



prequin  
SECURITIES

Prequin Securities  
Monthly Income Fund  
Product Disclosure Statement

# Important Information

This Product Disclosure Statement ("PDS") relates to units in the Prequin Securities Monthly Income Fund (the "Fund") ARSN 608 870 524. This PDS is issued by Huntley Management Limited (ACN 089 240 513, AFSL 229754) as Responsible Entity and is dated 19 February 2016.

In this PDS, Huntley Management Limited is referred to as Huntley Management or the Responsible Entity and Prequin Securities Pty Ltd (ACN 164 275 290) is referred to as Prequin Securities or the Manager. "You" and "your" refer to individual investors, both as potential investors reviewing this PDS and as actual investors having made an investment in the Fund, as the context requires.

This PDS contains important information; you should read it carefully and in its entirety. It contains general information only and does not take into account your particular needs, objectives, financial situation or investment preferences. You should consider carefully if an investment in this Fund is appropriate for you in the light of your objectives, financial situation and needs. You should seek your own financial advice before investing.

On page 32 we have set out the details of the abbreviations and words with special meanings used in this PDS.

An investment in the Fund is not a deposit with or liability of either the Responsible Entity or the Manager. The performance of the Fund, including repayment of invested amounts and the payment of distributions, is not guaranteed by Huntley Management, Prequin Securities, the custodian or any other person.

The Fund is not a bank deposit. Neither of Huntley Management or Prequin Securities is authorised under the Banking Act 1959 (C'th) and they are not supervised by the Australian Prudential Regulatory Authority, and neither is the Fund. The depositor protection provisions in section 13A of the Banking Act 1959 (C'th) and the Federal Government deposit guarantee scheme do not cover any investment in the Fund.

As the Fund is likely to become a disclosing entity under the Corporations Act 2001 (C'th) ("Corporations Act"), it will be subject to regular reporting and disclosure obligations. Copies of Fund documents lodged with ASIC may be obtained from, or inspected at, an ASIC office. If requested, either the Manager or the Responsible Entity will provide the annual financial report for the Fund most recently lodged with ASIC, and any half year financial report and continuous disclosure notices lodged after that annual financial report.

The offer to which this PDS relates is available to people receiving it (electronically or otherwise) in Australia only. No offer or invitation is made by this PDS, directly or indirectly, in any jurisdiction if the offer or invitation would breach the applicable laws in that jurisdiction or require the PDS or any other documents to be lodged or registered. The distribution of this PDS outside Australia may be restricted by law and people who come into possession of this PDS should seek advice on and observe such restrictions. Any failure to comply with these restrictions may constitute a violation of applicable securities laws.

The Responsible Entity reserves the right to change this PDS. Notice will be provided before, or as soon as practicable, after the change occurs, and in any event will be in accordance with the Corporations Act. The Responsible Entity reserves the right at any time to withdraw the offer or invitation to subscribe for units in the Fund and withdraw this PDS. No person is authorised to make any representation about investment opportunities in connection with the Fund, unless the representation is set out in this PDS.

Information relating to the Fund that is not materially adverse information may change and be updated from time to time. Updated information may be obtained electronically from the Huntley Management or Prequin Securities websites. These can be found at [www.huntleygroup.com.au](http://www.huntleygroup.com.au) or [www.prequinsecurities.com.au](http://www.prequinsecurities.com.au) or by contacting our investor services team on 1300 306 701.

A paper copy of any updated information is available on request at no charge.

All fees and costs quoted in this PDS are inclusive of GST and have taken into account any expected reduced input tax credits.

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**Prequin Securities Pty Ltd**  
ACN 164 275 290

**STREET ADDRESS:**  
Studio 3,  
82 – 84 King Street,  
Perth WA 6000

**PHONE ENQUIRIES:**  
1300 306 701

**WEB:** [www.prequinsecurities.com.au](http://www.prequinsecurities.com.au)

**EMAIL:** [enquiries@prequinsecurities.com.au](mailto:enquiries@prequinsecurities.com.au)

**Huntley Management Limited**  
ACN 089 240 513 | AFSL 229754

**STREET ADDRESS:**  
Level 3,  
37 Bligh Street,  
Sydney NSW 2000

**PHONE ENQUIRIES:**  
(02) 9233 5444

**FAX:**  
(02) 9233 3119

**WEB:** [www.huntleygroup.com.au](http://www.huntleygroup.com.au)

**EMAIL:** [sydney@huntleygroup.com.au](mailto:sydney@huntleygroup.com.au)

# Section 1: Investing in the Prequin Securities Monthly Income Fund

# Investment Overview

This PDS is a document required by the Corporations Act and contains information designed to help you decide whether to invest in the Prequin Securities Monthly Income Fund.

## THE FUND'S OBJECTIVES

The Fund aims to provide investors with competitive monthly returns that are in the top 25% of Australian retail mortgage investment trusts based on returns for 1 year<sup>1</sup>.

## THE RESPONSIBLE ENTITY

Huntley Management Limited is the Responsible Entity of the Fund under its Australian Financial Services Licence (AFSL) (No 229754) and is the issuer of this PDS.

The role of the Responsible Entity includes the responsibility for the Fund's constitution, administration, compliance and adherence to legislative and regulatory requirements.

## THE MANAGER

Prequin Securities Pty Ltd is the Manager of the Fund.

Prequin Securities is a finance and funds management company whose objective is to create and manage high quality fixed interest investments and innovative non-bank mortgage lending.

The directors of Prequin Securities bring to the Fund a wealth of experience gained by managing millions of dollars in mortgage loans over a 21 year period either on their own account or for companies in which they hold a majority interest. The mortgages written over this period are similar in nature to those proposed by the Fund.

## THE CUSTODIAN

The Fund has engaged Huntley Custodians Limited ACN 082 237 241 to act as custodian for the Fund. As such, all investments will be in its name and it will hold title to the Fund's assets. In this PDS, Huntley Custodians Limited is referred to as Huntley Custodians or the Custodian.

<sup>1</sup> Having regard to relevant sources of information, including comparative data bases compiled by third party sources.

## NEXT STEPS

To invest in the Fund you should:

1. Read all of the sections of this PDS.
2. Consult your financial or other professional adviser before deciding whether to invest in the Fund. If you or your adviser have any questions on what you need to do, contact Prequin Securities on 1300 306 701 (business hours Monday – Friday).
3. Complete the application form that accompanies this PDS. Remember that the form will need to be signed by all applicants. For more information on how to apply please refer to page 33 of this PDS.
4. Attach certified copies of your proof of identity documents to your application form. The application form that accompanies this PDS outlines the documents required. This information is required under the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (C'th).
5. Send your completed application form, together with certified copies of your proof of identity documents and your cheque or deposit confirmation to:

Prequin Securities Monthly Income Fund  
c/-Huntley Management Limited  
Suite 301, Level 3, 37 Bligh Street, Sydney NSW 2000

# Fund Features

The table below summarises some important information about the Fund and provides page references for further information, where applicable. The table is not intended to be a complete statement of all information. You should read the whole PDS and seek any advice you need before deciding to invest.

Feature	Explanation	See also
Fund Assets	The Fund will invest primarily in registered 1st mortgage loans over residential, commercial, industrial and rural property in Australia.	page 11

## MINIMUM TRANSACTION AND BALANCE REQUIREMENTS

Minimum initial investment	\$10,000	page 27
Minimum additional investment	\$5,000	page 27
Minimum withdrawal	\$5,000	page 28
Minimum invested amount	\$10,000	page 27

## DISTRIBUTIONS

Frequency	Monthly. Distributions are calculated for each month, based on the number of units held by each investor on each day during the month. Normally distributions will be paid within 5 business days after the end of the month.	page 17
Rate	Distributions will fluctuate from month to month according to the performance of the Fund.  Distributions are calculated for each distribution period, based on the number of units held by each investor in the relevant class on each day during the period.	page 17
Payment method	Direct deposit into your nominated bank account.	page 17
Option to reinvest distributions	Yes	page 17

## PRICING

Unit pricing	Initially \$1.00 per unit. Thereafter the unit price will be a floating price that will target \$1.00 per unit. The unit price is calculated monthly.	page 27
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## FEES AND CHARGES

Establishment and contribution fee	Nil	Not applicable
Withdrawal fee	Nil	Not applicable
Management fee	The management fee payable is 1.65% p.a. of the total value of the Fund's assets. The fee is calculated for each month on the total value of the Fund's assets at the end of the month, and paid at the same time.	page 23
Other Fund expenses	Initially Prequin Securities will pay the Fund expenses out of its management fee.	page 23

## WITHDRAWALS

Eligible units	Units which on the relevant quarterly date have been held for at least 12 months after the date the units were issued.	page 17
Frequency	Withdrawals will be processed quarterly with effect from each 31 March, 30 June, 30 September and 31 December ("quarterly dates"). You may request withdrawal of part or all of your eligible units by giving a notice that must be received no later than 5.00pm on the last business day at least 3 months before the relevant quarterly date.	page 17
Payment timing	The withdrawal amount will normally be paid within 10 business days after the relevant quarterly date. Withdrawals may be deferred for up to 180 days after the relevant quarterly date or longer in the circumstances allowed by the constitution.	page 17
Payment method	Direct deposit into your nominated bank account.	page 17

## RISKS

Mortgage loan risk	The primary risks associated with a mortgage loan include loan default, credit loss, valuation risk and insurance risk. Additional risks may include documentation risk, new case law and statutes, litigation risk, interest rate risk, and diversification risk.	page 19
Liquidity risk	This is the risk that the Fund does not have the cash required to make payments when required.	page 20
Profitability risk	If the Fund's total income does not exceed the management fee and other expenses incurred by the Fund, the Fund will sustain a loss that may be recouped out of the Fund's assets. This may result in the value of units in the Fund falling below the value at which they were purchased.	page 20

## RISKS (CONTINUED)

Gearing risk	At the date of this PDS the Fund has not borrowed, and does not intend to borrow within the next 12 months.	page 20
Market risk	There is a risk that changes in economic, technological or political conditions or market sentiment may affect the value of the Fund's assets, the capacity of borrowers to service or repay their loans and delay the payment of withdrawals and reduce distributions.	page 20
Regulatory risk	Investment performance may be adversely affected by changes in government policies (including taxation), regulations and laws, or changes in generally accepted accounting policies or valuation methods. Such changes could adversely impact the Fund and/or borrowers or investments of the Fund. The risk of regulatory changes is generally beyond the control of the Responsible Entity or Manager.	page 20
Investment risk	There is a risk that investors will not receive on time, or at all, the income distributions that may have been expected or a return of all or any of the amount invested. There is also the risk that the value of the units in the Fund falls because of unexpected changes in the Fund's management, operations or its environment or that the Fund terminates. There is also the risk that if a mortgage loan does not proceed, then investors may lose the opportunity to invest in alternate investments.	page 20

## ASIC BENCHMARKS

1 – Liquidity	Met	page 13
2 – Scheme borrowing	Met	
3 – Loan portfolio & diversification	Met	
4 – Related party transactions	Met	
5 – Valuation policy	Met	
6 – Lending principles – loan to valuation ratios	Met	
7 – Distribution practices	Met	
8 – Withdrawal arrangements	Not met	

# Why Invest In The Fund?

The Fund is designed to provide investors with:

1. access to an experienced investment and mortgage manager in Prequin Securities;
2. access to the Manager's mortgage distribution, systems and asset management capabilities;
3. regular and competitive returns that aim to be in the top 25% of Australian retail mortgage investment trusts based on returns for 1 year<sup>2</sup> ;
4. access to a pool of registered 1st mortgages over residential, commercial, industrial and rural property in Australia;
5. flexible investment terms including no entry and exit fees and the ability to reinvest any monthly distributions as additional units in the Fund and therefore benefit from a compounding return; and
6. a balanced approach to risk management, including a policy of not offering or investing in related party lending, construction lending, mezzanine or 2nd mortgage lending.

