



 **DirectMoney**[™]
PERSONAL LOAN FUND
ARSN 602 325 628

Product Disclosure Statement

Dated 28 April 2016
Issued by One Managed Investment Funds Limited
ACN 117 400 987
AFSL 297042

PRODUCT DISCLOSURE STATEMENT DIRECTMONEY PERSONAL LOAN FUND ARSN 602 325 628

DIRECTORY

RESPONSIBLE ENTITY

One Managed Investment Funds Limited
ACN 117 400 987
AFS licence no. 297042

INVESTMENT MANAGER

DirectMoney Investment Management Pty Ltd
ACN 604 346 189
Authorised representative no. 473725

SELLER

DirectMoney Finance Pty Ltd
ACN 119 503 221
AFS Licence no. 458572
Australian Credit Licence no. 458572

SERVICER

DirectMoney Loans Servicing Pty Ltd
ACN 604 347 033

CREDIT MANAGER

DirectMoney Credit Management Pty Ltd
ACN 604 841 750

DIRECTMONEY PARENT

DirectMoney Limited
ACN 004 661 205

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IMPORTANT INFORMATION

ISSUER

The issuer of Units in the DirectMoney Personal Loan Fund ARSN 602 325 628 (**Fund**) is One Managed Investment Funds Limited (**Responsible Entity, we, us, our**). The Responsible Entity holds AFS Licence no. 297042.

THIS DOCUMENT

This Product Disclosure Statement (**PDS**) is issued by the Responsible Entity and is dated 28 April 2016. It replaces the Product Disclosure Statement issued by us on 14 May 2015. This PDS relates to the Offer of Units in the Fund. This PDS has not been lodged with ASIC and is not required by the Corporations Act to be lodged with ASIC. The Responsible Entity will notify ASIC that this PDS is in use in accordance with Section 1015D of the Corporations Act. ASIC takes no responsibility for the contents of this PDS.

DIRECTMONEY ENTITIES INVOLVED IN THE FUND

The Investment Manager, Seller, Servicer and Credit Manager are all involved in the Fund through the provision of services or the sale of Loan Investments to the Responsible Entity.

In addition, the DirectMoney Parent has provided a guarantee and indemnity in favour of the Responsible Entity in respect of the obligations of the other DirectMoney entities under the Investment Management Agreement and the Loan Sale and Servicing Deed.

Further information about each of these entities can be found in Section 1.

THE FUND

The Fund is a managed investment scheme registered with ASIC. The Constitution and the Fund's compliance plan have been lodged with ASIC in accordance with Section 601EA of the Corporations Act.

NO PERFORMANCE GUARANTEE

Neither the Responsible Entity, the Investment Manager, nor any of their directors, related parties or associates, guarantee the performance or success of the Offer, the repayment of capital or any particular rate of capital or income return.

NO INVESTMENT ADVICE OR RECOMMENDATION

Neither the Responsible Entity nor the Investment Manager are authorised to give any personal financial product advice. This PDS contains important information, however it does not take into account your investment objectives, financial situation or particular needs. Accordingly, before you invest, you should read this PDS (and any supplementary PDS and website updates) carefully and in its entirety, and, if you consider it necessary or appropriate, obtain independent financial and taxation advice about whether an investment in the Fund is suitable for you.

NOT REGULATED BY THE AUSTRALIAN PRUDENTIAL REGULATION AUTHORITY (APRA)

The Responsible Entity is not authorised under the Banking Act 1959 (Cth) and is not supervised by APRA, and investments in the Fund are not covered by the deposit or protection provisions available to depositors that make a deposit with an Australian ADI.

FORWARD LOOKING STATEMENTS

This PDS includes forward looking statements that may contain the words “believe”, “intend”, “estimate”, “expect”, “anticipate” and words of similar meaning. All statements other than statements of historical facts included in this PDS, including, without limitation, those regarding investment strategy, plans and objectives are forward looking statements. Such forward looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the Fund to be materially different from future results, performance or achievements expressed or implied by such forward looking statements.

Any forward looking statements are based on numerous assumptions regarding the Fund’s operations and present and future business and investment strategies. These forward looking statements are current only as at the date of this PDS. Accordingly, there can be no assurance that such statements, estimates or projections will be realised.

INFORMATION

No one is authorised to provide any information or to make any representation in connection with the Offer, which is not contained in this PDS. Any such information or representation is not authorised by us and should not be relied on.

ELECTRONIC PDS

An electronic version of this PDS appears at www.oneinvestment.com.au/dm and www.directmoney.com.au. If you have received this PDS electronically, then the Responsible Entity will give you a paper copy free of charge, on request. Please telephone the Responsible Entity on (02) 8277 0000.

AVAILABILITY OF OFFER

The Offer under this PDS is available to persons receiving the PDS within Australia. This PDS does not constitute and should not be construed as an offer, invitation or recommendation by the Responsible Entity or the Investment Manager to apply for Units in any state, country, or jurisdiction where such offer, invitation or recommendation may not be lawfully made.

IMPORTANT INFORMATION

WEBSITES

Where this PDS indicates certain information is available on the Responsible Entity's website or the Investment Manager's website, it is recommended you review that information before making a decision whether to invest. In addition, information contained in this PDS may change from time to time. If the change will be materially adverse to the Offer and the Offer is still open, then in accordance with the Corporations Act, the Responsible Entity will issue a supplementary PDS. However, if the change will not be materially adverse to the Offer, then a supplementary PDS will not be issued. Updated information will be available from the Responsible Entity's website and upon request the Responsible Entity will provide you with a paper copy of any updated information free of charge.

RISKS

There are risks associated with investing in the Fund. See Section 4 of this PDS for more information.

MASTER TRUST OR WRAP ACCOUNTS

The Responsible Entity authorises the use of this PDS as disclosure to Indirect Investors who access the Fund through an Investor Directed Portfolio Service (**IDPS**) or nominee or custody service and those investors may rely on this PDS. People who invest in the Fund through an IDPS do not become direct Investors. The operator or custodian of the IDPS will be recorded as the Investor in the Investor register and will be the person who exercises the rights and receives the benefits as an Investor. Reports and documentation relating to the Fund will be sent to the operator of the IDPS. Investors using these services should be aware that they may be subject to different conditions from those set out in this PDS, particularly in relation to:

- arrangements for the application and transfer of Units;
- fees and expenses; and
- distribution calculation and timing.

Indirect Investors should contact their adviser or the operator of their IDPS with any queries relating to an investment in the Fund through the IDPS.

GLOSSARY

Throughout this PDS, certain defined terms are used. Terms are defined in Section 11 of this PDS.

SECTION 1 OFFER OVERVIEW

KEY FEATURES

This section provides a summary of the key features of the Offer. It is not intended to be exhaustive. For more detailed information please refer to the relevant section of the PDS noted in the column on the right in the table below. You should read the whole PDS to make an informed decision about whether to invest in the Fund.

Feature	Overview	Refer to Section
Responsible Entity	One Managed Investment Funds Limited is the responsible entity for the Fund and will be responsible for holding the Fund's assets.	5.1
DirectMoney entities involved in the Fund	<p>Investment Manager DirectMoney Investment Management Pty Ltd is responsible for the day-to-day management of the Fund's investments.</p> <p>Seller DirectMoney Finance Pty Ltd is the seller of Loan Investments to the Fund.</p> <p>Servicer DirectMoney Loans Servicing Pty Ltd is responsible for monitoring and servicing Loan Investments held by the Fund, including the collection of arrears (if any).</p> <p>Credit Manager DirectMoney Credit Management Pty Ltd is responsible for holding, operating and maintaining the Loan Investment Reserve Account.</p> <p>DirectMoney Parent DirectMoney Limited is a party to the Loan Sale and Servicing Deed and Investment Management Agreement. It guarantees the obligations of – (a) each of the Seller, Servicer, Credit Manager and Investment Manager under the Loan Sale and Servicing Deed; and (b) the Investment Manager under the Investment Management Agreement. It also indemnifies the Responsible Entity for loss suffered as a consequence of – (a) each of the Seller, Servicer, Credit Manager or Investment Manager breaching its obligations under the Loan Sale and Servicing Deed; and (b) the Investment Manager breaching its obligations under the Investment Management Agreement. The Investment Manager, Seller, Servicer, Credit Manager and DirectMoney Parent are related entities.</p>	5.2
Fund Administrator	Unity Fund Services Pty Ltd ACN 146 747 122 has been appointed by the Responsible Entity to provide administration services to the Fund. Unity Fund Services Pty Ltd is an associated company of the Responsible Entity.	10.1 & 10.6
Fund auditor	Pitcher Partners Sydney has been appointed by the Responsible Entity to audit the Fund's accounts.	10.7

SECTION 1 OFFER OVERVIEW

Feature	Overview	Refer to Section
Investment return objective	<p>The Fund seeks to deliver a consistent return of approximately 5.0% to 5.5% over the RBA cash rate, throughout the suggested investment term of 3 to 5 years. This investment return objective is based on the historical premium over the RBA cash rate which has applied to unsecured personal loans.</p> <p>Note this investment return objective is not a forecast. It is merely an indication of what the Fund aims to achieve on the assumption that credit and debt markets remain relatively stable throughout the suggested investment term.</p> <p>The Fund may not be successful in meeting this objective. Returns are not guaranteed.</p>	3.1
Investment strategy	<p>The Fund will acquire equitable interests in Australian fixed rate unsecured personal loans made by the Seller (Loan Investments). The Loan Investments the Fund acquires have loan terms of either 3 or 5 years and all provide for fixed monthly repayments, comprised of principal and interest. Loan Investments have a minimum loan amount of \$5,000 and a maximum loan amount of \$36,500.</p> <p>The Loan Investments entitle the Fund to receive all of the principal repayments and a portion of the monthly interest repayments made by borrowers. The portion of the monthly interest payments that the Fund is entitled to receive is referred to as the Assigned Interest Portion.</p> <p>The portion of the monthly interest payments that the Fund is not entitled to receive is referred to as the Retained Interest Portion. The Retained Interest Portion is paid to the Credit Manager.</p> <p>The amount of the Retained Interest Portion (and therefore the amount of the Assigned Interest Portion) may vary from time-to-time in accordance with changes the Investment Manager makes to the Loan Investment Loss Rate (see Section 3.14). If the Fund experiences a higher level of defaults on loans which underpin Loan Investments than the Investment Manager expects, then the amount of the Retained Interest Portion is likely to increase. This will result in returns to the Fund being reduced.</p> <p>The Credit Manager holds the Retained Interest Portion in a bank account, referred to as the Loan Investment Reserve Account (see Section 3.13).</p> <p>If a Loan Investment becomes a Delinquent Loan Investment, then the Fund will attempt to sell it. The Loan Investment Reserve Account provides funds to allow the Credit Manager to cover any shortfall between the sale price of a Delinquent Loan Investment and the remaining outstanding principal, provided the Credit Manager has sufficient funds available in the Loan Investment Reserve Account. See Section 3.17 for more information.</p> <p>Where there are sufficient funds available, funds in the Loan Investment Reserve Account are used to pay the Fund an amount equal to the principal amount outstanding on Delinquent Loan Investments retained by the Fund.</p> <p>Funds in the Loan Investment Reserve Account cannot be used to purchase Loan Investments, and will not be invested other than in bank cash deposits.</p> <p>The Loan Investments also give the Responsible Entity the right, but not the obligation, to transfer the legal ownership of the underlying loans to itself or another party.</p> <p>Surplus funds, if any, will be held in bank cash deposits.</p>	3.3

Feature	Overview	Refer to Section
Risks	<p>There are significant risks associated with investing in the Fund and there is a risk that you may lose some or all of your investment.</p> <p>Section 4 sets out the risks of investing in the Fund. Some of the key risks include:</p> <ul style="list-style-type: none"> (a) Default risk: There is a risk that borrowers may not be able to meet their financial obligations to pay interest and/or principal in respect of loans when they fall due, which could impact upon the Fund's performance and the value of Units. (b) Delinquent Loan Investment risk: There is a risk that Delinquent Loan Investments cannot be sold, or that they will be sold to another party (including the Seller) for a price which results in a loss being incurred by the Fund. This may affect the Fund's performance and the value of Units. (c) Fund risk and licensing risk: There is a risk that the Responsible Entity or any of the Seller, Servicer, Investment Manager, DirectMoney Parent or Credit Manager may become insolvent. There is also a risk the Responsible Entity could lose its AFS Licence, or the Seller could lose its AFS Licence or Australian credit licence. Any of these circumstances could impact on the ability of the Fund to continue and the value of Units. (d) Loan quality risk: The Seller is responsible for making loans to borrowers. The Seller assesses a potential borrower's creditworthiness and determines whether or not to make a loan to a potential borrower. If the Seller does not make loans to suitable borrowers this could affect the Fund's performance and the value of the Units. <p>It is important that you consider and fully understand the risks associated with an investment in the Fund. We recommend that you obtain independent advice before making an application to invest in the Fund.</p> <p>Investors should note the Fund is not a bank, nor is an investment in the Fund the same as an investment in a traditional banking product. An investment in the Fund is riskier than depositing money in a transactional bank account or term deposit with a bank. An investment in the Fund is also not covered by the depositor protections available to depositors that make a deposit with an Australian ADI.</p>	4
Applications	<p>Units in the Fund will be issued each Dealing Day, which is Wednesday of each week.</p> <p>A valid Application Form together with the Application Money in cleared funds received by 12 noon 2 Business Days before the next Dealing Day will, if accepted, be processed on that Dealing Day.</p>	2.4
Refusing Applications for Units	<p>The Responsible Entity has an absolute right to accept or refuse any application for Units in whole or in part. This means that you may be issued with less Units than you originally applied for, or with no Units at all.</p> <p>The Responsible Entity will make the decision as to whether or not to refuse an application in consultation with the Investment Manager.</p> <p>If an application is refused, then the Application Money will be refunded. No interest will be paid on Application Money.</p>	2.5

SECTION 1 OFFER OVERVIEW

Feature	Overview	Refer to Section
Unit prices	<p>Units are issued and withdrawn at the prevailing Unit price, calculated in accordance with the terms of the Constitution.</p> <p>Unit prices will be calculated on each Dealing Day, and also on the last day of each month.</p> <p>The issue price for Units will be the Unit price as calculated on the Dealing Day on which they are issued.</p> <p>The withdrawal price for Units will be the Unit price as calculated on the last day of the month in which the Units are being withdrawn.</p> <p>There is no buy or sell spread between the issue price and the withdrawal price of Units.</p> <p>Unit prices are available at www.directmoney.com.au.</p>	2.7
Minimum investment amount	<p>\$10,000 per Investor and then a minimum of \$5,000 per subsequent application from the same Investor, although the Responsible Entity may decide to accept lower minimum investment amounts at the Responsible Entity's absolute discretion.</p>	2.2
Minimum Holding	<p>5,000 Units.</p> <p>This is the minimum number of Units that an Investor must hold in the Fund.</p>	2.3
Units	<p>Units entitle Investors to an equal and undivided interest in the assets of the Fund, including rights to the Fund's income and capital. The rights and obligations that apply to Units are set out in the Constitution.</p>	2.6
Withdrawal rights	<p>The Fund is designed so that Units will be withdrawn over a minimum 36 month period.</p> <p>An Investor can make a Withdrawal Request by completing and lodging the appropriate form (Withdrawal Request Form) available at www.directmoney.com.au and at www.oneinvestment.com.au/dm.</p> <p>Withdrawal Request Forms can be lodged on a monthly basis and provided the Withdrawal Request Form is received at least 5 Business Days before the end of the month, the Withdrawal Request will be accepted at that month end. If not, then it will be carried over until the next month end.</p> <p>If a Withdrawal Request is accepted, then 1/36th of the Units held by the Investor as at that date (subject to minor rounding) will be redeemed in the first month, and the withdrawal proceeds from those Units will be paid to the Investor.</p> <p>Under the terms of the Constitution and the Withdrawal Request Form, 35 further monthly withdrawal requests will then be deemed to have been automatically made by the Investor, without the need for the Investor to complete and lodge another Withdrawal Request Form (Automatic Withdrawal Requests).</p> <p>Each Automatic Withdrawal Request will be for a total of 1/36th of the Units held by the Investor as at the date the Investor's Withdrawal Request was accepted (subject to minor rounding).</p> <p>Therefore, at the end of the 36 month withdrawal period the Investor will have received 36 monthly withdrawal payments.</p> <p>An Investor can opt out of these Automatic Withdrawal Requests in two ways –</p> <ul style="list-style-type: none"> • by completing the appropriate section of the Withdrawal Request Form at the outset, or • by lodging a Withdrawal Cancellation Form at least 5 Business Days before the end of the relevant month that the Investor wishes the Automatic Withdrawal Requests to cease. <p>However, once an Investor's investment in the Fund falls below the Minimum Holding they can no longer opt out of the Automatic Withdrawal Requests.</p>	2.10

Feature	Overview	Refer to Section
Withdrawal payments	<p>It is the current intention that withdrawals will be paid to Investors within 10 Business Days after the last day of each month.</p> <p>However, the Responsible Entity has a right to suspend withdrawals and may also delay the payment of the withdrawal payments.</p>	2.10 & 2.11
Investment term	<p>The Fund is an open-ended unlisted trust. Investors should view the Fund as a medium to long term investment.</p> <p>The suggested investment term is 3 to 5 years.</p> <p>Investors should note a complete withdrawal can only be effected over a minimum of 36 months and hence there is a minimum exposure to the Fund of 36 months.</p> <p>Investors who wish to remain in the Fund for a longer period should factor in the time it will take to withdraw from the Fund and begin the withdrawal process at the appropriate time. For example, an Investor who wishes to maintain their investment in the Fund for 5 years should begin the withdrawal process 2 years after they have made their investment so they will be fully withdrawn from the Fund after 5 years.</p>	2.15
Distribution policy	<p>The current intention is that distributions will be paid monthly, usually within 10 Business Days after the last day of each month, except for the month of June where distributions for that month will be paid within 2 months of 30 June. Distributions will be paid by bank transfer directly to an Investor's nominated bank account.</p>	2.8
Distribution reinvestment	<p>Distributions may be reinvested in the Fund. The Application Form allows Investors to choose whether or not to reinvest these distributions. If no election is made on the Application Form then an Investor's distributions will automatically be reinvested in the Fund.</p> <p>An Investor may subsequently change their election by contacting the Responsible Entity.</p> <p>Investors who choose to withdraw from the Fund will no longer be eligible to have their distributions reinvested.</p> <p>Units issued as part of a distribution reinvestment are issued on the first day of the month after the month to which the distribution relates. Their issue price will be the Unit price as calculated on the previous day.</p>	2.9
Fees and other costs	<p>There are fees and other costs payable in relation to the management of the Fund.</p> <p>The fees payable are as follows:</p> <ol style="list-style-type: none"> (a) An investment management fee of 1.79375% per annum of the gross value of the assets of the Fund. This fee is accrued daily and paid monthly in arrears from the Fund's assets. This fee is paid to the Responsible Entity, who then pays this fee to the Investment Manager. (b) A fund administration fee of 1.045% per annum of the gross value of the assets of the Fund. This fee is accrued daily and is paid monthly in arrears from the Fund's assets. The Responsible Entity pays itself, the Fund Administrator, the Fund's auditor, other service providers and the expenses of the Fund (excluding Abnormal Expenses) out of this fee. Any balance remaining after the payment of these amounts will be paid to the Investment Manager. 	Section 7

SECTION 1 OFFER OVERVIEW

Feature	Overview	Refer to Section
	<p>(c) Under the Investment Management Agreement, the Investment Manager is entitled to be paid a termination fee if the Investment Manager's appointment is terminated by the Responsible Entity in either of these circumstances –</p> <ul style="list-style-type: none"> • where the Responsible Entity decides to terminate the Investment Manager's appointment in circumstances where it ceases to be the responsible entity of the Fund; or • a Special Resolution is passed by Investors at a properly convened Investors' meeting directing the Responsible Entity to terminate the Investment Manager's appointment. <p>The termination fee is the equivalent of 5 years' worth of the investment management fee. Further details of this fee (including an example) are provided in Section 7.3 of the PDS.</p> <p>(d) The Responsible Entity is entitled to be paid a removal fee if –</p> <ul style="list-style-type: none"> • it is removed as responsible entity of the Fund within 3 years of 14 May 2015, other than for gross negligence or for a breach of a fiduciary duty to Investors which causes them substantial loss; or • it retires as responsible entity of the Fund within 3 years of 14 May 2015 at the request of the Investment Manager in accordance with the Investment Management Agreement. <p>This removal fee will represent the amount of the fund administration fee that the Responsible Entity would have received if it had remained the responsible entity of the Fund for 3 years from 14 May 2015. This fee will be the greater of 0.13585% per annum of the gross value of the Fund's assets and is \$89,661 per annum in the Fund's first year with annual CPI increases.</p> <p>Further details of this fee (including an example) are provided in Section 7.3 of the PDS.</p> <p>The other costs payable are as follows:</p> <p>(a) Operating costs and expenses (excluding Abnormal Expenses) are included in the fund administration fee.</p> <p>(b) Operating costs and expenses of the Fund (excluding Abnormal Expenses) in excess of the Fund administration fee are referred to as Excess Expenses. The Investment Manager has agreed to pay any Excess Expenses from its own resources, and the DirectMoney Parent has guaranteed this obligation. However, should the Investment Manager (and the DirectMoney Parent) fail to meet any Excess Expenses, then those Excess Expenses will be paid from the assets of the Fund.</p> <p>(c) Abnormal Expenses are not included in the fund administration fee and will not be paid by the Investment Manager. These are costs and expenses not generally incurred during the day-to-day operation of the Fund and are not necessarily incurred in any given year. These costs and expenses will be paid from the assets of the Fund as and when they are incurred.</p> <p>Further details of these fees and other costs are provided in Section 7.3 of the PDS.</p>	
Tax information	Section 8 contains some general information about tax. Before investing, you should obtain your own independent tax advice, taking into account your own circumstances.	8
Fund Report	Up-to-date information about the Fund is prepared and published on a monthly basis by the Investment Manager. This information is published in the Fund Report, which is available at www.directmoney.com.au .	3.19

Feature	Overview	Refer to Section
Cooling-off period	<p>As the Fund is a liquid scheme, Investors who invest less than \$500,000 in the Fund and are not otherwise a 'wholesale' Investor have a cooling-off period in which to decide if the investment in the Fund is suitable for their purposes. Such an Investor who decides not to proceed can cancel their investment in the Fund by notifying the Responsible Entity in writing by the earlier of the following dates –</p> <ul style="list-style-type: none"> • 19 days from the date the Units are issued to them; or • 14 days from the date the Responsible Entity confirms the Investor's investment in the Fund. 	10.14
Complaints	<p>The Responsible Entity has a procedure for handling any complaints. It is also a member of the Financial Ombudsman Service, an independent external dispute resolution organisation.</p>	10.15
Borrowing	<p>The Fund will not borrow.</p>	2.16
Co-investment	<p>The Investment Manager and its associates may co-invest in the Fund alongside Investors.</p>	2.17
Superannuation funds	<p>Superannuation funds are able to invest in the Fund, subject to their own investment criteria.</p>	2.18

SECTION 2 THE OFFER

2.1 THE OFFER

This PDS offers investment in the Fund through the holding of Units.

