



MSQUARED MORTGAGE INCOME FUND

Product Disclosure Statement

12 December 2024

ARSN 682 099 350

Responsible Entity

One Managed Investment Funds Limited
ACN 117 400 987 AFSL 297042

Manager

Msquared Capital Retail Funds Management Pty Ltd
ACN 679 611 146
AFS Representative Number 1312858
of One Investment Administration Ltd ACN 072 899 060 AFSL 225064
AFS Representative Number 1312533
of Msquared Capital Pty Ltd ACN 622 507 297 AFSL 520293

MSQUARED **CAPITAL**



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IMPORTANT INFORMATION



IMPORTANT INFORMATION



This product disclosure statement (PDS) dated 12 December 2024 has been prepared and issued by One Managed Investment Funds Limited ACN 117 400 987 AFSL 297042 (**Responsible Entity, we, us, our**) as the responsible entity of the Msquared Mortgage Income Fund ARSN 682 099 350 (**Fund**). The Fund is an Australian managed investment scheme registered with the Australian Securities and Investments Commission (**ASIC**).

The Responsible Entity has appointed Msquared Capital Retail Funds Management Pty Ltd ACN 679 611 146 (**Manager**) to provide investment and other services to the Fund pursuant to an Investment Management Agreement. The Manager is a corporate authorised representative (no. 1312858) of One Investment Administration Ltd ACN 072 899 060 AFSL 225064 (**OIAL**) in respect of financial services provided to 'retail clients' (as defined in the Corporations Act) (**Retail Clients**) and personal financial product advice provided to the Responsible Entity in its role as investment manager of the Fund. The Manager is also a corporate authorised representative (no. 1312533) of Msquared Capital Pty Ltd ACN 622 507 297 AFSL 520293 (**Msquared Capital**) in respect of financial services (including general financial product advice in relation to the Fund) provided to 'wholesale clients' (as defined in the Corporations Act) (**Wholesale Clients**).

This PDS relates to the offer of three Classes of Units in the Fund, the Ordinary Units, Premium Units, and Platinum Units (**Offer**). The Responsible Entity may from time-to-time issue further classes of units with different rights and obligations to the Classes of Units under this PDS, at its discretion. Prospective investors in the Fund (**you, your**) should read this PDS before making a decision to invest in the Fund.

PDS

This PDS has not been lodged with ASIC and is not required by the Corporations Act to be lodged with ASIC. ASIC takes no responsibility for the contents of this PDS or the merits of the investment to which this PDS relates. Units issued

under this PDS will be issued by the Responsible Entity on the terms and conditions applicable to the relevant Class as set out in this PDS.

GENERAL INFORMATION ONLY

This PDS contains general information only and is not financial product advice. It has been prepared without having regard to your investment objectives, financial situation, or specific needs. As a result, before acting on the information, you should read this PDS in its entirety. You should take into account all risk factors referred to in this PDS (including those in Section 6) and consider whether acquiring Units represents an appropriate investment in view of your personal circumstances. You should carefully consider your particular investment objectives, financial circumstances and investment needs (including financial and taxation issues) and you should seek advice from your professional adviser before deciding whether to invest. You should consider the risk factors that could affect the financial performance of the Fund. There is no guarantee that the Units offered under this PDS will provide a return on capital, lead to payment of distributions, or that there will be any increase in the value of the Units.

TARGET MARKET DETERMINATION

You should also carefully consider the target market determination (**TMD**) for the Fund before making an investment decision. The TMD includes a description of the consumer attributes of investors within the target market for the Fund. A copy of the TMD is available on the Fund's Website.

AUTHORISED INFORMATION

No person is authorised to give any information or to make any representation in connection with the Offer, which is not contained in this PDS. Neither the Manager nor the Responsible Entity nor their employees, associates, agents or officers, nor any other person associated with the Fund guarantees or warrants the future performance of the Fund, the return on an

investment made under this PDS, the repayment of capital, or the payment of distributions on the Units. Any information or representation in relation to the Offer not contained in this PDS may not be relied on as having been authorised in connection with the Offer by the Responsible Entity, the Manager or any other person that may have liability for the content of this PDS.

RESTRICTIONS ON THE DISTRIBUTION OF THIS PDS

The Offer set out in this PDS is only available to investors in Australia. This PDS does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the Units in any jurisdiction outside Australia. The distribution of this PDS outside Australia may be restricted by law and persons who come into possession of this PDS outside Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities law. The Responsible Entity is entitled to refuse an Application for Units under this PDS if it believes an Applicant is not eligible to invest in the Fund.

CURRENCY AND ROUNDING

Unless otherwise indicated, references to \$ are references to the lawful currency of Australia.

RIGHTS AND OBLIGATIONS ATTACHED TO THE UNITS

Details of the rights and obligations attached to all Units, and the material provisions of the Constitution, are summarised in Section 8.3. To the extent there are inconsistencies between the Constitution and this PDS, the Constitution will prevail. A copy of the Constitution is available, free of charge, on request from either the Responsible Entity or the Manager.

ELECTRONIC AND PRINTED PDS

This PDS will be available and may be viewed online on the Fund's Website. The information on the Website does not form part of this PDS.

Applications for Units may be made via the electronic Application Form attached to the electronic version of this PDS, available on the

Fund's Website.

Any person may obtain a paper copy of this PDS and/or the Application Form free of charge by contacting the Manager or Responsible Entity. Paper Application Forms will only be accepted from investors who qualify as Wholesale Clients or from Retail Clients who have received personal financial product advice in respect of an investment into the Fund. The paper Application Form can be obtained by contacting the Manager or the Responsible Entity. Please refer to the Directory in Section 10 for the Manager and Responsible Entity's contact details.

DISCLAIMER

No person is authorised by the Responsible Entity or the Manager to give any information or make any representation in connection with the Offer that is not contained in this PDS. Any information or representation that is not contained in this PDS may not be relied on as having been authorised by the Responsible Entity, the Manager, their directors, employees or agents or any other person in connection with the Offer. The Fund's business, financial condition, operations and prospects may have changed since the date of this PDS.

FORWARD LOOKING STATEMENTS

Certain statements in this PDS constitute forward looking statements. These forward-looking statements are based on current expectations, estimates, and projections about the Fund's business and the industry in which the Fund invests and the beliefs and assumptions of the Manager and the Responsible Entity. These forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors that are in some cases beyond the Responsible Entity's and the Manager's control. As a result, any or all of the forward-looking statements in this PDS may turn out to be inaccurate. Factors that may cause such differences or make such statements inaccurate include, but are not limited to, the risk factors described in Section 6.

UPDATED INFORMATION

The information in this PDS may change from time to time. Where the information in this PDS changes, and such change is not materially adverse to you, we may update the information by publishing an update on the Fund's Website. The Responsible Entity will also provide a copy of the updated information, free of charge to any prospective investor or Unitholder who requests a copy by contacting the Responsible Entity at msquared@oneinvestment.com.au or the Manager at info@msgcapital.com.au.

In accordance with its obligations under the Corporations Act, the Responsible Entity may issue a supplementary PDS to supplement any relevant information not disclosed in this PDS. You should read any supplementary disclosures made in conjunction with this PDS prior to making any investment decision.

INDIRECT INVESTORS

The Responsible Entity authorises the use of this PDS as disclosure to Indirect Investors who access the Fund through an IDPS or IDPS-like scheme (known commonly as a master trust, platform or wrap account) or nominee or custody service (**Portfolio Service**) and those investors may rely on this PDS. Individuals or entities who invest in the Fund through a Portfolio Service do not become Unitholders. The operator or custodian of the Portfolio Service (**IDPS Operator**) will be recorded as the Unitholder in the Unitholder register and will be the person who exercises the rights and receives the benefits as a Unitholder. Reports and documentation relating to the Fund will be sent to the IDPS Operator. Investors using a Portfolio Service 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 for and transfer of Units;
- fees and expenses; and
- application and redemption timing.

Indirect Investors should contact their adviser or IDPS Operator with any queries relating

to an investment in the Fund using a Portfolio Service. Reference to 'you' or 'your' in this PDS is generally a reference to a direct investor in the Fund but may also refer to Indirect Investors as the context requires.

The Responsible Entity and Manager reserve the right to vary certain conditions for Portfolio Services.

MISCELLANEOUS

Diagrams used in this PDS that do not have descriptions are for illustration only and should not be interpreted to mean that any person in them endorses this PDS or its contents or that the assets shown in them are owned by the Fund. Certain terms and abbreviations in this PDS have defined meanings that are explained in the Glossary in Section 9 of this PDS.

Unless otherwise stated or implied, references to time in this PDS are to Sydney time. Any references to documents included on the Manager or Responsible Entity's website are provided for convenience only, and none of the documents or other information on those websites is incorporated by reference into the PDS.