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<sup>2</sup> Having regard to relevant sources of information, including comparative data bases compiled by third party sources.

# Investment Strategy and Experience

## THE FUND'S INVESTMENT STRATEGY

The Fund will give investors access to mortgage investment opportunities backed by Prequin Securities' mortgage distribution, systems and asset management capabilities. The Fund aims to provide income to investors via investment in a portfolio of registered 1st mortgage loans over residential, commercial, industrial and rural property in Australia.

The key fundamentals of the Fund's investment strategy include:

- investing in registered 1st mortgages only;
- no related party lending;
- no construction/property development lending; and
- maximum loan limits to avoid exposure to single, large loans.

The Fund aims to maintain 5% of the Fund's assets in cash or other short term interest-earning investments that can readily be turned into cash, such as deposits with Australian banks. The interest earned on these investments is part of the Fund's income.

The Fund may borrow for investment in new loans or for liquidity management (e.g. to manage distributions or withdrawal requests). However, the Fund has no borrowings at the date of this PDS and has no present intention to do so.

Whilst the Manager and the Responsible Entity intend to operate the Fund in an ethical and sound manner, the Manager does not specifically take into account labour standards or environmental, social or ethical considerations for the purpose of selecting, retaining or realising when making investment decisions for the Fund.

## THE MANAGER'S EXPERIENCE

The directors of the Manager have been writing loans similar to those in which the Fund will invest since 1995. The directors have proven history and experience in the mortgage lending industry and have developed policies in the key areas of:

- mortgage origination and assessment;
- loan settlement;
- on-going loan management; and
- default management.

Further details are available from the Manager's website ([www.prequinsecurities.com.au](http://www.prequinsecurities.com.au)).

## LOAN PORTFOLIO

### LENDING CRITERIA

The Fund's lending criteria include the following:

- The maximum amount of any one loan is \$2.25 million until the Fund's loan portfolio exceeds \$150 million, after which the maximum amount of any one loan will not exceed 1.5% of the loan portfolio.
- The maximum amount lent to any one borrower is \$3.0 million until the Fund's loan portfolio exceeds \$150 million, after which when the maximum amount to be lent to any one borrower will not exceed 2% of the loan portfolio.
- Each loan is secured by at least a registered 1st mortgage over residential, commercial, industrial or rural property in Australia. As the holder of a registered 1st mortgage, the Fund is a secured creditor entitled to be paid first from the sale proceeds of the secured property (after allowing for preferred statutory liabilities, e.g. land tax or council rates).
- Each loan is to be wholly or predominantly for a business or investment purpose.
- At a minimum each borrower must verify that the borrower can service the ongoing obligations of the loan, although the secured property itself need not be income producing.
- Normally the loan will be on an interest only basis with loan interest payable periodically in advance or in advance for the term of the loan.
- The loan amount may include an amount for interest which is to be prepaid for the term of the loan or a shorter period. In this case, the interest component of the loan amount will be retained and used for that prepaid interest payment.
- The initial loan term will normally be no longer than 5 years.
- The valuation of the secured property satisfies the criteria prescribed by the valuation policy (see page 11).
- The loan to valuation ratio for the secured property satisfies the ratio restrictions prescribed by the lending principles (see page 11).
- When a loan is renewed for more than 12 months, the loan will be reassessed as if a new loan, including obtaining an updated valuation of the secured property.

The Fund does not offer construction loans (also known as property development loans) where funds are provided to the borrower in stages based on progress of the development.

It is anticipated that generally, the borrowers seeking loans from the Fund, or the particular loan being sought, will not fit the lending criteria of Australia's major lenders such as the large, commercial trading banks. This may include business owners, the self-employed, property investors raising funds to purchase an investment property, the credit impaired and borrowers wishing to consolidate debt.

The Fund will charge a higher rate of interest than that charged by traditional lenders (on average 1% p.a. to 4% p.a. more) and which is commensurate with this particular lending market.

### DIVERSIFICATION

The loan portfolio will be diversified by having loans secured by property in the residential, commercial, industrial and rural zoning sectors, and located in metropolitan areas, major centres and selected rural areas in the various states of Australia.

## PORTFOLIO STRUCTURE

The fund aims to achieve the following portfolio limits after the Fund reaches \$150 million:

Limits for secured property types	Type of property mortgaged as security			
	Residential	Commercial	Industrial	Rural
Maximum percentage of whole portfolio	100%	50%	50%	20%

Limits for location of secured properties	NSW	QLD	VIC	WA	SA	TAS	NT
Maximum percentage of whole portfolio	100%	75%	100%	75%	50%	10%	10%

## LOAN TO VALUATION RATIOS

The 'loan to valuation ratio' or 'LVR' refers to the ratio of the amount to be lent to the value of the security made available to support repayment of the loan. As at the date of this PDS, the maximum LVRs for loans made by the Fund are:

LOAN SECURITY TYPE	MAXIMUM LVR
Property for residential zoning	80%
Property for commercial/industrial zoning	75%
Property for rural zoning	70%

The above ratios apply at the time of approving a loan and are designed to mitigate some of the lending risk. The Fund will not necessarily approve a loan at the maximum LVR. During the course of a loan the total debt owing may exceed the LVR limit set for the loan on the value of the security property due to a combination of factors, including a decline in the value of the security property, or accrual of unpaid interest or other costs.

## VALUATION POLICY

In determining the value of the relevant secured property, the Fund will rely on a valuation report from a professional valuer made within the 3 months before the loan is made, and on renewal of a loan (that is where the loan is to be extended or renewed for a term of at least 12 months). A valuation may also be obtained during the course of a loan if there are continuing loan defaults (including within 2 months after the Manager forms the view that there is a likelihood that a decrease in value of the security property may have caused a material breach of a loan covenant) or if it becomes necessary to sell the security property to recover the amount owing. The valuation is to be based on the then current market value of the property (the 'as is' value). The valuation must deal with all the matters specified in the valuation instruction as applicable, which may include consideration of:

- comparable sales;
- matters affecting the title and zoning of the property, including usage and potential risks such as flood, bush fire and land slippage;
- saleability of the property;
- suitability of the property for mortgage security purposes;
- the insurable value of the improvements;
- relevant valuation industry standards and codes.

The valuer for each particular property instruction will be selected from the Fund's panel of valuers or the valuation will be arranged through a valuation management system. This is intended to provide a rotation and diversity of valuers. Normally, each valuer should be a member of an appropriate professional body and must have professional indemnity insurance.

## **VALUATION POLICY (CONTINUED)**

The valuer must be independent, in the sense of having no interest in the borrower or security provider or the property being valued, and no interest in the Responsible Entity or the Manager. If a conflict of interest arises or a potential conflict is identified in connection with a valuation, it will be managed in accordance with the Manager's documented procedure for dealing with conflicts of interest.

This valuation policy may change from time to time. The policy current at any time will be available from the Manager's website ([www.prequinsecurities.com.au](http://www.prequinsecurities.com.au)).

# ASIC Benchmarks

In May 2012, ASIC issued Regulatory Guide 45 setting out benchmarks and disclosure principles for unlisted mortgage schemes to address in a PDS. The benchmarks and disclosure principles identify a number of financial measures and business practices to help investors assess the potential risks and rewards being offered, prior to making their investment. The benchmarks are not mandatory. Rather, issuers are required to disclose whether the benchmarks are met and if not, then why not. In addition, issuers are expected to address the disclosure principles. Investors should review all benchmarks and disclosures in the context of the PDS as a whole, rather than rely on any particular disclosure to make an investment.

<b>BENCHMARK SUMMARY</b> (detailed responses follow)	<b>MET YES / NO</b>
Liquidity	✓ YES
Scheme borrowing	✓ YES
Loan portfolio & diversification	✓ YES
Related party transactions	✓ YES
Valuation policy	✓ YES
Loan to valuation ratios	✓ YES
Distribution practices	✓ YES
Withdrawal arrangements	✗ NO

## ONGOING DISCLOSURES

The Responsible Entity intends to continue to meet the requirements of the benchmarks and disclosure principles as they apply to the Fund. Updates will be lodged on the Responsible Entity website ([www.huntleygroup.com.au](http://www.huntleygroup.com.au)) and Prequin Securities website ([www.prequinsecurities.com.au](http://www.prequinsecurities.com.au)) after the end of June and December in conjunction with the issue of the financial statements for the Fund, and whenever there is a material change to previously disclosed information.

At the date of this PDS, the Fund has not traded, and accordingly it has no assets or liabilities. The disclosures following reflect this position.

### Benchmark 1: Liquidity

For a pooled mortgage scheme, the responsible entity has cash flow estimates for the scheme that:

- (a) demonstrate the scheme's capacity to meet its expenses, liabilities and other cash flow needs for the next 12 months;
- (b) are updated at least every three months and reflect any material changes; and
- (c) are approved by the directors of the responsible entity at least every three months.

#### STATEMENT:

The Fund meets this benchmark.

**EXPLANATION:**

The Fund has prepared a cash flow estimate showing the Fund's capacity to meet its expenses, liabilities and other cash needs for the next 12 months, and the directors of the Responsible Entity have approved that estimate, as required by the benchmark. This estimate has been prepared on the basis that Prequin Securities, as the Manager, will pay all ordinary Fund expenses from its own resources until the Fund is able to do so itself. The directors of the Responsible Entity considered the Manager's own cash flow estimate for the relevant period before approving the Fund's cash flow estimate. The Fund's estimate also assumes that there will be no new applications to invest in the Fund during the period covered by the estimate, as required by the benchmark.

As the Fund grows, there will be changes to its cash flows that will affect the Funds liquidity needs. Accordingly, every 3 months, as part of the Fund's ongoing compliance management processes, the cash flow estimate for the following 12 months will be updated. The material assumptions underlying these cash flow projections will be based on analysis of recent actual investor inflows and withdrawals, loan movements, and income and expenses, and will include consideration of possible material changes to these elements as a result of matters outside the Fund's control. In addition, the Fund will periodically stress test these cash flow assumptions, for example by considering the impact of an ASIC stop order or the possibility of a significant increase in the rate of investor withdrawal requests.

The Fund will maintain cash or cash equivalents sufficient to meet its cash needs from time to time as shown by these estimates.

Investments in the Fund are for minimum of 1 year but do not have a fixed duration. Similarly, loans to borrowers are for varying terms normally no longer than 5 years. Accordingly, it may not be possible to balance the maturity of loans made by the Fund with investor withdrawals and it is not the policy of the Fund to do so.

**Benchmark 2: Scheme borrowing**

The responsible entity does not have current borrowings and does not intend to borrow on behalf of the scheme.

**STATEMENT:**

The Fund meets this benchmark.

