by the Lender, the Custodian (on instructions from the Trustee) has the power to receive income, sell the property of the Lender and carry on the business of the Lender. It is an event of default under the Master Loan Agreement if the Lender fails to pay any amount outstanding in relation to a loan note within 20 Business Days of the payment due date, breaches a term of the Master Loan Agreement or General Security Deed (which if remediable, is not remedied within 60 Business Days of notice from the Trustee), or if an insolvency event occurs in relation to the Lender.

The Lender has also granted the Custodian security over the Lender's assets, including the Loans, to secure the obligations of the Lender under the

Master Loan Agreement under a General Security Deed. Under the General Security Deed, the Lender must not create any security interest ranking in priority to the security interest granted to the Custodian. The General Security Deed also gives the Custodian the power to appoint a receiver to the Lender's business if the Lender becomes insolvent. The receiver would have the power to take possession and control of the secured property and to carry on the business of the Lender.

## 10.2 WINDING UP THE TRUST

The Trust Deed provides that the Trust will terminate on the earliest to occur of:

- a date specified by the Trustee as the date of termination of the Trust in a notice given to Members;
- the date determined by the Members by extraordinary resolution;
- the date the Members pass an extraordinary resolution to remove the Trustee but do not, at the same meeting, pass an extraordinary resolution choosing a company to be the new Trustee that consents to becoming the Trust's Trustee; and
- the date on which the Trust terminates in accordance with an order of the Court, any other provision of this Trust Deed or by Law.

## 10.3 PRIVACY

If you are an individual making an investment in the Trust, you agree to the Trustee and the Manager collecting personal information from you for the purposes of processing your application and providing you with information. If you choose not to provide the information required, we may not be able to supply your investments or services to you.

If you request, the Trustee will give you access to the personal information collected about you, unless it is entitled under the Privacy Act 1988 (Cth), and chooses, not to do so. The Trustee must give access to your information which is entered on the Trust's registers to others as required under relevant tax

laws. The Trustee may also give your personal information to other service providers of the Trust.

The Trustee or Funding.com.au may also use personal information collected about you to notify you of other products or services available from either entity. By completing and returning the Application Form, you consent, for the purposes of the Spam Act 2003 (Cth) to receiving commercial electronic messages from the Trustee or Funding.com.au.

If you do not want your personal information to be used in this way, or if you require further information about the use of your personal information obtained in connection with investing in the Trust, please contact the Trustee at the contact details set out in Section 12 of this IM.

The Trustee's privacy statement and details on how you may access or update your personal information can be accessed at: <https://www.msc.group/privacy-policy/>.

## 10.4 ANTI-MONEY LAUNDERING AND COUNTER-TERRORISM FINANCING LAWS

The Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth) ("AML Act") and other applicable anti-money laundering and counter terrorism laws, regulations, rules and policies which apply to the Trustee ("AML Requirements"), regulate financial services and transactions in a way that is designed to detect and prevent money laundering and terrorism financing. The AML Act is enforced by the Australian Transaction Reports and Analysis Centre ("AUSTRAC").

The Trustee and the Manager as its agent may request such information from you as is necessary to verify the identity of an Applicant and the source of the payment before such applications can be processed. In the event of delay or failure by the investor to produce this information, your application may be refused and the application monies relating to such application may be returned. Alternatively, the Trustee may suspend the payment of withdrawal proceeds if necessary to comply with AML Requirements. None of the Trustee, Funding.com.au or their delegates shall be liable to

an Applicant for any loss suffered as a result of the rejection or delay of any application or a delay in the payment of withdrawal proceeds.

The Trustee has certain reporting obligations under the AML Requirements and is prevented from informing you that any such reporting has taken place. Where required by law, the Trustee may disclose the information gathered to regulatory or law enforcement agencies, including AUSTRAC. The Trustee is not liable for any loss you may suffer as a result of its compliance with the AML Requirements.

## 10.5 LIMITATIONS OF LIABILITY OF MEMBERS

The Trust Deed seeks to limit the liability of Members by providing that a Member is not obliged to make any contribution to the Trust or to indemnify the Trustee, or any creditor of either or both of them, if there is a deficiency of the assets of the Trust. However, because this is a matter which can ultimately only be determined by the courts, none of the Trustee, or Funding.com.au, any related body corporate of any of them or any of their respective directors, officers or employees gives any assurance or guarantee to this effect.