2.2 APPLICATION PRICE AND MINIMUM INVESTMENT AMOUNT

Units are issued at the prevailing Unit price, as determined in accordance with the Constitution.

The minimum investment amount is \$10,000 per Investor and then a minimum of \$5,000 per subsequent application from the same Investor, although the Responsible Entity may decide to accept lower minimum investment amounts at the Responsible Entity's absolute discretion.

2.3 MINIMUM HOLDING

The Minimum Holding is 5,000 Units. This is the minimum number of Units that an Investor must hold in the Fund.

2.4 APPLICATIONS

Units in the Fund will be issued each **Dealing Day**, which is Wednesday of each week.

A valid Application Form together with the Application Money in cleared funds received by 12 noon 2 Business Days before the next Dealing Day will, if accepted, be processed on that Dealing Day.

2.5 REFUSING APPLICATIONS FOR UNITS

The Responsible Entity has an absolute right to accept or refuse any application for Units in whole or in part. This means that you may be issued with fewer Units than you originally applied for, or with no Units at all. The Responsible Entity will make the decision as to whether or not to refuse an application in consultation with the Investment Manager.

Applicants should note that, in particular, applications may be refused because the value of new applications has exceeded the value of the loans the Seller has available to sell as Loan Investments to the Fund at that particular time. The Fund's income is primarily derived from interest payments on Loan Investments, while principal repayments from Loan Investments are recycled into purchasing new Loan Investments. Surplus funds, if any, will be held in bank cash deposits, which will only earn interest at a comparatively low rate. Therefore, if the Fund accepted new applications without having sufficient Loan Investments available this would negatively impact upon the Fund's return.

Additionally, the Responsible Entity, in consultation with the Investment Manager, may decide to suspend the acceptance of applications to invest in the Fund if withdrawals from the Fund have been suspended. See Section 2.11 for more information on the circumstances in which withdrawals may be suspended.

If an application is refused, then the Application Money will be refunded. No interest will be paid on the Application Money for the period it is in the applications bank account. The Responsible Entity will contact each unsuccessful applicant and inform them of the refusal. The applicant may withdraw their application or request that the application be held over to the next Dealing Day. Subject to the requirements of the Corporations Act, an application will be held over to a future Dealing Day unless the applicant instructs otherwise.

If all applications to invest in the Fund have been refused for 4 consecutive Dealing Days, then the Investment Manager will report to the Responsible Entity on the status of the Fund and the Loan Warehouse to enable the Responsible Entity to determine whether or not the Fund is to remain open to new applications.

2.6 UNITS

Units entitle Investors to an equal and undivided interest in the assets of the Fund, including rights to the Fund's income and capital. The rights and obligations that apply to Units are set out in the Constitution.

2.7 UNIT PRICES

Your investment in the Fund will be represented by Units being issued to you. Each Unit represents a proportional interest in the underlying value of the net assets of the Fund.

Unit prices will be calculated on each Dealing Day, and also on the last day of each month. Unit prices are calculated by the Fund Administrator.

To calculate the Unit price, the gross value of the assets of the Fund is first calculated and the amount of the liabilities of the Fund (which includes the fees and costs payable and the distribution to be paid but excludes any amounts of capital attributable to current Investors) is deducted. The resulting figure is the net assets of the Fund attributable to Investors. The net assets of the Fund attributable to Investors is then divided by the total number of Units in the Fund on issue at that time. This calculation results in the NAV per Unit (i.e. the Unit price).

Units are issued on each Dealing Day, and their issue price will be the Unit price as calculated on the Dealing Day on which they are issued.

Withdrawals of Units occur on the last day of each month, and their withdrawal price will be the Unit price as calculated on the day of their withdrawal.

There is no buy or sell spread between the issue price and the withdrawal price of Units.

Unit prices are available at www.directmoney.com.au.

Indirect Investors should contact their IDPS operator for information on Unit prices.

2.8 DISTRIBUTIONS

The Fund will seek to distribute its net taxable income in order to avoid becoming a tax paying entity. This is in-line with the Fund being a 'flow through' entity for income tax purposes. The Fund will calculate its net income on a daily basis and will accrue this amount (if any) for payment to Investors on a monthly basis. Distributions are calculated in cents per Unit and will be paid to you based on the number of Units you held each day throughout the month.

It is the intention that distributions will only be paid out of the Fund's net income (i.e. interest income on Loan Investments and the Fund's cash assets less fees, costs and expenses of the Fund).

The current intention is that distributions will be paid monthly (usually within 10 Business Days after the last day of each month), except for the month of June where distributions for that month will be paid within 2 months of 30 June. Distributions will be paid by bank transfer directly to an Investor's nominated bank account.

No distribution is guaranteed and the amount you receive is dependent upon a number of factors, which may include (but are not limited to) –

- the Fund being substantially invested in Loan Investments;
- the amount of any excess liquidity in the Fund;
- lending rates; and
- borrower default.

SECTION 2 THE OFFER

In addition, the Responsible Entity will prioritise withdrawal payments over distributions. This means distributions may be reduced, or may be entirely suspended, if there are insufficient funds available to satisfy withdrawal payments.

The Fund does not intend to distribute capital (i.e. money received as principal repayments on Loan Investments). Instead, it is intended that principal repayments on Loan Investments received by the Fund will be used for two purposes –

- to meet withdrawals from the Fund; and
- to make further investments in Loan Investments.

However, the Responsible Entity and the Investment Manager recognise it may be necessary and appropriate for the Fund to distribute capital in some circumstances. For example, if the Seller does not have sufficient Loan Investments available for the Fund to purchase then this would negatively impact upon the Fund's return. This is because principal repayments received from Loan Investments could not be used to purchase new Loan Investments and instead would have to be held as bank cash deposits, which earn interest at a lower rate compared to the rate of interest on Loan Investments.

In those circumstances, the Responsible Entity, in consultation with the Investment Manager, will first attempt to minimise the potential negative impact upon distribution levels by refusing to accept some or all new applications for Units, as set out in Section 2.5.

If this proves unsuccessful then the Responsible Entity, in consultation with the Investment Manager, may determine it is appropriate to distribute capital to Investors once off or on a continuing basis. However, each distribution of capital will result in a diminution in the value of the Fund's assets, which will result in a reduction in the Fund's Unit price and lower withdrawal amounts being paid to Investors.

Alternatively, the Responsible Entity, in consultation with the Investment Manager, may decide to compulsorily redeem Units from Investors at the then prevailing Unit price. See Section 2.12 for more information about compulsory redemption of Units.

2.9 DISTRIBUTION REINVESTMENT

Distributions may be reinvested in the Fund. The Application Form allows Investors to choose whether or not to reinvest their distributions. If no election is made on the Application Form then the Investor's distributions will automatically be reinvested in the Fund.

An Investor may subsequently change their election by contacting the Responsible Entity.

It is intended that distribution reinvestments for participating Investors will take place each month.

Investors who choose to withdraw from the Fund will no longer be eligible to have their distributions reinvested. Please see Section 2.10 for information on withdrawals.

Units issued as part of a distribution reinvestment are issued on the first day of the month after the month to which the distribution relates. Their issue price will be the Unit price as calculated on the previous day.

Please note you may incur taxation liabilities by reinvesting into the Fund. Please see Section 8 for general taxation information.

2.10 WITHDRAWAL OF UNITS

The Fund allows for withdrawals of Units over a 36 month period in 36 separate monthly instalments. The reason this withdrawal mechanism is utilised is to match Investor withdrawals from the Fund with cash flows generated from the Loan Investments.

Income distributions will continue to be received by the withdrawing Investor on the balance of the Units they hold. The distribution is based on the number of Units held at the month end before that month's withdrawal of Units has been calculated and satisfied.

Investors should be aware that the NAV per Unit may vary and may fall in any given month, which will result in a lower withdrawal amount being paid to an Investor for that month.

It is the current intention that withdrawal payments will be made to Investors within 10 Business Days after the last day of each month. However, the Responsible Entity has a right to suspend withdrawals and may also delay the payment of the withdrawal payments. If the right to withdraw from the Fund is suspended at any time, then the withdrawal period will be longer than 36 months. In these circumstances the length of time it will take for an Investor's withdrawals to be processed will depend on how long withdrawals are suspended for. Please see Section 2.11 for more information on the circumstances in which withdrawals may be suspended.

An Investor who has made a Withdrawal Request to withdraw from the Fund will no longer be eligible to have their distributions reinvested into the Fund. Instead, the distributions to which they are entitled in the course of their withdrawal from the Fund will be automatically paid into their nominated bank account.

(1) How the withdrawal mechanism works

The Fund is designed so that Units can be withdrawn over a minimum 36 month period.

An Investor can make a Withdrawal Request by completing and lodging the **Withdrawal Request Form** (available at www.oneinvestment.com.au/dm and on www.directmoney.com.au).

If a Withdrawal Request is accepted, then 1/36th of the Units held by the Investor as at that date (subject to minor rounding) will be redeemed in the first month, and the withdrawal proceeds from those Units will be paid to the Investor.

A Withdrawal Request Form must be received at least 5 Business Days before the end of the month in order for the first Withdrawal Request to be accepted at that month end. If not, then it will be carried over until the next month end.

Under the terms of the Constitution and the Withdrawal Request Form, 35 further monthly withdrawal requests will then be automatically made by the Investor, without the need for the Investor to complete and lodge another Withdrawal Request Form (**Automatic Withdrawal Requests**).

Each Automatic Withdrawal Request will be for a total of 1/36th of the Units held by the Investor as at the date the Investor's Withdrawal Request was accepted (subject to minor rounding).

Therefore, at the end of the 36 month withdrawal period the Investor will have received 36 monthly withdrawal payments.

SECTION 2 THE OFFER

(2) How to opt out of the Automatic Withdrawal Request mechanism

An Investor can opt out of the Automatic Withdrawal Request mechanism in two ways, by –

- (a) opting out of the Automatic Withdrawal Request mechanism at the outset; or
- (b) opting out of the Automatic Withdrawal Request mechanism at any later date (provided the Investor holds the Minimum Holding).

(a) Opting out of the Automatic Withdrawal Request mechanism at the outset

An Investor can opt out of the Automatic Withdrawal Requests at the same time they make their Withdrawal Request. This is facilitated by an option available on the Withdrawal Request Form. If an Investor opts out in this way, then the Automatic Withdrawal Request mechanism will not apply to that Investor. In this scenario the withdrawing Investor will receive only the first withdrawal in respect of 1/36th of the number of Units they hold as at the date the Withdrawal Request was accepted (subject to minor rounding).

If the Investor subsequently wishes to make further withdrawals from the Fund, then they must lodge a new Withdrawal Request Form, in which case the withdrawal process starts again.

(b) Opting out of the Automatic Withdrawal Request mechanism at a later date

An Investor can instruct the Responsible Entity that they wish to stop the Automatic Withdrawal Requests by lodging a **Withdrawal Cancellation Form** at least 5 Business Days before the end of the relevant month in which the Automatic Withdrawal Request was due to be processed. The Withdrawal Cancellation Form is available at www.oneinvestment.com.au/dm and on www.directmoney.com.au. If the Withdrawal Cancellation Form is received after this time, then the withdrawal cancellation will be processed in the following month.

Only an Investor who holds the Minimum Holding (i.e. 5,000 Units) or greater can request that the Automatic Withdrawal Requests cease. If an Investor holds less than 5,000 Units, then (unless the Investor makes a further investment in the Fund to bring their Unit holding above 5,000 Units) the Responsible Entity will continue redeeming their Units on a monthly basis until all the Investor's Units have been redeemed.

If an Investor has opted out of the Automatic Withdrawal Request mechanism but subsequently decides they wish to begin making monthly withdrawals again, then they must lodge a new Withdrawal Request Form to restart the withdrawal process.

(3) Examples of the withdrawal mechanism in practice

The examples are provided for illustrative purposes only, and do not represent any actual or prospective performance of the Fund. Importantly, all of the examples assume that the Responsible Entity does not suspend withdrawals during the relevant withdrawal period. Neither the Responsible Entity nor the Investment Manager provide any assurance that the Fund will achieve the performance used in any of the examples, and you should not rely on any of these examples in determining whether to invest in or withdraw from the Fund.

(a) Full withdrawal – Unit price remains constant at \$1.00

In this example, the Investor has a balance of 14,400 Units in the Fund and lodges a Withdrawal Request Form. The Unit price remains at \$1.00 per Unit throughout the term of the Investor's withdrawal.

Month	Balance of Units before monthly withdrawal	Monthly withdrawal of Units	Balance of Units after monthly withdrawals	NAV per Unit (i.e. Unit price)	Monthly withdrawal proceeds
1	Initial balance 14,400	400	14,000	\$1.00	\$400
2	14,000	400	13,600	\$1.00	\$400
3 to 34	13,600 to 1,200	12,800 (i.e. 32 x 400 per month)	800	\$1.00	\$12,800 (i.e. 32 x \$400 per month)
35	800	400	400	\$1.00	\$400
36	400	400	nil	\$1.00	\$400
Totals		14,400			\$14,400

This will result in a sum equivalent to 400 Units multiplied by the NAV per Unit applicable in each relevant month being paid to the Investor. Therefore, as the NAV per Unit is \$1.00 for each month the Investor will receive \$400 for the first month and for each month thereafter.

For each month after the first month, an Automatic Withdrawal Request in respect of 400 Units will be processed. During this time the Investor will remain eligible for monthly income distributions from the Fund based on the number of Units they hold. The total amount received each month by the Investor as a distribution will reduce over time as the number of Units held by the Investor reduces each month as a result of the monthly withdrawal.

SECTION 2 THE OFFER

(b) Full withdrawal – Unit price falls from \$1.00 to 99.5 cents and then to 99 cents

In this example, the Investor has a balance of 14,400 Units in the Fund and lodges a Withdrawal Request Form. The Unit price falls from \$1.00 per unit to 99.5 cents per Unit at the end of month 3 and then falls again to 99.0 cents per Unit at the end of month 22.

Month	Balance of Units before monthly withdrawal	Monthly withdrawal of Units	Balance of Units after monthly withdrawals	NAV per Unit (i.e. Unit price)	Monthly withdrawal proceeds
1	Initial balance 14,400	400	14,000	\$1.000	\$400
2	14,000	400	13,600	\$1.000	\$400
3	13,600	400	13,200	\$0.995	\$398
4 to 21	13,200 to 6,400	7,200 (i.e. 18 x 400 per month)	6,000	\$0.995	\$7,164 (i.e. 18 x \$398 per month)
22	6,000	400	5,600	\$0.990	\$396
23 to 35	5,600 to 800	5,200 (i.e. 13 x 400 per month)	400	\$0.990	\$5,148 (i.e. 13 x \$396 per month)
36	400	400	nil	\$0.990	\$396
Totals		14,400			\$14,302

(c) Partial withdrawal where Investor maintains a Minimum Holding – Unit price remains constant at \$1.00 per Unit

In this example, the Investor has a balance of 14,400 Units in the Fund and lodges a Withdrawal Request Form. The Investor then cancels the Automatic Withdrawal Request by lodging a Withdrawal Cancellation Form 5 Business Days before the end of month 20.

Month	Balance of Units before monthly withdrawal	Monthly withdrawal of Units	Balance of Units after monthly withdrawals	NAV per Unit (i.e. Unit price)	Monthly withdrawal proceeds
1	Initial balance 14,400	400	14,000	\$1.00	\$400
2	14,000	400	13,600	\$1.00	\$400
3 to 18	13,600 to 7,600	6,400 (i.e. 16 x 400 per month)	7,200	\$1.00	\$6,400 (i.e. 16 x \$400 per month)
19	7,200	400	6,800	\$1.00	\$400
Totals		7,600			\$7,600

The Investor receives \$7,600 in total from the withdrawal of 7,600 Units and the Investor is left with a balance of 6,800 Units in the Fund.

If the Investor subsequently wishes to make withdrawals again, then they will have to lodge a new Withdrawal Request Form and the remaining balance of its Units (in this example the remaining balance is 6,800 Units) will be withdrawn over the following 36 months over another 36 separate monthly instalments. However, the Investor may also cancel the Automatic Withdrawal Request in relation to these 6,800 Units provided that the balance of Units when they cancel the Automatic Withdrawal Request is not below the Minimum Holding (i.e. 5,000 Units).

(d) Partial withdrawal where Investor maintains a Minimum Holding – Unit price falls from \$1.00 to 98.5 cents.

In this example, the Investor has a balance of 14,400 Units in the Fund and lodges a Withdrawal Request Form. The Unit price falls from \$1.00 per Unit to 98.5 cents per Unit at the end of month 6. The Investor cancels the Automatic Withdrawal Request by lodging a Withdrawal Cancellation Form 5 Business Days before the end of month 7.

Month	Balance of Units before monthly withdrawal	Monthly withdrawal of Units	Balance of Units after monthly withdrawals	NAV per Unit (i.e. Unit price)	Monthly withdrawal proceeds
1	Initial balance 14,400	400	14,000	\$1.000	\$400
2	14,000	400	13,600	\$1.000	\$400
3	13,600	400	13,200	\$1.000	\$400
4	13,200	400	12,800	\$1.000	\$400
5	12,800	400	12,400	\$1.000	\$400
6	12,400	400	12,000	\$0.985	\$394
Totals		2,400			\$2,394

The Investor receives \$2,394 in total from the withdrawal of 2,400 Units and the Investor is left with a balance of 12,000 Units in the Fund.

If the Investor subsequently wishes to make withdrawals again, then the Investor will have to lodge a new Withdrawal Request Form and the remaining balance of its Units (in this example the remaining balance is 12,000 Units) will be withdrawn over the following 36 months over another 36 separate monthly instalments. However, the Investor may also cancel the Automatic Withdrawal Request in relation to these 12,000 Units provided that the balance of Units when they cancel the Automatic Withdrawal Request is not below the Minimum Holding (i.e. 5,000 Units).

SECTION 2 THE OFFER

(e) Partial withdrawal where Investor's balance falls below the Minimum Holding – Unit price remains constant at \$1.00 per Unit

In this example, the Investor has a balance of 14,400 Units in the Fund and lodges a Withdrawal Request Form. The Investor then attempts to cancel the Automatic Withdrawal Requests 5 Business Days before the end of month 26.

Month	Balance of Units before monthly withdrawal	Monthly withdrawal of Units	Balance of Units after monthly withdrawals	NAV per Unit (i.e. Unit price)	Monthly withdrawal proceeds
1	Initial balance 14,400	400	14,000	\$1.00	\$400
2	14,000	400	13,600	\$1.00	\$400
3 to 24	13,600 to 5,200	8,800 (i.e. 22 x 400 per month)	4,800	\$1.00	\$8,800 (i.e. 22 x \$400 per month)
25	4,800	400	4,400	\$1.00	\$400
Sub total		10,000			\$10,000

At this point when the Investor wishes to cancel the Automatic Withdrawal Request, their balance of Units remaining in the Fund is 4,400 Units. As this is below the Minimum Holding (i.e. 5,000 Units) the Automatic Withdrawal Request will continue to be processed to effect a compulsory withdrawal of the Investor's remaining Units as follows:

Month	Balance of Units before monthly withdrawal	Monthly withdrawal of Units	Balance of Units after monthly withdrawals	NAV per Unit (i.e. Unit price)	Monthly withdrawal proceeds
26	Remaining balance 4,400	400	4,000	\$1.00	\$400
27 to 35	4,000 to 800	3,600 (i.e. 9 x 400 per month)	400	\$1.00	\$3,600 (i.e. 9 x \$400 per month)
36	400	400	nil	\$1.00	\$400
Sub total		4,400			\$4,400
Total		14,400			\$14,400

The examples are provided for illustrative purposes only, and do not represent any actual or prospective performance of the Fund. Importantly, all of the examples assume that the Responsible Entity does not suspend withdrawals during the relevant withdrawal period. Neither the Responsible Entity nor the Investment Manager provide any assurance that the Fund will achieve the performance used in any of the examples, and you should not rely on any of these examples in determining whether to invest in or withdraw from the Fund.

2.11 SUSPENSION OF WITHDRAWALS

The Responsible Entity will endeavour to avoid suspending withdrawals, and will prioritise the payment of withdrawal payments over distributions to Investors. This means the Responsible Entity will first seek to reduce, and then, if necessary, suspend, distribution payments before suspending withdrawal payments.

However, the Constitution allows the Responsible Entity to suspend withdrawals under certain circumstances. If they are suspended, then withdrawals will only resume at the Responsible Entity's discretion. If withdrawals are suspended, then the Responsible Entity will notify each Investor in writing, which will include the reason for the suspension.

The circumstances in which withdrawals may be suspended are as follows:

- (1) If the Fund is being wound up, where the withdrawal request is received between the date the Fund is terminated and the date the Fund is wound up.
- (2) If, in the Responsible Entity's reasonable opinion it is not in the best interests of Investors for withdrawals to be made, which may include (but are not limited to) the following:
 - Where the Threshold Rate is reached or exceeded, or where the Responsible Entity believes (on the advice of the Investment Manager) that the Threshold Rate will be reached or exceeded in the near future.
 - Where the Responsible Entity, in consultation with the Investment Manager, considers the current level of withdrawals is not sustainable in the context of the current Loan Investment Loss Rate and/or the repayments being received from Loan Investments.
- (3) There have been, or the Responsible Entity anticipates there will be, withdrawal requests that involve realising a significant amount of the assets of the Fund and the Responsible Entity considers if those withdrawal requests are all accepted, then Investors who continue to hold Units may bear a disproportionate burden of capital gains tax or expenses, or the acceptance of those withdrawal requests would otherwise be to the disadvantage of Investors who continue to hold Units, including a material diminution in the value of the Fund's assets or departure from the investment strategy of the Fund.
- (4) If, due to circumstances beyond the Responsible Entity's reasonable control, it cannot calculate or pay the withdrawal price for Units.
- (5) If the Responsible Entity is not able to realise the fund's assets needed to satisfy the withdrawal requests within the time required.

SECTION 2 THE OFFER

2.12 COMPULSORY REDEMPTION OF UNITS

Subject to the Corporations Act and the Constitution, the Responsible Entity may compulsorily redeem an Investor's Units where the continued holding of the Units by the Investor would, in the opinion of the Responsible Entity, be contrary to law, or to the disadvantage of the Fund or to Investors as a whole. The Responsible Entity will notify any Investor affected by the exercise of this power.

It is not intended that the Responsible Entity will compulsorily redeem Units because the Seller is not able to continue selling Loan Investments to the Responsible Entity. As explained in Section 2.8, in these circumstances the Responsible Entity, in consultation with the Investment Manager, will first attempt to minimise the potential negative impact upon distribution levels by refusing to accept some or all new applications for Units. If this proves unsuccessful then the Responsible Entity, in consultation with the Investment Manager, may determine it is appropriate to distribute capital to Investors once off or on a continuing basis.