**EXPLANATION:**

Although the Fund is permitted under its constitution to borrow and give security for those borrowings, the Fund has not borrowed any money as at the date of this PDS, and does not intend to borrow any money within the next 12 months.

Where the Fund does borrow, it may be for investment in new loans or for liquidity management (e.g. to manage distributions or withdrawal requests), such as under a stand-by facility. The borrowing will be limited to no more than 30% of the total value of the Fund's assets at the time and will be on ordinary commercial terms with Australian trading banks. Where the Fund does borrow, then the interests of the lenders to the Fund will generally rank before an investor's interest in the Fund.

**Benchmark 3: Loan portfolio & diversification**

For a pooled mortgage scheme:

- (a) the scheme holds a portfolio of assets diversified by size, borrower, class of borrower activity and geographic region;

- (b) the scheme has no single asset in the scheme portfolio that exceeds 5% of the total scheme assets;
- (c) the scheme has no single borrower who exceeds 5% of the scheme assets; and
- (d) all loans made by the scheme are secured by first mortgages over real property (including registered leasehold title).

**STATEMENT:**

The Fund meets this benchmark.

**EXPLANATION:**

At the date of this PDS, the Fund does not have any assets. It is intended that its assets will be the mortgage loan portfolio (being loans secured by registered first mortgages over residential, commercial, industrial and rural property in Australia) and cash or other liquid investments. The Fund policies relating to the loan portfolio and diversification are set out on page 10 of this PDS.

Updates dealing with the actual loan portfolio detail required by this benchmark will be provided as part of the ongoing disclosures of the Fund.

#### **Benchmark 4: Related party transactions**

The responsible entity does not lend to related parties of the responsible entity or to the scheme's investment manager.

**STATEMENT:**

The Fund meets this benchmark.

**EXPLANATION:**

It is the Fund's policy that it will not have any loans to or from related parties of the Responsible Entity or the Manager, nor any investments in these related parties.

As the Manager, Prequin Securities may transfer into the Fund existing 1st mortgage loans made by it in its other management capacities. Each such loan transfer will be for the loan balance current at the time of the transfer and must satisfy the lending criteria of the Fund as if a new loan made by the Fund at that time. The loan transfer must satisfy the Fund's conflict of interest policies. Investor approval will not be sought for these transfers. Prequin Securities will not receive any fee or other benefit from the Fund in connection with these transfers.

#### **Benchmark 5: Valuation policy**

In relation to valuations for the scheme's mortgage assets and their security property, the board of the responsible entity requires:

- (a) a valuer to be a member of an appropriate professional body in the jurisdiction in which the relevant property is located;
- (b) a valuer to be independent;
- (c) procedures to be followed for dealing with any conflict of interest;
- (d) the rotation and diversity of valuers;
- (e) in relation to security property for a loan, an independent valuation to be obtained:

- (i) before the issue of a loan and on renewal:
  - (A) for development property, on both an 'as is' and 'as if complete' basis; and
  - (B) for all other property, on an 'as is' basis; and
- (ii) within two months after the directors form a view that there is a likelihood that a decrease in the value of security property may have caused a material breach of a loan covenant.

**STATEMENT:**

The Fund meets this benchmark.

**EXPLANATION:**

The Fund's valuation policy is set out on page 11 of this PDS. A copy is also available on the Manager's website ([www.prequinsecurities.com.au](http://www.prequinsecurities.com.au)).

There are no material inconsistencies between any current valuation of a security property and the Fund's policy.

**Benchmark 6: Lending principles – loan to valuation ratios**

If the scheme directly holds mortgage assets:

- (a) where the loan relates to property development—funds are provided to the borrower in stages based on independent evidence of the progress of the development;
- (b) where the loan relates to property development—the scheme does not lend more than 70% on the basis of the latest 'as if complete' valuation of property over which security is provided; and
- (c) in all other cases—the scheme does not lend more than 80% on the basis of the latest market valuation of property over which security is provided.

**STATEMENT:**

The Fund meets this benchmark.

**EXPLANATION:**

The Fund does not make loans for property development.

As at the date of this PDS, the Fund's maximum loan to valuation ratio ("LVR") (i.e, the amount to be borrowed, including any interest prepaid or capitalised, as a proportion of the value of the property over which the loan is to be secured) limits are:

<b>SECURITY TYPE</b>	<b>MAXIMUM LVR</b>
Property for residential zoning	80%
Property for commercial/industrial zoning	75%
Property for rural zoning	70%

These ratios apply at the time of approving a loan and are designed to mitigate some of the lending risk. The Fund will not necessarily approve a loan at the maximum LVR. During the course of a loan the total debt owing may exceed the LVR limit set for the loan on the value of the mortgaged property due to a combination of factors, including a decline in the value of the mortgaged property, or accrual of unpaid interest or other costs.

Updates dealing with the actual loan portfolio detail required by this benchmark will be provided as part of the ongoing disclosures of the Fund.

## **Benchmark 7: Distribution practices**

The responsible entity will not pay current distributions from scheme borrowings.

### **STATEMENT:**

The Fund meets this benchmark.

### **EXPLANATION:**

The Fund will pay distributions out of the income earned by the Fund during a month. This income is primarily sourced from the interest paid by borrowers under the loans that the Fund makes. It is not the Fund's policy to pay current distributions from borrowings by the Fund (see ASIC Benchmark 2 on the Fund's policy about borrowings).

Normally distributions will be calculated for each month after the end of the month, and paid by direct deposit into each investor's nominated bank account within 5 business days after the end of the month for which it is calculated. However, if no distribution payment instruction has been received, the distribution will be reinvested automatically as additional units of the same type to the value of the whole dollar amount of the distribution.

The Fund does not intend to indicate an expected distribution rate of return or amount. The distribution rate may vary from period to period depending on the performance of the Fund.

## **Benchmark 8: Withdrawal arrangements**

### **LIQUID SCHEMES**

For liquid schemes:

- (a) the maximum period allowed for in the constitution for the payment of withdrawal requests is 90 days or less;
- (b) the responsible entity will pay withdrawal requests within the period allowed for in the constitution; and
- (c) the responsible entity only permits members to withdraw at any time on request if at least 80% (by value) of the scheme property is:
  - (i) money in an account or on deposit with a bank and is available for withdrawal immediately, or otherwise on expiry of a fixed term not exceeding 90 days, during the normal business hours of the bank; or
  - (ii) assets that the responsible entity can reasonably expect to realise for market value within 10 business days.

### **NON-LIQUID SCHEMES**

For non-liquid schemes, the responsible entity intends to make withdrawal offers to investors at least quarterly.

### **STATEMENT:**

The Fund does not meet this benchmark.

## EXPLANATION:

Investors may only request a withdrawal of eligible units. This means those units which on the relevant quarterly date have been held for at least 12 months after the date the units were issued. Withdrawals will be processed quarterly with effect from each 31 March, 30 June, 30 September and 31 December ("quarterly dates").

Investors may request withdrawal of part (leaving at least \$10,000) or all of their eligible units by giving a notice that must be received no later than 5.00pm on the last business day at least 3 months before the relevant quarterly date.

The withdrawal amount will normally be paid by direct deposit into your nominated bank account within 10 business days after the relevant quarterly date. However, the Fund's constitution allows the Fund to defer payment for up to 21 days after that date, and to suspend withdrawals for any period if:

- the withdrawal request is received between the date the Fund is terminated and the date the Fund is wound up;
- the Responsible Entity considers it is not in the best interests of unitholders for withdrawals to be made;
- due to circumstances beyond the Responsible Entity's reasonable control it cannot calculate or pay the withdrawal price, or
- the Responsible Entity is not able to realise assets needed to satisfy the withdrawal requests in an orderly fashion over a reasonable period in a stable market within the time required.

The Fund's constitution also allows the Responsible Entity to refuse to accept all or any part of a withdrawal request in any of these same circumstances. No fee is payable for a withdrawal.

Normally the unit price payable on withdrawal will be \$1.00 per unit. However, if the Fund suffers a loss of capital in its loan portfolio (for example where a borrower does not repay the amount lent in full, or the Manager makes a provision against receiving the amount lent in full), there may be a reduction in value of the assets in the Fund on which the withdrawal value is based. This may result in a reduced withdrawal price payable to the investors in the Fund whose withdrawal is being made at that time.

Normally withdrawals will be funded out of the Fund's assets; however, the Fund may borrow for this purpose.

As indicated in ASIC Benchmark 1, it is not the Fund's policy to balance the maturity of loans made by the Fund with investor withdrawals because the periods of investment in the Fund and the periods of loans made by the Fund differ.

If, for any reason, the Fund is not 'liquid' (as defined in the Corporations Act), the Responsible Entity may make a withdrawal offer to all investors, but there is no obligation for it to make such an offer. The Fund will not be liquid if its liquid assets account for less than 80% of the value of assets of the Fund. The Fund's liquid assets will include cash, bank deposits, bank accepted bills, marketable securities and the Fund's mortgage loans that the Responsible Entity reasonably expects to be repaid, or realised for the amount due, within 180 days.

Unless the Fund is not liquid, the withdrawal procedures must treat investors of the same class equally and investors of different classes fairly.

As investments are not for a fixed period, they cannot be rolled over or renewed.

# Risks of Investing

All investments are subject to a degree of risk, any one or more of which may result in a loss of earnings or the amount invested. It is therefore important that you understand and are comfortable with the risks that may affect your investment. The table below explains the material risks that may affect your investment in the Fund.

<b>Mortgage loan portfolio risk</b>	<i>The primary risks associated with a mortgage loan portfolio include:</i>	
	<b>Loan default</b>	<p>Loan defaults occur when a borrower does not meet a fundamental obligation under the loan arrangement, such as the payment of interest or repayment of the loan by the due date.</p> <p>This may require the Fund to incur legal and other costs to enforce the Fund's recovery and security rights, which may reduce the amount available for distribution or withdrawal payments.</p>
	<b>Credit loss</b>	<p>Credit losses occur when the proceeds of sale of the property mortgaged as security for a loan are less than the amount owed under the mortgage. This may be as a result of:</p> <ul style="list-style-type: none"> <li>the valuation relied on when making the lending decision not accurately reflecting the value of the property at the time it is sold; or</li> <li>changes in property market conditions.</li> </ul>
	<b>Insurance risk</b>	There is a risk that the insurance over the secured property is inadequate. This may affect the amount we recover if the secured property is damaged.
	<b>Valuation risk</b>	<p>There is a risk that the valuation on which the decision to proceed with the loan is made is defective and does not accurately reflect the value of the property at that time.</p> <p>Even though the valuer may have given evidence of professional indemnity insurance at the time of making the valuation, the insurer may refuse to pay out if the valuer has not complied with the insurance policy terms, or if the policy is on a 'claims made' basis and the claim is not made on the valuer within the currency of the claim period.</p>
	<i>Additional risks may include:</i>	
	<b>Documentation risk</b>	This is the risk that a loan cannot be enforced as it was intended because of a deficiency in loan and mortgage documentation.
	<b>New case law and statute</b>	As the law is continuously evolving, there is a risk that new case law and statutes may adversely affect the way in which an existing loan may be managed and rights enforced.
	<b>Litigation risk</b>	There are difficulties in enforcing any legal rights. Litigation can be complicated, expensive and may take a long time, especially if it involves appeals to higher courts. Commercial prudence may require making compromises that result in less than full recovery of losses that may have occurred on a mortgage loan transaction.
	<b>Interest rate risk</b>	As the loans made by the Fund will be for a fixed term at a fixed interest rate, changes in market interest rates will not affect loans already made by the Fund, but may affect the rate of interest that the Fund may be able to earn on future loans, and this may affect the distribution rate and overall performance of the Fund.