## 10.6 CONSTITUTION AND THE TRUSTEE

The Trust Deed is a Unit trust deed dated 17 March 2021 (as amended), and executed by the Trustee. It binds the Trustee and all Members. A copy of the Trust Deed is available free of charge from the Trustee on request. Prospective investors should read the Trust Deed for all the rights and obligations of being a Member in the Trust.

The principal provisions in the Trust Deed include those dealing with:

- The duration of the Trust including termination;
- Duties and obligations of the Trustee;
- The Trustee's powers;
- Fees and recoverable expenses, and the limitation of the Trustee's liability and indemnification;
- Members' meetings;

- The method by which complaints are dealt with;
- The payment of distributions;
- Applications and withdrawals.

The Trust Deed may be amended by the Trustee at any time if the amendments are not adverse to the rights of Members. Otherwise, the approval of Members by special resolution must be obtained.

The Trust terminates on the earliest of the dates outlined at section 10.2. On termination the Trustee will realise the assets and pay to Members their share of the net proceeds of realisation in accordance with the rights attaching to their Units.

Subject to the Corporations Act, the Trustee will not be liable to Members in excess of the assets of the Trust, except in the case of its own gross negligence or lack of good faith.

## 10.7 COMPLAINTS

If you have a complaint about the Manager, Trustee or any product or service provided by any officeholder of these parties, then please notify the Manager or Trustee at your earliest opportunity by contacting the Complaints Manager at:

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Ground Floor, Gateway Building  
50 Appel Street  
Surfers Paradise QLD 4217  
Telephone: 1300 44 33 18

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We will use reasonable endeavours to deal with and resolve the complaint within a reasonable time.

If you are not satisfied with the outcome, you can refer the complaint to the Australian Financial Complaints Authority ("AFCA") Scheme, an external complaints resolution scheme of which the Trustee and Funding.com.au are members. AFCA's postal address is: GPO Box 3, Melbourne, Victoria, 3001 and the toll free number is: 1800 931 678 (free call).

AFCA's role and terms of reference are specified in AFCA's Rules which are available from their website: [www.afca.org.au](http://www.afca.org.au).



## 10.8 CONTINUOUS DISCLOSURE REQUIREMENTS

Under the Corporations Act, where a registered scheme is a “disclosing entity”, it is subject to certain regular reporting and disclosure obligations. If the Trust becomes a disclosing entity, Members have a right to obtain a copy of the following documents:

- The annual financial report most recently lodged with ASIC by the Trust;
- Any half-year financial report lodged with ASIC by the Trust after the lodgement of that annual

financial report and before the date of this IM;  
and

- Continuous disclosure notices given by the Trust after the lodgement of that annual report and before the date of the IM.

The above information will also be available at [funding.com.au/invest](http://funding.com.au/invest) or can be obtained free of charge by contacting the Trustee. In addition, copies of documents lodged with ASIC in relation to the Trust may be obtained from, or inspected at, an ASIC office.

## 11. Glossary

In this IM, the following terms have the following meaning unless the context otherwise requires:

<b>ABN</b>	Australian Business Number.
<b>AFCA</b>	Australian Financial Claims Authority.
<b>AFSL</b>	Australian Financial Services Licence.
<b>AML Act</b>	Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth).
<b>AML Requirements</b>	The AML Act and other applicable anti-money laundering and counter terrorism laws, regulations, rules and policies.
<b>Applicant</b>	A person who completes, signs and submits an Application Form.
<b>Application Form</b>	The application form to be completed to apply for Units, as the Trustee determines from time to time.
<b>ASIC</b>	Australian Securities and Investments Commission.
<b>AUD</b>	Australian Dollars.
<b>AUSTRAC</b>	Australian Transaction Reports and Analysis Centre.
<b>Borrower</b>	Someone who borrows under a Loan, including an individual, a company, a trust with an individual trustee, a trust with a corporate trustee and a self-managed super fund (SMSF).
<b>Business Day</b>	Any day that is not a Saturday, a Sunday, a public holiday or a bank holiday in Melbourne, Australia.
<b>Cash</b>	The assets of the Trust which consist of cash which has not been advanced, or allocated to be advanced, to a Borrower under a Loan.
<b>CGT</b>	Capital gains tax.
<b>Corporations Act</b>	Corporations Act 2001 (Cth).
<b>Custodian</b>	Sandhurst Trustees Limited (ACN 004 030 737) or such other person appointed by the Trustee from time to time.
<b>Default</b>	A Loan where the Borrower has failed to pay any amount which was due under the Loan when it was due or where the Borrower has breached any other conditions of the Loan.
<b>Funding Commercial</b>	Funding Commercial Pty Ltd (ACN 634 414 127).
<b>Funding Group</b>	Funding Capital Pty Ltd (ACN 639 203 345), Funding.com.au Pty Ltd (ACN 603 756 547), Funding Commercial Pty Ltd (ACN 634 414 127) or any of the related bodies corporate.
<b>Funding Note</b>	A note issued by the trustee of the Funding Warehouse Trust No. 1 or other SPV Lender and designated as a "Seller Note".