1. OFFER SUMMARY



1. OFFER SUMMARY



The information provided in this section is a summary only of the key terms of the Fund and does not set out full details of the Fund's terms. You should read this PDS in full prior to making a decision to invest in the Fund.

1.1 KEY DETAILS AND INVESTMENT STRATEGY

Topic	Summary	Further Information
Fund	Msquared Mortgage Income Fund ARSN 682 099 350	Sections 3.1, 3.2 and 3.3
Unit Classes	<p>Investment in the Fund will be offered through different classes of Units. The following classes are currently intended:</p> <ul style="list-style-type: none"> (a) Ordinary Units; (b) Premium Units; (c) Platinum Units; and (d) Platform Units. <p>The Ordinary Units, Premium Units and Platinum Units form part of the Offer under this PDS. The Responsible Entity intends to offer Platform Units under a separate product disclosure statement.</p> <p>Further information on the Classes is set out throughout this PDS, including Sections 1.3 and 1.4.</p>	Sections 1.3 and 1.4
Responsible Entity	One Managed Investment Funds Limited ACN 117 400 987 AFSL 297042	Section 2.5
Manager	Msquared Capital Retail Funds Management Pty Ltd ACN 679 611 146 Corporate Authorised Representative (no. 1312858) of OIAL and Corporate Authorised Representative (no. 1312533) of Msquared Capital.	Section 2.1 and 2.2
Investment objectives	<p>The investment objective of the Fund is to provide Unitholders with regular income distributions and an opportunity to obtain exposure to Loans secured by Mortgages.</p> <p>The Fund targets a total return of between 2.25% - 4.25% per annum above the RBA Cash Rate, pre taxation and net of fees, costs and expenses. The target return will differ between Classes (due to the difference in management fees payable). For further information please refer to Section 1.4.</p> <p>The Fund's target investment return objectives are targets and not forecasts. Return of Unitholders' capital and distributions are not guaranteed.</p>	Sections 1.4 and 3.2

Topic	Summary	Further Information
Investment strategy	<p>The Fund is a pooled mortgage fund, which seeks to provide Unitholders with regular, stable monthly income with minimal volatility through investment in a diversified range of Loans sourced by the Msquared Group.</p> <p>The Fund does not directly invest in any Loans but does so through investment structures described below and in Sections 3.3 and 4.</p> <p>Loans are made for commercial and business purposes only and primarily for refinance, acquisition and working capital purposes. See Section 4.3 for a more complete list of the permitted purposes of Loans.</p> <p>The Fund will not accept a Loan that is:</p> <ul style="list-style-type: none"> • to the Responsible Entity, the Manager or any of their Related Parties; • a consumer loan under the National Consumer Credit Protection Act; • for the purpose of construction or development of the Security Property; • secured by vacant land or a development project. <p>Each Loan will be secured by a registered first ranking mortgage over real estate (Mortgage). Additional forms of security may also be taken to provide further security for the Loan (Security Interests). Whilst the Loans will be secured by first ranking Mortgage, it may be that one or more other lenders (who will generally be a member of the Msquared Group) will have a right to be repaid their respective loan amounts in priority to the Fund.</p> <p>As the Fund has a pooled investment strategy, you will not have the opportunity to select specific Loan investments. All Loans will be in accordance with the Fund's Lending Guidelines.</p> <p>See Section 4 for further information about the Loans.</p> <p>The Fund may also invest in cash held by Australian deposit taking institutions (including negotiable certificates of deposit, bank bills and other cash-like instruments). The Fund may do so directly, or indirectly by investing in other managed investment schemes which make these types of investments.</p>	Sections 3.3 and 4

1.2 HISTORY OF THE FUND

The Fund is a managed investment scheme structured as a unit trust, which was established on 20 June 2022 with Msquared Capital as its first trustee. On 5 November 2024, One Managed Investment Funds Limited replaced Msquared Capital as trustee as part of proposal to register the Fund with ASIC under Chapter 5C of the Corporations Act as a registered managed investment scheme to allow Retail Clients to invest in the Fund. The Fund was registered on 14 November 2024.

Prior to registration, it operated as an unregistered managed investment scheme open to investment by Wholesale Clients only.

1.3 SUMMARY OF FUND STRUCTURE

The Fund offers investment in different classes of Units. The terms of each class will differ.

There are currently four classes of Units established for the Fund: Ordinary Units, Premium Units, Platinum Units and Platform Units.

The three Classes offered under this PDS are:

- a) Ordinary Units: available to all investors, whether Retail Clients or Wholesale Clients;
- b) Premium Units: available to all investors, whether Retail Clients or Wholesale Clients, at the prior invitation of the Manager;

- c) Platinum Units: available to Wholesale Clients who are prepared to make a minimum investment of \$10 million, and only at the prior invitation of the Manager.

These Classes differ in the management fee charged by the Manager and frequency in which they can participate in intended withdrawal offers made by the Responsible Entity.

All assets of the Fund will be pooled and applied across each Class on a proportionate basis determined by dividing the number of Units on issue in that Class by the total number of Units on issue in the Fund as a whole. This is referred to as the **Relevant Proportion** for the particular Class.

Platform Units will be issued pursuant to a separate PDS and are designed for investors investing through a platform which requires rolled up pricing (compared to unit days pricing which is used for the Classes available under this PDS).

The Responsible Entity may issue further classes of Units.

1.4 KEY TERMS OF CLASSES

Topic	Summary			Further Information
	Ordinary Units	Premium Units	Platinum Units	
Investor eligibility	Retail Clients and Wholesale Clients	Retail Clients and Wholesale Clients (at the prior invitation of the Manager)	Wholesale Clients only (at the prior invitation of the Manager)	
Targeted Return	2.25% - 3.75% per annum above the RBA Cash Rate	2.50% - 4.00% per annum above the RBA Cash Rate	2.75%-4.25% per annum above the RBA Cash Rate	

Topic	Summary			Further Information
	Ordinary Units	Premium Units	Platinum Units	
Management Fee	<p>The above objectives are target returns and not forecasts and are stated net of fees, costs and expenses and pre taxation. Return of Unitholders' capital and distributions are not guaranteed.</p> <p>All fees and costs of the Fund, other than the ongoing management fee, are charged proportionally to the Classes based on the Relevant Proportions of each Class. The Manager is entitled to the following ongoing management fee in respect of each Class:</p>			
	1.79% per annum of the Relevant Proportion of the gross asset value of the Fund	1.54% per annum of the Relevant Proportion of the gross asset value of the Fund	1.28% per annum of the Relevant Proportion of the gross asset value of the Fund	
Minimum initial investment amount	\$10,000	\$10,000	\$10 million	
Minimum subsequent investment amount	\$5,000	\$5,000	\$500,000	
Withdrawals	<p>As the Fund will be considered 'not liquid' (as that term is defined in the Corporations Act), withdrawals from the Fund may only be made pursuant to a withdrawal offer from the Responsible Entity.</p> <p>The Responsible Entity intends to make withdrawal offers, generally up to 5% of the Net Asset Value of the Fund monthly. Not all withdrawal offers will be open to all Classes, so the frequency that Unitholders will be able to participate in a withdrawal offer will depend on the Class held.</p> <p>Indirect Investors must give withdrawal requests directly to their IDPS Operator.</p>			Section 3.12
Frequency at which withdrawal offers will be open to Class	Monthly	Monthly	Quarterly	

1.5 OTHER KEY FEATURES OF THE FUND

Topic	Summary	Further Information
Minimum investment term	There is no minimum investment term for an investment into any Class.	
Recommended investment timeframe	The recommended investment timeframe for an investment in the Fund is at least 3 years.	
Applications	<p>Applications will be accepted on each Business Day. To receive the application price on a specific day, a properly completed Application Form and cleared payment of Application Money must be received before 12:00 pm on a Business Day. Units will then be issued within three Business Days of receipt of the properly completed Application Form and cleared payment of Application Money.</p> <p>Indirect Investors should contact their IDPS Operator for information about how to apply.</p>	Sections 3.8 and 11
Unit price	<p>The price for Units both on application and withdrawal will be calculated based on the Net Asset Value for the Class to which the Unit belongs, less any accrued distributions for that Class.</p> <p>The Responsible Entity expects that the Unit price will be \$1.00 per Unit. However, if there is a loss in the value of the Fund's assets (e.g., where the full amount of a Loan is not recovered) then the Unit price for all Classes may be reduced.</p> <p>The current Unit price for each Class is available by contacting the Registry Service Provider.</p>	Section 3.7
Distributions	<p>Distributions for each Class are payable monthly within 14 days from the end of each month.</p> <p>A distribution reinvestment plan is available.</p> <p>Distributions are not guaranteed.</p> <p>Indirect Investors should contact their IDPS Operator for details regarding distributions and distribution reinvestments.</p>	Sections 3.9 and 3.10