	<b>Diversification risk</b>	<p>If Fund investments are not sufficiently diversified, failure of one or a small number of investments may have a material financial impact on the Fund.</p>
<b>Liquidity risk</b>	<p>These mortgage loan portfolio risks may affect the distribution rate payable by the Fund or the withdrawal value of units in the Fund from time to time. The investment strategy for the Fund (see page 9) is intended to minimise in practical ways the risk of loan portfolio loss.</p> <p>This is the risk that the Fund does not have the cash required to make payments when required.</p> <p>It may occur if a significant number of withdrawal requests are received for payment at the same time, or a significant number of loans are not repaid when due or do not pay interest when due. This may result in a delay in meeting your withdrawal request or making a distribution, as the cash reserves of the Fund are absorbed and if the other Fund assets are not able to be converted into cash readily.</p> <p>The liquidity management and withdrawal arrangements that apply in the Fund have been designed to reduce this risk and allow better control over cash flow management (see ASIC Benchmarks 1 and 8 on page 13 and page 17).</p>	
<b>Profitability risk</b>	<p>If the Fund's total income does not exceed the management fee and other expenses incurred by the Fund, the Fund will sustain a loss that may be recouped out of the Fund's assets. This may result in the value of units in the Fund falling below the value at which they were purchased.</p>	
<b>Gearing risk</b>	<p>If the Fund borrows money, it may give the financier security over some or all of the Fund assets. If the Fund defaults on its obligations to the financier, then normally, the financier would have recourse to those assets in priority to investors. At the date of this PDS the Fund has not borrowed. While borrowing has the potential to increase the gains from investing, it may also magnify investor losses.</p>	
<b>Market risk</b>	<p>There is a risk that changes in economic, technological or political conditions or market sentiment may result in the value of the Fund's investments falling, thereby causing the value of units in the Fund to fall below the value at which they were purchased. Adverse market movements may also delay the payment of withdrawals from the Fund where assets cannot be realised at prices which would be obtained if assets were realised in an orderly fashion over a reasonable period in a stable market. Also, some events may result in a downturn in economic conditions, which adversely impacts business in general.</p> <p>These events may affect the ability of the Fund to lend money and/or the capacity of borrowers to service or repay their loans. The investment strategy for the Fund described in this PDS is intended to minimise in practical ways the risk of capital loss from the mortgage loans made by the Fund.</p>	
<b>Regulatory risk</b>	<p>Investment performance may be adversely affected by changes in government policies (including taxation), regulations and laws, or changes in generally accepted accounting policies or valuation methods. Such changes could adversely impact the Fund and/or borrowers or investments of the Fund.</p> <p>The risk of regulatory changes is generally beyond the control of the Responsible Entity or Manager.</p>	
<b>Investment risk</b>	<p>There is a risk that investors will not receive on time, or at all, the income distributions that may have been expected or a return of all or any of the amount invested. There is a risk that the value of the units in the Fund falls because of unexpected changes in the Fund's management, operations or its environment or that the Fund terminates.</p> <p>Further, investing in a managed fund is not like investing directly in the underlying assets. A managed fund takes into consideration all applications and withdrawals made by all investors. This may result in the performance of the Fund being different from the performance that might have been achieved through a direct investment in those same assets.</p>	

# Section 2: Other Things You Need To Know

# Fees and Other Costs

**CONSUMER ADVISORY WARNING**

**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 investor services justify higher fees and costs.**

**You may be able to negotiate to pay lower contribution fees and management costs where applicable. 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)** 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 COSTS

The following table sets out the fees and costs that you may be charged . These fees and costs may be deducted from your investment, the investment returns or from the Fund assets as a whole.

Taxes are set out in 'Tax Considerations' on page 26.

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

Type of fee or cost	Amount	How and when paid
<b>Fees when your money moves in or out of the Fund</b>		
<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>Withdrawal fee:</b> The fee on each amount you take out from your investment.	Nil	Not applicable
<b>Exit fee:</b> The fee to close your investment.	Nil	Not applicable

<b>Management costs</b>		
The fees and costs for managing your investment.	The management fee is 1.65% p.a. of the total value of the Fund's assets.	Calculated and paid monthly in arrears from the assets of the Fund. This fee includes all ordinary fund expenses. This fee is negotiable with wholesale clients only. See "Additional explanation of fees and costs" below.
<b>Service Fees</b>		
<b>Transfer fees</b>	\$165 for each transfer transaction.	You pay this fee at the same time as requesting the transfer. Transfers may also have stamp duty consequences.
<b>Switching fee:</b> The fee for changing investment options.	Nil	Not applicable
<b>Other fees</b>	Nil	Not applicable

## ADDITIONAL EXPLANATION OF FEES AND COSTS

### FUND EXPENSES

Fund expenses include such things as: costs of formation, administration, management, promotion, restructuring and terminating the Fund; for example, maintaining the unit registry, custodial services, Fund accounting and administration, audit, Compliance Committee fees, PDS preparation and advertising.

Initially, Prequin Securities will pay these ordinary Fund expenses from its own resources. If Prequin Securities ceases to be the Manager for any reason, it will be entitled to receive from the assets of the Fund the amount of any ordinary Fund expenses that it has incurred but for which it has not been fully reimbursed by the Fund.

Costs incurred in connection with the loans in the loan portfolio (for example, collection fees, legal fees, receiver/manager fees and expenses, statutory fees such as stamp duty, registration fees and court filing fees, expert fees and expenses) and which are not recovered from the borrower are Fund expenses.

Abnormal expenses such as the costs of holding unitholder meetings, defending or bringing litigation may be charged directly to the Fund as abnormal expenses. It is not anticipated that any abnormal expenses will be incurred during the life of this PDS.

### TRANSACTIONAL AND OPERATIONAL COSTS

Borrowers may be required to pay various fees in connection with a loan, such as application fees and extension fees. Borrowers will pay these 'loan administration fees' to Prequin Securities in its personal capacity as the loan portfolio manager. These loan administration fees are not fees that you as an investor pay. They are not included in the Fund's management costs as they are associated with accessing the loans, are considered to be transactional and operational in nature, and they do not affect the performance of the Fund because they are paid by borrowers.

If a borrower is in default under a loan from the Fund, the borrower loses the benefit of an interest rate discount and, as a result, the Fund is entitled to receive interest at a higher rate. In this case the Fund will pay Prequin Securities, in its personal capacity as the loan portfolio manager, a fee of up to one-third of the interest discount lost by the borrower (a 'default loan administration fee'). The interest rate discount is specified in the particular loan agreement and may vary between transactions. The default loan administration fees are not included in the Fund's management costs as they are considered to be transactional and operational costs of the Fund.

## **BUY/SELL SPREADS**

Some managed investment schemes charge buy/sell spreads when you invest money in a fund and when you withdraw money from a fund. Buy/sell spreads are not currently charged for the Fund.

## **GOVERNMENT CHARGES AND TAXATION**

Government taxes such as GST will be applied to an investor's account as appropriate. In addition to the fees and costs described in this section, standard government fees, duties and bank charges may also apply, such as stamp duty. Some of these charges may include GST and will apply to investments and withdrawals as appropriate. The fees outlined in the table on page 6 include GST and take into account expected input tax credits. Further information on taxation matters can be found on page 26 of this PDS.

## **ADVISER REMUNERATION**

Where the law allows it, the Manager may pay your financial adviser for an investment made in the Fund through that adviser. The Manager will make these payments from its own resources and at its sole discretion. Accordingly, these payments are not a cost to the Fund. Your financial adviser may rebate to you some or all of their initial payment (net of GST), by indicating their intention to do so on the application form. Any rebated initial amount may be used to buy extra units in the Fund for you to the value of the whole dollar amount of the rebated amount. Your financial adviser will need to select this option in the application form.

The amount of any initial payment to your financial adviser will not exceed 0.55% (inclusive of GST) of the amount invested. Please refer to the financial services guide and any statement of advice given to you by your financial adviser for any additional fees and costs they may charge.

The Manager reserves the right to introduce new payment structures and to adjust payments or rebated amounts where the Manager believes that inappropriate client account structuring or investment, withdrawal and reinvestment activity is taking place. If such changes result in you paying fees directly or in your returns being affected by the changes, we will give you 30 days prior notice.

## **CHANGING FEES**

The fees shown in the table on page 6 are current at the date of this PDS. Under the Fund's constitution, the Responsible Manager is entitled to a management fee of up to 4.4% (inclusive of GST) of the Fund's assets and to various other fees which are not presently charged. The Responsible Entity may change the fees without seeking investors' consents. Investors will be given at least 90 days prior notice of any change to any fee or the introduction of any new fee permitted under the constitution.

## **NEGOTIATION OF FEES**

The Fund cannot negotiate fees with any retail client. However, the Fund may negotiate, rebate, or waive fees when dealing with wholesale investors (as defined in the Corporations Act). If you qualify as a wholesale investor, contact the Manager's team to see if you are eligible to negotiate fees. Different fees may apply to different classes of units in the Fund.

## EXAMPLE OF ANNUAL FEES AND COSTS

This table gives an example of how the fees and costs of this product can affect an investor's investment over a one-year period. Investors 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	
<b>Contribution fee</b>	Nil	For every \$5,000 you put in, you will be charged \$0.
<b>PLUS Management Costs<sup>3</sup></b>	1.65% p.a.	And, for every \$50,000 you have in the Fund you will be charged \$825 each year.
<b>EQUALS cost of Fund</b>		<p>If you invest \$50,000 at the beginning of the year and your balance was \$50,000 over the course of the year, you will be charged \$825<sup>4</sup>.</p> <p><b>What it costs you will depend on the fees you negotiate with your Fund or adviser.</b></p>

3 See 'Management Costs' on page 23 for a more detailed description of what constitutes management costs and how these fees are calculated. Management costs are calculated on an Indirect Cost Ratio basis and include all direct and indirect management costs for managing the Fund. Please note, however, management costs do not include the loan administration fee or default loan administration fee, as these fees are not considered a "management cost" for the purposes of the Corporations Act.

4 This example assumes that (i) your balance remains constant at \$50,000 throughout the year (i.e. no further contributions are made and the Fund's unit price does not change); (ii) borrowing levels of the Fund are nil; (iii) fees are not individually negotiated with the Fund; and (iv) that no abnormal Fund expenses arise, such as unitholder meetings or costs of defending litigation.

# Tax Considerations

*Acquiring, holding and disposing of units in managed investment schemes can have important taxation implications for investors. The following is a general summary of current tax legislation applicable to Australian resident taxpayers. This information is general in nature because the tax implications for each investor may vary depending on their particular circumstances. Accordingly, as tax requirements are complex, you should obtain professional advice on your circumstances.*

## **GENERAL**

Generally, the Fund will not pay income tax as it is intended that the investors will be presently entitled to the distributable income of the Fund and will be taxed on their respective proportion of the taxable income of the Fund.