However, the Responsible Entity nonetheless reserves the right to compulsorily redeem Units if it considers, in consultation with the Investment Manager, that the compulsory redemption of Units is in the interests of the Fund and Investors as a whole. If Units are compulsorily redeemed for this purpose, then this will affect each Investor on a pro-rata basis, and will result in distributions being reduced for each Investor in proportion to its reduced Unit holding.

In addition, Investors should note the Responsible Entity may also not accept an Investor's Withdrawal Cancellation Form where an Investor holds less than the Minimum Holding. This means that the Investor's remaining Units will be redeemed in accordance with the Automatic Withdrawal Request, as detailed in Section 2.10.

2.13 TRANSFER OF UNITS

You can transfer the ownership of your Units at any time provided that the transferee meets the requirements of an Investor in the Fund and has been approved by the Responsible Entity.

Under the Constitution, the Responsible Entity has the discretion to refuse the transfer of Units and is not obliged to accept a transfer of Units. Please note that a transfer of Units may have taxation consequences. See Section 8 of this PDS for further information.

There will not be any established secondary market for the sale of Units.

2.14 HOW YOU CAN INVEST

All applications to invest must be made by completing the Application Form, including where Units are being transferred from an existing Investor to a transferee.

2.15 INVESTMENT TERM

The Fund is an open-ended unlisted trust. However, Investors should view the Fund as a medium to long term investment. The suggested investment term is 3 to 5 years.

Investors should note a complete withdrawal can only be effected over a minimum of 36 months and hence there is a minimum exposure to the Fund of 36 months.

Investors who wish to remain in the Fund for a longer period should factor in the time it will take to withdraw from the Fund and begin the withdrawal process at the appropriate time. For example, an Investor who wishes to maintain their investment in the Fund for 5 years should begin the withdrawal process 2 years after they have made their investment so they will be fully withdrawn from the Fund after 5 years.

For further information on the withdrawal process and how it operates please see Section 2.10.

2.16 BORROWINGS

The Fund will not borrow.

2.17 CO-INVESTMENT

The Investment Manager and its associates may co-invest in the Fund alongside Investors.

2.18 SUPERANNUATION FUNDS

Superannuation funds are able to invest in the Fund, subject to their own investment criteria.

SECTION 3 THE FUND

3.1 INVESTMENT RETURN OBJECTIVE

The Fund seeks to deliver a consistent return of approximately 5.0% to 5.5% over the RBA cash rate, throughout a suggested investment term of 3 to 5 years. This investment return objective is based on the historical premium over the RBA cash rate which has applied to unsecured personal loans.

Note this investment return objective is not a forecast. It is merely an indication of what the Fund aims to achieve on the assumption that credit and debt markets remain relatively stable throughout the suggested investment term.

The Fund may not be successful in meeting this objective. Returns are not guaranteed.

In addition, an investment in the Fund is not the same as depositing money in an account with a bank and an investment in the Fund is riskier than depositing money in a transactional bank account or term deposit with a bank. An investment in the Fund is also not covered by the depositor protections available to depositors that make a deposit with an Australian ADI.

Investors should obtain independent financial advice before making a decision to invest in the Fund.

3.2 STRUCTURE

The Fund is an unlisted unit trust, registered with ASIC as a managed investment scheme.

The Fund was established by the Constitution, which regulates the relationship between the Responsible Entity and the Investors. Please see Section 10.9 of this PDS for information about the Constitution.

The Responsible Entity has appointed the Investment Manager under the Investment Management Agreement. Under the terms of the Investment Management Agreement, the Investment Manager is responsible for day-to-day investment management activities on behalf of the Fund. The DirectMoney Parent is also a party to the Investment Management Agreement. This agreement is summarised in Section 10.9 of this PDS.

The Responsible Entity, the Investment Manager, the DirectMoney Parent, the Servicer, the Credit Manager and the Seller are parties to the Loan Sale and Servicing Deed. This deed is also summarised in Section 10.9 of this PDS.

Each of the Investment Manager, the Servicer, the Seller and the Credit Manager are wholly-owned by the DirectMoney Parent.

The DirectMoney Parent has guaranteed the obligations of –

- (1) each of the Seller, Servicer, Credit Manager and Investment Manager under the Loan Sale and Servicing Deed, and
- (2) the Investment Manager under the Investment Management Agreement.

It also indemnifies the Responsible Entity for loss suffered as a consequence of –

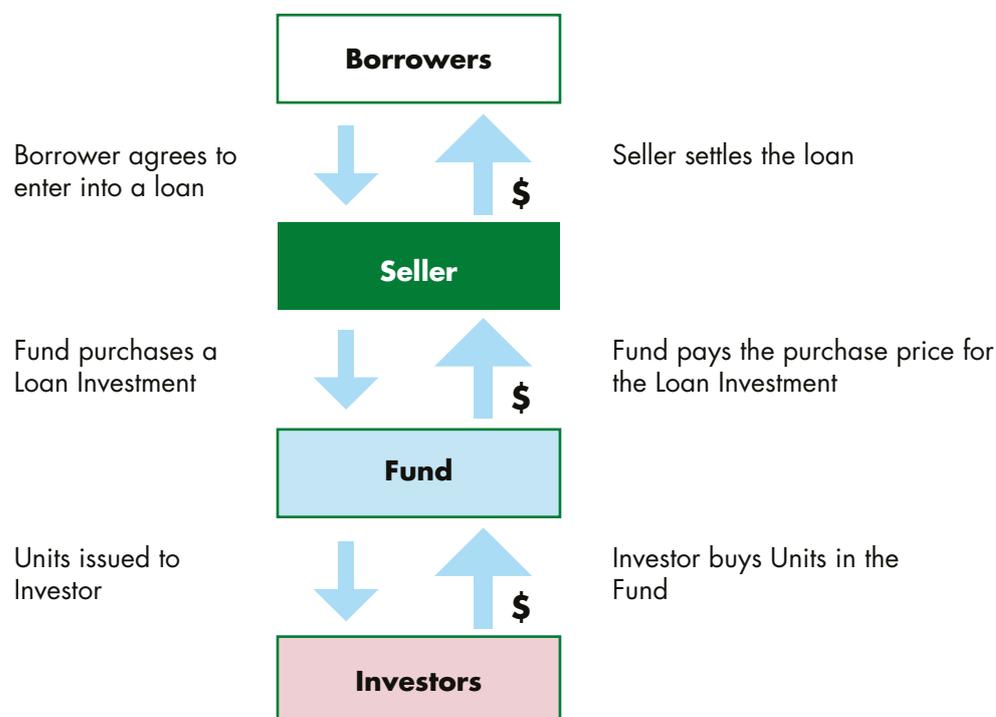
- (1) each of the Seller, Servicer, Credit Manager or Investment Manager breaching its obligations under the Loan Sale and Servicing Deed, and
- (2) the Investment Manager breaching its obligations under the Investment Management Agreement.

3.3 INVESTMENT STRATEGY

The Fund will invest in unsecured loans made to personal borrowers resident in Australia. The loans will be written by the Seller through its online lending platform and its third party broker network. All loans will have a fixed monthly repayment consisting of principal and interest amounts, such that by the end of a loan's term it will be fully repaid. A loan may be repaid early by the borrower without penalty.

Pursuant to the Loan Sale and Servicing Deed entered into between the Responsible Entity, the Investment Manager, the Seller, the Servicer, the Credit Manager and the DirectMoney Parent, equitable interests in the loans will be acquired by the Fund. These loan interests are referred to as **Loan Investments**.

Loan Investments



Surplus funds, if any, will be held in bank cash deposits.

The Loan Investments also give the Responsible Entity the right, but not the obligation, to transfer the legal ownership of the underlying loans to itself or another party.

When the Fund acquires a Loan Investment it will pay the Seller no more than the principal amount remaining on the loan as at the sale date plus the interest accrued on the loan since the last monthly repayment date.

Only loans which are current, that is loans where the repayment of principal and the payment of interest are not in arrears, will be offered for sale to the Fund by the Seller. Additionally, at least 1 payment must have already been made on a loan before it is eligible for sale as a Loan Investment.

SECTION 3 THE FUND

The Loan Investments entitle the Fund to receive all of the principal repayments and a portion of the monthly interest repayments made by borrowers on loans made by the Seller. The portion of the monthly interest payments that the Fund is entitled to receive is referred to as the **Assigned Interest Portion**. The portion of the monthly interest payments that the Fund is not entitled to receive is referred to as the **Retained Interest Portion**.

Information about the current number and monetary value of the Loan Investments held by the Fund is contained in the Fund Report, which is available at www.directmoney.com.au.

Although the Loan Investments will not consist of underlying loans which are in arrears as at the date of their sale to the Responsible Entity, the Investment Manager and the Responsible Entity consider it inevitable that some of these loans will fall into arrears at a later date. The Servicer has established reporting protocols to identify when monthly repayments are not made on time and it has follow up procedures in place to try to ensure the borrower brings their loan payments up to date.

However, if the borrower does not make a monthly payment of either principal or interest in full by the due date, and then does not make that payment within a further 35 days, the Loan Investment will become delinquent (**Delinquent Loan Investment**). In addition, a Loan Investment will become a Delinquent Loan Investment if the borrower enters or takes steps to enter a Part IX or Part X debt settlement agreement under the Bankruptcy Act.

The Servicer will advise the Investment Manager if and when a Loan Investment becomes a Delinquent Loan Investment. The Fund will either sell or retain Delinquent Loan Investments, in accordance with the process set out in Section 3.17.

3.4 LOAN AMOUNTS AND INTEREST RATES

The Seller will lend relatively small amounts to a large number of borrowers who have satisfied the Seller's minimum credit approval requirements. The minimum loan amount is \$5,000 and the maximum loan amount is \$36,500. The expected average loan amount will be between \$10,000 and \$20,000. The minimum and maximum loan amounts may be changed by the Seller at its discretion and notice of any such change will be given on www.directmoney.com.au.

3.5 SELLER'S CREDIT ASSESSMENT PROCEDURES

The Seller utilises procedures and processes for the assessment of each applicant's creditworthiness and the management of the credit risk arising from the granting of a loan. These procedures and processes are subject to an ongoing review and development process, supplemented by annual external reviews which will be provided to the Responsible Entity.

The Seller's credit risk assessment and loan underwriting process is similar to that employed by banks. The Seller uses the skills and resources of its credit team and employs the services of third party service providers to assess and approve loan applications.

Prior to an application for credit being approved, the Seller will undertake a number of steps which include:

- Verification of the applicant's identity, to a standard consistent with obligations under AML/CTF laws.
- Review of a credit bureau report to assess past credit enquiries and identify any financial default history.
- Seeking verification of the applicant's employment, or income earning status in the case of self-employed, including assessing the likelihood of continued employment or earning capacity.

- Verification of the applicant's income, using payslips and/or tax return information and notice of assessment from the ATO, including making a reasonable determination on the stability of this income.
- Making reasonable efforts to verify the applicant's living expenses.
- Making reasonable efforts to verify the applicant's claimed loan purpose.
- Making reasonable efforts to verify the applicant's assets and liabilities, in particular establishing payments due under their existing debt obligations and any proposed additional debt obligations.
- Making reasonable efforts to establish the applicant's bank account conduct is acceptable.
- Assessment of the applicant's ability to service the loan for which they have applied for using a serviceability calculator that examines the applicant's cashflow position.
- Assessment of loan suitability, given the applicant's objectives, loan characteristics, and ability to service ongoing loan obligations without suffering hardship.

The above is followed for each and every loan application, regardless of the channel through which it has been sourced. This includes loan applications which are received from or through a third party broker.

3.6 FRAUD PREVENTION

The Seller takes steps to reduce exposure to fraud. These steps include the identity verification process set out in Section 3.5 and using third party provider's fraud checking services. The Seller also applies the skills and resources of its team to detect signs of applications with fraudulent intent.

Measures implemented by the Seller to minimise vulnerability to fraud include:

- Online borrower identity verification utilising the Document Verification Service (**DVS**) data source administered by the Office of the Australian Information Commissioner.
- Undertaking fraud bureau checks with third party fraud reporting agencies prior to approving borrower credit applications.
- Telephone discussions with borrowers prior to the approval of any new loan to establish a consistent narrative with the original application.
- Assessment of the bone fide nature of documents provided to support the loan application.
- Verification procedures to ensure that loan funds being disbursed are paid into the correct bank account, for example either an account belonging to the relevant borrower or to the account of the debt provider being refinanced in the case of a loan for debt consolidation.

The above is followed for each and every loan application, regardless of the channel through which it has been sourced. This includes loan applications which are received from or through a third party broker.

3.7 SELLER'S ADHERENCE TO CREDIT ASSESSMENT AND FRAUD PREVENTION PROCEDURES

As set out in Sections 3.5 and 3.6, the Seller employs credit assessment procedures and fraud prevention procedures prior to the approval of a loan application. These apply to each loan application, including those sourced from or through a third party broker.

The Seller has agreed that it will bear the risk of loss suffered as a consequence of a **Material Breach** of its credit assessment procedures or fraud prevention procedures. This applies to both Delinquent Loan Investments and Loan Investments.

SECTION 3 THE FUND

A Material Breach is a breach of law or of the Seller's credit assessment procedures or fraud prevention procedures which either –

- (1) gives rise to the possibility of a claim by a borrower for compensation, or
- (2) results in the underlying loan being legally unenforceable (in whole or in part).

The Seller has provided the following warranties to the Responsible Entity under the Loan Sale and Servicing Deed:

- (1) That the loans underpinning Loan Investments purchased by the Fund do not contain any Material Breaches.
- (2) That the Seller's credit assessment procedures and fraud prevention procedures are within Industry Parameters.

The Investment Manager undertakes a review of each Delinquent Loan Investment for compliance with the Seller's credit assessment procedures and fraud prevention procedures before it is offered for sale by the Fund.

In addition, it is possible a Loan Investment may not comply with the Seller's credit assessment procedures and fraud prevention procedures, even though it has not become a Delinquent Loan Investment. This may come to light, for example, in the course of the Investment Manager's spot checks of Loan Investments from time to time.

If the Investment Manager suspects or believes a breach of the Seller's credit assessment procedures or fraud prevention procedures may have occurred, then the following steps are taken:

- (1) A compliance meeting with the Seller and the Servicer will be convened, for the purpose of assisting the Investment Manager in making an informed decision as to whether or not the breach is a Material Breach.
- (2) The Investment Manager will make its decision as to whether or not a Material Breach has occurred. In doing so, the Investment Manager may obtain independent legal advice as to whether or not a breach is a Material Breach.
- (3) The Investment Manager will report to the Responsible Entity in relation to each breach it determined was not a Material Breach, and will provide its reasons for the decision. If a decision was made on the basis of legal advice then the Investment Manager will provide that advice to the Responsible Entity.
- (4) The Responsible Entity, in accordance with its duties as responsible entity of the Fund, may disagree with or wish to further consider a finding by the Investment Manager that a breach is not a Material Breach. If this occurs then the Responsible Entity will obtain its own independent legal advice on whether a Material Breach has occurred, and if necessary an appropriate legal sign off.

Where a Material Breach has occurred, the Loan Sale and Servicing Deed requires the Seller to purchase that Loan Investment or Delinquent Loan Investment from the Fund for the outstanding principal plus any accrued interest owing, as at the time the Seller buys it back.

The Investment Manager considers that this is a significant feature of the Fund. This is because, unlike in a peer-to-peer lending model, provided the Seller (and the DirectMoney Parent) has the financial resources to meet the Seller's obligations to buy back these Loan Investments or Delinquent Loan Investments, Investors do not carry the risks associated with the Seller's failure to comply with its credit assessment procedures and fraud prevention procedures.

However, Investors should note the Seller is not required to buy back a Loan Investment or Delinquent Loan Investment where the underlying loan does not contain a Material Breach. Therefore, provided there has been no Material Breach and provided the Seller's credit assessment procedures and fraud prevention procedures are within Industry Parameters, the Fund may suffer a loss as a result of a Loan Investment becoming a Delinquent Loan Investment, and will still be subject to some fraudulent loan risk.

The Fund Report will contain information about:

- (1) Loan Investments and Delinquent Loan Investments bought back by the Seller as a result of a Material Breach; and
- (2) Delinquent Loan Investments where the underlying loans were subsequently found to be fraudulently obtained but which did not contain a Material Breach (and were therefore not bought back by the Seller).

The Fund Report is available at www.directmoney.com.au.

3.8 EXTERNAL REVIEW

As an ongoing compliance and review measure, an external review will be conducted by an independent third party, as approved by the Responsible Entity in consultation with the Investment Manager. This review takes place at least annually and includes the following:

- (1) A review of the suitability and effectiveness of the Seller's credit assessment procedures and fraud prevention procedures.
- (2) A review of a sample of Loan Investments held by the Fund for compliance with the Seller's credit assessment and fraud prevention procedures.
- (3) A review of Delinquent Loan Investments (including those no longer held by the Fund) since the date of the last external review for compliance with the Seller's credit assessment procedures and fraud prevention procedures.

The results of these external reviews are provided to the Responsible Entity.

If the Seller's credit assessment procedures and fraud prevention procedures are found to be deficient, as not being within Industry Parameters, then the Seller must reimburse the Fund. The losses that the Fund would be entitled to be reimbursed for are those suffered on Delinquent Loan Investments where the underlying loans were assessed and processed during the period for which these procedures are found to be deficient.

In addition, in circumstances where the external reviewer considers that the Seller's credit assessment procedures or fraud prevention procedures are within Industry Parameters, but nonetheless recommends changes, the Responsible Entity, on advice from the Investment Manager, may require the Seller to implement some or all of those recommended changes.

If, in the course of the review, the external reviewer suspects or believes a breach of the Seller's credit assessment procedures or fraud prevention procedures may have occurred, then the following steps are taken:

- (1) A compliance meeting with the Seller, Servicer and Investment Manager may be convened at the external reviewer's discretion. The purpose of this meeting is to ensure the external reviewer has all relevant information and input, so it can make an informed decision as to whether a breach is a Material Breach.
- (2) The external reviewer will make its decision as to whether or not a Material Breach has occurred. In doing so, the external reviewer may obtain independent legal advice as to whether a breach is a Material Breach.

SECTION 3 THE FUND

- (3) The external reviewer will report to the Responsible Entity in relation to each potential breach it determined was not a Material Breach, and will provide its reasons for its decision. If a decision was made on the basis of legal advice then the external reviewer will also provide that advice to the Responsible Entity.
- (4) The Responsible Entity, in accordance with its duties as responsible entity of the Fund, may disagree with or wish to further consider a finding by the external reviewer that a breach is not a Material Breach. If this occurs then the Responsible Entity may obtain its own independent legal advice on whether a Material Breach has occurred, and if necessary an appropriate legal sign off.

Where a Material Breach has occurred in relation to a Loan Investment or a Delinquent Loan Investment, the Loan Sale and Servicing Deed requires the following measures be taken:

- (1) For a Loan Investment, or Delinquent Loan Investment still held by the Fund, the Seller must purchase it from the Fund for the outstanding principal plus any accrued interest owing amount at the time the Seller buys it back.
- (2) For a Delinquent Loan Investment which has already been sold by the Fund, the Seller must reimburse the Fund for any losses that it suffered on its sale.

See Section 3.17 for more information about the sale of Delinquent Loan Investments.

3.9 COMPLIANCE WITH THE NATIONAL CONSUMER CREDIT PROTECTION ACT 2009

The Seller has procedures in place to ensure loans made to borrowers comply with the National Consumer Credit Protection Act 2009 (Cth) (**NCCP Act**). The Seller undertakes a number of steps to comply with its responsible lending obligations under the NCCP Act.

The Seller will make reasonable enquiries about an applicant's financial situation and their financial requirements and objectives which include:

- The amount, term and purpose of the requested loan.
- Whether there are particular features or flexibility the applicant would like in the product, and if so then whether the applicant understands the cost and any additional risks of these features.

The Seller will take reasonable steps to verify information provided by the applicant, which include:

- Obtaining the applicant's personal income and expense information.
- Enquiring about an applicant's anticipated future changes in income and expenditure.

The Seller will verify an applicant's financial situation by utilising information including, but not limited to, the following:

- For PAYG employees: payroll payslips, confirmation of employment and recent bank statements in relation to the bank account(s) into which the applicant's salary is paid.
- For self-employed persons: the previous 2 years' income tax returns and notices of assessment from the ATO.
- For all applicants: any other information required for an identity check of the applicant.

The Seller has also accounted for the possibility that additional enquiries would need to be made in certain circumstances, such as where information provided by an applicant is found to be inconsistent.

A decision is then made by the Seller as to whether the applicant has the financial capacity to repay the loan. This decision takes into consideration the maximum amount that will be repaid under the loan contract, including any applicable fees.

The Seller will confirm the applicant's serviceability to repay the loan, using the higher of –

- the expenses information provided by the borrower as part of their application, and
- expense assumptions from a standard industry benchmark.

The Seller will conduct an assessment to decide whether the proposed credit contract is “not unsuitable” for the applicant. This assessment is based on the enquiries made about the applicant's financial situation and the steps taken by the Seller to verify the information. The Seller will provide the applicant with a copy of this assessment, if the applicant requests a copy.

3.10 LOAN INVESTMENTS SUBJECT TO A COMPLAINT FROM A BORROWER (INCLUDING NCCP ACT COMPLAINTS) OR APPLICATIONS FOR HARDSHIP VARIATION

The Seller has agreed that it will bear the risk of loss suffered as a consequence of borrowers' complaints or applications for variation of loan terms under the hardship relief provisions of the NCCP Act.

A borrower may make a complaint about the loan underpinning a Loan Investment and allege that the loan is not payable for a number of reasons, including that the Seller failed to comply with NCCP Act. Often in those circumstances the borrower will stop making payments under the loan agreement.

In addition, a Borrower has certain rights under the NCCP Act to apply for a variation of the loan payment terms under the loan agreement on the grounds of hardship. If the loan is varied on the grounds of hardship, then generally this will impact the value of the Loan Investment and increase the term of the Loan Investment, both of which would have a detrimental effect on the Fund.

These two scenarios are dealt with under the Loan Sale and Servicing Deed. The Seller is required to notify both the Investment Manager and the Responsible Entity once a complaint has been received from a borrower, or a borrower has applied for a hardship variation. This applies to complaints or hardship variations lodged directly with the Servicer or the Seller, and also to those made to the Credit & Investments Ombudsman (CIO) and notified to the Seller or Servicer.

Where either –

- the complaint has not been resolved, or
- the variation application has not been withdrawn

within the time period allowed for under the Loan Sale and Servicing Deed, the Seller is required to buy-back such Loan Investments for the amount of principal and interest outstanding at the time the Seller buys them back.

The Investment Manager considers that this is a significant feature of the Fund. This is because, unlike in a peer-to-peer lending model, provided the Seller (and the DirectMoney Parent) has the financial resources to meet the Seller's obligations to buy-back these Loan Investments, Investors do not carry the risks associated with borrowers' complaints, breaches of the NCCP Act or hardship variations.

Information in relation to Loan Investments bought back by the Seller in these circumstances will be in the monthly Fund Report, which is available at www.directmoney.com.au.