Topic	Summary	Further Information
Fees and costs	As noted above, depending on which Class you invest in, the Manager is entitled to an ongoing management fee of between 1.28% - 1.79% per annum of the Relevant Proportion of the gross asset value of the Fund.	Section 5
Fees and costs (continued)	<p><u>Responsible Entity fee</u></p> <p>The Responsible Entity is entitled to an ongoing fee of 0.05% per annum on the first \$150 million of the gross value of the assets of the Fund, plus 0.03% per annum of the gross value of the assets of the Fund above \$150 million, subject to a minimum fee of \$50,160 per annum increasing to \$56,430 per annum from 5 November 2025 and \$62,700 per annum from 5 November 2026 (indexed by the greater of 4% or CPI on 1 July annually).</p> <p><u>Expenses</u></p> <p>The Responsible Entity and the Manager will also be reimbursed for other fees and expenses associated with the Fund, which will include the fees payable to the Custody Service Provider, the Registry Services Provider, the Administrator, the Security Trustee and other out of pocket expenses like the audit of the Fund.</p> <p>Indirect Investors should contact their IDPS Operator regarding fees and costs.</p> <p>Other fees and expenses are explained in more detail in Section 5.</p>	Section 5
Key risks	<p>Like any investment, there are risks associated with investing in the Fund. There are a number of risk factors that could affect the performance of the Fund and the repayment of Unitholders' capital. Many risk factors fall outside of the Responsible Entity and Manager's control and cannot be completely mitigated.</p> <p>For further information about the specific risks associated with the Fund, please refer to the detailed information in Section 6.</p>	Section 6
Tax	A summary of potential tax implications of investing in Units in the Fund is contained in Section 7. Please obtain your own independent tax advice before investing in the Fund.	Section 7

Topic	Summary	Further Information
Key service providers	<p>The key service providers to the Fund are as follows:</p> <ul style="list-style-type: none"> (a) The Custody Service Provider - Perpetual Corporate Trust Limited ACN 000 341 533 (b) The Registry Service Provider - One Registry Services Pty Limited ACN 141 757 360 (c) The Administrator - Unity Fund Services Pty Limited ACN 146 747 122 (d) The Security Trustee - Perpetual Nominees Limited ACN 000 733 700 	Section 2.6
How to invest	<p>To apply to become a Unitholder you should read this PDS in its entirety. Applications for Units may be made via the electronic Application Form attached to the electronic version of this PDS, available on the Fund's Website.</p> <p>A paper version of the PDS and the Application Form will be made available upon request from the Manager or Responsible Entity. Paper Application Forms will only be accepted from investors who qualify as Wholesale Clients or from Retail Clients who have received personal financial product advice in respect of an investment into the Fund.</p>	Sections 3.8 and 11
Cooling off	As the Fund is not liquid (as defined in the Corporations Act), no cooling off period is expected to apply to the Fund.	

1.6 ASIC BENCHMARKS AND DISCLOSURE PRINCIPLES

ASIC has developed eight benchmarks and eight disclosure principles for unlisted mortgage schemes that can help retail investors understand the risk, assess the rewards being offered and decide whether these investments are suitable for them. The benchmarks and disclosure principles are contained in Regulatory Guide 45: *Mortgage schemes: Improving disclosure for*

retail investors (Regulatory Guide 45).

As the Fund is an unlisted mortgage scheme, the Responsible Entity is required to disclose against the benchmarks and apply the disclosure principles contained in *Regulatory Guide 45*.

ASIC benchmark/principle		Response
Liquidity - Benchmark 1 and Disclosure Principle	<p><i>Benchmark:</i> For a pooled mortgage scheme, the responsible entity has cash flow estimates that demonstrate the scheme's capacity to meet its expenses, liabilities and other cash flow needs for the next 12 months, are updated at least every three months reflecting any material change and are approved by the directors of the responsible entity at least every three months.</p>	<p>This benchmark is met.</p> <p>The Manager, with oversight by the Responsible Entity, will maintain cashflow estimates that demonstrate the Fund's capacity to meet its expenses, liabilities and cashflow requirements for the next 12 months. As at the date of this PDS, neither the Manager nor the Responsible Entity reasonably expect any changes to the Fund's cash flow needs that will affect the current or future liquidity of the Fund, taking into account:</p>
	<p><i>Disclosure Principle:</i> This disclosure principle requires the responsible entity to disclose information about:</p> <p>(a) the current and future prospects of liquidity of the Fund</p> <p>(b) any significant risk factors that may affect the liquidity of the Fund, and</p> <p>(c) the policy of the Fund on balancing the maturity of its assets with the maturity of its liabilities.</p>	<ul style="list-style-type: none"> • anticipated applications and withdrawals • distributions (including under the distribution reinvestment plan) • income received in respect to Direct Loans, Loan Products and cash investments, and • fees and expenses of the Fund. The Loans are fixed term loans that are typically repayable at maturity. The Manager or a related party (depending on the type of Loan investment) will proactively manage the Loan maturity profiles and the cash reserves required to meet Fund's cashflow requirements.

ASIC benchmark/principle	Response
	<p>The Manager will update the cashflow estimates at least every three months and provide a report, including the updated cashflow estimates to the Responsible Entity at least every three months for approval.</p>
<p>Scheme borrowing - Benchmark 2 and Disclosure Principle</p>	<p>This benchmark is met.</p> <p>Whilst the Constitution contains the power to borrow, the Responsible Entity does not have any current borrowings for the Fund and does not expect to enter into any borrowing arrangements in the future.</p> <p>The Fund currently does not use derivatives of any kind, undertakes all investments in Australian dollars and will not be entering into any foreign currency hedging arrangements.</p>
<p>Loan Portfolio & diversification - Benchmark 3 and Disclosure Principle</p>	<p><i>Benchmark:</i> For a pooled mortgage scheme:</p> <ul style="list-style-type: none"> (a) the scheme holds a portfolio of assets diversified by size, borrower, class of borrower activity and geographic region; (b) the scheme has no single asset or borrower that exceeds 5% of the total fund assets; and (c) all loans are secured by first mortgages over real property. <p><i>Disclosure Principle:</i> This disclosure principle requires the responsible entity to disclose the nature of the Fund's investment portfolio, including number and value of loans by class of activity, geographical region and proportion in default. In addition, the responsible entity should disclose its policy on the above matters, on how the Fund will lend funds generally and on investing in other Loan Products.</p> <p>This benchmark is not met.</p> <p>The benchmark is met in respect of the portfolio being diversified by size, borrower, class of borrower activity and geographic region.</p> <p>The Loans will also be secured by first ranking registered Mortgages; however, there may be tranches of the Loan that are secured by the same Mortgage which means the Fund's right to repayment of its funding of the Loan will rank behind the right of repayment of funding of another Lender.</p> <p>The benchmark is not met in respect of (b) as the maximum exposure to a single asset (through a Direct Loan or a Loan Product) or a single Borrower may be up to 15% whilst the Net Asset Value of the Fund is under \$50 million and up to 10% once the Net Asset Value of the Fund is over \$50 million. The Manager has determined that</p>

ASIC benchmark/principle	Response
	<p>these exposure limits are appropriate given the risk and target returns of the Fund's investment strategy.</p> <p>The RG 45 Disclosures Report (available on the Fund's Website) provides details of the Loans that have been made by the Fund and covers all matters that are required to be disclosed. Investors should consider this document when deciding on whether to invest in the Fund. Further information as to the Loans invested in by the Fund is set out in Section 4 of this PDS.</p>
<p>Related party transactions - Benchmark 4 and Disclosure Principle</p>	<p><i>Benchmark:</i> The responsible entity does not lend to related parties of the responsible entity or to the scheme's investment manager.</p> <p><i>Disclosure Principle:</i> This disclosure principle requires the responsible entity to disclose certain information about related party transactions, if it does enter into them.</p> <p>This benchmark is met.</p> <p>The Fund does not and will not lend to related parties of the Responsible Entity or the Manager.</p> <p>The Responsible Entity and Manager will enter into related party transactions. See Section 8.2 for information on the related party transactions that have been entered and how they will be managed.</p>