Where you are an Australian resident for tax purposes, there may be differences between the amount paid to you as distributable income and the amount allocated to you as taxable income to include in your tax return. These differences arise because of differences between the normal accounting principles and the requirements of the income tax laws, and may result in you receiving a payment amount that is more or less than the amount to be included in your tax return as taxable income. It is not expected that you will receive any distributions of net capital gains, although there is a risk that the Fund may make tax deferred distributions that result in a cost base adjustment for your investment. There is also the risk that if the Fund has taxable income but no distributable income for a year, then the Responsible Entity may be assessed to tax on that taxable income, and that tax will reduce investors' entitlements to capital. You will be given an annual tax statement setting out information to assist with this process.

Where you are a non-resident of Australia for taxation purposes, the applicable withholding tax will be deducted from each distribution at the time of payment.

If the Fund is in a tax loss position for an income year the loss cannot be distributed to investors. The loss will be quarantined in the Fund for recoupment against taxable income arising in future years (subject to the satisfaction of certain rules governing recoupment of trust losses).

## **PROVIDING A TAX FILE NUMBER ('TFN') OR AUSTRALIAN BUSINESS NUMBER ('ABN')**

You may choose to quote your TFN or ABN (if applicable) or claim an exemption in relation to your investment in the Fund by completing the Tax File Number or Australian Business Number notification section of the application form accompanying this PDS. The law strictly regulates how the Responsible Entity uses your TFN and ABN. If you choose not to provide your TFN or ABN or claim an exemption, tax at the highest personal tax rate (plus the Medicare levy) must be deducted from each distribution at the time of payment.

## **GST**

The GST disclosures contained in this PDS are of a general nature only. GST is not payable on the issue of units to you, distributions to you, or withdrawal of your units. You do not need to be registered for GST to invest in the Fund. Fees payable in respect of the management of the Fund are subject to GST (see page 24).

# Other Information

## UNIT PRICING

Unit prices are calculated by dividing the value of the Fund's net assets by the number of units on offer and adjusting for any transactional and operational costs such as a buy/sell spread. In other words, units have a floating unit price. The Fund will pay investors distributions as described in this PDS and in doing so the Fund aims to maintain a constant unit price of \$1.00. It is possible that the unit price may fall below \$1.00 per unit due to credit losses in the loan portfolio (or the provision for them) or if the Fund's total income does not exceed the management fee and other expenses incurred by the Fund.

The Fund has a documented unit pricing policy which contains information about how the Responsible Entity may exercise any discretions affecting pricing units. The Responsible Entity will act in accordance with this policy and keep records of any exercise of such discretions which are outside the scope of the policy, or are inconsistent with the policy. You may obtain a copy of the policy free of charge by contacting the Responsible Entity on (02) 9233 5444.

## MAKING AN INVESTMENT

The minimum initial investment amount is \$10,000. You must maintain a minimum of \$10,000 at all times.

Additional investments can be made into the Fund at any time. The minimum additional investment amount is \$5,000 except for the reinvestment of distributions.

A copy of the application form that accompanies this PDS must be completed for each additional investment made, except for reinvestment of distributions.

Your investment will start when your completed application form is processed. If your application is incomplete we will contact you to rectify it.

Applications received by 12:30pm will be processed that day. Applications received after 12:30pm will be processed the following business day. Only completed applications will be processed within these timeframes. Interest earned on application money will be credited to the benefit of the Fund.

Cooling-off rights apply. These are described below.

## COOLING-OFF RIGHTS

If you change your mind about your investment in the Fund, you may ask for your money to be repaid, but only if you ask to do so within 14 days after the earlier of:

- you receiving confirmation of your investment; or
- the end of the 5th day after the units were issued to you.

This cooling-off right does not apply to reinvested distributions, nor to conversions between types of units or rollovers. Nor does it apply to wholesale investors (as defined in the Corporations Act). When you exercise the cooling-off right, the Responsible Entity may adjust the amount payable for changes in the value of the Fund's assets, tax, and a reasonable charge for administration costs.

You should discuss any questions you may have about cooling-off rights with your financial adviser or contact the Responsible Entity or the Manager on (02) 9233 5444.

## **DISTRIBUTIONS**

See ASIC Benchmark 7 on page 17.

## **WITHDRAWING ALL OR PART OF AN INVESTMENT**

See ASIC Benchmark 8 on page 17.

Please contact the Responsible Entity on (02) 9233 5444 for the appropriate documentation.

## **TRANSFERRING YOUR INVESTMENT**

You may transfer your investment to another person at any time. Currently the fee payable for a transfer of investment is \$165. This fee may be changed at any time, subject to 30 days prior notice if such change is an increase. The Responsible Entity must receive written notice of the transfer and the transfer fee at least one month before any date from which a payment is calculated. Please contact the Responsible Entity on (02) 9233 5444 for the appropriate documentation.

Transfers of units may have taxation consequences such as the payment of stamp duty. You should seek your own tax advice.

## **CHANGING YOUR ADDRESS, PAYMENT INSTRUCTIONS OR OTHER DETAILS**

When you wish to change your contact details, distribution payment instructions or other details, you must notify the Responsible Entity in writing. Please note that for security reasons, faxed instructions are not acceptable.

When providing written instructions, please include:

- the full name in which the investment is held;
- your investor number;
- the changes being requested;
- a contact name and day time telephone number; and
- ensure the appropriate signatories sign the request.

Send the instruction to: Prequin Securities Monthly Income Fund,  
c/- Huntley Management Limited  
Suite 301, Level 3, 37 Bligh Street, Sydney NSW 2000

## **INVESTOR REPORTING**

The Fund will provide you with the following reports:

- confirmation of your investments and any withdrawal from the Fund;
- notice of any variation to the terms of the Fund while you are an investor;
- a monthly distribution statement;
- an annual taxation statement as at 30 June each financial year;
- the Fund's annual report as at 30 June each year.

## DISPUTE RESOLUTION

If you wish to make a complaint, you should contact the Responsible Entity in writing at Suite 301, Level 3, 37 Blich Street, Sydney NSW 2000 (Business hours Monday – Friday).

If the complaint is in writing, it must be acknowledged within 14 days after it is received and certain procedures must be followed. In particular, the Responsible Entity must investigate, properly consider and decide what action (if any) to take and to communicate its decision to you within 45 days.

If you are not happy with how the complaint has been handled you may contact the Financial Ombudsman Service (FOS), of which the Responsible Entity is a member. This is an independent body approved by ASIC to consider complaints. FOS can consider claims of up to \$500,000 (or higher if you and the Responsible Entity otherwise agree in writing).

Contact details for FOS are as follows:

Financial Ombudsman Service Limited

Post: GPO Box 3, Melbourne VIC 3001  
Email: info@fos.org.au  
Telephone: 1300 78 08 08  
Fax: (03) 9613 6399

## ANTI-MONEY LAUNDERING & COUNTER-TERRORISM FINANCING OBLIGATIONS

The Responsible Entity requires certain information about you to enable it to fulfil its obligations under the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (C'th) and related rules and regulations. The information is obtained from your application form and your identification forms. The Responsible Entity will take appropriate steps, as required by law, to verify information you provide. The Responsible Entity may also disclose this information to the Manager and various government agencies in Australia and overseas where required to do so. You should also read the "Privacy and Personal Information" section below before submitting an application for units in the Fund. If you do not provide all required information, the Responsible Entity may refuse to issue units to you or, if units are already issued, may redeem those units at some time in the future.

## PRIVACY AND PERSONAL INFORMATION

The Responsible Entity collects personal information from each investor in order to process their application, administer their investment and provide services related to their investment. To do that, the Responsible Entity may disclose the investor's personal information to the Responsible Entity's agents, contractors or third-party service providers to the Fund, such as the custodian and registry manager. If you do not provide your personal information, the Responsible Entity may not be able to process your application.

The Responsible Entity may also use your personal information to tell you about other products and services offered by the Responsible Entity or the Manager unless you inform us otherwise. In order to do that, the Responsible Entity may disclose your information to its service providers. The Responsible Entity may also disclose your personal information to your financial adviser.

You should contact the Responsible Entity on (02) 9233 5444 if you do not consent to the use or disclosure of your personal information in these ways. It is important that you make this contact because, by investing in the Fund, you will be taken to have consented to these uses and disclosures. In most cases you can gain access to the personal information held about you. The Fund aims to ensure that the personal information retained about you is accurate, complete and up-to-date. To assist with this, you should contact the Responsible Entity on (02) 9233 5444 if any of the details you have provided change. If you have concerns about the completeness or accuracy of the information held about you, the Responsible Entity will take steps to address these concerns.

## GENERAL INFORMATION

### The constitution

Your rights and obligations as an investor and the rights and obligations of the Responsible Entity of the Fund are governed by the constitution and the Corporations Act. As the Fund is a managed investment scheme registered under Chapter 5C of the Corporations Act, the constitution has been lodged with ASIC. Investors can obtain a copy of the constitution free of charge by telephoning (02) 9233 5444.

The constitution deals with a number of matters, including:

- application and withdrawal procedures for units in the Fund;
- distributions to investors;
- remuneration of the Responsible Entity and expenses that may be paid or reimbursed out of the Fund;
- the Responsible Entity's powers; these include powers to deal with Fund property;
- the Responsible Entity's right of indemnity out of Fund property in its role as Responsible Entity of the Fund;
- liability of the Responsible Entity and of investors;
- the Compliance Committee;
- handling of complaints;
- investor meetings;
- how the constitution can be amended;
- changing the Responsible Entity;
- the life of the Fund and entitlements of investors on termination.

### The Responsible Entity

As the Responsible Entity, Huntley Management is responsible to investors for the operation of the Fund; it owes investors duties under Chapter 5C of the Corporations Act and also duties as responsible entity of the Fund. Huntley Management and Prequin Securities may hold units in the Fund in any capacity, including special manager units. The Responsible Entity may retire in the circumstances set out in the Corporations Act, and investors may remove either the Responsible Entity or Manager by following the procedures set out in the Corporations Act. In either case, the Responsible Entity and the Manager will be entitled to receive at that time full payment from the Fund of any Fund expenses that have been incurred but which have not been fully reimbursed.

### Your liability as an investor

The constitution contains provisions designed to limit your liability in connection with the Fund to the amount, if any, that remains unpaid of your subscription for your units. Normally, the full price is paid at the time of making the investment and so the amount of the liability is nil. These provisions have not been tested in court so there is a remote risk that liability could extend beyond the price paid for units. However, the Responsible Entity is entitled to be indemnified by you to the extent agreed with you or for a liability arising because of your breach of your obligations to it.

### Different unit classes

The Fund may issue classes of units with different entitlements at any time without consulting investors.

### **Termination of the Fund**

The Fund terminates on the earlier of:

- the date the Responsible Entity nominates as the termination date in a notice given to investors, and
- the date on which the law or the constitution or a court order requires the Fund to end.

The net proceeds of realisation of the Fund's assets (after making allowance for all actual and anticipated liabilities of the Fund and meeting the expenses of the termination) must be distributed from the Fund to investors in proportion to the number of units held on the termination date.

### **The Fund's compliance plan**

The Fund has a compliance plan that is monitored by the Compliance Committee. The Compliance Committee consists of three members, all of whom are external to both the Responsible Entity and the Manager. The compliance plan describes the procedures the Responsible Entity will apply to ensure compliance with the Corporations Act and the constitution in accordance with Part 5C of the Corporations Act.