<b>IM</b>	This Information Memorandum, dated 1 December 2023 as may be supplemented or replaced from time to time.
<b>Investment Term</b>	The length of your investment into the Trust.
<b>General Security Deed</b>	The deed between the Trustee, Custodian and Lender which grants a general security over the Lender's property.
<b>GST</b>	Goods and Services Tax.
<b>Law</b>	<ul style="list-style-type: none"> <li>(a) principles of law or equity established by decisions of courts;</li> <li>(b) statutes, regulations or by-laws of the Commonwealth of Australia, or any State or Territory of the Commonwealth of Australia or a Government Agency; and</li> <li>(c) requirements and approvals (including conditions) of the Commonwealth of Australia or any State or Territory of the Commonwealth of Australia or a Government Agency that have the force of law.</li> </ul>
<b>Lender</b>	Funding Pty Ltd (ACN 607 035 861). Where the Loan is for consumer purposes and therefore the NCCP Act and the National Credit Code do apply, loans are made directly by Funding Pty Ltd. For other loans where the Loan is for non-consumer purposes and therefore it does not fall under the NCCP Act and the National Credit Code, the Lender will provide the Loan funds to Funding Commercial, which will then on-lend the funds to the Borrowers.
<b>Loan</b>	A loan by the Lender or an SPV Lender to a Borrower which is funded, In whole or In part, by the Trust.
<b>Loan Agreement</b>	The agreement for a Loan between the Lender or an SPV Lender and a Borrower.
<b>Management Agreement</b>	The agreement between the Trustee and Funding.com.au under which Funding.com.au is appointed to manage the Trust.
<b>Manager, Funding.com.au, we, us</b>	Funding.com.au Pty Ltd (ACN 603 756 547).
<b>Master Loan Agreement</b>	The agreement between the Trust and the Lender under which the Trust agrees to lend money to the Lender in order to enable the Lender to make the Loans to Borrowers.
<b>Member, you</b>	A person appearing in the Trust's register as the holder of a Unit.
<b>SPV Lender</b>	A special purpose company established and managed by the Manager or another entity in the Funding Group to provide Loans to a Borrower, including the Funding Warehouse Trust No. 1.
<b>Trustee</b>	Funding Capital Pty Ltd (ACN639 203 345) (AFSL 523247).
<b>TFN</b>	Tax File Number.
<b>Trust Deed</b>	The trust deed establishing the Trust dated 17 March 2021, as amended from time to time.
<b>Unit</b>	A unit in the Trust.
<b>Unit Price</b>	The price of a Unit as determined in accordance with the Trust Deed.

## 12. Corporate directory

### MANAGER

Funding.com.au Pty Ltd (Manager)  
Ground Floor, Gateway Building  
50 Appel Street  
Surfers Paradise QLD 4217  
Telephone: 1300 44 33 19

### CUSTODIAN

Sandhurst Trustees Limited  
Level 5  
120 Harbour Esplanade  
Docklands VIC 3008  
Facsimile: (03) 8414 7275

### LENDER

Funding Pty Ltd (Lender)  
Ground Floor, Gateway Building  
50 Appel Street  
Surfers Paradise QLD 4217  
Telephone: 1300 44 33 19

### AUDITOR

Moore Australia Audit (VIC)  
Level 44  
600 Bourke Street  
Melbourne VIC 3000  
Phone: 03 9608 0100

### TRUSTEE

Funding Capital Pty Ltd (Trustee)  
Ground Floor, Gateway Building  
50 Appel Street  
Surfers Paradise QLD 4217  
Telephone: 1300 44 33 19

### ENQUIRIES

Telephone: 1300 44 33 19  
Web: [www.funding.com.au](http://www.funding.com.au)  
E-mail: [info@funding.com.au](mailto:info@funding.com.au)