ASIC benchmark/principle	Response
<p>Valuation Policy - Benchmark 5 and Disclosure Principle</p> <p><i>Benchmark:</i> In relation to valuations for the scheme's mortgage assets and their Security Property, the board of the responsible entity requires the valuer to be a member of an appropriate professional body in the jurisdiction in which the relevant property is located and to be independent. The valuers are required to follow procedures for dealing with any conflict of interest and are rotated and diverse. In relation to Security Property for a loan, an independent valuation is to be obtained:</p> <ul style="list-style-type: none"> (a) before the issue of a loan and on renewal: (i) for development property, on both an 'as is' and 'as if complete' basis, and (ii) for all other property, on an 'as is' basis, and (b) within two months after the directors form a view that there is a likelihood that a decrease in the value of Security Property may have caused a material breach of a loan covenant. <p><i>Disclosure Principle:</i> This disclosure principle requires the Responsible Entity to disclose:</p> <ul style="list-style-type: none"> (a) where investors may access the Fund's valuation policy (b) the processes that the directors employ to form a view on the value of the Security Property (c) the frequency of valuations of Security Property, and (d) any material inconsistencies between any current valuation over Security Property and the Fund's valuation policy. 	<p>This benchmark is not met.</p> <p>Whilst valuations for the Security Properties will be obtained for most Loans before issue, there are certain circumstances where an independent valuation will either not be required or one that does not meet the general requirements will be accepted. An independent valuation of the Security Property will be obtained within two months after the directors of the Manager (or Msquared Group member responsible for managing the Loan) form a view that there is a likelihood that a decrease in the value of Security Property may have caused a material breach of a loan covenant.</p> <p>The Fund will not participate in property construction or development loans.</p> <p>The RG 45 Disclosures Report (available on the Fund's Website) provides important information on the Fund's valuation policy.</p> <p>See also Section 4.10 for more information on the Fund's valuation policy and how it is applied where a formal valuation is not obtained.</p>

ASIC benchmark/principle	Response
<p>Lending Principles - Benchmark 6 and Disclosure Principle</p>	<p>This benchmark is met.</p> <p>Where the Fund is the only lender for a Loan, the LVR will not be more than 70%.</p> <p>Where the Fund co-lends with other lenders or invests in a Loan Product, then the LVR of the Loan is the relevant measure. It may be more than 70% (but not more than 80% as per the benchmark) but the Fund's investment in the Loan (including the total investment of the class of Loan Product invested in, where relevant) must be for no more than 70% of the value of the Security Property at the time the Loan is approved by the Manager and the Fund's investment in the Loan ranks ahead of the lenders who provide the additional funding amount.</p> <p>The RG 45 Disclosures Report (available on the Fund's Website) provides details of the maximum and weighted average LVR of the Loans.</p>
<p>Distribution Practices - Benchmark 7 and Disclosure Principle</p>	<p><i>Benchmark:</i> The responsible entity will not pay current distributions from scheme borrowings.</p> <p><i>Disclosure Principle:</i> This disclosure principle requires the responsible entity to disclose:</p> <ul style="list-style-type: none"> (a) the source of the current and forecast distributions (e.g. from income earned in the relevant distribution period, operating cash flow, financing facility, capital, application money); and (b) when the responsible entity will pay distributions and the frequency of payment of distributions.
<p>Withdrawal Arrangements - Benchmark 8 and Disclosure Principle</p>	<p>This benchmark is met.</p> <p>The Responsible Entity anticipates making monthly withdrawal offers, which will be open to holders of Ordinary Units and Premium Units monthly and holders of Platinum Units quarterly.</p> <p>See Section 3.12 for further information on withdrawals and also the detailed information provided in the RG 45 Disclosures Report (available on the Fund's Website).</p>

MANAGEMENT OF THE FUND



2. MANAGEMENT OF THE FUND



2.1 ABOUT THE MANAGER

Msquared Capital Retail Funds Management Pty Ltd ACN 679 611 146 is the investment manager of the Fund, and was incorporated on 1 August 2024, with the sole purpose of becoming the investment manager of the Fund.

The Manager is a corporate authorised representative (no. 1312858) of One Investment Administration Ltd ACN 072 899 060 AFSL 225064 in respect of financial services provided to Retail Clients and personal advice provided to the Responsible Entity by the Manager in its role as investment manager of the Fund. The Manager is also a corporate authorised representative (no. 1312533) of Msquared Capital Pty Ltd ACN 622 507 297 AFSL 520293 in respect of financial services (including general financial product advice in relation to the Fund) provided to Wholesale Clients. Accordingly, the Manager is authorised to provide certain financial services to both Retail Clients and Wholesale Clients.

2.2 ABOUT THE MSQUARED GROUP

The Manager is part of the Msquared Group. Msquared Capital was established in 2017 and combines the expertise and experience of a team of professionals in the commercial mortgage secured lending industry. The Msquared Group currently operates three managed funds including the Fund, the Msquared High Yield Mortgage Income Fund and the Msquared Contributory Mortgage Income Fund as well as managing other client mandates.

Msquared Group's board of directors, senior management and credit committee bring together more than 100 years of combined funds management, banking, commercial mortgage lending and property investment experience. Msquared Group has consistently experienced year-on-year growth.

For further information about the Manager's team, please visit the Manager's website at <https://www.msquaredcapital.com.au/about/>.

2.3 THE CREDIT COMMITTEE

The Msquared Group has established a Credit Committee, which is responsible for the overall credit risk and investment strategy of the Fund. Details of the role of the Credit Committee are included in Section 4.8.

The Fund will not invest in or be exposed to Loans to Related Parties of the Manager (including the Credit Committee) or the Responsible Entity.

2.4 MANAGER KEY PERSONNEL

CO-MANAGING DIRECTOR - PAUL MIRON

Paul Miron has over 20 years' experience in banking and financial services, with a specialised focus in both commercial structuring and lending. Paul has worked for a number of major banks in senior positions. Throughout his career Paul has gathered considerable expertise in relationship management, funding structures, and complex loan products. Paul has been instrumental in the growth of the mortgage fund by applying a philosophy of robust credit analysis. Paul regularly speaks on topics such as lending, property, and complex structuring. He also authors a monthly economic newsletter with a growing readership. Paul's strategy involves seeking out dislocation within the lending environment and applying his macroeconomic insight so that investors can benefit from opportunities that possess superior risk-adjusted returns. Paul is a co-founder of Msquared Capital.

CO-MANAGING DIRECTOR - PAUL MYLIOTIS

Paul Myliotis has over 20 years of experience in banking and finance, with a focus on commercial and residential finance, development requirements, and managing transactions of varying degrees in size and complexity.

Paul started his career in the taxation division of Price Waterhouse Coopers (**PwC**) after completing bachelor's degree in Accounting and Finance from the University of New South Wales. Building on his five-year tenure at PwC, he went on to establish an acclaimed financial services business in Sydney and Melbourne.

Paul co-founded Msquared Capital to address a need in the market for a trusted private credit lender that provides investors with the opportunity to access professionally managed mortgage investments backed by thoroughly assessed real estate property.

As the co-founder and Co-Managing Director of Msquared Capital, Paul has played a key role in ensuring the success of numerous transactions with diverse magnitudes and intricacies.

CHIEF FINANCIAL OFFICER - ZHANNA MIRON

As at the date of this PDS, Zhanna has over 20 years of experience in the finance industry. In 2004, Zhanna co-founded Strategic Advisory, an award-winning financial services business and in 2017 co-founded Msquared Capital. Zhanna is a highly effective manager and has been instrumental in developing a strong corporate culture that has allowed both businesses to thrive. As a co-founder and Chief Financial Officer of Msquared Capital, Zhanna is highly involved in the decision making for the investment management of the Fund; serving on the Compliance Committees for several of the Msquared funds. Zhanna is a solutions driven business leader and takes pride in providing a professional, yet personal business approach. Zhanna holds a Bachelor of Commerce, majoring in Accounting from the Australia Catholic University.

2.5 ABOUT THE RESPONSIBLE ENTITY

One Managed Investment Funds Limited ACN 117 400 987 is the responsible entity of the Fund. One Managed Investment Funds Limited has extensive experience as a professional trustee. One Managed Investment Funds Limited is a member of the One Investment Group (OIG).

OIG is an independent funds management business providing professional fiduciary and

administration services to investment managers. OIG operates multiple licensed entities to act as responsible entity and is trustee for registered and unregistered managed investment schemes. They are currently responsible for in excess of 350 funds and more than \$60 billion across a wide range of underlying asset classes.

One Managed Investment Funds Limited is the holder of AFSL 297042. It relies on the Manager to implement the Investment Strategy.

2.6 ABOUT THE SERVICE PROVIDERS

(a) Custody Service Provider

Perpetual Corporate Trust Limited ACN 000 341 533 (**Custody Service Provider**) is a respected and leading provider of custody services. Perpetual Corporate Trust Limited is a member of the Perpetual Limited group which has provided trustee and custodial services since 1886. Perpetual Limited is an ASX listed company.