# Words with Special Meanings

<b>AFSL</b>	Australian Financial Services Licence
<b>ARSN</b>	Australian Registered Scheme Number
<b>ASIC</b>	Australian Securities and Investments Commission
<b>Compliance Committee</b>	The committee established to administer the Fund's compliance plan
<b>Corporations Act</b>	Corporations Act 2001 (C'th) as amended from time to time
<b>Custodian</b>	Huntley Custodians Limited - ABN 53 082 237 241
<b>distribution</b>	The income earned by the Fund (less expenses and fees) that is paid to investors
<b>Fund</b>	Prequin Securities Monthly Income Fund 608 870 524
<b>GST</b>	Goods and Services Tax
<b>Huntley Management</b>	Huntley Management Limited ACN 089 240 513 AFSL 229754
<b>month</b>	Whole calendar month
<b>p.a.</b>	Per annum
<b>Prequin Securities</b>	Prequin Securities Pty Ltd ACN 164 275 290
<b>quarterly date</b>	Each 31 March, 30 June, 30 September and 31 December
<b>quartile</b>	One quarter or 25%
<b>TFN</b>	Tax file number issued by the Australian Taxation Office; each taxpayer has a separate number
<b>total value of the Fund's assets</b>	Aggregate value of all assets in the Fund before deduction of any liabilities (also described as gross value of the Fund's assets)

## FORM 1: Prequin Securities Monthly Income Fund Application Form For Individuals

This is an application form for units in the Prequin Securities Monthly Income Fund issued by Huntley Management Limited (HML) ACN 089 240 153, AFSL 229754. This application form accompanies the PDS dated 19 February 2016 including any supplementary PDS issued. The PDS contains important information about an investment in the Fund. It is important that you read the PDS in full and the acknowledgements contained in this application form before applying for the units. We will provide you with a paper copy of the PDS including any supplemental PDS and the application form, on request without charge. A person who gives another person access to the Application Form must at the same time and by the same means give the other person access to the PDS including any supplemental PDS.

If you need help completing your application, please call the Prequin Securities Investor Services team on 1300 306 701.

### STEP 1: Completing your application

- Complete the attached application form
- Please print in block letters using a black or blue pen
- **Joint investors please note:** You will be treated as joint tenants

### STEP 2: Signing the application form

The application must be signed by all relevant parties as indicated in the application form. The Fund is unable to accept unsigned applications.

If the application is signed by the authorised attorney of an investor, a certified copy of the power of attorney or other authorising document must be attached.

### STEP 3: Attach all relevant documentation

The Anti-Money Laundering & Counter-Terrorism Financing laws require us to identify you and verify your identity when you acquire units in the Fund.

As a result, you will need to provide certified copies of relevant identification document(s) for us to verify your identity. The documentation required is specified in *Section D* of this application form.

### What is an acceptable certified copy of a document?

An acceptable certified copy is a document that has been certified as a true copy of the original by one of the following:

- a person enrolled on the roll of a Supreme Court or the High Court as a legal practitioner
- a judge, a magistrate, registrar or deputy registrar of a court
- a chief executive officer of a Commonwealth court
- a justice of the peace or a notary public
- a police officer
- a permanent employee of Australia Post with 2 years' continuous service employed in supplying postal services to the public or an agent of Australia Post in charge of supplying postal services to the public
- an Australian consular or diplomatic officer
- an officer with 2 years' continuous service with one or more financial institutions
- a finance company officer with 2 years' continuous service with one or more finance companies
- an officer or authorised representative of an AFSL holder with 2 years' continuous service
- a member of the Institute of Chartered Accountants in Australia, CPA Australia or National Institute of Accountants with 2 years' continuous membership

**Please note:** If you wish to lodge your application in person we can certify your identity documents. Please contact our Investor Services team on 1300 306 701 to arrange an appointment. We cannot accept certified copies by fax.

### STEP 4: Send your application and funds

- Only original applications with actual signatures will be accepted.
- Please send your application to: Prequin Securities Monthly Income Fund, C/- Huntley Management Limited, Reply Paid 88375 Suite 301, Level 3, 37 Bligh St Sydney NSW 2000.

# Application form for **INDIVIDUALS**

This application form accompanies the Prequin Securities Monthly Income Fund PDS, dated 19 February 2016 issued by Huntley Management Limited (HML) ACN 089 240 153, AFSL 229754.

## SECTION A: Investor Details

Are you a new or existing Investor?

New  Existing-Client Reference:  (please complete if you are an existing investor)

### APPLICANT 1

Mr  Mrs  Miss  Ms  Other

First name

Last name

Date of Birth

/  /

### APPLICANT 2

Mr  Mrs  Miss  Ms  Other

### Residential address

Street Address

Suburb

State

Postcode

### Postal address (if different from above)

Street Address

Suburb

State

Postcode

### Contact details

Telephone (BH)

Telephone (AH)

Mobile

Fax

Email address

TFN

or specify exemption if claimed

If there is more than one applicant, please nominate the primary contact for correspondence

Applicant 1

Applicant 2

## SECTION B: Investment Details

Minimum investment amount \$10,000.00

Amount to be invested \$  ,  ,  .

### Reinvestment Option

I would like my earnings distribution reinvested

Yes

No, please pay my earnings distribution to the account details as specified in Section C

### Investment Deposit Method

I would like to deposit my investment amount by:

**Cheque attached** (please make payable to **Huntley Custodians Ltd ACF Prequin Securities MIF Applications AC** and mark 'Not Negotiable')

**Direct Deposit**  
For identification purposes please attach a copy of the stamped deposit slip (if deposited in person) or advise the reference that was used in the payment description of your transaction.

Bank **National Australia Bank**

Account Name **Huntley Custodians Ltd ACF Prequin Securities MIF Applications AC**

BSB 082 080

Account Number 28 911 7532

Bank branch where deposited

Copy of Deposit Slip attached OR  Electronic Transfer Reference

## SECTION C: Australian Bank Account Details

**This nominated bank account will be directly credited with payment of distributions and payment of withdrawals.**

Bank or financial institution name:

Account name:

BSB:

Account number:

*Please note: The Fund is not responsible for any misplaced, lost or unrecoverable funds where it has relied on the information provided above.*

## SECTION D: Customer Identity Verification

This information is required by the Anti-Money Laundering & Counter-Terrorism Financing laws.

**EACH APPLICANT** must fill in the relevant sections below and provide the requested evidence of identity verification to us.

You must send in one certified copy\* (not originals) of each of the following for **EACH APPLICANT**:

- one primary photographic identification document (Category A) **OR**
- one primary non-photographic identification document **AND** one secondary identification document (Category 8).

*Please note that: we cannot accept certified copies by fax.*

*\*For your document to be correctly certified, please refer to the instructions on the front of this application form.*

**Documents not in English must be accompanied by an English translation prepared by an accredited translator.**

## IDENTITY VERIFICATION FOR AUSTRALIAN RESIDENTS

Each applicant who is an Australian resident must complete the identity verification below. Please provide relevant documentation from **EITHER** Category A **OR** Category B.

**Please cross (x) which document(s) you have provided:**

**CATEGORY A** – a certified copy of **ONE** of the following documents that contains your photo and full name:

Applicant 1	Applicant 2	
<input type="checkbox"/>	<input type="checkbox"/>	Australian driver's license; or
<input type="checkbox"/>	<input type="checkbox"/>	Australian passport (current or expired less than 2 years ago); or
<input type="checkbox"/>	<input type="checkbox"/>	Proof of age card issued under a state or territory law.

**CATEGORY B** – **OR** if you cannot provide one of the above documents, please provide one document from both i **AND** ii below:

i. a certified copy of **ONE** of the following documents:

Applicant 1	Applicant 2	
<input type="checkbox"/>	<input type="checkbox"/>	Australian birth certificate; or
<input type="checkbox"/>	<input type="checkbox"/>	Australian citizenship certificate; or
<input type="checkbox"/>	<input type="checkbox"/>	Pension card issued by Centrelink; or
<input type="checkbox"/>	<input type="checkbox"/>	Health care card issued by Centrelink.

**AND** ii. a certified copy of a notice that contains your name and residential address which was issued to you by **EITHER**:

Applicant 1	Applicant 2	
<input type="checkbox"/>	<input type="checkbox"/>	the Commonwealth or a state or territory within the preceding 12 months and records the provision of financial benefits; or
<input type="checkbox"/>	<input type="checkbox"/>	the Australian Taxation Office within the preceding 12 months and records a debt payable by or to you; or
<input type="checkbox"/>	<input type="checkbox"/>	a local government body or utilities provider within the preceding three months and records the provision of services to you.

## IDENTITY VERIFICATION FOR NON-AUSTRALIAN RESIDENTS

Each applicant who is a non-Australian resident must complete the identity verification below.

**Please cross (x) which document(s) you have provided:**

Please provide relevant documentation from **EITHER** Category A **OR** Category B.

**CATEGORY A** – a valid copy of **ONE** of the following documents:

Applicant 1	Applicant 2	
<input type="checkbox"/>	<input type="checkbox"/>	Foreign passport or similar travel document bearing your signature and photograph; or
<input type="checkbox"/>	<input type="checkbox"/>	National identity card issued by a foreign government bearing your signature and photograph.

**CATEGORY B** – **OR** if none of the above documents can be provided, please provide certified copies of **TWO** of the following documents:

Applicant 1	Applicant 2	
<input type="checkbox"/>	<input type="checkbox"/>	Foreign driver's licence that contains your photograph; and/or
<input type="checkbox"/>	<input type="checkbox"/>	Citizenship certificate issued by a foreign government; and/or
<input type="checkbox"/>	<input type="checkbox"/>	Birth certificate issued by a foreign government.

## SECTION E: Adviser Details

For investors using the services of an adviser please provide the following details.

Adviser group

Adviser name

Phone (business hours)

Email

## SECTION F: Declaration and Signature

- 1 I/We apply for the investment detailed in this application form.
- 2 I/We declare that:
  - all the details in this application form are true and correct;
  - I/we received a copy of the current PDS together with this application form in Australia before I/we completed this form;
  - I/we have read the current PDS and agree to be bound by the provisions in it and in the constitution (each as amended from time to time);
  - I/we have sought appropriate financial advice before completing this application form;
  - I/we have the legal power and authority to make this application and have complied with all requirements affecting the exercise of that power and authority in making this application;
  - you may act on the authority of any of the signatories to this application form or my/our financial adviser specified in this application form, in connection with this investment.
- 3 I/we consent to the collection, use and disclosure of my/our personal information as outlined in the current PDS. I/we have authorised my/our financial adviser specified in this application form to provide such further information to you as you may reasonably require.
- 4 If I/we have signed this application form under a power of attorney, I/we declare that I/we have no knowledge of the revocation of that power of attorney.

### Applicant 1

Signature

Date

 /  / 

Name

### Applicant 2

 /  / 

#### Important notes

This application must not be given to any person unless attached to or accompanied by the PDS dated 19 February 2016. HML may in its absolute discretion refuse any application for units. HML will not be bound by representations or statements which are not contained in information disseminated by HML.