3.11 MATCHING CASH FLOWS INTO THE FUND

The Fund will receive Investors' funds and payments from borrowers in respect of the Loan Investments. After taking account of accrued fees, costs, expenses, distributions to Investors and any withdrawals, these remaining funds need to be invested as soon as possible. If they are not put to use, then these surplus cash balances will only earn the interest rate generated from bank cash deposits, which may reduce the return paid to Investors.

SECTION 3 THE FUND

The Investment Manager will attempt to match inflows into the Fund by acquiring Loan Investments. To facilitate this, the Seller utilises a Loan Warehouse to help match cash flows between the Fund and loans made by the Seller.

Loan Warehouse

The Seller maintains a Loan Warehouse of existing loans from which it can assign suitable loans to the Fund as Loan Investments as the Fund's inflows allow. The proceeds the Seller receives from the Fund in return for the Loan Investments will provide further funds to allow the Seller to continue making loans to suitably qualified borrowers, and therefore to maintain its Loan Warehouse. Without the Loan Warehouse, the Fund would have to wait for the Seller to make sufficient loans to borrowers before it could purchase further Loan Investments, which could result in the Fund having surplus cash balances for a considerable length of time.

The Seller intends to maintain a Loan Warehouse, which it anticipates will hold loans valued in total between \$5 million to \$10 million. All loans in the Loan Warehouse will be funded by equity or by non-recourse debt.

In the event of a sudden reduction in lending or subscription by Investors for Units, the Seller believes that the DirectMoney group will be able to continue operating using the free cash flows from existing loans that have been made.

In addition, the Seller may, where it considers it appropriate, sell loans from its Loan Warehouse to other third parties.

Despite the Seller's Loan Warehouse, it is possible the value of new applications will exceed the value of the loans the Seller has available to sell as Loan Investments to the Fund at a particular time. If this occurs then the Investment Manager may request that the Responsible Entity refuse to accept applications to invest in the Fund at that time as set out in Section 2.5.

3.12 LOAN INVESTMENT DEFAULT MANAGEMENT BY THE SERVICER

Only loans which are current, that is loans where the repayment of principal and the payment of interest are not in arrears, will be offered for sale to the Fund by the Seller as Loan Investments. However, the Investment Manager considers it inevitable that a proportion of loans which underpin Loan Investments will fall into default.

Under the terms of the Loan Sale and Servicing Deed, the Servicer is responsible for monitoring, servicing and recording the repayment by borrowers of the Loan Investments. The Servicer has established reporting protocols to ensure it knows quickly when a borrower has not made a monthly payment on their loan. Standard follow up procedures are in place, the primary aim of which is to ensure the borrower brings their payments up to date.

The Servicer will notify the Investment Manager when Loan Investments have become Delinquent Loan Investments. In these circumstances, the Fund will have a number of options available to manage the Delinquent Loan Investments, as set out in Section 3.17.

3.13 LOAN INVESTMENT RESERVE ACCOUNT

The Loan Investments give the Fund the right to all the future principal repayments made by the borrower on a loan. However, the Loan Investments do not give the Fund the right to receive all of the future interest payments made by the borrower on a loan. The portion of the monthly interest payments that the Fund is entitled to receive as part of a Loan Investment is referred to as the **Assigned Interest Portion**.

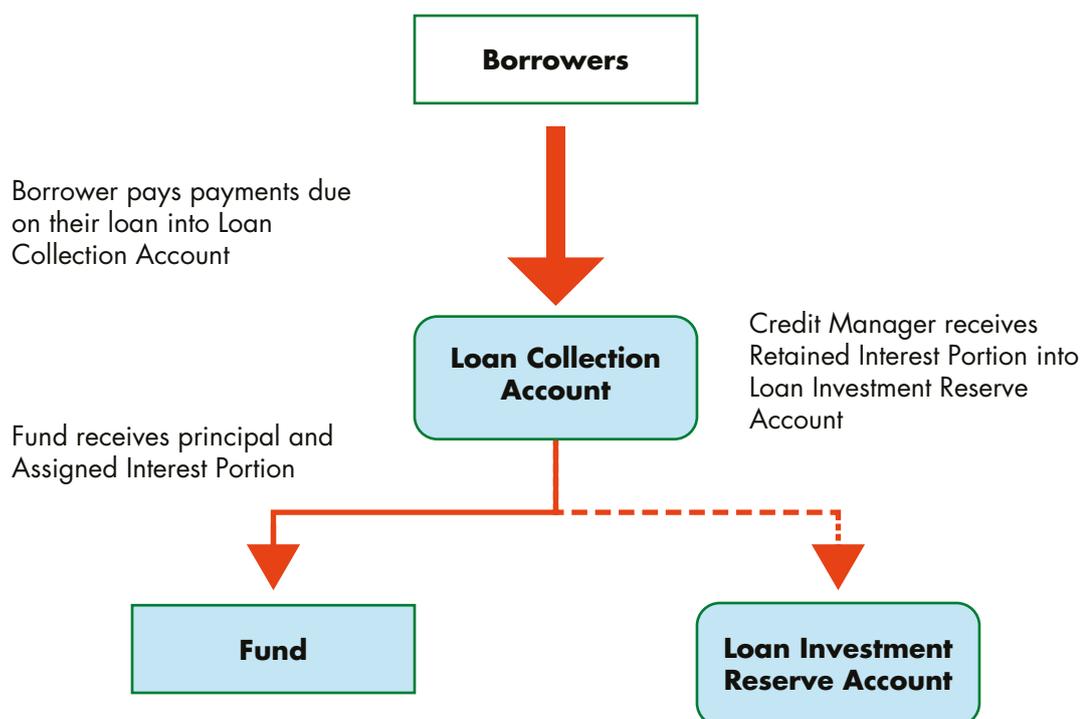
The portion of the monthly interest payments that the Fund is not entitled to receive as part of a Loan Investment is referred to as the **Retained Interest Portion**.

Borrowers pay the monthly amounts due on their loans directly into a loan account. The Retained Interest Portion is paid from this account into a bank account maintained by the Credit Manager (**Loan Investment Reserve Account**).

When a Loan Investment becomes a Delinquent Loan Investment, the Loan Investment Reserve Account may provide funds to allow the Credit Manager to cover a shortfall between the sale price of the Delinquent Loan Investment and the remaining outstanding principal, provided there are sufficient funds available. Provided there are sufficient funds available, the Retained Interest Portion is used to pay the Fund an amount equal to the principal amount remaining on a Delinquent Loan Investment retained by the Fund.

Please see Section 3.17 for more information on this process.

Loan Payments



The Investment Manager anticipates it will take some time to build up the Retained Interest Portion held in the Loan Investment Reserve Account. Therefore, the Seller will lend up to \$200,000 to the Credit Manager to provide a reserve of funds in the Loan Investment Reserve Account (**Seller Loan**). No interest is charged on the Seller Loan. The Seller Loan can only be repaid once the Fund has \$20,000,000 of assets. As of the date of this PDS, \$50,000 of the available \$200,000 has been drawn down on the Seller Loan.

The Responsible Entity holds a security interest over the Loan Investment Reserve Account, which means the funds in the Loan Investment Reserve Account cannot be disposed of or otherwise dealt with by the Credit Manager without the Responsible Entity's consent. Provided the Responsible Entity consents, the only payments other than those made to the Fund which can be made out of the Loan Investment Reserve Account are for taxes, bank fees, other charges and repayment of the Seller Loan.

SECTION 3 THE FUND

Funds in the Loan Investment Reserve Account cannot be used to purchase new Loan Investments, and will not be invested other than in bank cash deposits.

The Seller, Credit Manager and the Responsible Entity have agreed the Seller Loan is subordinate to the interest of the Responsible Entity in the funds held in the Loan Investment Reserve Account. This means the Seller Loan will not be repaid without the Responsible Entity's written consent.

Information on the current balance in the Loan Investment Reserve Account will be contained in the Fund Report, available at www.directmoney.com.au.

3.14 LOAN INVESTMENT LOSS RATE

The Investment Manager calculates, at least once a month, the rate of expected loan losses on the Loan Investments held by the Fund. This is referred to as the **Loan Investment Loss Rate**. The Loan Investment Loss Rate is calculated on a rolling annualised basis.

The calculation of the Loan Investment Loss Rate by the Investment Manager is based on the historic loss rate of the Loan Investments, as adjusted by the Investment Manager to take into account actual or anticipated events which may have an impact on the historic loss rate. The calculation is therefore a combination of historic and forward looking factors and includes judgements reasonably made by the Investment Manager. The calculation is performed at least once a month by the Investment Manager and is included in the monthly Fund Report.

To calculate the Loan Investment Loss Rate, the Investment Manager will consider a range of factors, some of which will be specific to the Fund while others will involve more general considerations. These factors will include the following:

- The performance of the Loan Investments.
- The composition of the Loan Investments.
- The actual loss rate on Loan Investments.
- The current balance in the Loan Investment Reserve Account.
- The current and anticipated credit environment in Australia.
- The average industry loss rate for unsecured personal loans in Australia for the last 12 months.
- Prevailing and anticipated macroeconomic conditions, such as the unemployment rate in Australia.
- Any changes to regulatory, monetary and fiscal policy in Australia.

Information on the current Loan Investment Loss Rate is contained in the Fund Report, available at www.directmoney.com.au.

3.15 THRESHOLD RATE

The Investment Manager and the Responsible Entity appreciate the importance of the potential impact of Loan Investment losses on the Fund's returns and ongoing viability. The Responsible Entity and the Investment Manager have determined that if the level of losses on Loan Investments reaches or exceeds 10% per annum, calculated on a rolling annualised basis (**Threshold Rate**), then the following measures will take immediate effect:

- An external review will be undertaken by an independent third party. This external review will encompass the matters and will have the same consequences as set out at Section 3.8 above. This external review may also include a recommendation or opinion as to the ongoing viability of the loan book underpinning the Loan Investments and a prediction or forecast as to its likely status over the next 6 months.

- The Fund will cease purchasing Loan Investments from the Seller until the Responsible Entity determines to recommence purchasing Loan Investments. Depending on the findings of the external review, the Responsible Entity may take a number of steps before deciding to recommence purchasing Loan Investments. This may include convening a meeting of Investors to vote on resolutions to either wind up the Fund or recommence purchasing Loan Investments.

The Investment Manager continually monitors the Fund's performance against the Threshold Rate, and is required to immediately notify the Responsible Entity if the Threshold Rate has been reached or exceeded, or if the Investment Manager believes the Threshold Rate will be reached or exceeded in the near future.

3.16 CALCULATION OF THE RETAINED INTEREST PORTION

The amount of the Retained Interest Portion is calculated by the Investment Manager from time-to-time, based on the Loan Investment Loss Rate (also calculated by the Investment Manager).

The higher the amount of the Retained Interest Portion, the lower the Fund's return. The lower the amount of the Retained Interest Portion, the higher the Fund's return. No assurance is given by the Responsible Entity or by the Investment Manager concerning the level of the Retained Interest Portion or the Loan Investment Loss Rate.

The Assigned Interest Portion will be the remaining portion of the monthly interest payments made by borrowers after the Retained Interest Portion is calculated and deducted.

If the Fund experiences a higher level of defaults on loans which underpin Loan Investments than the Investment Manager expects, then the amount of the Retained Interest Portion is likely to increase. On the other hand, if the Fund experiences a lower than expected level of defaults on loans which underpin Loan Investments, then the amount of the Retained Interest Portion is likely to decrease.

Information on the current Retained Interest Portion is contained in the Fund Report for the relevant month, available at www.directmoney.com.au.

3.17 MANAGEMENT OF DELINQUENT LOAN INVESTMENTS

Where a Loan Investment has become a Delinquent Loan Investment, the Fund will attempt to maximise its return in terms of the amount of principal and interest then outstanding on the underlying loan.

The Responsible Entity will first attempt to sell Delinquent Loan Investments for the highest available price, acting on the recommendation of the Investment Manager. This procedure is set out below.

If it is not possible to sell a Delinquent Loan Investment for a price deemed to be acceptable in the circumstances by the Responsible Entity (after consultation with the Investment Manager), then the Responsible Entity may decide to retain the Delinquent Loan Investment and allow the Servicer to recover as much of the outstanding principal and interest as possible from the relevant borrower. This scenario is also explained below.

The Fund Report will contain information about the number and monetary value of all Delinquent Loan Investments and the consideration received by the Fund for the sale of Delinquent Loan Investments.

The Fund Report is available at www.directmoney.com.au.

SECTION 3 THE FUND

(1) Sale of Delinquent Loan Investments to a third party

The Fund will first attempt to sell a Delinquent Loan Investment to a third party. This sale process will be overseen and managed by the Investment Manager, with the decision as to whether or not to sell being made by the Responsible Entity, based on the Investment Manager's recommendation.

In accordance with its obligations to the Fund and to the Investors, the Responsible Entity will endeavour to obtain the best available price for the Delinquent Loan Investment. Therefore, the Investment Manager, on the Responsible Entity's behalf, will seek bids for the Delinquent Loan Investment from suitable third parties.

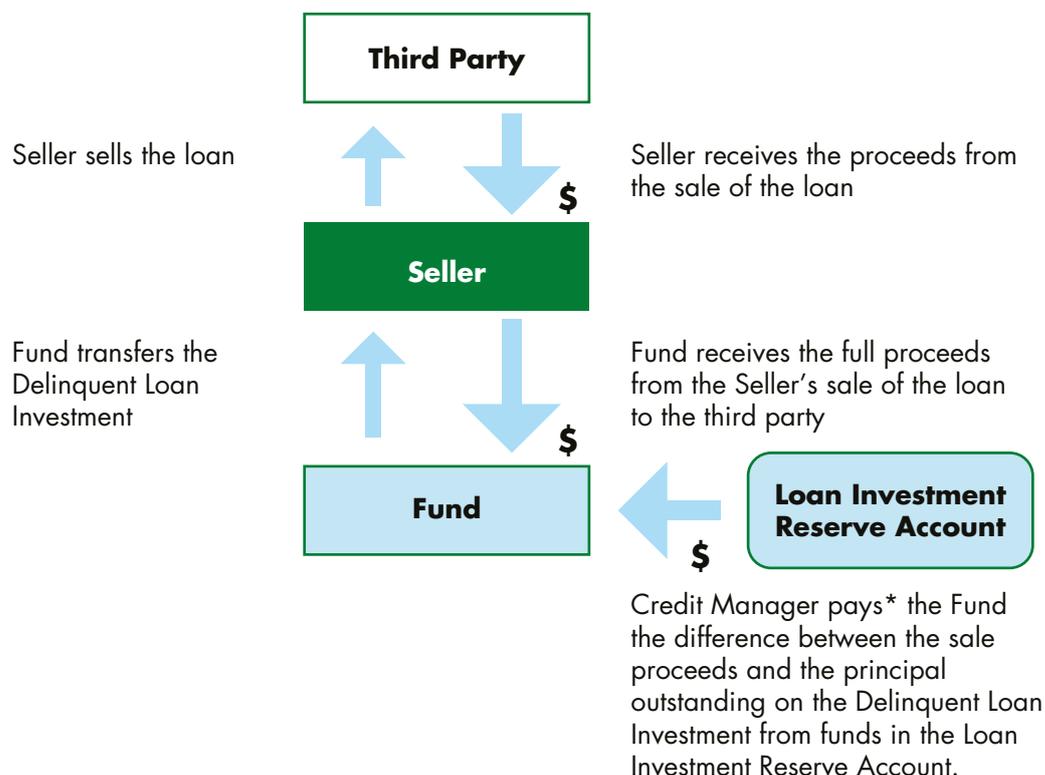
If a bid from a third party is accepted by the Responsible Entity then the following will occur:

1. The Responsible Entity will transfer the Delinquent Loan Investment (i.e., the equitable interest in the underlying loan) to the Seller.
2. The Seller must transfer the Delinquent Loan Investment to the third party, together with legal title to the underlying loan that was retained by the Seller. The Seller is obliged to do this under the terms of the Loan Sale and Servicing Deed.
3. The Seller must pay over all sale proceeds received by it in respect of the Delinquent Loan Investment to the Responsible Entity, on behalf of the Fund. It is expected that the sale price of a Delinquent Loan Investment to a third party will be at a discounted rate to the principal and interest outstanding on it.
4. The Credit Manager will pay the Fund the difference (if any) between the sale price and the principal amount remaining on the Delinquent Loan Investment from the Loan Investment Reserve Account, provided there are sufficient funds available in the account.

Investors should note there is no guarantee there will be sufficient funds available in the Loan Investment Reserve Account. If there are insufficient funds available, then the Fund will only receive the funds which are available, together with the sale proceeds of the Delinquent Loan Investment received from a third party. If this occurs, then this may reduce the Unit price of the Fund.

Once a Delinquent Loan Investment has been sold to a third party, the Fund no longer retains any interest in it. This means that the Fund will not receive any further principal or interest payments from the relevant borrower. Instead, the third party who purchased the Delinquent Loan Investment will be entitled to receive any such payments.

Sale of Delinquent Loan Investments to a Third Party



*This payment is subject to there being sufficient funds available in the Loan Investment Reserve Account.

An example of the sale of a Delinquent Loan Investment to a third party

In this example a Loan Investment has become a Delinquent Loan Investment and the outstanding principal balance is \$10,000.

1. The Investment Manager, acting on behalf of the Responsible Entity, seeks bids for the Delinquent Loan Investment from third parties.
2. The highest bid received from a third party for the Delinquent Loan Investment is \$1,000, and the Investment Manager recommends that the Responsible Entity accept the bid.
3. After considering the Investment Manager's recommendation, the Responsible Entity accepts the bid and transfers the Delinquent Loan Investment to the Seller, who then transfers the Delinquent Loan Investment (including legal title to the underlying loan) to the third party.
4. The Seller receives \$1,000 from the third party and pays this \$1,000 to the Fund.
5. The Credit Manager pays the remaining outstanding principal balance of \$9,000 to the Fund from the Loan Investment Reserve Account (assuming these funds are available).
6. The Fund does not recover any outstanding interest from the Credit Manager.

The above example is provided for illustrative purposes only. No guarantee is given concerning the level of Loan Investment losses that will arise within the Fund, the availability of a third party, the price that will be obtained by the Fund through selling Delinquent Loan Investments, nor the level of funds that may be available in the Loan Investment Reserve Account.

SECTION 3 THE FUND

(2) Sale of Delinquent Loan Investments to the Seller

It may not be possible to sell a particular Delinquent Loan Investment to a third party for a price the Responsible Entity deems to be acceptable, based on a recommendation to sell from the Investment Manager.

In those circumstances, the Responsible Entity may instruct the Investment Manager to invite the Seller to submit an offer to purchase that Delinquent Loan Investment. However, the Seller will only be invited to submit a bid if the Delinquent Loan Investment has first been offered for sale to third parties and the Investment Manager has provided evidence of those offers and the relevant responses from the third parties to the Responsible Entity. In addition, the Seller will not be informed of the value of any bid submitted by a third party.

If the Seller offers to purchase the Delinquent Loan Investment for a higher price than the highest bid received from a third party, then the Responsible Entity, acting on the recommendation of the Investment Manager, will decide whether or not the Delinquent Loan Investment is to be sold to the Seller for the offered price.

Investors should note the Seller is not obliged to purchase Delinquent Loan Investments from the Fund, other than in the circumstances as set out in Sections 3.7, 3.8 and 3.10.

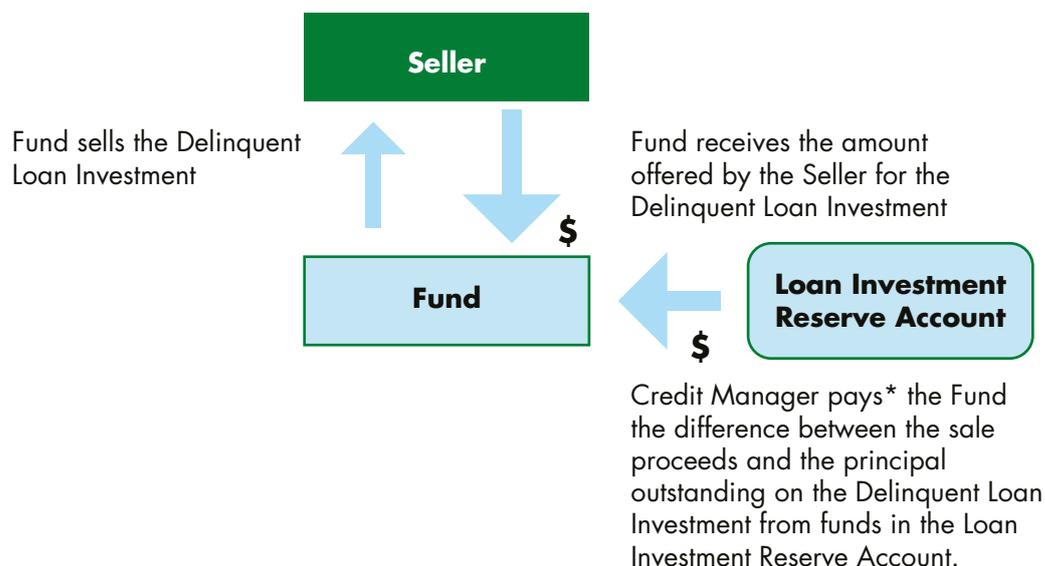
If the Seller's bid is accepted by the Responsible Entity then the following will occur:

1. The Responsible Entity will transfer the Delinquent Loan Investment to the Seller for the offered price. It is expected that the sale price of Delinquent Loan Investments to the Seller will be at a discounted rate to the principal outstanding on Delinquent Loan Investments.
2. The Credit Manager will pay the Fund the difference (if any) between the sale price and the principal amount remaining on the Delinquent Loan Investment from the Loan Investment Reserve Account, provided there are sufficient funds available in the account.

Investors should note there is no guarantee there will be sufficient funds available in the Loan Investment Reserve Account. If there are insufficient funds available in the Loan Investment Reserve Account, then the Fund will only receive the funds which are available, together with the sale proceeds of the Delinquent Loan Investment received from the Seller. If this occurs, then this may reduce the Unit price of the Fund.

Once a Delinquent Loan Investment has been sold to the Seller, the Fund no longer retains any interest in it. This means that the Fund will not receive any further principal or interest payments from the relevant borrower. Instead, the Seller will be entitled to receive any such payments for its own benefit.

Sale of Delinquent Loan Investments to the Seller



**This payment is subject to there being sufficient funds available in the Loan Investment Reserve Account.*

An example of the sale of a Delinquent Loan Investment to the Seller

In this example a Loan Investment has become a Delinquent Loan Investment and the outstanding principal balance is \$10,000.

1. The Fund offers to sell the Delinquent Loan Investment to third parties.
2. No acceptable bid is received.
3. The Responsible Entity instructs the Investment Manager to invite the Seller to submit a bid to purchase the Delinquent Loan Investment.
4. The Seller submits a bid of \$750 and the Investment Manager recommends that the Responsible Entity accept the bid.
5. After considering the Investment Manager's recommendation, the Responsible Entity accepts the bid and the Fund receives \$750 from the Seller for the Delinquent Loan Investment.
6. The Credit Manager pays the outstanding principal balance of \$9,250 to the Fund from the Loan Investment Reserve Account (provided these funds are available).
7. The Fund does not recover any outstanding interest from the Credit Manager.