The Responsible Entity has appointed the Custody Service Provider under a custody agreement. The Custody Service Provider's role is to hold most of the assets in its name and act on the direction of the Responsible Entity to effect cash and investment transactions. The assets held by the Custody Service Provider will generally be limited to holding the bank accounts and the participation interest in Loans (with the Loans being made by the Security Trustee). The Responsible Entity will generally directly hold (i.e. provide self-custody) for any Loan Products.

Neither the Custody Service Provider nor any member of the Perpetual group of companies makes any representations as to, and does not guarantee the return of, any investment, the maintenance of capital, any tax deduction availability or the performance of the Fund.

The fees payable to the Custody Service Provider are included as an expense and are payable from the Fund's assets.

(b) Registry Service Provider

The Responsible Entity has appointed One Registry Services Pty Limited ACN 141 757 360 (**Registry Service Provider**) to maintain the unit register for the Fund. The Registry Service Provider is an associated company of the Responsible Entity. The Responsible Entity has entered into a registry services agreement with the Registry Service Provider, on arm's length terms approved by the Manager, which governs the services that will be provided by the Registry Service Provider.

The fees payable to the Registry Service Provider, as well as the external costs it incurs on behalf of the Fund, are included as an expense and are payable from the Fund's assets.

(c) Administrator

The Responsible Entity has appointed Unity Fund Services Pty Ltd ACN 146 747 122 (**Administrator**) to provide administration, taxation and accounting services to the Fund, including keeping financial books and records, unit pricing and calculating the Net Asset Value of the Fund and each Class. The Administrator is also an associated company of the Responsible Entity. The Responsible Entity has entered into an administration agreement with the Administrator, on arm's length terms approved by the Manager, which governs the services that will be provided by the Administrator.

The fees payable to the Administrator, as well as the external costs it incurs on behalf of the Fund, are included as an expense and payable from the Fund's assets.

(d) Security Trustee

It is anticipated that for all Loans originated by the Msquared Group following registration of the Fund, a third party, Perpetual Nominees Limited ACN 000 733 700 (**Security Trustee**), will be appointed to be the lender on record and to hold the Mortgage and Security Interests granted for the Loan. For further information, please refer to the information in Section 4.4.



3. ABOUT THE FUND



3. ABOUT THE FUND AND THE UNITS



THE FUND

3.1 OVERVIEW OF THE FUND

The Fund is a managed investment scheme structured as a unit trust established on 20 June 2022 and registered with ASIC under Chapter 5C of the Corporations Act on 14 November 2024. Prior to registration, it operated as an unregistered managed investment scheme with Msquared Capital as the trustee and was open to investment by Wholesale Clients only. On 5 November 2024, One Managed Investment Funds Limited replaced Msquared Capital as trustee as a part of the proposal to register the Fund to facilitate investment by Retail Clients.

The Fund offers you the opportunity to gain exposure to a range of Loans secured by Mortgages and which may additionally be secured by other forms of Security Interest. The Fund will do this through Direct Loans or Loan Products as explained in Section 3.3 below.

Investment in the Fund is governed by the Constitution and the general law of Australia. Please refer to Section 8.3 of this PDS for a summary of Unitholders' rights and obligations under the Constitution.

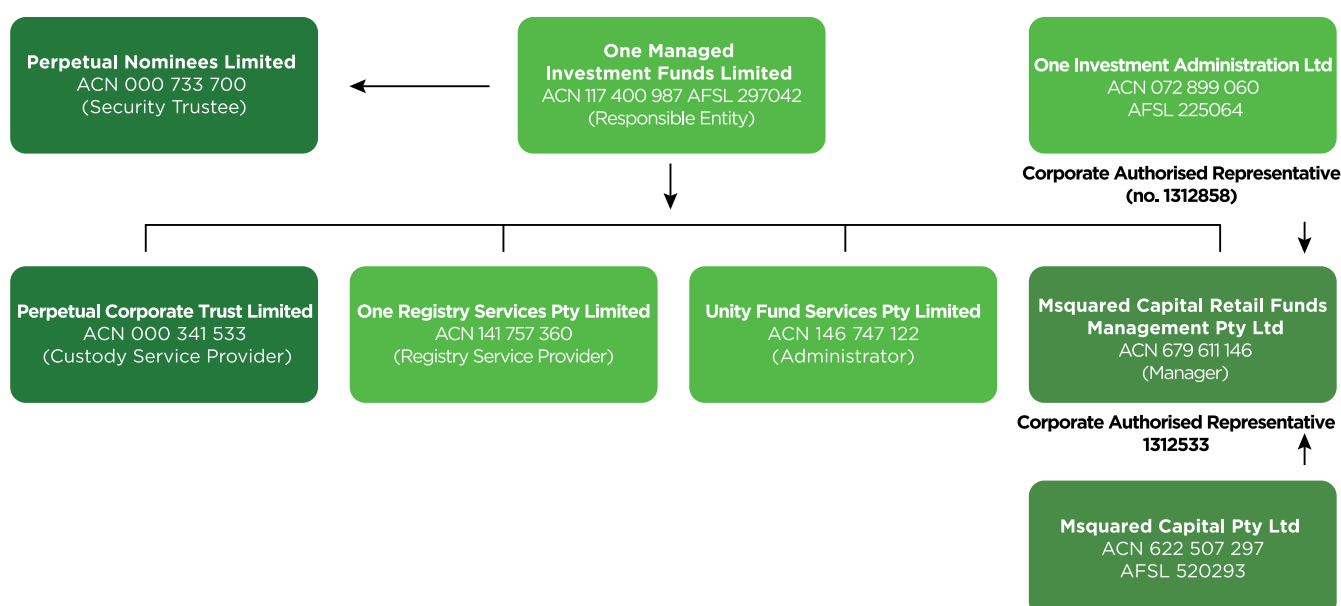
3.2 INVESTMENT OBJECTIVES

The investment return objectives of the Fund are to provide Unitholders with:

- (a) regular income distributions; and
- (b) the opportunity to gain exposure to Loans secured by Mortgages.

The Fund targets a total return of between 2.25% to 4.25% per annum above the RBA Cash Rate, pre taxation and net of fees, costs and expenses. The target return will differ between Classes due to the difference in management fees payable. At a Class level, the target returns are:

- (a) **Ordinary Units:** 2.25%-3.75% per annum above the RBA Cash Rate, pre taxation and net of fees, costs and expenses.
- (b) **Premium Units:** 2.50%-4.00% per annum above the RBA Cash Rate, pre taxation and net of fees, costs and expenses.
- (c) **Platinum Units:** 2.75%-4.25% per annum above the RBA Cash Rate, pre taxation and net of fees, costs and expenses



These investment return objectives are not forecasts, and the Fund may not be successful in meeting its objectives. Returns are not guaranteed, nor is the return of capital.

3.3 INVESTMENT STRATEGY AND THE UNDERLYING LOANS

The Fund is a pooled mortgage fund, which will provide you with the opportunity to be exposed to a range of Loans sourced by the Msquared Group.

As the Fund has a pooled investment strategy, you will not have the opportunity to select specific Loan investments.

Loan proceeds may be used by a Borrower for a range of commercial purposes as described in Section 4.

The investment by the Fund into Loans may be made by:

- (a) participating in a Loan made to the Borrowers by the Security Trustee, either alone or alongside other lenders, who will generally be members of the Msquared Group (**Direct Loans**); or
- (b) investing in financial products (including units or interests in managed investment schemes, or notes or other debt securities) issued by a member of the Msquared Group (**Loan Products**). The proceeds of any issuance are to be used to (directly or indirectly) make Loans that meet the Investment Strategy and Lending Guidelines of the Fund.

The Fund may also invest in cash held by Australian deposit taking institutions (including negotiable certificates of deposit, bank bills and other cash-like instruments). The Fund may also indirectly invest in these types of cash investments by investing in other managed investment schemes which make these types of investments.

THE UNITS

3.4 CLASSES OF UNITS

As of the date of this PDS, there are four Classes of Units, as follows:

- (a) **Ordinary Units:** available to all investors, whether Retail Clients or Wholesale Clients;
- (b) **Premium Units:** available to all investors, whether Retail Clients or Wholesale Clients, at the invitation of the Manager;
- (c) **Platinum Units:** available to Wholesale Clients who are prepared to make a minimum investment of \$10 million, and only at the invitation of the Manager; and
- (d) **Platform Units:** available to investors who invest in the Fund through a IDPS or IDPS-like scheme (known commonly as a master trust, platform or wrap account) or nominee or custody service which requires rolled up pricing (compared to unit days pricing which is used for the Classes available under this PDS).

Only Ordinary Units, Premium Units and Platinum Units are offered under this PDS and accordingly only information pertaining to those Classes is contained within this PDS.