## SECTION G: Lodging your Application

Please send your

- Signed application
- Record of payment or cheque, and
- Your identity verification documents to:

### Prequin Securities Monthly Income Fund

C/- Huntley Management Limited  
Reply Paid 88375, Suite 301, Level 3,  
37 Bligh St Sydney NSW 2000

### General Enquiries: 1300 306 701

[www.prequinsecurities.com.au](http://www.prequinsecurities.com.au)  
[www.huntleygroup.com.au](http://www.huntleygroup.com.au)  
[enquiries@prequinsecurities.com.au](mailto:enquiries@prequinsecurities.com.au)

## Section H: For Adviser Use Only

For individuals using the services of an adviser, your adviser will be required to complete the following details and sign the relevant identity verification declaration.

Office name	<input type="text"/>	
Surname	<input type="text"/>	
First name(s)	<input type="text"/>	
Phone (business hours)	<input type="text"/>	
Email	<input type="text"/>	
Adviser group	<input type="text"/>	Adviser group AFSL <input type="text"/>

Please cross if applicable:  My/our adviser commission to be used to buy extra units.

### Identity Verification Declaration

By signing this section, I declare I have sighted either original or certified copies of the document(s) used to satisfy the identity verification requirements in Section D. I am qualified to give this certification and I have complied with my obligations under the Anti-Money Laundering and Counter-Terrorism Financing Act 2006.

### ID Documents details- Applicant 1

Document 1		Document 2	
Verified from	<input type="checkbox"/> Original sighted <input type="checkbox"/> Certified copy	<input type="checkbox"/> Original sighted <input type="checkbox"/> Certified copy	
Document issuer	<input type="text"/>	<input type="text"/>	
Issue date	<input type="text"/>	<input type="text"/>	
Expiry date	<input type="text"/>	<input type="text"/>	
Document number	<input type="text"/>	<input type="text"/>	
Accredited English translation	<input type="checkbox"/> N/A <input type="checkbox"/> Sighted	<input type="checkbox"/> N/A <input type="checkbox"/> Sighted	
Adviser signature	<input type="text"/>	Date <input type="text"/>	
		Adviser Use Only Stamp/Adviser ID	<input type="text"/>

### ID Documents details- Applicant 2

Verified from	<input type="checkbox"/> Original sighted <input type="checkbox"/> Certified copy	<input type="checkbox"/> Original sighted <input type="checkbox"/> Certified copy	
Document issuer	<input type="text"/>	<input type="text"/>	
Issue date	<input type="text"/>	<input type="text"/>	
Expiry date	<input type="text"/>	<input type="text"/>	
Document number	<input type="text"/>	<input type="text"/>	
Accredited English translation	<input type="checkbox"/> N/A <input type="checkbox"/> Sighted	<input type="checkbox"/> N/A <input type="checkbox"/> Sighted	
Adviser signature	<input type="text"/>	Date <input type="text"/>	
		Adviser Use Only Stamp/Adviser ID	<input type="text"/>

## FORM 2: Prequin Securities Monthly Income Fund Application Form for Australian Companies/Trusts/Partnerships

This is an application form for units in the Prequin Securities Monthly Income Fund issued by Huntley Management Limited (HML) ACN 089 240 153, AFSL 229754. This application form accompanies the PDS dated 19 February 2016 including any supplementary PDS issued. The PDS contains important information about an investment in the Fund. It is important that you read the PDS in full and the acknowledgements contained in this application form before applying for the units. We will provide you with a paper copy of the PDS including any supplemental PDS and the application form, on request without charge. A person who gives another person access to the Application Form must at the same time and by the same means give the other person access to the PDS including any supplemental PDS. If you need help completing your application, please call the Prequin Securities Investor Services team on 1300 306 701.

### STEP 1: Completing your application

- Complete the attached application form
- Please print in block letters using a black or blue pen
- **Partnerships please note:** Applications by partnerships must be made in the names of all the partners and signed by each of them.
- **Trustees please note:** Applications by trusts (including superannuation funds and investments for another person) must be made in the names of all the trustee(s) and signed by each of them. The full name of each personal trustee and each corporate trustee must be completed. The Fund will only recognise the trustees as the owners of the investment.
- **If you are a registered scheme, regulated trust or government superannuation fund, please contact us on 1800 355 050 for a separate application form.**

### STEP 2: Signing the application form

The application must be signed by all relevant parties as indicated in the application form. The Fund is unable to accept unsigned applications.

If the application is signed by the authorised attorney of an investor, a certified copy of the power of attorney or other authorising document must be attached.

### STEP 3: Attach all relevant documentation

The Anti-Money Laundering & Counter-Terrorism Financing laws require us to identify you and verify your identity when you acquire units in the Fund.

As a result, you will need to provide certified copies of relevant identification document(s) for us to verify your identity. The documentation required is specified in *Section H* of this application form.

#### What is an acceptable certified copy of a document?

An acceptable certified copy is a document that has been certified as a true copy of the original by one of the following:

- a person enrolled on the roll of a Supreme Court or the High Court as a legal practitioner
- a judge, a magistrate, registrar or deputy registrar of a court
- a chief executive officer of a Commonwealth court
- a justice of the peace or a notary public
- a police officer
- a permanent employee of Australia Post with 2 years' continuous service employed in supplying postal services to the public or an agent of Australia Post in charge of supplying postal services to the public
- an Australian consular or diplomatic officer
- an officer with 2 years' continuous service with one or more financial institutions
- a finance company officer with 2 years' continuous service with one or more finance companies
- an officer or authorised representative of an AFSL holder with 2 years' continuous service
- a member of the Institute of Chartered Accountants in Australia, CPA Australia or National Institute of Accountants with 2 years' continuous membership

**Please note:** If you wish to lodge your application in person we can certify your identity documents. Please contact our Investor Services team on 1300 306 701 to arrange an appointment. We cannot accept certified copies by fax.

### STEP 4: Send your application and funds

- Only original applications with actual signatures will be accepted.
- Please send your application to: Prequin Securities Monthly Income Fund, C/- Huntley Management Limited, Reply Paid 88375 Suite 301, Level 3, 37 Bligh St, Sydney NSW 2000.

# Application form for **AUSTRALIAN COMPANIES/TRUSTS/PARTNERSHIPS**

This application form accompanies the Prequin Securities Monthly Income Fund PDS, dated 19 February 2016 issued by Huntley Management Limited (HML) ACN 089 240 153, AFSL 229754.

## SECTION A: Type of Entity

Please nominate what type of entity is investing and ensure that you complete in full the relevant identity verification section.

- Australian company—complete identity verification section H(1).
- Australian trust/superannuation fund—complete identity verification section H(2). If the trust has a company trustee the company trustee must also complete section H(1).
- Partnership—complete identity verification section H(3).

## SECTION B: Investor Details

Are you a new or existing Investor?

New  Existing—Client Reference:  (please complete if you are an existing investor)

Full name of company/trust/partnership

(For companies this must be the full name as registered with ASIC)

ACN:

**OR** Full registered business name of partnership or trading trusts:

Registration Number:

### APPLICANT 1

Mr  Mrs  Miss  Ms  Other

First name

Last name

Date of Birth  /  /

### Residential address

Street Address

Suburb

State  Postcode

### APPLICANT 2

Mr  Mrs  Miss  Ms  Other

First name

Last name

Date of Birth  /  /

Street Address

Suburb

State  Postcode

## SECTION C: Principal Place of Business- This section is to be completed by COMPANIES ONLY

### Principal place of business/operations (must not be a PO Box)

Street address

Suburb/town  State  Postcode

### Registered office (must not be a PO Box)

Cross this box if same as principal place of business; otherwise complete below.

Street address

Suburb/town  State  Postcode

## SECTION D: Postal and Contact Details (Primary contact only)

Street address/PO Box	<input type="text"/>				
Suburb/town	<input type="text"/>	State	<input type="text"/>	Postcode	<input type="text"/>
Telephone	<input type="text"/>		Mobile	<input type="text"/>	
Email	<input type="text"/>		Fax	<input type="text"/>	
Contact person or office	<input type="text"/>				

## SECTION E: Tax Information

ABN	<input type="text"/>	OR TFN	<input type="text"/>
Tax exemption	<input type="text"/>		

## SECTION F: Investment Details

Minimum investment amount \$10,000.00

Amount to be invested \$  ,  ,  .

### Reinvestment Option

I would like my earning distribution reinvested

- Yes
- No, please pay my earnings distribution to the account details as specified in Section C

### Investment Deposit Method

I would like to deposit my investment amount by:

- Cheque attached** (please make payable to **HML AREF Prequin Securities Monthly Income Fund App AC** and mark 'Not Negotiable')
- Direct Deposit**  
For identification purposes please attach a copy of the stamped deposit slip (if deposited in person) or advise the reference that was used in the payment description of your transaction.

Bank **National Australia Bank**  
Account Name **Huntley Custodians Ltd ACF Prequin Securities MIF Applications AC**  
BSB 082 080  
Account Number 28 911 7532

Bank branch where deposited

Copy of Deposit Slip attached

OR

Electronic Transfer Reference

## SECTION G: Australian Bank Account Details

**This nominated bank account will be directly credited with payment of distributions and payment of withdrawals.**

Bank or financial institution name:

Account name:

BSB:

Account number:

Please note: The Fund is not responsible for any misplaced, lost or unrecoverable funds where it has relied on the information provided above.

## SECTION H: Customer Identity Verification

This information is required by the Anti-Money Laundering & Counter-Terrorism Financing laws. You must fill in the relevant sections and provide the requested evidence of identity verification to us. *Please note that:* we cannot accept certified copies by fax. For your document to be correctly certified, please refer to the instructions on the front of this application form.

**Documents not in English must be accompanied by an English translation prepared by an accredited translator.**

### SECTION H(1): Companies Only to Complete

I. *Is your company an:*

Australian company acting as a trustee of a trust/superannuation fund; or  Australian company

II. *Is your company registered by ASIC as a:*

Public company; or  Proprietary company.

Please provide the number and full names of directors below. Number of directors

Director 1 (Surname)	<input type="text"/>	First Name	<input type="text"/>
Director 2 (Surname)	<input type="text"/>	First Name	<input type="text"/>
Director 3 (Surname)	<input type="text"/>	First Name	<input type="text"/>
Director 4 (Surname)	<input type="text"/>	First Name	<input type="text"/>
Director 5 (Surname)	<input type="text"/>	First Name	<input type="text"/>
Director 6 (Surname)	<input type="text"/>	First Name	<input type="text"/>

*(Please attach separate piece of paper listing all additional directors if there are more than 6 directors)*

III. *Shareholders*

Please provide contact details of ALL individuals who are beneficial owners through one or more shareholdings of more than 25% of the company's issued capital.

#### Beneficial Owner 1:

Title  Surname  First name   
Date of Birth  /  /

#### Beneficial Owner 2:

Title  Surname  First name   
Date of Birth  /  /

#### Beneficial Owner 3:

Title  Surname  First name   
Date of Birth  /  /

IV. *Identity verification for Australian companies*

Please ensure the documents you provide confirms:

- full name of company; and
- whether company is registered as proprietary or public company; and
- ACN; and
- the names and shareholding of the nominated beneficial shareholders.

**Please cross (x) which document you have provided:**

Up-to-date extract from ASIC database; or  Up-to-date extract from ASX database.