The above example is provided for illustrative purposes only. No guarantee is given concerning the level of Loan Investment losses that will arise within the Fund, the availability of a third party, the willingness of the Seller to purchase a Delinquent Loan Investment, the price that will be obtained by the Fund through selling Delinquent Loan Investments, nor the level of funds that may be available in the Loan Investment Reserve Account.

(3) Retention of Delinquent Loan Investments by the Fund

It is possible neither a third party nor the Seller will offer to purchase a Delinquent Loan Investment for a price which is deemed to be acceptable by the Responsible Entity, based on a recommendation from the Investment Manager.

If this occurs then the Fund will retain the Delinquent Loan Investment instead of selling it. The Responsible Entity retains the right to instruct the Investment Manager to again offer the Delinquent Loan Investment for sale at a later date.

If a Delinquent Loan Investment is retained by the Fund, then the Servicer will attempt to recover as much of the outstanding principal and interest as possible from the relevant borrower. The Servicer is obliged, under the Loan Sale and Servicing Deed, to undertake appropriate recovery action against the borrower in respect of a Delinquent Loan Investment retained by the Fund. Certain amounts will be deducted by the Servicer from amounts recovered from a borrower, as follows:

- A late fee of \$25 per missed payment.
- A fee of \$2.75 per dishonoured transaction.
- Legal expenses incurred in undertaking recovery action.

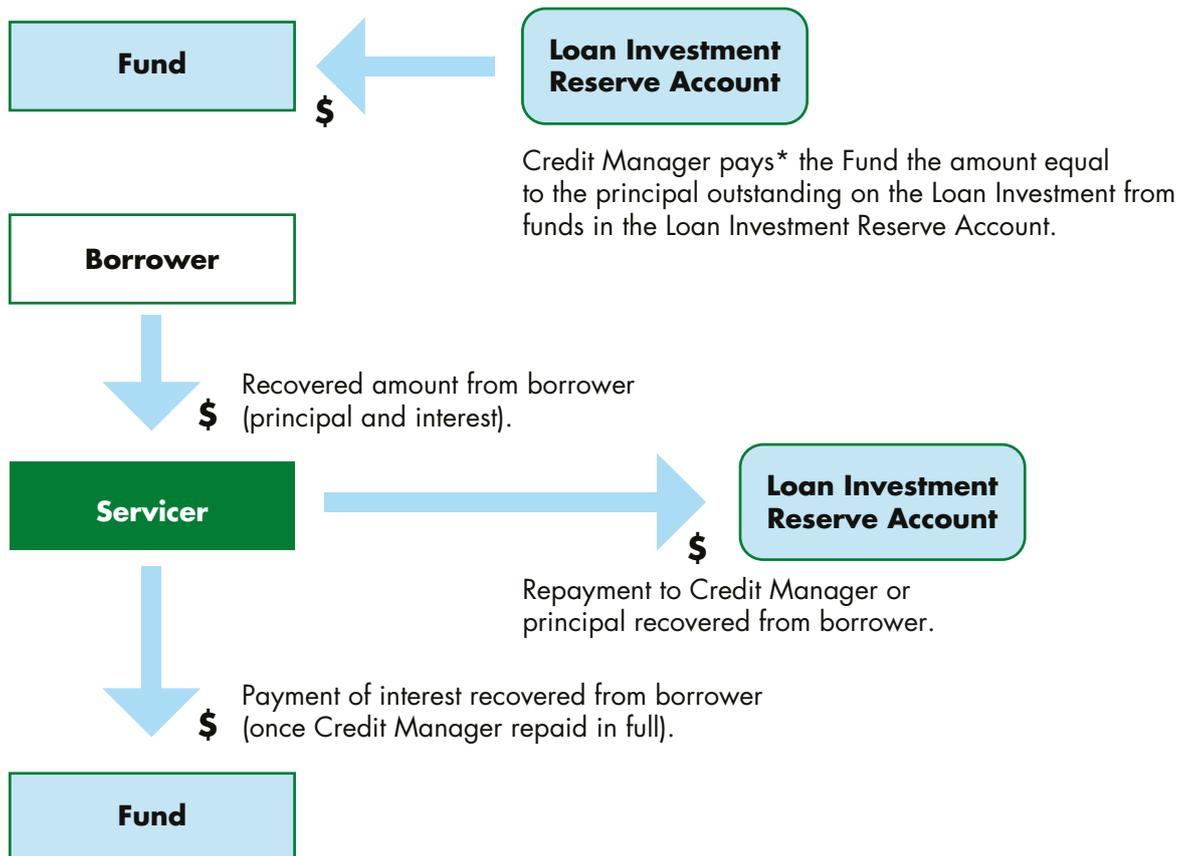
Investors should note it is expected the Servicer will recover less through enforcement action than the amount of principal and interest outstanding on Delinquent Loan Investments retained by the Fund, and in fact it is likely the Servicer may be unsuccessful in recovering any amount in respect of certain Delinquent Loan Investments.

Where a Delinquent Loan Investment is retained by the Fund, the following steps will occur:

1. The Credit Manager will pay the Fund an amount equal to the principal amount remaining on the Delinquent Loan Investment from the Loan Investment Reserve Account, provided there are sufficient funds available in the account.
2. The Servicer will undertake appropriate recovery action against the relevant borrower.
3. If the Fund has received the full principal amount remaining on the Delinquent Loan Investment from the Loan Investment Reserve Account, then the Credit Manager must first be repaid this amount from any amounts recovered from the borrower. Once this amount has been repaid, the Fund will be entitled to the benefit of any further payments received from the borrower towards the interest amount that remains outstanding.
4. If the Fund has received less than the full principal amount remaining on the Delinquent Loan Investment from the Loan Investment Reserve Account, then the Fund is entitled to the benefit of any amounts recovered from the borrower until the Fund has received the full principal amount outstanding. The Credit Manager must then be repaid any amount paid to the Fund from the Loan Investment Reserve Account from amounts recovered from the borrower (if any). Once this amount has been repaid, the Fund will be entitled to the benefit of any further payments received from the borrower towards the interest amount that remains outstanding.

Investors should note there is no guarantee there will be sufficient funds available in the Loan Investment Reserve Account. If there are insufficient funds available in the Loan Investment Reserve Account, then the Fund will only receive the funds which are available. If this occurs then this may reduce the Unit price of the Fund.

Retention of Delinquent Loan Investments by the Fund



**This payment is subject to there being sufficient funds available in the Loan Investment Reserve Account.*

An example of the retention of a Delinquent Loan Investment by the Fund

In this example a Loan Investment has become a Delinquent Loan Investment and the outstanding principal balance is \$10,000.

1. The Fund attempts to sell the Delinquent Loan Investment.
2. No acceptable bid is received from a third party, as determined by the Responsible Entity on a recommendation from the Investment Manager.
3. The Investment Manager invites the Seller to submit an offer to purchase the Delinquent Loan Investment.
4. The Seller does not submit an acceptable offer, as determined by the Responsible Entity on a recommendation from the Investment Manager.
5. The Fund retains the Delinquent Loan Investment.
6. The Fund receives \$5,000 from the Credit Manager from the Loan Investment Reserve Account, which is the amount available in the Loan Investment Reserve Account in this example.

SECTION 3 THE FUND

7. The Servicer undertakes recovery action against the relevant borrower and succeeds in recovering \$2,000 (net of late fees, dishonoured transaction fees and legal expenses).
8. The Servicer pays the recovery proceeds (\$2,000) to the Fund.
9. The Fund ultimately incurs a \$3,000 loss on this Delinquent Loan Investment.

The above example is provided for illustrative purposes only. No guarantee is given concerning the level of Loan Investment losses that will arise within the Fund, the level of funds that may be available in the Loan Investment Reserve Account, nor any amounts that may be recovered by the Servicer in respect of Delinquent Loan Investments retained by the Fund.

3.18 LIQUIDITY BUY BACKS AND DISCRETIONARY SALES

As detailed in Section 10.14, provided the Fund remains a liquid scheme, Investors who invest less than \$500,000 in the Fund and are not otherwise a 'wholesale' investor (as defined in the Corporations Act) have a 14 day cooling off period in which to decide if the investment in the Fund is suitable for their purposes. If these rights are exercised by eligible Investors then this will require a return of their investments in the Fund.

To avoid any liquidity issues which may result from Investors exercising cooling off rights, if this occurs then the Responsible Entity may require the Seller to buy back Loan Investments recently purchased by the Fund. These Loan Investments will be bought back by the Seller for the amount of principal and interest outstanding as at the time of sale to the Seller.

In addition, the Responsible Entity always has the right to sell any Loan Investments to any party, on such terms as the Responsible Entity determines in its discretion. For example, the Responsible Entity may decide it is desirable to sell Loan Investments to increase liquidity in the Fund so as to fund distribution payments or withdrawals. This discretion will be exercised by the Responsible Entity in accordance with its obligation to act in the best interests of the Fund and the Investors as a whole.

3.19 FUND REPORT

Each month, the Investment Manager publishes a Fund Report, which is available at www.directmoney.com.au.

The Fund Report provides an update on the current status of the Fund as of the end of the previous month, and includes (but is not limited to) information in relation to the following matters:

- The Fund's Unit price.
- The Fund's historical return.
- The number and monetary value of Loan Investments held by the Fund.
- The Loan Investment Loss Rate.
- The Retained Interest Portion.
- The balance in the Loan Investment Reserve Account.
- The number and monetary value of Delinquent Loan Investments.
- The consideration received by the Fund for Delinquent Loan Investments sold by the Fund.

- The number and monetary value of Loan Investments and Delinquent Loan Investments bought back by the Seller as a result of a Material Breach, and the consideration received from the Seller for these.
- The number and monetary value of Delinquent Loan Investments where the underlying loans have subsequently been found to have been obtained fraudulently, but which did not contain a Material Breach (and were therefore not bought back by the Seller).
- The number and monetary value of Loan Investments which have been the subject of a complaint or a hardship variation application by a borrower, and the consideration received from the Seller for these.

3.20 INDUSTRY EXPERIENCE AND EXPERTISE OF THE SELLER

A number of senior executives of the Seller and the DirectMoney Parent have experience in various roles in the personal lending market. Details of the experience of these key executives are provided in Section 5.2.

3.21 FINANCIAL CAPACITY OF THE DIRECTMONEY PARENT

The DirectMoney Parent has guaranteed the obligations of the Seller, Servicer, Investment Manager and Credit Manager under the Loan Sale and Servicing Deed and the Investment Management Agreement.

Therefore, the financial capacity of the DirectMoney Parent to meet its financial obligations under the terms of the guarantee is a relevant consideration for Investors.

The DirectMoney Parent commenced trading on the ASX on 13 July 2015 and owns 100% of the Seller, the Investment Manager, the Servicer and the Credit Manager. Further information about the DirectMoney Parent can be accessed from the ASX website.

SECTION 4

RISKS

Like any investment, there are risks associated with investing in the Fund. There are a number of risks that could affect the performance of the Fund, the level of income distributions and the repayment of your capital. Many risks fall outside of the control of the Responsible Entity, the Investment Manager and the Fund's appointed service providers and cannot be completely mitigated.

The following is a non-exhaustive list of the main risks associated with investment in the Fund. You should consider and weigh them up carefully and make your own assessment as to whether you are comfortable with them.

Distributions are not guaranteed and neither is the timing or quantum of the return of your capital.

Before investing in the Fund you should consider the following:

- (1) Your specific risk assessment of investing in the Fund.
- (2) Your other investments or potential investments compared with the risks of the Fund.
- (3) Your personal risk tolerance and financial circumstances.
- (4) Your personal investment objectives and expected return and outcome from investing in the Fund.

4.1 RETURN RISK

The Fund seeks to deliver a consistent return of approximately 5.0% to 5.5% over the RBA cash rate, throughout a minimum suggested investment term of 3 to 5 years. This investment return objective is based on the historical premium over the RBA cash rate which has applied to unsecured personal loans.

Note this investment return objective is not a forecast. It is merely an indication of what the Fund aims to achieve on the assumption that credit and debt markets remain relatively stable throughout the minimum suggested investment term.

The Fund may not be successful in meeting this objective. Returns are not guaranteed.

In addition, an investment in the Fund is not the same as depositing money in an account with a bank and an investment in the Fund is riskier than depositing money in a transactional bank account or term deposit with a bank. An investment in the Fund is also not covered by the depositor protections available to depositors that make a deposit with an Australian ADI.

4.2 INVESTMENT MANAGER RISK

The Investment Manager is responsible for providing investment management services to the Fund and for managing the Fund's investments and liquidity on a day-to-day basis. If the Investment Manager fails to do so effectively, then this could affect the Fund's performance.

In particular, there is a risk that the Investment Manager may fail to anticipate movements in interest rates, to manage the investment risks appropriately, or to properly execute the Fund's investment strategy. These factors could have an adverse impact on the financial position and performance of the Fund.

4.3 SELLER RISK

The Seller is responsible for making loans to borrowers. The Seller assesses a potential borrower's creditworthiness and determines whether or not to make a loan to a potential borrower. If the Seller does not make loans to suitable borrowers this could affect the Fund's performance.

The Fund's income depends upon it purchasing an interest in loans made to borrowers by the Seller. The Seller is therefore crucial to the performance of the Fund. If the Seller becomes insolvent, is wound up, or otherwise becomes unable to make further loans to borrowers, then this will adversely affect the Fund's performance and may ultimately affect the Fund's viability.

4.4 LOAN SERVICING RISK AND SERVICER RISK

The Servicer is responsible for monitoring Loan Investments, ensuring that borrowers make repayments on time and for following up on late payments from borrowers. The Servicer is also responsible for reporting to the Responsible Entity on the status of defaulting loans which underpin Loan Investments. If the Servicer does not carry out these functions effectively then this could impact upon the Fund's performance.

There is no back-up servicer agreement to ensure a replacement servicer will be appointed if the Servicer's appointment under the Loan Sale and Servicing Deed is terminated or if the Servicer otherwise ceases to act as the servicer for the Fund. This is a risk as it may take some time to appoint a suitable replacement servicer, which would have a detrimental impact on the Fund.

There is a risk that a replacement servicer may be appointed on terms that are less favourable to the Fund than those upon which the Servicer has been appointed.

There is also a risk that associated with the fact that it will inevitably take time for a replacement servicer to attain the same level of information and knowledge about borrowers and their circumstances.

4.5 RELATED PARTY AND CONFLICTS OF INTEREST RISK

All of the Seller, Servicer, Investment Manager and Credit Manager have significant roles and responsibilities in relation to the Fund. They are related parties and are all wholly-owned by the DirectMoney Parent.

A situation may arise where one or more of the Servicer or Investment Manager has its appointment terminated by the Responsible Entity or otherwise ceases to carry out its role in relation to the Fund. In addition, in certain circumstances the Responsible Entity can refuse to continue purchasing Loan Investments from the Seller.

However, because they are related entities there is a risk the working relationship between the remaining entities and the Responsible Entity may break down or prove to be unworkable. This may adversely affect the Fund and may threaten its ongoing viability.

SECTION 4 RISKS

4.6 SELLER CONFLICT OF INTEREST RISK

There is a risk the Seller may have a conflict of interest in selecting which of the loans in its Loan Warehouse to sell as Loan Investments to the Fund. This potential conflict of interest is managed through the loan purchase process in the Loan Sale and Servicing Deed. Some of the conditions that proposed Loan Investments must satisfy under the Loan Sale and Servicing Deed include the following:

- (1) At the time of sale of the Loan Investment, the underlying loan is not in default.
- (2) At least 1 payment has already been made by the borrower under the relevant loan agreement.
- (3) The underlying loan has not been fraudulently obtained, so far as the Seller is aware.

In addition, under the loan purchase process in the Loan Sale and Servicing Deed, the Seller represents and warrants that the acquisition of the relevant Loan Investment by the Fund will not cause the Fund to breach the Fund's creditworthiness and interest rates parameters, which have been developed by the Investment Manager.

One of the purposes of using these creditworthiness and interest rates parameters is to assist in mitigating the risk that the Fund acquires a high proportion of Loan Investments where the borrowers are less credit worthy than borrowers of other loans in the Loan Warehouse and therefore carry an increased risk of becoming Delinquent Loan Investments.

Notwithstanding the procedures put in place to manage this conflict of interest, if the conflict of interest is not effectively monitored or appropriate action is not taken by the Responsible Entity for breaches of the Loan Sale and Servicing Deed that relate to this conflict of interest, then this may result in an increase in the number and value of Delinquent Loan Investments, resulting in the Fund suffering loss.

4.7 LOAN FLOW RISK

A lack of suitable available loans to be sold as Loan Investments may result in an application to invest in the Fund being rejected by the Responsible Entity, in whole or in part. If an application is refused, then the Application Money will be refunded. No interest will be paid on the Application Money for the period it is in the applications bank account.

If all applications to invest in the Fund have been refused for 4 consecutive Dealing Days then the Investment Manager will report to the Responsible Entity on the status of the Fund and the Loan Warehouse to enable the Responsible Entity to determine whether or not the Fund is to remain open for accepting new applications.

The Responsible Entity (in consultation with the Investment Manager) can also refuse to purchase Loan Investments in the following circumstances:

- If it does not consider it to be in the best interests of the Fund or the Investors as a whole.
- Where the Threshold Rate has been reached or exceeded, or where the Responsible Entity (acting on the advice of the Investment Manager) believes the Threshold Rate will be reached or exceeded in the near future.

It is envisaged that the Seller will sell loans in its Loan Warehouse to other third parties. Therefore, there is a risk that, because of sales of loans to other third parties, the Seller will not have sufficient suitable loans to sell as Loan Investments to the Fund.

A lack of available suitable loans to be sold as Loan Investments to the Fund, or a refusal by the Responsible Entity to purchase Loan Investments, would affect the Fund's performance in general and the Fund's returns may be less than the stated objectives.

4.8 CREDIT MANAGER RISK

The Credit Manager is responsible for holding, operating and maintaining the Loan Investment Reserve Account, which contains the Retained Interest Portion. As set out in Sections 3.13 and 3.17, where there are sufficient funds available, the Retained Interest Portion is used to cover a shortfall that may result from the sale of a Delinquent Loan Investment to a third party or to the Seller, or to pay the Fund an amount equal to the principal amount remaining on a Delinquent Loan Investment retained by the Fund. There is a risk that if the Credit Manager does not carry out its functions correctly then this could have an adverse effect upon the Fund.

This risk is somewhat mitigated as the Responsible Entity holds a security interest over the Loan Investment Reserve Account which means the funds in the account cannot be disposed of or otherwise dealt with by the Credit Manager without the Responsible Entity's consent.

In addition, the Credit Manager's constitution is restricted so that the Credit Manager cannot operate or trade in the same manner as an ordinary proprietary company limited by shares. In particular, the Credit Manager's constitution does not permit it to borrow money, with the exception of the Seller Loan. The Seller, Credit Manager and the Responsible Entity have agreed the Seller Loan is subordinated to the interest of the Responsible Entity in the funds held in the Loan Investment Reserve Account. This means the Seller Loan will not be repaid without the Responsible Entity's written consent, and only when the Fund has \$20,000,000 of assets.

4.9 CREDIT RISK

The Seller utilises credit assessment procedures to try and ensure that only creditworthy borrowers are approved for loans, which in turn are sold to the Fund as Loan Investments. See Section 3.5 for more information about the Seller's credit assessment procedures.

If it is discovered that a Loan Investment or a Delinquent Loan Investment was made in Material Breach of the Seller's credit assessment procedures then the Seller must pay the Fund the outstanding principal plus any accrued interest owing. See Section 3.7 for more information.

However, in the event the Seller (and the DirectMoney Parent) is unable to comply with its obligations in this regard, the Fund may suffer a loss.

In addition, Investors should note the Seller is not obliged to buy back Loan Investments or Delinquent Loan Investments where the underlying loans do not contain a Material Breach, provided the credit and assessment procedures are within Industry Parameters.

Investors should note the Investment Manager believes it is inevitable that some loans will become Delinquent Loan Investments as a result of borrowers' failure or inability to pay, despite the Seller's credit assessment measures and the external reviews of their suitability and effectiveness. Therefore, Investors should be aware the Fund will bear some risk in this regard, and there may be a negative effect upon the Fund's returns as a result of borrowers' failure or inability to repay their loans.

4.10 DEFAULT RISK

There is a risk that borrowers may not be able to meet their financial obligations to pay interest and/or principal in respect of loans when they fall due. If a borrower fails to repay the principal or to make an interest payment on a Loan Investment when they are due then the Fund will suffer reduced cash inflows and interest income as a result. This may affect the Fund's ability to pay distributions or may impact upon the Unit price.

SECTION 4 RISKS

4.11 DELINQUENT LOAN INVESTMENT SALE RISK

The Fund will attempt to sell a Delinquent Loan Investment to a third party for a price deemed acceptable by the Responsible Entity, based on a recommendation from the Investment Manager. If this proves unsuccessful, then the Responsible Entity may instruct the Investment Manager to invite the Seller to submit a bid for the Delinquent Loan Investment. Any difference between the price received and the balance of outstanding principal on the Delinquent Loan Investment will be made up from the funds in the Loan Investment Reserve Account, if there are sufficient funds available.

However there is no guarantee that a third party or the Seller will purchase a Delinquent Loan Investment, nor is the price that may be obtained by the Fund through selling a Delinquent Loan Investment guaranteed. There is also no guarantee as to the level of funds that may be available in the Loan Investment Reserve Account to cover any shortfall between the sale price and the principal that remains outstanding on the Delinquent Loan Investment.

If the Fund ultimately receives less than the amount of the outstanding principal on a Delinquent Loan Investment and there are insufficient funds in the Loan Investment Reserve Account, then this will impact on the value of Loan Investments held by the Fund and will reduce the Unit price of the Fund.

4.12 DELINQUENT LOAN INVESTMENT RETENTION RISK

It may not be possible to sell a Delinquent Loan Investment to a third party or to the Seller for a price deemed acceptable by the Responsible Entity, based on a recommendation from the Investment Manager.

In these circumstances the Delinquent Loan Investment will be retained by the Fund, and the Servicer will attempt to recover as much of the outstanding principal and interest as possible from the relevant borrower on the Fund's behalf. In addition, the Fund will receive an amount equal to the principal amount outstanding on the Delinquent Loan Investment from the Loan Investment Reserve Account, provided there are sufficient funds available in the account. Any funds received from the Loan Investment Reserve Account must be repaid from any principal and interest payments received from the relevant borrower, if any.

However there is no guarantee that the Servicer will be successful in recovering any funds from the relevant borrower on the Fund's behalf. There is also no guarantee as to the level of funds that may be available in the Loan Investment Reserve Account to pay the Fund in respect of the principal that remains outstanding on the Delinquent Loan Investment.

If the Fund ultimately receives less than the amount of the outstanding principal on a Delinquent Loan Investment and there are insufficient funds in the Loan Investment Reserve Account, then this will impact on the value of Loan Investments held by the Fund and will reduce the Unit price of the Fund.