All assets, liabilities and fees and expenses (other than the ongoing management fee payable to the Manager) of the Fund will be pooled and applied across each class on issue in the Fund based on the Relevant Proportion of the class. The Relevant Proportion is calculated by dividing the number of Units on issue in the relevant Class by the total number of Units on issue in the Fund as a whole. For example, if there are 70 million Premium Units on issue out of a total of 100 million Units, the Relevant Proportion for the Premium Units will be 70%.

The Responsible Entity may from time-to-time issue new classes of Units in the Fund and these different classes may have different terms and rights attached to them, such as different fees, investment amounts, returns and withdrawal rights.

3.5 MINIMUM INVESTMENT AMOUNTS AND BALANCE

The minimum investment amounts for the Ordinary Units and Premium Units are as follows:

- (a) Minimum initial investment: \$10,000
- (b) Minimum subsequent investments: \$5,000
- (c) Minimum holding amount: \$5,000

The minimum amounts for the Platinum Units are as follows:

- (a) Minimum initial investment: \$10 million
- (b) Minimum subsequent investments: \$500,000
- (c) Minimum holding amount: \$10 million

The Responsible Entity may waive these minimum amounts in its absolute discretion.

3.6 INVESTMENT TIMEFRAME

There is no minimum investment term for the Fund.

The suggested timeframe for holding investments in the Fund is at least 3 years.

3.7 UNIT PRICING

The price of a Unit in a Class is determined in accordance with the Constitution and is calculated each Business Day.

The price of a Unit in a Class offered under this PDS is equal to the Net Asset Value of the relevant Class, less any accrued distributions of that Class, plus any transaction costs (in the case of the application price) and less any transaction costs (in the case of the withdrawal price) divided by the number of Units on issue in that Class. This means that the unit price paid to acquire Units in a Class will not include the distribution that has accrued during the distribution period and will instead receive a distribution calculated based on the number of days the Unit was held during the distribution period. The price at which a Unit in a Class can be withdrawn or transferred

during a distribution period will also not include any distribution that has accrued during the distribution period, so the exiting Unitholder will be entitled to receive a distribution at the end of the distribution period calculated based on the number of days the Unit was held during the distribution period.

The Responsible Entity expects that the price per Unit for all Classes will remain at \$1.00. However, the Unit price is based on the Net Asset Value of the Fund and therefore, if there is a loss in the value of the Fund's assets (e.g., where a provision is added to a Loan, the full amount of a Loan is not able to be recovered, or the fees and expenses of the Fund exceed the income of the Fund) then the Unit price may be reduced. The current Unit price for each Class is available on the Fund's Website.

3.8 APPLICATION FOR AND ISSUE OF UNITS

Units will only be issued when the following conditions are satisfied:

- (a) the Responsible Entity receives a properly completed Application Form, including required identification documents, and accepts the application for Units; and
- (b) the Responsible Entity or its agent receives the Application Money in cleared funds.

For details on how to invest, see Section 11.

Your completed Application Form and Application Money can be submitted to Registry Service Provider on any Business Day. If a properly completed Application Form, along with cleared Application Money and required identification documents, is received by the Registry Services Provider (and is subsequently accepted):

- (a) before 12.00pm on a Business Day the Units will generally be issued based on the application price for that Class calculated for that Business Day; or
- (b) on or after 12.00pm on a Business Day the Units will generally be issued as at, and based on the application price for that Class calculated for, the following Business Day.

The Net Asset Value is calculated monthly and so the Unit price is fixed across each calendar month and does not vary from Business Day to Business Day within a calendar month.

Indirect Investors should contact their IDPS Operator for information about how to apply.

3.9 DISTRIBUTIONS

As Unitholder you are entitled to participate in income generated by the Fund's assets, including interest earned from investments into Loans and cash investments. Distributions are determined at the end of each calendar month and are payable within 14 days of the end of that calendar month.

If a distribution is paid, you will receive a proportion of the Fund's income based on the number of Units in a Class you hold in relation to the total number of Units on issue in that Class and the number of days you have held the Units for during the month.

The fees the Manager charges in respect of the Premium Units and the Platinum Units will be lower than the fees it charges in relation to Ordinary Units. As a result, distributions to holders of Premium Units and Platinum Units are expected to be higher than the distributions payable to holders of Ordinary Units.

There is no guarantee distributions will be paid.

Indirect Investors should contact their IDPS Operator for information about distributions.

3.10 DISTRIBUTION REINVESTMENT

Distributions may be reinvested in the Fund. Unitholders have the option of choosing whether or not to participate in the Fund's distribution reinvestment plan (DRP) and may reinvest some or all of a distribution for additional Units in the same class as the Unit in respect of which the distribution was paid.

The key features of the DRP are as follows:

- (a) A Unitholder may participate in the DRP with respect to some or all of its distribution.
- (b) A Unitholder may elect to join or withdraw from the DRP at any time. The initial

election will be made in the Application Form. If no election is made, then distributions will not be reinvested under the DRP.

- (c) To change an election, a Unitholder must notify the Registry Services Provider in writing by 5.00pm on the last Business Day of the calendar month. If the change of election is received after this time, then it will apply for the following calendar month.
- (d) Where a Unitholder who has elected to participate in the DRP withdraws or transfers all of their Unit holding during a calendar month, their participation in the DRP will be cancelled for that calendar month and they will receive any distributions in cash payable into their nominated bank account.
- (e) Units issued under the DRP will be in the same Class and on the same terms as Units to which the distribution is paid and will be issued at the application price applicable on the same day the relevant distribution is deemed to be applied in payment for the Units.
- (f) The calculation of the allocation of Units under the DRP may result in the issue of fractions of Units.

You will receive a statement after the payment of a distribution setting out the details of the distribution amount, the number and Class of Units acquired under the DRP, and the applicable application price. The Responsible Entity may discontinue or vary the terms of the DRP at its discretion. Any suspension or variation of the DRP will be communicated to Unitholders on the Fund's Website.

Indirect Investors should contact their IDPS Operator for information about distribution reinvestment.

3.11 VALUATION OF ASSETS

The assets of the Fund will be valued in accordance with the Constitution and the relevant policies of the Responsible Entity and the Manager. It is not intended that an independent valuation will be undertaken on the Loans.

The Manager will regularly assess valuations, considering factors like occurrence of any events of default under the loan agreement and with reference to general economic and other relevant macro conditions. A write-down is recognised when the Manager reasonably considers the Fund will not be able to recover all amounts owing to it under the Loan and would therefore suffer a loss following enforcement of its securities. Loan Products will be based on the valuation information provided by the issuer of the Loan Product.

3.12 WITHDRAWALS

The Fund will not be liquid (as that term is defined in the Corporations Act), which means that Unitholders are only able to withdraw Units in response to a withdrawal offer (that is open to the Class to which the Units belong). There is no guarantee that the Responsible Entity will make withdrawal offers and any offer will be subject to liquidity of the Fund. However, the Responsible Entity intends to adopt a withdrawal facility that consists of making a series of withdrawal offers monthly. Not all withdrawal offers will be open to all Classes. This means that whilst the Responsible Entity intends to make monthly withdrawal offers, the frequency that Unitholders will be able to participate in a withdrawal offer will depend on the Class held, as follows:

- (a) **Ordinary Units:** monthly;
- (b) **Premium Units:** monthly; and
- (c) **Platinum Units:** quarterly in March, June, September, and December.

Each offer will open from the 7th day of each calendar month, other than February, which will open on the 5th, and remain open for a period of 21 days. The amount available under each offer is expected to be up to 5% of the Net Asset Value of the Fund as at the last Business Day of the previous calendar month, subject to available liquidity. However, the Responsible Entity may make withdrawal offers for an amount above this cap where additional liquidity becomes available. Cash to satisfy the withdrawal requests will be available cash received from principal repayment of Loans and the proceeds of new applications for Units.

To make a withdrawal request in response to a

withdrawal offer that is open to the relevant Class to be withdrawn, a withdrawal request form will need to be completed and sent to the Registry Service Provider. The withdrawal request form is available on the Fund's Website.

The properly completed withdrawal form will need to be received by the Registry Service Provider by 12 pm on the 28th day of the calendar month (except for February, where the offer closes on 26th). Withdrawal requests must be for a minimum amount of \$5,000, if a Unitholder's balance is less than \$5,000 or the withdrawal request would result in the Unitholder holding less than the minimum balance of \$5,000 the request will be deemed to be for the full amount of their unitholding in the Fund. Indirect Investors must give withdrawal requests directly to their IDPS Operator in accordance with any instructions from the IDPS Operator.

Where a withdrawal request is accepted (in whole or in part) by the Responsible Entity, withdrawal proceeds will be paid within 21 days of the close of the offer.

Unitholders in each Class will participate equally in each withdrawal offer that is open to them.