**SECTION H(2): Australian Trust/Superannuation Fund only to complete**

I. Please specify type of trust/superannuation fund (eg, superannuation fund, unit trust, discretionary trust, combination unit and discretionary trust or bare trust)

II. Please indicate how the trust deed identifies beneficiaries/unitholders:

By names of individuals (please list the name of each beneficiary/unitholder below); and/or

**Beneficiary 1:**

Title  Surname  First name

Date of Birth  /  /

**Beneficiary 2:**

Title  Surname  First name

Date of Birth  /  /

**Beneficiary 3:**

Title  Surname  First name

Date of Birth  /  /

**Beneficiary 4:**

Title  Surname  First name

Date of Birth  /  /

(Please attach separate piece of paper listing all additional beneficiaries if there are more than 4 beneficiaries)

By membership of a class (please list the name of each membership class below).

1.

2.

3.

4.

III. Identity verification for Australian trusts/superannuation funds:

Please ensure the documents you provide confirms:

i) full name of trust/superannuation fund; and

ii) type of trust/superannuation fund; and

iii) the names of the beneficiaries or the beneficiary membership class (as appropriate).

**(Please cross (x) which document you have provided.)** A certified copy of:

Copy of the trust deed; or

Notice issued by the Australian Taxation Office within the last 12 months (e.g. notice of assessment).

IV. No. of trustees

V. Is the trustee of the trust/superannuation fund an individual (or individuals)?

No

Yes Note: If your trustee is an individual or individuals, they must provide identity verification as outlined in VI or VII overleaf.

VI. For each individual trustee/partner as named in Section B who is an Australian resident, the following identity verification must be completed.

Please provide relevant documentation from **EITHER** Category A **OR** Category B. **Please cross (x) which document(s) you have provided:**

**CATEGORY A** – a certified copy of ONE of the following documents that contains your photo and full name:

Applicant 1	Applicant 2	
<input type="checkbox"/>	<input type="checkbox"/>	Australian driver's license; or
<input type="checkbox"/>	<input type="checkbox"/>	Australian passport (current or expired less than 2 years ago); or
<input type="checkbox"/>	<input type="checkbox"/>	Proof of age card issued under a state or territory law.

**CATEGORY B** – **OR** if you cannot provide one of the above documents, please provide one document from both i **AND** ii below:

i. a certified copy of ONE of the following documents:

Applicant 1	Applicant 2	
<input type="checkbox"/>	<input type="checkbox"/>	Australian birth certificate; or
<input type="checkbox"/>	<input type="checkbox"/>	Australian citizenship certificate; or
<input type="checkbox"/>	<input type="checkbox"/>	Pension card issued by Centrelink; or
<input type="checkbox"/>	<input type="checkbox"/>	Health care card issued by Centrelink;

**AND** ii. a certified copy of a notice that contains your name and residential address which was issued to you by EITHER:

Applicant 1	Applicant 2	
<input type="checkbox"/>	<input type="checkbox"/>	the Commonwealth or a state or territory within the preceding 12 months and records the provision of financial benefits; or
<input type="checkbox"/>	<input type="checkbox"/>	the Australian Taxation Office within the preceding 12 months and records a debt payable by or to you; or
<input type="checkbox"/>	<input type="checkbox"/>	a local government body or utilities provider within the preceding three months and records the provision of services to you.

VII. For each individual trustee named in Section B who is a non-Australian resident, the following identity verification must be completed.

**Please cross (x) which document(s) you have provided:**

Please provide relevant documentation from **EITHER** Category A **OR** Category B.

**CATEGORY A** – a valid copy of **ONE** of the following documents:

Applicant 1	Applicant 2	
<input type="checkbox"/>	<input type="checkbox"/>	Foreign passport or similar travel document bearing your signature and photograph; or
<input type="checkbox"/>	<input type="checkbox"/>	National identity card issued by a foreign government bearing your signature and photograph

**CATEGORY B** – **OR** if none of the above documents can be provided, please provide certified copies of **TWO** of the following documents:

Applicant 1	Applicant 2	
<input type="checkbox"/>	<input type="checkbox"/>	Foreign driver's licence that contains your photograph; and/or
<input type="checkbox"/>	<input type="checkbox"/>	Citizenship certificate issued by a foreign government; and/or
<input type="checkbox"/>	<input type="checkbox"/>	Birth certificate issued by a foreign government.

**SECTION H(3): Partnerships only to complete**

I. In what country was the partnership established?

II. Is the partnership regulated by a professional organization?

 Yes

Name of professional association

Membership details (e.g. membership number)

 No

III. Identity verification for partnerships:

Please ensure the documents you provide confirm:

i) full name of partnership; and

ii) the names of current partners.

**Please cross (x) which document you have provided:**

Up-to-date extract of the partnership agreement; and

If the partnership agreement does not confirm that the partner(s) signing is a/are current partner(s), other evidence that the person(s) is a/are current partner(s).

IV. For each partner named in Section 8 who is an Australian resident, the following identity verification must be completed.

Please provide relevant documentation from **EITHER** Category A **OR** Category B. **Please cross (x) which document(s) you have provided:**

**CATEGORY A** – a certified copy of ONE of the following documents that contains your photo and full name:

Applicant 1	Applicant 2	
<input type="checkbox"/>	<input type="checkbox"/>	Australian driver's license; or
<input type="checkbox"/>	<input type="checkbox"/>	Australian passport (current or expired less than 2 years ago); or
<input type="checkbox"/>	<input type="checkbox"/>	Proof of age card issued under a state or territory law.

**CATEGORY B** – **OR** if you cannot provide one of the above documents, please provide one document from both i **AND** ii below:

i. a certified copy of ONE of the following documents:

Applicant 1	Applicant 2	
<input type="checkbox"/>	<input type="checkbox"/>	Australian birth certificate; or
<input type="checkbox"/>	<input type="checkbox"/>	Australian citizenship certificate; or
<input type="checkbox"/>	<input type="checkbox"/>	Pension card issued by Centrelink; or
<input type="checkbox"/>	<input type="checkbox"/>	Health care card issued by Centrelink;

**AND** ii. a certified copy of a notice that contains your name and residential address which was issued to you by **EITHER**:

Applicant 1	Applicant 2	
<input type="checkbox"/>	<input type="checkbox"/>	the Commonwealth or a state or territory within the preceding 12 months and records the provision of financial benefits; or
<input type="checkbox"/>	<input type="checkbox"/>	the Australian Taxation Office within the preceding 12 months and records a debt payable by or to you; or
<input type="checkbox"/>	<input type="checkbox"/>	a local government body or utilities provider within the preceding three months and records the provision of services to you.

V. For each individual trustee named in Section B who is a non-Australian resident, the following identity verification must be completed.

Please provide relevant documentation from **EITHER** Category A **OR** Category B. (**Please cross (x) which document(s) you have provided.**)

**CATEGORY A** – a valid copy of **ONE** of the following documents:

Applicant 1	Applicant 2	
<input type="checkbox"/>	<input type="checkbox"/>	Foreign passport or similar travel document bearing your signature and photograph; or
<input type="checkbox"/>	<input type="checkbox"/>	National identity card issued by a foreign government bearing your signature and photograph

**CATEGORY B** – **OR** if none of the above documents can be provided, please provide certified copies of **TWO** of the following documents:

Applicant 1	Applicant 2	
<input type="checkbox"/>	<input type="checkbox"/>	Foreign driver's licence that contains your photograph; and/or
<input type="checkbox"/>	<input type="checkbox"/>	Citizenship certificate issued by a foreign government; and/or
<input type="checkbox"/>	<input type="checkbox"/>	Birth certificate issued by a foreign government.

## SECTION I: Adviser Details

For investors using the services of an adviser please provide the following details.

Adviser group	<input type="text"/>
Adviser name	<input type="text"/>
Phone (business hours)	<input type="text"/>
Email	<input type="text"/>

## SECTION J: Declaration and Signature

- 1 I/We apply for the investment detailed in this application form.
- 2 I/We declare that:
- all the details in this application form are true and correct;
  - I/we received a copy of the current PDS together with this application form in Australia before I/we completed this form;
  - I/we have read the current PDS and agree to be bound by the provisions in it and in the constitution (each as amended from time to time);
  - I/we have sought appropriate financial advice before completing this application form;
  - I/we have the legal power and authority to make this application and have complied with all requirements affecting the exercise of that power and authority in making this application;
  - you may act on the authority of any of the signatories to this application form or my/our financial advisor specified in this application form, in connection with this investment.
- 3 I/we consent to the collection, use and disclosure of my/our personal information as outlined in the current PDS. I/we have authorised my/our financial adviser specified in this application form to provide such further information to you as you may reasonably require.
- 4 If I/we have signed this application form under a power of attorney, I/we declare that I/we have no knowledge of the revocation of that power of attorney.

	Signatory 1	Signatory 2
Signature	<input type="text"/>	<input type="text"/>
Date	<input type="text"/> / <input type="text"/> / <input type="text"/>	<input type="text"/> / <input type="text"/> / <input type="text"/>
First name	<input type="text"/>	<input type="text"/>
Last name	<input type="text"/>	<input type="text"/>
Capacity (cross box)	<input type="checkbox"/> Director <input type="checkbox"/> Company Secretary <input type="checkbox"/> Sole director and sole secretary	<input type="checkbox"/> Partner <input type="checkbox"/> Trustee
	<input type="checkbox"/> Director <input type="checkbox"/> Company Secretary	<input type="checkbox"/> Partner <input type="checkbox"/> Trustee

### Important notes

This application must not be given to any person unless attached to or accompanied by the PDS dated 19 February 2016. HML may in its absolute discretion refuse any application for units. HML will not be bound by representations or statements which are not contained in information disseminated by HML.

## SECTION K: Lodging your Application

Please send your

- Signed application
- Record of payment or cheque, and
- Your identity verification documents to:

### Prequin Securities Monthly Income Fund

C/- Huntley Management Limited  
Reply Paid 88375, Suite 301, Level 3,  
37 Bligh St Sydney NSW 2000

### General Enquiries: 1300 306 701

[www.prequinsecurities.com.au](http://www.prequinsecurities.com.au)  
[www.huntleygroup.com.au](http://www.huntleygroup.com.au)  
[enquiries@prequinsecurities.com.au](mailto:enquiries@prequinsecurities.com.au)

Huntley Management Limited ACN 089 240 153 | AFSL 229754 | Prequin Securities Pty Ltd ACN 164 275 290

## Section L: For Adviser Use Only

For individuals using the services of an adviser, your adviser will be required to complete the following details and sign the relevant identity verification declaration.

Office Name

Full Name

Phone (business hours)

Email

Adviser group  Adviser group AFSL

Please cross if applicable:  My/our adviser commission to be used to buy extra units.

### Identity Verification Declaration

By signing this section, I declare I have sighted either original or certified copies of the document(s) used to satisfy the identity verification requirements in Section D. I am qualified to give this certification and I have complied with my obligations under the Anti-Money Laundering and Counter-Terrorism Financing Act 2006.

### ID Documents details- Applicant 1

#### Document 1

Verified from  Original sighted  Certified copy

Document issuer

Issue date

Expiry date

Document number

Accredited English translation  N/A  Sighted

Adviser signature

#### Document 2

Original sighted  Certified copy

N/A  Sighted

Date

Adviser Use Only  
  
Stamp/Adviser ID

### ID Documents details- Applicant 2

Verified from  Original sighted  Certified copy

Document issuer

Issue date

Expiry date

Document number

Accredited English translation  N/A  Sighted

Adviser signature

Original sighted  Certified copy

N/A  Sighted

Date

Adviser Use Only  
  
Stamp/Adviser ID