4.13 FRAUD RISK

There is a risk that borrowers may deliberately fabricate evidence to support their loan applications and that they have no intention of paying off their loan. Although the Seller has procedures in place to detect fraudulent applications, the risk of fraud cannot be discounted. See Section 3.6 for more information about the Seller's fraud prevention procedures.

Where it is discovered that a Loan Investment or a Delinquent Loan Investment was made in Material Breach of the Seller's fraud prevention procedures, the Seller must pay the Fund the outstanding principal plus any accrued interest owing. See Section 3.7 for more information.

However, in the event the Seller (and the DirectMoney Parent) is unable to comply with its obligations in this regard, the Fund may suffer a loss.

Additionally, Investors should note the Seller is not obliged to buy back Loan Investments or Delinquent Loan Investments where the underlying loans have been made in accordance with its fraud prevention procedures, provided the procedures are within Industry Parameters.

Investors should note the Investment Manager believes it is inevitable that some loans underpinning Loan Investments will become Delinquent Loan Investments as a result of fraud perpetrated by borrowers, despite the Seller's fraud prevention procedures and the external reviews of their suitability and effectiveness. Therefore, Investors should be aware the Fund will bear some risk in this regard, and there may be a negative effect upon the Fund's returns as a result of borrowers obtaining loans fraudulently.

4.14 INTEREST RATE RISK

Changes in interest rates within Australia will impact directly and indirectly on the Fund and the returns from the Fund.

Falling interest rates may reduce the revenue the Fund earns, as newer Loan Investments may have lower rates of interest. Increased competition in the personal unsecured loan market generally may see the rate of interest charged to borrowers reduce, and hence the income of the Fund would reduce.

Conversely, if unsecured personal loan interest rates rise then it will take time for this rise to be reflected in the return earned by the Fund. This is because Loan Investments held by the Fund have a fixed interest rate over their lifetime so the impact of new Loan Investments at higher interest rates will not be fully felt for some time.

4.15 CONCENTRATION RISK

The Fund only invests in the interest and principal repayments from Australian unsecured personal loans of either 3 or 5 years' duration, with a minimum loan amount of \$5,000 and a maximum loan amount of \$36,500. Additionally, the Fund will only invest in loans made by the Seller. This is a specific and discrete type of asset and therefore the Fund and Investors will be directly exposed to any market conditions that impact upon that specific type of asset.

There is also a risk, particularly early in the life of the Fund when relatively few Loan Investments are likely to be held, that the failure of a few Loan Investments will have a material impact on the Fund's returns.

4.16 FUND RISK

Risks relating to the Fund include the following:

- The Fund could be terminated.
- The fees and costs may increase. There is a risk the investment management fee will be increased to the maximum amount permitted under the Constitution, as set out in Section 7.3 of the PDS. The Investment Manager has agreed to meet certain expenses of the Fund from its own resources as explained in Section 7.3 of the PDS. Should the Investment Manager (and the DirectMoney Parent) fail to do so, those expenses must be met from the assets of the Fund. In addition, if this occurs, then in accordance with its duty to Investors the Responsible Entity will assess the ongoing viability of the Fund, which could result in the Fund being wound up.
- The Investment Manager may be replaced as the investment manager of the Fund.
- The Responsible Entity may be replaced as the responsible entity of the Fund.
- Key personnel may depart or change.
- The Responsible Entity or any of the Investment Manager, the Seller, the Servicer, the Credit Manager or the DirectMoney Parent may become insolvent.

SECTION 4 RISKS

4.17 WITHDRAWAL RISK

Investors will not receive their withdrawal proceeds as a lump sum but will, subject to any suspension of withdrawals, receive their withdrawal proceeds in 36 separate monthly instalments. This may represent a risk to Investors in the event that they require the return of their investment more urgently. There is also a risk that the Unit price may fall over an Investor's withdrawal period, which would result in a lower return being received by that Investor.

As set out in Section 2.11 the Responsible Entity may suspend withdrawals from the Fund in certain circumstances. If this occurs then withdrawals will only resume at the Responsible Entity's discretion.

If withdrawals are suspended then Investors will suffer delays in receiving their withdrawal proceeds. In addition, there is a risk withdrawals will not resume at all, which will result in the Fund being wound up by the Responsible Entity. This may mean Investors suffer a capital loss on their investment.

4.18 CONTINUING RISK

Unless withdrawals are suspended by the Responsible Entity, the withdrawal of an Investor's balance of Units will generally occur over 36 months. During this 36 month withdrawal period Investors will remain in the Fund, although the balance of their Unit holding reduces each month. Consequently, withdrawing Investors have a continuing exposure to the Fund and all of the risks inherent in the Fund until their Units are fully redeemed.

4.19 LICENSING RISK

If the AFS Licence of either the Seller or the Responsible Entity is suspended or revoked, or the Australian credit licence of the Seller is suspended or revoked, then this could impact adversely on the Fund.

4.20 COMPLIANCE AND REGULATED LOANS RISK

The Seller is required to comply with certain responsible lending obligations, and other obligations, under the NCCP Act and related regulations. In addition, borrowers have the right to refer any complaint to the CIO.

As set out in Section 3.10, this risk is mitigated as, under the terms of the Loan Sale and Servicing Deed, the Seller is obliged to buy back Loan Investments where the underlying loans are the subject of a complaint by a borrower, or where a borrower has applied for a variation on the grounds of hardship. However, if the Seller (and the DirectMoney Parent) is unable to comply with its obligations in this regard then the Fund may suffer a loss.

4.21 OPERATIONAL AND PROCEDURAL RISK

The success of the Fund is dependent upon the operational stability of the appointed parties to the Fund, including in particular the operating and administration procedures and operational controls established by the Responsible Entity and by the Investment Manager, the Seller and the Servicer.

A breakdown in the administrative procedures or operational controls may cause a disruption of day-to-day Fund operations. Such interruptions may arise internally through human error or technology and infrastructure failure or possible external events such as natural disasters or regulatory changes. Whilst procedures to address such occurrences are in place and the procedures are monitored, these risks cannot be mitigated entirely.

4.22 INFORMATION TECHNOLOGY RISK

The Responsible Entity, Investment Manager, Seller, Servicer, Credit Manager and Fund Administrator rely on information technology to administer the Loan Investments and the Fund. There are risks associated with reliance on information technology, including technology failure interrupting the availability of services, data or information loss, or data or information theft. The DirectMoney website, through which borrowers apply for loans, may be the subject of malicious or criminal attacks, such as hacking or denial of service attacks. Such activity could impact on the Seller's ability to source loans.

4.23 LEGAL RISK

Changes in laws (including taxation laws) or their interpretation, including changes in the practice and policy of regulators, may have a negative impact on the Fund.

4.24 DOCUMENTATION RISK

A deficiency in loan documentation could, in some circumstances, adversely affect the return from a Loan Investment. This may also make it difficult to sell a Delinquent Loan Investment in the event of a borrower's default.

4.25 STAMP DUTY RISK

Stamp duty will not apply to the acquisition of Loan Investments by the Fund in New South Wales, Victoria, Tasmania, the Australian Capital Territory, Northern Territory, Western Australia or South Australia. There is a possibility duty may apply in Queensland. If duty is payable in Queensland then this will be an expense of the Fund. This expense will be paid for out of the assets of the Fund and may impact on returns from the Fund.

We strongly recommend that Investors obtain independent financial advice before investing in the Fund.

SECTION 5

MANAGEMENT OF THE FUND

5.1 RESPONSIBLE ENTITY: ONE MANAGED INVESTMENT FUNDS LIMITED

One Managed Investment Funds Limited has extensive experience as a corporate trustee and custodian, and is a professional responsible entity operating numerous schemes. One Managed Investment Funds Limited is a subsidiary of the One Investment Group (**OIG**). OIG is an independent Australian funds management business that focuses on providing responsible entity, trustee and other services associated with funds management. OIG operates a number of entities that, pursuant to the Corporations Act, are licensed to conduct financial services businesses and to act as responsible entities for registered schemes and as trustees for unregistered schemes.

OIG's licensed entities are currently appointed to over 200 responsible entity/trustee roles, administering a range of asset classes including hedge funds, real estate, shipping, private equity, fixed income, credit, equities and aviation. The total value of the assets within these trusts is in excess of \$10 billion.

OIG's capabilities include –

- Responsible entity services;
- Trustee services;
- Corporate trust services;
- Fund administration and taxation services; and
- Custody services.

The Responsible Entity's compliance committee meets on a quarterly basis and comprises the required external compliance committee members.

One Managed Investment Funds Limited is authorised under AFS licence number 297042.

The Responsible Entity is not a marketplace lender and is instead acquiring equitable interests in existing loans made by the Seller (i.e., Loan Investments). The executives of the Responsible Entity have extensive experience in investing in loans.

5.2 DIRECTMONEY GROUP OF COMPANIES

The DirectMoney group of companies includes DirectMoney Limited (the DirectMoney Parent), DirectMoney Finance Pty Ltd (the Seller), DirectMoney Investment Management Pty Ltd (the Investment Manager) DirectMoney Loans Servicing Pty Ltd (the Servicer) and DirectMoney Credit Management Pty Ltd (the Credit Manager). The Investment Manager, the Servicer and the Credit Manager are wholly owned subsidiaries of the Seller.

The Seller (and its wholly-owned subsidiaries) was acquired on 3 July 2015 by Basper Limited, an ASX listed company. Basper Limited then changed its name to DirectMoney Limited and conducted a capital raising of \$11.3 million. DirectMoney Limited began trading on the ASX on 13 July 2015, (ASX: DM1). Important information, including financial and corporate information, about DirectMoney Limited can be found on the ASX website and www.directmoney.com.au.

Each of the Investment Manager, the Seller, the Servicer and the Credit Manager has been appointed by the Responsible Entity to fulfil a separate role for the Fund as follows:

- (1) DirectMoney Investment Management Pty Ltd is the investment manager of the Fund. It is an authorised representative of DirectMoney Finance Pty Ltd (authorised representative no. 473725). Its primary role is to ensure the portfolio of the Fund is managed in accordance with its obligations contained in the Investment Management Agreement.
- (2) DirectMoney Finance Pty Ltd is the seller of loans to the Fund. It holds an Australian credit licence (number 458572) and an AFS Licence (number 458572). It operates a web based lending platform and has entered into agreements with a number of loan broking groups through which it makes unsecured personal loans to Australian resident borrowers which are then available for sale to the Fund as Loan Investments.
- (3) DirectMoney Loans Servicing Pty Ltd has been appointed as the servicer of Loan Investments for the Fund. It is responsible for monitoring and servicing the Loan Investments, ensuring that borrowers make repayments on time and it is responsible for following up on late payments from borrowers.
- (4) DirectMoney Credit Management Pty Ltd is responsible for holding, operating and maintaining the Loan Investment Reserve Account. It has provided a security interest to the Responsible Entity over monies held by it.

A more comprehensive description of the Investment Management Agreement, the Loan Sale and Servicing Deed and the responsibilities of each of the three operating companies is set out in Section 10.9.

The key individuals in DirectMoney in relation to the Fund are:

Stephen Porges, Executive Chairman

Stephen is the Executive Chairman of DirectMoney Limited. Prior to joining DirectMoney, he was Chief Executive Officer of SAI Global. Prior to that, he was CEO of Aussie Home Loans from 2008 to 2013 where it was awarded Mortgage Broker of The Year for each year of his tenure. From 2007 until he joined Aussie Home Loans, Stephen was CEO of Newcastle Permanent Building Society, Australia's largest building society. During his tenure it was recognised with two Building Society of the Year awards by Money Magazine.

From 2004 till 2007, he was CEO of ASX listed biotechnology company Proteome Systems (PXL). From 2002 to 2007 Stephen was Chairman and then Executive Chairman of BMC Media Ltd. Having spent the previous 20 years in international banking, stockbroking and investment banking, Stephen has experience in most significant global capital markets. Stephen is also a founder of international payments company SecureOne.

David Doust, Founder

David is an entrepreneur specialising in financial services with significant experience in Australia and the USA. David has 8 years' experience and research in the marketplace lending industry. David has been a participant in the marketplace lending industry since 2007 when he designed, and led the team that developed, the initial version of the DirectMoney marketplace lending platform. As part of that project he was appointed an Authorised Representative by the responsible entity of the managed investment scheme that comprised the investor side of the platform. David continued to research and monitor the development of the marketplace lending industry until May 2014 when he led efforts to re-capitalise DirectMoney and prepare the current version of the investor platform, which was launched for lending in October 2014.

SECTION 5 MANAGEMENT OF THE FUND

From 2008 to 2012 David lived in California where he designed several innovative fund concepts based on residential property equity and he designed the HomeStake US house price forecasting index. Prior to that, David was founder and CEO of Adaptive Edge, an IT consulting company based in Sydney specialising in business process automation. David led a team that delivered back office systems to Australian fund managers, retailers and insurance companies. In this role David was also responsible for business development, IT recruitment, systems specification and IT project management.

From 2001 to 2003 he was Chief Technology Officer at Moveit, an internet based data exchange for the Australian transport industry and from 1996 to 2001 David was CEO and founder of SoftwareMarkets, a Silicon Valley start-up that was a pioneer in the concept of the App Store. David is a former Assistant Controller at IAC Ltd, an Australian subsidiary of Citibank and accountant and auditor at Peat Marwick Mitchell (now KPMG). He holds an economics degree with accounting major from the University of Sydney.

Peter Beaumont, *Chief Executive Officer*

Peter is a senior business executive with over 25 years global banking, finance and project delivery experience gained with leading international investment banks Citibank, UBS AG, Bank of America Merrill Lynch and ABN AMRO.

Peter brings to DirectMoney a broad set of customer acquisition and client sales leadership skills along with deep experience transitioning high volume financial products businesses from traditional channels to online, straight through processing models.

Immediately prior to joining DirectMoney, Peter provided senior leadership and advisory services to a variety of infrastructure projects while working with Aquasia and McConnell Dowell. Peter has fulfilled Board roles with a variety of Australian infrastructure companies and international companies Metalor AG (Switz) and London Precious Metals Trading (UK). Peter holds a B. Sc (Hons. 1st) from Sydney University and a MBA from MIT-Sloan School, Cambridge, MA. USA. Peter is a Graduate of the Australian Institute of Company Directors.

Chris Whitehead, *Non-executive director of DirectMoney Parent*

Chris has 18 years of experience in information technology and 15 years in senior financial services over a wide range of roles. He was former CEO of Credit Union Australia Limited (2009 to 2015 – 5 years 6 months) and CEO Retail at Bank West (2001 to 2007 – 6 years). Chris has previously served as non-executive director for Cuscal Limited, St Andrews Insurance Group, Unisys West and a number of other financial services, technology and community organisations. He holds a BSc in Chemistry from the University of Manchester and an Advanced Management Program certification from The University of Pennsylvania – Wharton School.

Craig Swanger, *Non-executive director of DirectMoney Parent*

Craig has 20 years' experience in financial services. He was Executive Director of Macquarie Global Investments, responsible for managing around \$10 billion in client funds across Asia, North America and Australia. Craig has direct experience in structuring and raising funds from retail investors, including through managed funds, structured products and listed vehicles in several jurisdictions. He has extensive board experience, including Macquarie Bank's major funds management entity, Macquarie Investment Management Limited and a total of 15 internal and external boards since 2003. He was Chairman of 5 of the largest debt LICs in Australia and New Zealand issued over the past decade and more recently worked with Australia's largest corporate bond and securitisation distribution specialists, FIIG Securities.

Marianne Young, *Credit Manager*

Marianne has over 18 years' experience in various credit and lending roles within the Westpac Banking Group. Her experience covered unsecured lending products and the specific policies and procedures underpinning them. At a national level, Marianne managed the hindsight review process for consumer personal loans and credit cards across the Westpac Group (Westpac, St George Bank, Bank SA and Bank of Melbourne).

If required, further details about DirectMoney may be found by visiting www.directmoney.com.au.

SECTION 6

RESPONSIBLE ENTITY'S OVERSIGHT OF THE FUND

The Responsible Entity has established a compliance program governing the operations of the Fund, and this includes, amongst other things, a compliance management and reporting structure.

The Responsible Entity has entered into a number of agreements with service providers to the Fund, including the Loan Sale and Servicing Deed, the Investment Management Agreement, and the Fund Administration Agreement. These are summarised in Section 10.9. The Responsible Entity monitors compliance by service providers with these agreements, having regard to its obligations to Investors as the responsible entity of the Fund. If necessary and appropriate, then the Responsible Entity will take action against a service provider for a breach of an agreement, which may result in the termination of that service provider's appointment in accordance with the terms of the relevant agreement.

Pursuant to the Investment Management Agreement, the Responsible Entity has delegated day-to-day management of the Fund's assets to the Investment Manager.

The primary responsibilities of the Investment Manager include:

- Providing written recommendations to the Responsible Entity in relation to the acquisition or disposal of any assets (e.g., bank cash deposits, Loan Investments or the sale of Delinquent Loan Investments) of the Fund.
- Advising the Responsible Entity on whether applications should be refused or suspended, and reporting to the Responsible Entity on the status of the Fund and the Loan Warehouse to enable the Responsible Entity if applications have been refused for 4 consecutive Dealing Days.
- Advising the Responsible Entity on whether it is appropriate to refuse to purchase new Loan Investments from the Seller.
- Calculating the Loan Investment Loss Rate each month.
- Preparing the Fund Report each month, to include (amongst other things) the information detailed in Section 3.19.
- Reviewing, analysing and reporting on the cash flows of the Loan Investments that the Fund has acquired.
- Reviewing and providing investment analysis in relation to the Fund, Loan Investments and Delinquent Loan Investments.
- Reviewing and reporting on the level of withdrawals required to be met by the Fund (i.e., the Fund's liquidity management) and the level of withdrawal requests received by the Fund, and advising the Responsible Entity on whether withdrawal requests should be suspended.
- Assisting with the preparation of the Fund's financial reports to comply with financial reporting obligations and provision of inputs to determine the Fund's Unit price and the review of the Fund's Unit pricing and management accounts.
- Managing and overseeing, on behalf of the Fund, the sale of Delinquent Loan Investments and preparing and providing written recommendations on the sale or otherwise of Delinquent Loan Investments.
- Monitoring the Threshold Rate and notifying the Responsible Entity if the Threshold Rate is reached or exceeded, or where the Investment Manager believes it will be reached or exceeded in the near future.
- Undertaking reviews of Loan Investments and Delinquent Loan Investments and reporting on the Seller's compliance with its credit assessment and fraud prevention procedures, as set out in Section 3.7.
- Reporting periodically to the Responsible Entity on the Fund's activities as required under this PDS, the Investment Management Agreement and the Loan Sale and Servicing Deed.

- Providing all reasonable assistance, in terms of reviewing the adequacy of the Seller's credit assessment processes and fraud prevention procedures (in conjunction with the external auditor or other consultant), compliance program and other processes employed by the Seller (including any sign offs and reviews prepared in relation to the Seller's compliance and governance framework).
- Providing all reasonable assistance in identifying, assessing and managing any conflicts which may affect the interests of Investors. Where such a conflict exists, the Investment Manager must report the matter to the Responsible Entity and how it is being managed, ensuring that all issues are addressed in a timely and transparent manner, having regard to the requirements of both the Investment Manager's and Responsible Entity's conflicts of interest policy and the Corporations Act requirements.
- Performing any risk assessments required by the Responsible Entity in relation to any financial models used to calculate, manage and review the Loan Investment Loss Rate and the Loan Investment Reserve Account. This may also include independent verification and sign off if requested by the Responsible Entity.
- Facilitating and reviewing any spot-checks of matters that the Responsible Entity may require in relation to any conflicts of interest between the various DirectMoney entities.
- Establishing different teams and operating 'chinese wall' systems and processes to complement the physical segregation and separation of functions.
- Facilitating and reviewing the terms of the external reviewer's engagement (including the suitability of the external reviewer) and further that the terms are appropriate having regard to the scope of the work agreed by the Seller's board.

The Responsible Entity monitors the Investment Manager's ongoing compliance with the relevant contractual undertakings through the following processes:

- The employment of a team of managers to monitor the performance of the Investment Manager.
- The periodic review of the Investment Manager's processes relating to –
 - the Credit Manager
 - the Servicer
 - the calculation of the Loan Investment Loss Rate
 - the calculation of the Retained Interest Portion
 - review of Delinquent Loan Investments
 - reporting from the Seller and the Servicer as required under the Loan Sale and Servicing Deed, and
 - any other relevant matters relating to the Fund.
- Reviewing and spot-checking matters in relation to any conflicts of interest between the various DirectMoney entities and their roles undertaken in respect of the Fund.
- Analysing and reporting incidents and breaches as and when they occur.
- The Investment Manager's obligation to advise the Responsible Entity regarding the need to make disclosures to Investors if the Investment Manager becomes aware of matters relating to the Fund that may be considered to be material to its operations or Investors' interests.
- The Investment Manager's segregated responsibilities, including managing conflicts of interest between the various DirectMoney entities and the Fund.
- Periodic Investor reporting.
- Annual due diligence on the Investment Manager.
- Financial reporting.
- Meetings with the Investment Manager on an ad-hoc basis.
- Reviewing monthly Fund Reports provided by the Investment Manager.

SECTION 7 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 member 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.fido.asic.gov.au) has a managed funds fee calculator to help you check out different fee options.

7.1 FEES AND OTHER COSTS

This section shows fees and other costs that you may be charged, and are inclusive of the net effect of GST. These fees and costs are deducted from the assets of the Fund as a whole. Information with respect to taxes is set out in Section 8. You should read all information about fees and costs as it is important to understand their impact on your investment.

Type of fee or cost	Amount	How and when paid
Fees when money moves in or out of the Fund		
Establishment fee: The fee to open your investment.	Nil	Not applicable
Contribution fee: The fee on each amount contributed to your investment.	Nil	Not applicable
Withdrawal fee: The fee on each amount you take out of your investment.	Nil	Not applicable
Exit fee: The fee to close your investment	Nil	Not applicable

Type of fee or cost	Amount	How and when paid
Management costs		
The fees and costs for managing your investment	Investment management fee – 1.79375% per annum of the gross value of the assets of the Fund from time to time.	This fee accrues daily and is payable to the Responsible Entity monthly in arrears out of the Fund's assets. It is accounted for in the price of Units and is not charged directly to Investors. The Responsible Entity pays this fee to the Investment Manager.
	Fund administration fee – 1.045% per annum of the gross value of the assets of the Fund from time to time.	This fee accrues daily and is payable to the Responsible Entity monthly in arrears out of the Fund's assets. It is accounted for in the price of Units and is not charged directly to Investors. The Responsible Entity pays itself, the Fund Administrator, the Fund's auditor, other service providers and the Fund's expenses (excluding Abnormal Expenses) out of this fee. Any balance remaining after the payment of these expenses will be paid to the Investment Manager.
	Termination fee – The total amount of the investment management fees that the Investment Manager would have received had it been the investment manager of the Fund for a period of 5 years as from the date of termination.	This is a contingent fee and may never be paid. However, if payable, this fee is payable to the Investment Manager out of the Fund's asset on the date of termination of the Investment Manager. Further information about the circumstances in which this fee will be payable are contained in Section 7.3(3) below.
	Removal fee – The amount of the removal fee is the amount of the fund administration fee that the Responsible Entity would have received if it had remained the responsible entity of the Fund for 3 years from 14 May 2015. The amount of the removal fee is determined based on the gross value of the assets of the Fund at the time that the removal fee becomes payable.	This is a contingent fee and may never be paid. However, if payable, this fee is payable to the Responsible Entity out of the Fund's assets on the day immediately before the Responsible Entity is removed. Further information about the circumstances in which this fee will be payable are contained in Section 7.3(4) below.
	Expenses – The operating costs and expenses of the Fund are paid out of the fund administration fee other than Abnormal Expenses.	
Service fees		
Investment switching fee: The fee for changing investment options.	Nil	Not applicable

SECTION 7 FEES AND OTHER COSTS

7.2 EXAMPLE OF ANNUAL FEES AND COSTS FOR THE FUND

This table gives an example of how the fees and costs for the Fund can affect your investment over a 1 year period.