If the total amount under withdrawal requests received in response to a withdrawal offer exceeds the amount of cash that is available under that withdrawal offer, the withdrawal requests will be satisfied pro-rata based on the amount requested to be withdrawn (in accordance with the Corporations Act). Unitholders who wish to redeem the unmet portion of their withdrawal request must re-submit their withdrawal request in response to the next available withdrawal offer.

The Responsible Entity has the right to cancel both the withdrawal facility and, before it opens, any monthly offer at any time in accordance with the terms of the facility. The terms of the facility will be available on the Fund's Website. The Responsible Entity is also obliged to cancel a withdrawal offer before it closes if it is in the best interests of Unitholders to do so. Investors should read the terms of the withdrawal facility when making a decision to invest.

3.13 LEVERAGE

The Responsible Entity maintains the ability to borrow on behalf of the Fund under the Constitution however, has no intention to borrow as of the date of this PDS.

3.14 REPORTS TO UNITHOLDERS

The Responsible Entity will provide the following reports and notifications to Unitholders:

- (a) An investment confirmation upon the issue of Units;
- (b) A six-monthly periodic statement;
- (c) An annual income distribution statement detailing any distributions paid to you, including an annual tax statement detailing information required for inclusion in your annual income tax return which will be provided within 90 days of the end of each financial year - the precise form of statement will be impacted by whether the Fund is an AMIT for the income year, as outlined in Section 7; and
- (d) The audited annual financial report of the Fund following the end of each financial year, prepared in accordance with Australian accounting standards.

Indirect Investors will not receive any reports or documentation relating to the Fund from the Responsible Entity.

3.15 TRANSFER OF UNITS

Units may be transferred with the approval of the Responsible Entity. Transfer requests must use the form approved by the Responsible Entity. A transfer is not effective until registered. The Responsible Entity may refuse to record any transfer of Units in the Unit Register where, in the Responsible Entity's opinion, it is not in the interests of the Fund to do so, or if the Unitholder or transferee has not complied with any applicable laws or reasonable requirements of the Responsible Entity (including completing an Application Form).



4. LOANS



4. LOANS

4.1 OVERVIEW

This section sets out the selection process for Loans in which the Fund may invest, including the assessment, approval and management of Loans.

4.2 GUIDING PRINCIPLES

The Manager will ensure that at all times the risk / reward profile of each Loan is appropriate having regard to the following factors:

- (a) the character and financial and operating capacity of the Borrower; and
- (b) the quality and value of the Loan, underlying Security Property and the risk analysis process. All Loan investment decisions will be based on risk-adjusted returns over the term of the Loan.

All Loans, Borrowers and Mortgages are assessed under the Lending Guidelines and Lending Policy, which are described below. In addition, each Loan will be properly documented and appropriately

secured following an assessment of the Loan purpose, character, cashflow, capacity and competency of the Borrower, collateral (including valuation), and management protocols proposed for each Loan.

4.3 LENDING GUIDELINES - KEY TERMS

The following table sets out the Lending Guidelines, which are followed by the Manager for Loans into which the Fund may invest. Depending on the Manager's views as to market conditions, property market cycles and various other factors, the Manager may vary these parameters from time to time. Such variations will be notified by publishing an update on the Fund's Website or, where the change is materially adverse to Unitholders, by updating this PDS (either by supplementary product disclosure statement or a replacement product disclosure statement).

The Manager will assess each Loan against the below.

Topic	Summary
Borrowers	Corporates, trusts and other entities that satisfy the criteria for Borrowers as set out in the Lending Policy. The assessment process against the criteria will consider a Borrower's character, cashflow, capacity and competency to properly manage their business affairs, and the collateral (i.e. Mortgage and if applicable Security Interest(s)) they can offer in respect of the Loan.
No related party loans	The Fund will not invest in or be exposed to Loans to Related Parties of the Manager or the Responsible Entity.

Topic	Summary
Maximum LVR	<p>A key lending criteria is the loan to value ratio (LVR), which is an assessment of the amount of principal advanced under the Loan (or outstanding under the Loan) against the value of the Security Property. The LVR is measured at the Loan level, not at the Fund level. Where the Fund is not the sole source of funding for a Loan, then the Fund's priority in payment of its funding for the Loan will be taken into account in determining the LVR.</p> <p>The LVR is not fixed and can change over time if the amount outstanding under the Loan increases (for example, due to further drawdowns or advances, or capitalisation of interest) or the value of the Security Property decreases.</p> <p>Where the Fund is the only lender for a Loan, the LVR must not exceed 70%.</p> <p>Where the Fund is not the sole source of funding for a Loan, the LVR of the Loan may be greater than 70% provided that the Fund's investment in the Loan:</p> <ul style="list-style-type: none"> • does not exceed 70% of the value of the Security Property at the time the Loan is approved by the Manager; and • ranks ahead of the other lenders' investment in the Loan that provide funding for an amount in excess 70% of the value of the Security Property. <p>For example, if the Msquared Group has approved a Loan with an LVR of 80%, then the Fund would invest in the Loan (either through Direct Loan or Loan Products) for an amount up to 70% of the value of the Security Property. Another lender (who except in rare occasions will be a member of the Msquared Group) would provide the additional funding required for the Loan. The Fund would have priority of repayment of interest and principal over the other lender.</p>
Purpose of loans	<p>Loan proceeds may be used for, amongst other things: acquisition of assets (including property and equipment), refinance existing lending facilities, accessing equity in property asset for purposes including payment of tax debt, working capital and short-term business cash flow requirements and bridging finance. The Fund may lend to property developers for their working capital purposes, noting that the Security Property is not to be demolished or any construction to commence on the Security Property for the Loans the Fund is invested in.</p>
Property sectors	<p>Acceptable property against which the Fund secures Loans may be residential, commercial, retail or industrial.</p>
Excluded borrowers, asset classes and purposes	<p>The Fund will not invest in Loans that are:</p> <ul style="list-style-type: none"> • to the Responsible Entity, the Manager or any of their Related Parties; • a consumer loan under the National Consumer Credit Protection Act; • for the purpose of construction or development of the Security Property; or • secured by vacant land or a development project.

Topic	Summary
Geographical location of Security Property	Security Properties against which the Fund advances Loans may be located anywhere in Australia.
Maximum and minimum loan amounts	<p>The minimum amount provided for a Direct Loan or an investment into a Loan Product will be \$100,000, however at the Manager's discretion, these might be for a lesser amount.</p> <p>There is no maximum amount for a Direct Loan or a Loan Product. However, the amount invested, whether by Direct Loan, Loan Product or a combination of both, in any single Loan or lent to a single Borrower will not:</p> <ul style="list-style-type: none"> • where the Net Asset Value of the Fund is less than \$50 million, exceed 15% of the Net Asset Value of the Fund at the time of approval of the Loan by the Manager; and • where the Net Asset Value of the Fund is \$50 million or more, exceed 10% of the Net Asset Value of the Fund at the time of approval of the Loan by the Manager.
Term	The maximum term of a Loan is anticipated to be 36 months but may be longer than this. The term of a Loan is not a guarantee of when it will actually be repaid or recovered, particularly in the case of a loan that has to be enforced.
Interest rate	The interest rate of a Loan will be as negotiated between the Msquared Group and the Borrower, based on prevailing market interest rates for Loans of a similar nature, including the risk profile as assessed pursuant to the Lending Policy. The interest rate may be fixed or variable (in which case it will be based on the RBA Cash Rate or BBSY30 rate).
Mortgages	<p>Each Loan in which the Fund is invested will be secured by a registered first ranking Mortgage.</p> <p>It is possible that the Fund will co-lend with other lenders (who except in rare occasions will be members of the Msquared Group) and the obligations of the Borrower to each lender will be secured by the same Mortgage. In these circumstances, the structure of the Direct Loan or Loan Product might include arrangements under which the Fund's interest in a Loan is subordinated to other interests in the Loan. In those circumstances, other lenders may be repaid in priority to the Fund. This means if a Loan becomes subject to an enforcement action, and the Security Property is sold to realise its value, the Fund may be paid behind other co-lenders or investors.</p>
Security interest	<p>The primary security will be a Mortgage. However, in addition to the Mortgages, the Loans may be secured by other forms of security, referred to as Security Interests. These may include, but are not limited to, general security agreements, specific security agreements, personal guarantees or directors' guarantees. In particular, the Manager intends to obtain personal, or directors' guarantees where possible.</p> <p>A mortgage or other interest in a property in addition to that over which the primary Mortgage is taken may also form part of the security package. These secondary Mortgages and Security Interests may not comply with the Lending Guidelines and will not be used for LVR calculations.</p>

Topic	Summary
Fees charged to Borrower	The Borrower may be required to pay certain fees in respect of a Loan, such as commitment fees, establishment fees, loan management fees, loan variation fees, rollover fees, default administration fees, documentations fees, discharge fees, line fees and default management fees. These will be paid by the relevant Borrower to the lender, which will generally be the Security Trustee. The Manager or another member of the Msquared Group may receive payment of some of these fees (or a portion of the fees where the Fund co-lends) in priority to payments of principal and interest on the Loan.
Other key requirements	Typical representations, warranties, covenants, undertakings and events of default.