You should use this table to compare this product with other managed investment products.

Example		Balance of \$50,000 with a contribution of \$5,000 during the year
Contribution fee	Nil	For every additional \$5,000 you put in, you will be charged Nil.
PLUS Management costs	2.83875% ¹	And , for every \$50,000 you have in the Fund, you will be charged \$1,419.38 each year ¹ .
Equals Cost of Fund		If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged fees of: \$1,419.38 to \$1,561.31 ²

Notes:

1. This amount represents the Responsible Entity's reasonable estimate of the annual management costs for the Fund (i.e., 1.79375% for the investment management fee plus 1.045% for the fund administration fee) and assumes any Excess Expenses will be paid by the Investment Manager. Assumes no Abnormal Expenses.
2. Depending on the time during the year when you make the additional contribution.

7.3 ADDITIONAL EXPLANATION OF FEES AND COSTS

(1) Investment management fee

This is the fee for managing your investment and is paid to the Responsible Entity, who will then pay this fee to the Investment Manager. The investment management fee is 1.79375% per annum of the gross value of the assets of the Fund from time to time. This fee is accrued daily and is paid monthly in arrears from the Fund's assets.

(2) Fund administration fee

This is the fee for fund administration services and is paid to the Responsible Entity. This fee is 1.045% per annum of the gross value of the assets of the Fund from time to time.

This fee is accrued daily and is paid monthly in arrears from the Fund's assets.

The Responsible Entity pays itself, the Fund Administrator, the Fund's auditor, other service providers and the expenses of the Fund (excluding Abnormal Expenses) out of this fee. Any balance remaining after the payment of these parties and expenses will be paid to the Investment Manager.

(3) Termination fee

Under the Investment Management Agreement, the Investment Manager is entitled to be paid a termination fee if the Investment Manager's appointment is terminated by the Responsible Entity in either of these circumstances –

- where the Responsible Entity decides to terminate the Investment Manager's appointment in circumstances where it ceases to be the responsible entity of the Fund, or
- a Special Resolution is passed by Investors at a properly convened Investors' meeting directing the Responsible Entity to terminate the Investment Manager's appointment.

If this termination fee becomes payable, then the amount of this fee will be the total amount of the investment management fees that the Investment Manager would have received had it been the investment manager of the Fund for a period of 5 years as from the date of termination. The future investment management fees payable to the Investment Manager at the time of calculation of the termination fee are determined on the basis of the gross value of the assets of the Fund as at the date of the Investment Manager's termination.

If the termination fee becomes payable then it will be an expense of the Fund and must be paid for out of the assets of the Fund.

The termination of the Investment Manager and the appointment of a new investment manager (if any) will not be effective until the termination fee has been paid.

An example of the termination fee is as follows.

In this example it is assumed that the gross value of the assets of the Fund is \$50,000,000 at the time the Investment Manager's appointment is terminated.

The termination fee would be calculated as follows: $\$50,000,000 \times 1.79375\% \times 5 = \$4,484,375$.

Therefore, here the Investment Manager would be entitled to a termination fee of \$4,484,375.

The example above is provided for illustrative purposes only, and does not represent any actual or prospective termination fee amount. You should not rely on this example in determining whether to invest in the Fund.

(4) Removal fee

The Responsible Entity will charge a removal fee if –

- it is removed as responsible entity of the Fund within 3 years of 14 May 2015, other than for gross negligence or for a breach of a fiduciary duty to Investors which causes them substantial loss, or
- it retires as responsible entity of the Fund within 3 years of 14 May 2015 at the request of the Investment Manager in accordance with the Investment Management Agreement.

This fee will represent the amount of the fund administration fee that the Responsible Entity would have received if it had remained the responsible entity of the Fund for 3 years from 14 May 2015. The amount of the fund administration fee the Responsible Entity is entitled to be paid is the greater of 0.13585% per annum of the gross value of the Fund's assets and \$89,661 per annum in the Fund's first year with annual CPI increases. The amount of the removal fee is determined based on the gross value of the assets of the Fund at the time that the removal fee becomes payable.

An example of the removal fee is as follows.

In this example it is assumed that the removal fee becomes payable 18 months after 14 May 2015 and at that time the gross value of the assets of the Fund is \$70,000,000.

Here the Responsible Entity would be entitled to a removal fee of \$142,642.50. The removal fee would be calculated as follows: $(\$70,000,000 \times 0.13585\%)/12 \times 18 = \$142,642.50$.

The example above is provided for illustrative purposes only, and does not represent any actual or prospective removal fee amount. You should not rely on this example in determining whether to invest in the Fund.

SECTION 7 FEES AND OTHER COSTS

(5) Operating costs and expenses

The operating costs and expenses (excluding Abnormal Expenses) are included in the fund administration fee of 1.045% per annum of the gross value of the assets of the Fund from time to time.

The Investment Manager estimates that, until such time as the Fund reaches a substantial size, the Fund's operating costs and expenses (excluding Abnormal Expenses) will exceed the fund administration fee. Operating costs and expenses of the Fund in excess of the fund administration fee (excluding Abnormal Expenses) are referred to as **Excess Expenses**.

The Investment Manager has agreed to pay any Excess Expenses from its own resources. Therefore to the extent necessary the Investment Manager has agreed to use or waive any fee due to it, or pay additional amounts to the Responsible Entity, to ensure that any Excess Expenses are met. This obligation is contained in the Investment Management Agreement, and the DirectMoney Parent has guaranteed it.

However, should the Investment Manager fail to meet any Excess Expenses, or the DirectMoney Parent fail to honour its guarantee of the Investment Manager's obligation to do so, then any Excess Expenses will be charged to the Fund itself. Investors should be aware that in such circumstances the management costs charged to the Fund will be higher than those disclosed in the example at Section 7.2 of this PDS.

Investors should note that if the Investment Manager does not bear the Excess Expenses, or if the DirectMoney Parent fails to honour its guarantee of the Investment Manager's obligation to do so, then in accordance with its duty to Investors the Responsible Entity will assess the ongoing viability of the Fund, which could result in the Fund being wound up.

(6) Abnormal Expenses

The fund administration fee will not be used to pay Abnormal Expenses, nor will they be paid by the Investment Manager. Abnormal Expenses are costs and expenses not generally incurred during the day-to-day operation of the Fund and are not necessarily incurred in any given year. Abnormal Expenses are due to abnormal events and may include (but are not limited to) the cost of convening and hosting a meeting of Investors, preparing a new offer document for the Fund, legal costs incurred by changes to the Constitution or commencing or defending legal proceedings. These costs and expenses will be paid from the assets of the Fund as and when they are incurred.

(7) Stamp duty on Loan Investments

Stamp duty will not apply to the acquisition of Loan Investments by the Fund in New South Wales, Victoria, Tasmania, the Australian Capital Territory, Northern Territory, Western Australia or South Australia. There is a possibility duty may apply in Queensland. If duty is payable in Queensland then this will be an expense of the Fund.

If payable, stamp duty on Loan Investments acquired by the Fund in Queensland would be calculated based on the tiered rate of duty payable in Queensland, the amount of which is dependent on the value of the transaction.

By way of example in Queensland, on the assumption that stamp duty is payable and that all Loan Investment transactions made over a period (say, 12 months) were aggregated, if the Fund acquired Loan Investments sourced from Queensland with a total purchase price of \$1,000,000 attributable to Queensland sourced Loan Investments acquired during that period, then based on the rates of duty as at the date of this PDS, the amount of stamp duty payable would be \$38,025.

The example above is provided for illustrative purposes only, and does not represent any actual or prospective duty. You should not rely on this example in determining whether to invest in the Fund.

(8) Goods and services tax (GST)

Unless otherwise stated, all fees set out in this Section 8 are inclusive of GST and less applicable reduced input tax credits.

The Fund may not be entitled to claim a full input tax credit in all instances. Further information on the tax implications associated with an investment in the Fund can be found in Section 8 of this PDS.

(9) Waiver or deferral of fees

The Responsible Entity and the Investment Manager may, in their discretion, accept lower fees and expenses than they are entitled to receive, or may defer payment of those fees and expenses for any time. If payment is deferred, then the fee will accrue until paid.

(10) No fees payable to the Seller, Servicer, DirectMoney Parent, or Credit Manager

There are no fees payable to the Seller, Servicer, DirectMoney Parent, or Credit Manager by the Fund.

(11) Changes to fees

The Constitution allows the Responsible Entity to charge a maximum investment management fee of 2.5% per annum (plus the net effect of GST) of the gross value of the Fund's assets. However, the Responsible Entity will not increase the investment management fees from the amount disclosed in this PDS without Investors first approving that increase by passing an Ordinary Resolution at an Investor meeting.

(12) Wholesale Investors

The Responsible Entity may negotiate with 'wholesale clients' (as defined in the Corporations Act), on an individual basis, in relation to rebates on our fees in circumstances permitted by the Corporations Act or applicable relief granted by ASIC. In the event rebates are offered, they will be paid by us and therefore will not affect the fees paid by, or any distributions to, other Investors.

(13) Advice fees

Your financial adviser may charge you fees and costs in addition to those described above for providing you with initial and ongoing advice. These fees and costs are payable separately by the Investor and are not paid out of the Fund. Advice fees apply on an individually negotiated basis, so you should speak to your financial adviser about any advice fee that applies. Details of the fees and costs charged by your financial adviser, as well as the manner in which an advice fee will be paid by you, will be in the financial services guide and statement of advice which your financial adviser will give you. Always discuss fees with your financial adviser.

(14) IDPS fees

Indirect Investors should be aware that in addition to the fees and charges described above, they will also be liable to pay fees for those services as described in the offer document or guide for the IDPS.

SECTION 8

TAXATION INFORMATION

The following comments are a general summary only of the taxation matters applicable to the Fund and to Australian resident Investors for income tax purposes. The comments are based on information that is current at the date of issue of this PDS. There are tax implications that arise when investing in the Fund, about which we do not provide advice. Due to the complex and fluid nature of the Australian taxation regime you should obtain professional advice regarding your own circumstances before making an investment decision.

8.1 TAXATION OF THE FUND

The Fund should be an Australian resident for income tax purposes. As such, it is required to determine its net taxable income each income year.

The Responsible Entity intends to distribute all the net taxable income of the Fund (after deducting Fund expenses including all fees and other costs) to Investors each financial year, so under current tax law the Fund will not pay income tax.

It is also intended that the Fund will distribute all net realised gains (if any) to Investors as part of the monthly distribution during the year of income. The distributable income of the Fund may include non-assessable amounts to Investors, receipt of which may have capital gains tax consequences.

8.2 TAXATION OF INVESTORS

At the end of the Fund's financial year Investors will receive a tax statement with a guide to help you complete your tax return. The tax statement will show the taxable amount of distributions (if any) to which you are entitled and the taxable amount distributed should be included in your assessable income for the year in which the distribution was made.

Distributions of non-assessable amounts (typically referred to as tax deferred amounts) are generally not subject to tax. This may arise where the Fund's distributable income is higher than its tax net income. Although the receipt of non-assessable amounts are generally not subject to tax, the receipt of certain non-assessable amounts may have capital gains tax consequences. Broadly, the receipt of certain non-assessable amounts may reduce the cost base and reduced cost base of the investor's investment in the Fund. If the cost base reduces to zero, any additional non-assessable receipts may give rise to an immediately taxable capital gain. If the cost base is not reduced to zero, the reduction to the cost base and reduced cost base may result in either an increased capital gain or a reduced capital loss on the subsequent disposal of the Units in the Fund.

All tax liability on distributions and on withdrawals from the Fund rests with Investors and therefore the Responsible Entity and the Investment Manager recommend you seek professional advice prior to investing in the Fund.

8.3 INCOME TAX

You will be assessed on your share of the net taxable income of the Fund to which you are entitled for a particular income year.

8.4 CAPITAL GAINS TAX (CGT)

The disposal of Units, either by withdrawing or transferring your investment, may lead to a CGT liability for you on any gain made. If the Units were owned for more than 12 months by an individual, trust or complying superannuation entity and the Fund and an Investor satisfy certain other requirements then the discount method of calculating the capital gain should be available to an Investor. Any capital losses arising from the disposal of the investment may be used to offset other capital gains an Investor may have derived.

However, if an Investor is carrying on a business which involves trading in Units they may be liable to pay tax on any gains made on the disposal of Units as ordinary income.

Any capital losses on the disposal of Units may be able to be offset against capital gains arising in that year or in subsequent years.

8.5 GOODS AND SERVICES TAX (GST)

The Fund is registered for GST.

Fees and expenses incurred by the Fund will generally attract GST at the rate of 10% (or any such amount as specified by the relevant Act and Regulation). Given the nature of the Fund's activities, the Fund will generally not be entitled to claim input tax credits for the full amount of the GST incurred. However, a reduced input tax credit should be available for the GST paid on the expenses incurred by the Fund. Where reduced input tax credits are available, the prescribed rate is currently 55% or 75% depending on the nature of the fee or cost incurred.

No GST obligations arise for investors on the application, redemption or transfer of units in the Fund.

Distributions made by the Fund will also not be subject to GST.

Unless otherwise stated, fees and charges quoted in this PDS are inclusive of GST. If input tax credits are unable to be claimed on behalf of the Fund the ability to recover the entire GST component of all fees and charges is retained.

The impact of GST payments and credits will be reflected in the Unit price of the Fund.

8.6 SOCIAL SECURITY

Investing in the Fund may affect your entitlement to social security benefits. If you require specific advice, please contact Centrelink, Veterans Affairs or your professional adviser.

8.7 STAMP DUTY ON UNITS

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

8.8 STAMP DUTY ON LOAN INVESTMENTS

Stamp duty will not apply to the acquisition of Loan Investments by the Fund in New South Wales, Victoria, Tasmania, the Australian Capital Territory, Northern Territory, Western Australia or South Australia. There is a possibility duty may apply in Queensland. If duty is payable in Queensland then this will be an expense of the Fund.

SECTION 8

TAXATION INFORMATION

8.9 TAX FILE NUMBER (TFN) OR AUSTRALIAN BUSINESS NUMBER (ABN) NOTIFICATION

It is not compulsory for you to quote your TFN or ABN. However, unless exemption applies, failure by an Investor to quote an ABN or TFN will result in tax being withheld by the trustee on distributions paid to the investor at the highest marginal tax rate plus Medicare levy.

By quoting their TFN or ABN on its application form for the Fund, the Investor authorises the Fund to apply it in respect of all the Investor's investment with the Fund, including disclosing it to the Australian Taxation Office. Collection of TFN or ABN information is authorised, and its use and disclosure is strictly regulated by the tax laws and under privacy legislation.

8.10 CURRENT TAX TRUST REFORMS

The Australian Government is currently in the process of developing new trust tax reforms. The main focus of the trust tax reforms are –

- A new tax system for managed investment trusts
- Definition of fixed trusts, and
- Taxation of trust income.

The proposed changes are not expected to have a significant impact on the Fund. However, if the proposed changes do have a significant impact, Investors will be advised by the Fund.

8.11 PRODUCT RULING

A product ruling has neither been sought by the Fund nor issued by the ATO in respect of the Offer.

SECTION 9

FREQUENTLY ASKED QUESTIONS

The Fund is a new type of product in the Australian market. Therefore, the following section has been included to provide potential Investors with answers to some of the most frequently asked questions about the Fund.

If any of the answers provided require further factual clarification or expansion, then please contact your financial adviser or the Investment Manager on 02 9252 2888.

The following FAQs are a guide only and are not a substitute for proper advice or for making a decision to invest in the Fund.

You must take responsibility for your own investment decision and to this end, we strongly recommend you obtain independent advice before making any decision to invest in the Fund.

FAQ 1. WHAT DOES THE FUND INVEST IN?

The Fund invests in Loan Investments, which are equitable interests in Australian fixed rate unsecured personal loans. Loan Investments have loan terms of either 3 or 5 years and all provide for fixed monthly repayments, comprised of principal and interest, with a minimum loan amount of \$5,000 and a maximum loan amount of \$36,500. Loan Investments entitle the Fund to receive all of the principal repayments and a portion of the monthly interest repayments made by borrowers.

FAQ 2. WHAT ARE THE RISKS ASSOCIATED WITH INVESTING IN THE FUND?

Please refer to Section 4 titled 'Risks' in this PDS. You may also choose to discuss these issues with your financial adviser.

FAQ 3. HOW MUCH DO I NEED TO INVEST?

\$10,000 is the minimum investment for the Fund. There is then a minimum of \$5,000 per subsequent application that you make for Units in the Fund. There is no maximum amount, although the Responsible Entity reserves the right to decline an application in its absolute discretion if it considers it appropriate to protect the interests of all Investors.

FAQ 4. DO MY RETURNS CHANGE DEPENDING ON HOW MUCH MONEY I INVEST?

The rate of return is the same regardless of whether you invest \$10,000 or \$1 million. However, the Responsible Entity reserves the right to charge differential fees to wholesale investors.

FAQ 5. HOW CAN I WITHDRAW MY INVESTMENT FROM THE FUND?

You can make a withdrawal request by completing and lodging a Withdrawal Request Form, available at www.directmoney.com.au and at www.oneinvestment.com.au/dm. If your withdrawal request is accepted, then 1/36th of your Units as at that date (subject to minor rounding) will be redeemed in the first month. Unless you instruct otherwise, 35 further Automatic Withdrawal Requests will then be deemed to have been automatically made by you. Therefore, at the end of the 36 month withdrawal period you will have received 36 monthly withdrawal payments.

SECTION 9 FREQUENTLY ASKED QUESTIONS

FAQ 6. DOES DIRECTMONEY ORIGINATE ALL OF ITS OWN LOANS?

Yes. All loans will be written by the Seller through its online lending platform and its third party broker network.

FAQ 7. HOW OFTEN WILL I RECEIVE DISTRIBUTIONS?

The current intention is that distributions will be paid monthly, usually within 10 Business Days after the last day of each month, except for the month of June where distributions for that month will be paid within 2 months of 30 June.

FAQ 8. WHAT HAPPENS IF A BORROWER FAILS TO MAKE PAYMENTS?

If a borrower does not make a monthly payment of either principal or interest in full by the due date, and then does not make that payment within a further 35 days, the Loan Investment will become a Delinquent Loan Investment. In addition, a Loan Investment will become a Delinquent Loan Investment if the borrower enters or takes steps to enter a Part IX or Part X agreement under the Bankruptcy Act. Delinquent Loan Investments may be sold to a third party, to the Seller or may be retained by the Fund. See Section 3.17 for more information on how Delinquent Loan Investments are managed.

SECTION 10

ADDITIONAL INFORMATION

10.1 CONFLICTS OF INTEREST

(1) The Responsible Entity

The Responsible Entity of the Fund may from time to time face conflicts between its duties to the Fund as responsible entity, its duties to other funds that it manages and its own interests. The Responsible Entity will manage any conflicts in accordance with its conflicts of interest policy, the Constitution, ASIC policy and the law.

None of the Investment Manager, the Seller, the Servicer, the Credit Manager or the DirectMoney Parent is a related party of the Responsible Entity. The contractual arrangements between the Responsible Entity on the one hand and the Investment Manager, the Seller, the Servicer, the Credit Manager and the DirectMoney Parent on the other hand are negotiated at arm's length between the parties.

The Responsible Entity may from time-to-time enter into other transactions with related entities. All transactions will be effected at market rates or at no charge, and in accordance with the Corporations Act.

The Responsible Entity has appointed an associated company, Unity Fund Services Pty Ltd, for fund accounting and taxation services. The Responsible Entity has also appointed a related party, One Registry Services Pty Ltd (ACN 141 757 360), for Unit registry services in respect of the Fund. The Responsible Entity has appointed these parties in consultation with, and with agreement from, the Investment Manager.

The Responsible Entity has a policy on proposed or potential related party transactions, to ensure that any actual or potential conflicts of interest are identified and appropriately dealt with. A copy of the Responsible Entity's policy on related party transactions is available by contacting the Responsible Entity on (02) 8277 0000.

(2) The DirectMoney Parent, Investment Manager, the Seller and the Servicer

The DirectMoney Parent, Seller, Investment Manager and Servicer may from time to time –

- represent or act for, or contract with, their affiliates and associates
- deal in any capacity with the same type of investments as that of the Fund, on similar or different terms
- act in various capacities in relation to, or be otherwise involved in, other business activities that may be in competition with the interests of Investors, and
- receive and retain profits or benefits in connection with the Fund and may do so without being liable to account to the Fund or Investors.

(3) Acting for other accounts

The DirectMoney Parent, Seller, Investment Manager and Servicer may act in similar capacities and may act as promoter for other funds, accounts and loans.

SECTION 10

ADDITIONAL INFORMATION

(4) The Seller's conflicts of interests policy

The Seller has in place a conflicts of interest policy which covers its activities and those of its associates, including activities associated with the operation of the Fund. The Seller identifies and manages any perceived or potential conflicts of interest, which include but are not limited to the above, that may arise in the manner identified in its policy.

The policy and the related procedures require, among other things:

- the identification of actual or potential conflicts and the reporting of those to the Seller's board and the Seller's compliance officer;
- the establishment and maintenance of a register of conflicts;
- the consideration of the register by the board of the Seller; and
- the identification of actual or potential conflicts in relation to the operation of the Fund and their management by the Investment Manager, and the reporting of those to the Responsible Entity on at least a quarterly basis.

The DirectMoney Parent, Seller, Investment Manager and Servicer share common staff and some common Board directors. For the purpose of these entities ongoing commercial relationship with the Fund as outlined in this PDS, certain staff have been individually allocated to represent the interests and act for each of these legal entities. This allocation of responsibility and separation of duties (includes physical separation and segregation of staff and 'chinese wall' systems and processes) provides a system of check and balances and allows the Responsible Entity to efficiently communicate with staff within the DirectMoney group.

10.2 INTERESTS OF THE DIRECTMONEY PARENT, INVESTMENT MANAGER, THE SELLER AND THE SERVICER

The DirectMoney Parent, Investment Manager, Seller and Servicer may deal in loans, loan applications and other related matters with parties other than the Fund and may receive fees in relation to such transactions. Any such fees will be retained by the relevant entity and will not belong to the Fund.

For example the Seller will receive loan application fees from successful borrowers, however the Seller is responsible for writing loans to borrowers and will incur costs in doing so. These costs are borne by the Seller and are not passed onto the Fund.

10.3 CHANGE OF RESPONSIBLE ENTITY

A change of responsible entity requires Investors to approve an Extraordinary Resolution to give effect to the replacement.

10.4 CHANGE OF SERVICER

The Responsible Entity has a number of rights under the Loan Sale and Servicing Deed by which it can terminate the services of the Servicer.

Under the Loan Sale and Servicing Deed, the Responsible Entity may terminate all or any part of the services of the Servicer if an 'event of default' occurs. Examples of such 'events of default' include where the Servicer becomes insolvent, there is a change of control of the Servicer without the Responsible Entity's consent and where the Servicer fails to perform any provision of the Loan Sale and Servicing Deed and that failure is not rectified within a specified period.

10.5 CHANGE OF INVESTMENT MANAGER

The Responsible Entity has a number of rights under the Investment Management Agreement by which it can terminate the services of the Investment Manager. A summary of the Investment Management Agreement is contained in Section 10.9.

10.6 FUND ADMINISTRATOR

The Responsible Entity has appointed Unity Fund Services Pty Ltd as Fund Administrator pursuant to the Fund Administration Agreement.

10.7 FUND AUDITOR

Pitcher Partners Sydney has been appointed by the Responsible Entity to audit and report on the accounts of the Fund.

10.8 REPORTING

Reporting will include the following:

- advice as to whether your application for Units has been accepted;
- an investment confirmation upon issuing Units;
- monthly income distribution detailing your investment and distributions paid to you; and
- an annual tax statement detailing information required for inclusion in your annual income tax return.

Annual and half-year financial reports will be made available at www.oneinvestment.com.au/dm. They will not be sent to you unless requested.

Information on the Fund will also be available on www.directmoney.com.au, including Fund Reports.

Changing your details

If you wish to change any of the details of your Investor account please provide written instructions to the Fund Administrator by sending them to:

One Managed Investment Funds Limited as responsible entity for the DirectMoney Personal Loan Fund
PO Box R1479
Royal Exchange NSW 1225

When providing written instructions please adhere to the following procedure:

- (1) State the full name in which your Units are held.
- (2) State your unique Investor number.
- (3) Clearly state the changes you are requesting.
- (4) Provide a contact name and day-time telephone number.
- (5) Ensure the appropriate signatories sign the request.

You may also be required to provide additional documentation to amend some records, such as changes of name and bank account details. Please call (02) 8188 1510 for more information.

SECTION 10

ADDITIONAL INFORMATION

10.9 IMPORTANT AGREEMENTS

Constitution

The Constitution is the primary document that governs the way the Fund operates and sets out many of the rights, liabilities and responsibilities of both the Responsible Entity and Investors.

Each Unit gives you an equal and undivided interest in the Fund. However, a Unit does not give you an interest in any particular part of the Fund. Subject to the Constitution, as an Investor you have the following rights:

- The right to share in any distributions.
- The right to attend and vote at meetings of Investors.
- The right to participate in the proceeds of winding up of the Fund.

The Constitution contains provisions about convening and conducting meetings of Investors.

The Responsible Entity can amend the Constitution without Investors' approval provided it reasonably considers the change will not adversely affect Investors' rights.

The Constitution can also be amended by a Special Resolution passed by Investors.

A copy of the Constitution is available free of charge by contacting the Responsible Entity on (02) 8277 0000.

Loan Sale and Servicing Deed

The Loan Sale and Servicing Deed sets out the terms on which the Seller may offer to sell Loan Investments to the Responsible Entity from time-to-time.

In particular, the Loan Sale and Servicing Deed provides that only loans which are current, that is loans where the repayment of principal and the payment of interest are not in arrears, will be offered for sale to the Fund as Loan Investments by the Seller. Additionally, at least 1 payment must have already been made on a loan before it is eligible for sale as a Loan Investment.

The Responsible Entity may refuse to purchase Loan Investments in the event the Responsible Entity does not consider it to be in the best interests of the Fund or the Investors as a whole. In addition, the Responsible Entity can refuse to purchase Loan Investments where the Threshold Rate has been reached or exceeded, or where the Responsible Entity believes (on the advice of the Investment Manager) that the Threshold Rate will be reached or exceeded in the near future.

The Loan Sale and Servicing Deed includes provisions that allow the Responsible Entity to sell purchased Loan Investments that have become Delinquent Loan Investments. The Investment Manager is responsible for supervising this process on behalf of the Fund.

The Loan Sale and Servicing Deed requires the Seller to buy back Delinquent Loan Investments which are underpinned by loans which were made in breach of the Seller's credit assessment or fraud prevention procedures.

The Loan Sale and Servicing Deed also requires the Seller to buy back a Loan Investment where there has been a complaint in relation to the underlying loan by the relevant borrower, including a complaint that the relevant loan has been made in breach of the NCCP Act. Additionally, the Loan Sale and Servicing Deed obliges the Seller to buy back a Loan Investment where the relevant borrower has applied for a variation of the loan on the grounds of hardship.

The Loan Sale and Servicing Deed provides for the appointment of the Servicer and sets out the terms on which the Servicer must service the purchased Loan Investments. The Loan Sale and Servicing Deed allows the Responsible Entity to terminate the services of the Servicer in certain circumstances.

As mentioned above, the Responsible Entity may terminate all or any part of the services of the Servicer if an 'event of default' occurs in respect of the Servicer. Examples of such 'events of default' include where the Servicer becomes insolvent, there is a change of control of the Servicer without the Responsible Entity's consent and where the Servicer fails to perform any provision of the Loan Sale and Servicing Deed and that failure is not rectified within a specified period.

Under the Loan Sale and Servicing Deed, the DirectMoney Parent has provided a guarantee and indemnity in respect of the obligations of the Seller, the Investment Manager, the Servicer and the Credit Manager.

Investment Management Agreement

The Investment Management Agreement is between the Responsible Entity and the Investment Manager under which the Investment Manager provides investment management services to the Fund.

The Investment Management Agreement sets out the Investment Manager's obligations to the Responsible Entity and to the Fund. The agreement also contains the fees payable to the Investment Manager for its services as well as the Investment Manager's termination fee, if applicable. These fees are explained in Section 7 of the PDS.

The Investment Manager is responsible for the day to day operation of the Fund, and has a number of duties and obligations in this regard, which are contained in the Investment Management Agreement. Please see Section 6 for a summary of these duties and obligations.

The Investment Management Agreement will remain in force until the Fund is wound up, unless the agreement is terminated earlier in accordance with its provisions.

There are a number of grounds upon which the Responsible Entity can terminate the agreement, including, for example, if the Investment Manager becomes insolvent. In addition, the agreement may be terminated if a Special Resolution is passed by Investors at a correctly convened meeting directing the Responsible Entity to terminate the Investment Manager's appointment.

The Investment Manager is permitted to terminate the agreement in certain circumstances, such as if the Responsible Entity ceases to be the responsible entity for the Fund.

The DirectMoney Parent has provided a guarantee and indemnity in relation to the Investment Manager's obligations under the Investment Management Agreement.

Fund Administration Agreement

This agreement is between the Responsible Entity and the Fund Administrator, under which the Fund Administrator provides administration services for the day to day operation of the Fund. These services include fund accounting, Unit pricing, Unit registry services, taxation services and preparation of statutory accounts.

General Security Agreement

This agreement is between the Responsible Entity and the Credit Manager, under which the Credit Manager grants a security interest over all of its current and after-acquired property to secure the payments out of the Loan Investment Reserve Account.

SECTION 10

ADDITIONAL INFORMATION

Subordination Deed

This agreement is between the Responsible Entity, the Credit Manager and the Seller. Under this agreement the Seller subordinates all or its rights to repayment of the Seller Loan to the Responsible Entity's rights to be paid amounts owed to it by the Credit Manager.

Account Bank Deed

This agreement is between the Responsible Entity, the Credit Manager and the bank that holds the Loan Investment Reserve Account (**Account Bank**). Under this agreement, the Credit Manager irrevocably authorises the Account Bank to act on the directions of the Responsible Entity regarding the Loan Investment Reserve Account.

10.10 CONTINUOUS DISCLOSURE

In certain circumstances, such as if the Fund has 100 or more Investors, it will be regarded as a 'disclosing entity' for the purposes of the Corporations Act, and will be subject to regular reporting and disclosure obligations. If the Fund becomes a disclosing entity, the Responsible Entity will comply with its obligations under the Corporations Act and ASIC's good practice guidance in satisfying its continuous disclosure obligations via website notices. Information and continuous disclosure notices for the Fund will be available by going to www.oneinvestment.com.au/dm or by calling (02) 8277 0000 during business hours.

If the Fund becomes a 'disclosing entity' then it will be required to lodge half-yearly financial reports with ASIC. It is important you check our website regularly for important information about the Fund.

10.11 PRIVACY

In applying to invest, you are providing the Responsible Entity and the Investment Manager with certain personal details (your name, address etc). We use this information to establish and manage your investment.

Under the *Privacy Act 1988* (Cth), you can access the personal information we hold about you, except in limited circumstances. If you consider the information is inaccurate, incomplete or out of date, please let us know. You can also tell us at any time not to pass on your personal information by advising us in writing.

If you do not provide us with your contact details and other information, then we may not be able to process your application to invest.

Under various laws and regulatory requirements, we may be required to provide certain information to other organisations, such as the Australian Tax Office or the Australian Transaction Reports and Analysis Centre (**AUSTRAC**).

By applying to invest, you give us permission to provide information we hold about you to other companies which are involved in helping us administer the Fund, or where they require it for the purposes of compliance with AML/CTF law or in connection with the holding of Application Money such as the Responsible Entity. We may also use your information to provide you with details of future investment offers made by us.

10.12 ANTI-MONEY LAUNDERING LAW

The AML/CTF Act requires the Responsible Entity to verify your identity prior to accepting your investment. You will be required to provide the identification information set out in the Application Form. The Responsible Entity will not issue you with Units unless satisfactory identification documents are provided.

10.13 ETHICAL CONSIDERATIONS, LABOUR STANDARDS AND ENVIRONMENTAL IMPACT

Whilst the Investment Manager and the Responsible Entity intend to operate the Fund in an ethical and sound manner, the Fund's investment criteria does not include giving additional weight to labour standards, environmental, social or ethical considerations.

10.14 COOLING OFF PERIOD

As the Fund is a liquid scheme, Investors who invest less than \$500,000 in the Fund and are not otherwise a 'wholesale' investor (as defined in the Corporations Act) have a 14 day cooling off period in which to decide if the investment in the Fund is suitable for their purposes. The 14 day period commences on the earlier of the date the initial investment transaction advice is received by the Investor or 5 days after the day on which the Units were issued.

The amount of the refund will be based on the Unit price calculated on the next month end following receipt of the cooling off request, less any non-refundable tax or duty paid or payable and any reasonable administration or transaction costs. Therefore the amount refunded to an Investor may be less than the amount initially invested.

Cooling off rights will not apply in certain circumstances, such as if an Investor is making additional investments or where the investment is made through an investment platform. Cooling off rights are also not available if the Fund were to become a non-liquid scheme. The Fund will only be liquid if liquid assets account for 80% or more of the value of the Fund's assets. Assets are liquid if the Responsible Entity reasonably expects them to be able to be realised for market value within the time provided in the Constitution for satisfying withdrawal requests while the Fund is liquid.

10.15 COMPLAINTS HANDLING

The Responsible Entity has procedures in place to properly consider and deal with any complaints received in accordance with the Constitution. The Responsible Entity will acknowledge a complaint, investigate it and decide what action needs to be taken. The Responsible Entity will notify a complainant of its decision together with any remedies that are available under the Constitution or other avenues of redress or appeal.

If you have a complaint in relation to the Fund, please contact the Complaints Officer of the Responsible Entity at PO Box R1471 Royal Exchange NSW 1225 (Phone: (02) 8277 0000 Email: complaints@oneasset.com.au). The Responsible Entity will ensure that the complaint receives proper consideration and will communicate with the complainant as soon as possible (and in any event, within 45 days after receipt of the complaint).

If your complaint is not resolved within 45 days or you are unsatisfied with the Responsible Entity's determination, then you may have the right to complain to the Financial Ombudsman Service at GPO Box 3, Melbourne, Victoria 3001 or by calling 1300 780 808. ASIC also has an infoline (1300 300 630) to obtain further information about your rights.

SECTION 10 ADDITIONAL INFORMATION

Indirect Investors must contact their IDPS operator if they wish to make a complaint or if they are unsatisfied with how a complaint has been handled.

10.16 UNIT PRICING POLICY

The Responsible Entity has a Unit pricing policy for the Fund, which explains how it may exercise any discretion it has under the Constitution when calculating the price of Units.

A copy of the Fund's Unit pricing policy is available by contacting the Responsible Entity on (02) 8277 0000.

10.17 FOREIGN ACCOUNT TAX COMPLIANCE ACT (FATCA)

FATCA is United States (US) tax legislation that enables the US Internal Revenue Service to identify and collect tax from US residents that invest in assets through non-US entities. If you are a US resident for tax purposes, you should note that the Fund is or is expected to be a 'Foreign Financial Institution' under FATCA and it intends to comply with its FATCA obligations, as determined by either the FATCA regulations or any inter-governmental agreement entered into by Australia and the US for the purposes of implementing FATCA. Under these obligations, the Fund will have to obtain and disclose information about certain Investors to the ATO. In order for the Fund to comply with its obligations, we will also request that you provide certain information about yourself, including your US Taxpayer Identification Number. We will only use such information for this purpose from the date the Fund is required to do so.

10.18 CONSENTS

DirectMoney Investment Management Pty Ltd has given its written consent to be named in this PDS in the form and context in which it is named and has not withdrawn its consent prior to the date of the PDS.

DirectMoney Finance Pty Ltd has given its written consent to be named in this PDS in the form and context in which it is named and has not withdrawn its consent prior to the date of the PDS.

DirectMoney Loans Servicing Pty Ltd has given its written consent to be named in this PDS in the form and context in which it is named and has not withdrawn its consent prior to the date of the PDS.

DirectMoney Credit Management Pty Ltd has given its written consent to be named in this PDS in the form and context in which it is named and has not withdrawn its consent prior to the date of the PDS.

DirectMoney Limited has given its written consent to be named in this PDS in the form and context in which it is named and has not withdrawn its consent prior to the date of the PDS.

McMahon Clarke has given its written consent to be named in this PDS in the form and context in which it is named and has not withdrawn its consent prior to the date of the PDS.

Unity Fund Services Pty Ltd has given its written consent to be named in this PDS in the form and context in which it is named and has not withdrawn its consent prior to the date of the PDS.

One Registry Services Pty Ltd has given its written consent to be named in this PDS in the form and context in which it is named and has not withdrawn its consent prior to the date of the PDS.

Pitcher Partners Sydney has given its written consent to be named in this PDS in the form and context in which it is named and has not withdrawn its consent prior to the date of the PDS.

SECTION 11

GLOSSARY

Abnormal Expenses	Expenses which are not generally incurred during the day-to-day operation of the Fund.
AFS Licence	Australian financial services licence.
AML/CTF	Anti-money laundering and counter-terrorism financing.
AML/CTF Act	The <i>Anti-Money Laundering and Counter-Terrorism Financing Act 2006</i> (Cth), for the time being in force together with the regulations.
Application Form	The form attached to this PDS.
Application Money	The money paid by an applicant for Units.
Assigned Interest Portion	The portion of the monthly interest payments that the Fund is entitled to receive as part of the purchase of a Loan Investment.
ASIC	The Australian Securities and Investments Commission.
ATO	Australian Taxation Office.
ADI	Authorised deposit-taking institution.
Automatic Withdrawal Request	A monthly withdrawal request automatically made by the Investor following the lodgment of a Withdrawal Request Form, without the need for the Investor to complete and lodge another Withdrawal Request Form.
Bankruptcy Act	<i>The Bankruptcy Act 1966</i> (Cth), for the time being in force together with the regulations.
Business Day	A day on which banks are open for business in Sydney, except a Saturday, Sunday or public holiday.
CIO	Credit and Investments Ombudsman.
Constitution	The constitution of the Fund dated 14 October 2014, as amended from time to time.
CPI	Consumer price index.
Corporations Act	The <i>Corporations Act 2001</i> (Cth), for the time being in force together with the regulations.
Credit Manager	DirectMoney Credit Management Pty Ltd.
Dealing Day	Wednesday of each week.
Delinquent Loan Investment	A Loan Investment where the borrower: <ol style="list-style-type: none"> (1) has not made a monthly principal or interest payment by the due date and then does not make that payment within a further 35 days; or (2) enters or takes steps to enter a Part IX or Part X debt settlement agreement under the Bankruptcy Act.
DirectMoney Parent	DirectMoney Limited.

SECTION 11

GLOSSARY

Direct Investor	An applicant who applies for Units pursuant to this PDS directly (rather than indirectly through an IDPS).
Excess Expenses	Operating costs and expenses of the Fund in excess of 1.045% per annum of the gross value of the assets of the Fund (excluding Abnormal Expenses).
Extraordinary Resolution	A resolution which requires at least 50 percent of the votes cast in favour of the resolution by Investors entitled to vote on the resolution, including Investors who are not present in person or by proxy.
Fund	DirectMoney Personal Loan Fund ARSN 602 325 628.
Fund Administration Agreement	The fund administration agreement between the Responsible Entity and the Fund Administrator, as amended from time to time.
Fund Administrator	Unity Fund Services Pty Ltd.
Fund Report	A report pertaining to the current status of the Fund prepared by the Investment Manager.
GST	Goods and Services Tax as defined in <i>A New Tax System (Goods and Services Tax) Act 1999</i> , as amended
IDPS	An investor directed portfolio service, such as a master trust, wrap account or nominee and custody service.
Indirect Investor	An applicant who invests in the Fund through an IDPS by directing the operator of the IDPS to acquire Units on its behalf.
Industry Parameters	The range of current legal and commercial standards utilised and adhered to by credit providers who make unsecured personal loans to borrowers in Australia, having regard to the requirements of the NCCP Act, public guidance issued from time to time by ASIC, and standard commercial practice within this industry.
Investor	A person who holds Units.
Investment Manager	DirectMoney Investment Management Pty Ltd.
Investment Management Agreement	The investment management agreement between the Responsible Entity and the Investment Manager, as amended from time to time.
Loan Investments	Equitable interests in Australian fixed rate unsecured personal loans made by the Seller that provide for monthly repayments of principal and interest.
Loan Investment Loss Rate	The expected rate of loan losses on all Loan Investments held by the Fund.
Loan Investment Reserve Account	The bank account held, operated and maintained by the Credit Manager in which the Retained Interest Portion is held.
Loan Sale and Servicing Deed	The loan sale and servicing deed between the Responsible Entity, the Investment Manager, the Seller, the Servicer, the Credit Manager and the DirectMoney Parent.

Loan Warehouse	The pool of loans maintained by the Seller on its balance sheet out of which Loan Investments are sold to the Fund.
Material Breach	A breach of law or of the Seller's credit assessment procedures or fraud prevention procedures which either – (1) gives rise to the possibility of a claim by a borrower for compensation, or (2) results in the underlying loan being or becoming legally unenforceable (in whole or in part).
Minimum Holding	The minimum number of Units that an Investor must hold in the Fund, which is 5,000 Units.
NCCP Act	The <i>National Consumer Credit Protection Act 2009</i> (Cth), for the time being in force together with the regulations.
Offer	The offer of Units under this PDS.
Ordinary Resolution	A resolution which requires at least 50% of the votes cast in favour of the resolution by Investors present at the meeting (either in person or by proxy).
PDS	This product disclosure statement, including any supplementary PDS which may be issued.
RBA	Reserve Bank of Australia.
Retained Interest Portion	The portion of the monthly interest payments that the Fund is not entitled to receive as part of the purchase of a Loan Investment.
Responsible Entity	One Managed Investment Funds Limited.
Seller	DirectMoney Finance Pty Ltd.
Seller Loan	The sum of up to \$200,000 which the Seller has agreed to lend to the Credit Manager to provide an immediate reserve of funds in the Loan Investment Reserve Account.
Servicer	DirectMoney Loans Servicing Pty Ltd.
Special Resolution	A resolution which requires at least 75% of the votes cast in favour of the resolution by Investors entitled to vote on the resolution including Investors who are not present in person or by proxy.
Threshold Rate	A loss rate on Loan Investments equal to 10% per annum, calculated on a rolling annualised basis.
Unit	A unit in the Fund.
Withdrawal Cancellation Form	The form by which an Investor makes a request to cease processing Automatic Withdrawal Requests.
Withdrawal Request	The request for a withdrawal as made by an Investor to the Responsible Entity.
Withdrawal Request Form	The form by which an Investor makes a Withdrawal Request.

SECTION 12 DIRECTORY

RESPONSIBLE ENTITY

One Managed Investment Funds Limited

Level 11, 20 Hunter Street
Sydney NSW 2000
Telephone: (02) 8277 0000
Facsimile: (02) 8580 5700
Website: www.oneinvestment.com.au
Email: enquiries@oneinvestment.com.au

INVESTMENT MANAGER

DirectMoney Investment Management Pty Ltd

Suite 31, Level 8, 58 Pitt Street
Sydney NSW 2000
Telephone: (02) 9252 2888
Facsimile: (02) 8076 3341
Website: www.directmoney.com.au
Email: contact@directmoney.com.au

SELLER

DirectMoney Finance Pty Ltd

Suite 31, Level 8, 58 Pitt Street
Sydney NSW 2000

SERVICER

DirectMoney Loans Servicing Pty Ltd

Suite 31, Level 8, 58 Pitt Street
Sydney NSW 2000

CREDIT MANAGER

DirectMoney Credit Management Pty Ltd

Suite 31, Level 8, 58 Pitt Street
Sydney NSW 2000

DIRECTMONEY PARENT

DirectMoney Limited

Suite 31, Level 8, 58 Pitt Street
Sydney NSW 2000

FUND ADMINISTRATOR

Unity Fund Services Pty Ltd

Level 11, 20 Hunter Street
Sydney NSW 2000
Telephone: (02) 8277 0070
Facsimile: (02) 8580 5781
Website: www.unityfundservices.com.au
Email: enquiries@unityfundservices.com.au

LEGAL ADVISER

McMahon Clarke

62 Charlotte Street
Brisbane Queensland 4000
Website: www.mcmahonclarke.com

FUND AUDITOR

Pitcher Partners Sydney

15/135 King Street
Sydney NSW 2000
Website: www.pitcher.com.au





Investment Manager

DirectMoney Investment Management Pty Ltd

Suite 31, Level 8, 58 Pitt Street
Sydney NSW 2000

Telephone: (02) 9252 2888
Facsimile: (02) 8076 3341

Website: www.directmoney.com.au
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Responsible Entity

One Managed Investment Funds Limited

Level 11, 20 Hunter Street
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