4.4 LOANS WILL BE MADE THROUGH A SECURITY TRUST

It is anticipated that for all Loans originated by the Msquared Group following registration of the Fund, a third party, Perpetual Nominees Limited ACN 000 733 700 (**Security Trustee**), will be appointed to be the lender on record and hold security granted for the Loan. This appointment is through a security trustee and participation agreement whereby the Security Trustee enters into the loan and security documents and only the existence of the security trust structure is disclosed to the Borrower. The Fund's investment or investment amount is not disclosed to the Borrower.

Where there are multiple lenders for a Loan, the Security Trustee will be required to act on the instructions of the majority lender, being the lender noted in the security trust creation document as the majority lender (**Majority Lender**).

Under the security trust creation documents, the Majority Lender has the power to determine that a default has occurred and, in conjunction with the other lenders, to provide instructions to the Security Trustee in respect of the enforcement of the Loan. Generally speaking, the Majority Lender will decide the enforcement action and instruct the Security Trustee. However, Lenders who do not agree with the Majority Lender's decision will have two Business Days from the date the Majority Lender determines an event

of default has occurred to elect to purchase the Loan participation of the Majority Lender by giving notice to the Majority Lender and the acquisition must be completed within seven Business Days.

For Loans where the Fund is the only lender or where all lenders are members of the Msquared Group, any enforcement decisions will be made by the Credit Committee in accordance with the Lending Policy. The Security Trustee will implement the enforcement in accordance with the security trust creation documents.

Where the Fund co-lends with other lenders, which will except in rare occasions be entities within the Msquared Group, then the rights of the Responsible Entity under this arrangement will be limited, unless it is the Majority Lender.

4.5 INVESTMENT IN OTHER MORTGAGE FUNDS AND FINANCIAL PRODUCTS

The Fund may also invest in Loans through the acquisition of units or interests in managed investment schemes, loan notes or other debt instruments issued by a member of the Msquared Group (**Loan Products**).

The underlying metrics of the Loans to which the Fund has exposure through the acquisition of Loan Products must meet the Fund's Lending Guidelines and Investment Strategy.

The issuer and/or manager of the Loan Products

are related parties of the Manager. The Loan Products issued to the Fund will be on the same terms as Loan Products issued to non-related investors.

The enforcement decisions for the Loans to which the Fund has exposure to through Loan Products will be made by members of Msquared Group. Whilst the Responsible Entity will not have direct enforcement powers, it will receive regular reports regarding each Loan.

4.6 LOAN SELECTION AND ALLOCATION POLICY

All loan opportunities are originated by the Msquared Group. The Credit Committee is responsible approving Loans in accordance with the Lending Policy and then for allocating the Loans to members of the Msquared Group, including the Fund.

It will do this on the basis of best fit against the lending guidelines of each member of the Msquared Group, the current composition of each member's portfolio and availability of cash.

For example, a Loan will be allocated to the Fund where the potential Loan is:

- (a) consistent with the Lending Guidelines;
- (b) fits within the current portfolio for the Fund and does not cause any limits to be breached;
- (c) is likely to deliver an appropriate return for Unitholders; and
- (d) the Fund has sufficient cash.

The Credit Committee will also assess whether the Fund's investment into a Loan will be best made through a Direct Loan or Loan Products based on a number of considerations, including whether the Loan has already been settled by another member of the Msquared Group or the possible liquidity that is offered by Loan Products compared to the Direct Loan.

In the event that the potential loan is not suitable for investment by the Fund, the Loan may be considered by another member of the Msquared Group, but the Fund will not be invested into that Loan through an investment in that member of the Msquared Group.

The Manager (after confirming that the Loan is consistent with the Lending Guidelines) will use the information provided by the Credit Committee in respect of the Loan to make a recommendation to the Responsible Entity.

4.7 ANALYSIS AND EVALUATION

Assessment of a Loan commences when an enquiry and application form and accompanying financial data are received from a proposed Borrower. The Credit Committee will assess the merits of each prospective Borrower and the associated risks in accordance with the Lending Policy. The analysis will take into account a set of criteria including security that may be provided, the precise nature of the Security Property, LVR, evidence of capacity to service the Loan, and the prospective Borrower's creditworthiness, including an assessment of the 5Cs, character, capacity, capital, collateral and conditions. The risks can be described in four broad categories as follows:

- (a) Security risk - the character and geographic suitability of the proposed Security Property.
- (b) Borrower risk - the specific profile of the Borrower and its business and legal status. This includes the size of the Loan compared with the Borrower's net worth, historical project and financial performance, its revenue and cashflow streams and, depending on the nature and timeline for the investment, the Borrower's ability to refinance and the Borrower's character.
- (c) Servicing risk - the ability of the Borrower to meet loan commitments which brings into focus the income and cashflow sources of the Borrower.
- (d) Saleability risk - the exit strategy for the Loan at its maturity date including the capacity of the Borrower to sell the Security property, the end value of the asset and the capacity of the Borrower to refinance.

4.8 THE CREDIT COMMITTEE

The Credit Committee's responsibilities include the following:

- (a) assessing and recommending Loan investments for members of the Msquared Group, including the Fund;
- (b) monitoring Loan positions and performance;
- (c) monitoring Borrower compliance with Loan covenants and conditions;
- (d) developing, reviewing, and implementing credit policies and procedures; and
- (e) arrears and default management, and managing any enforcement action in respect of Loans (in conjunction with the Security Trustee).

The Credit Committee decides whether or not to progress each Loan opportunity presented to it, and the terms on which funds should be advanced for any approved opportunity. In doing so, it determines whether or not a Loan opportunity should be pursued and allocates the Loan in accordance with the allocation policy. The Credit Committee will meet regularly and work to achieve the best outcomes in accordance with the Lending Policy.

The Fund will not invest in or be exposed to Loans to Related Parties of the Manager (including the Credit Committee) or the Responsible Entity.

4.9 ONGOING MANAGEMENT OF LOANS

As noted above, the Credit Committee is responsible for the day-to-day and ongoing management of each Loan. It will provide regular reports to the Manager and Responsible Entity in relation to individual Loan performance, including in respect of payment and collection of interest, compliance with Loan covenants and conditions, and the progress of any legal action commenced against a defaulting Borrower.

4.10 VALUATION POLICY

The Security Property for any Mortgage will generally be independently valued for suitability and market value prior to the making of the Loan. Where an independent valuation is obtained, valuers will generally be on the Msquared panel of valuers, who are required to be independent of the Manager and the Responsible Entity and a member of an appropriate professional body in

the jurisdiction in which the relevant property is located. There are certain circumstances where an independent valuation will either not be required or one that does not meet the general requirements will be accepted, including the following:

- (a) Generally, at the time of each Loan advance, the valuation of the relevant Security Property will be not older than 90 days. However, the Manager, or other Msquared Group entity responsible for assessing the Loan, may accept the valuation that is older than 90 days where the valuation is:
 - (i) not more than 120 days old, or
 - (ii) not more than 150 days old and the valuer has provided a letter of no material change to the value, market update and a market value assessment providing current market assessment and recent comparable.
- (b) A valuation may not have been assigned for the benefit of the Fund or the Responsible Entity or Manager or not carried out by a panel valuer, provided it has been approved by the Credit Committee.
- (c) A 'restricted assessment pro forma report' may be accepted where the LVR to which the Fund is exposed is 65% or less. This is a valuation that is based on a drive by of the property or a desktop assessment of the property.
- (d) The requirement to obtain a valuation may be waived where:
 - (i) The Manager or other Msquared Group member's opinion of the value of the Security Property based on the land value from the latest Land Tax Assessment Notice or the latest Council Rates Notice results in an LVR of 65% or less.
 - (ii) The Manager or other Msquared Group member's opinion of the value of the Security Property based on a valuation

obtained through RP Data or similar platform results in an LVR of 50% or less.

- (e) The requirement to obtain a valuation for subsequent advances or loan extensions may be waived, including if the Loan extension is up to and including 12 months, where at the time of subsequent advance or extension:
 - (i) the LVR is for 70% or less and the latest valuation obtained is less than 16 months old; or
 - (ii) the LVR is for 65% or less and either:
 - (A) no formal valuation has been obtained in respect of the Loan at any point; or
 - (B) the latest formal valuation obtained is more than 16 months old.

An updated valuation will be obtained at least every three years from the anniversary of the initial Loan advance. Additionally, the Manager will have a Security Property revalued whenever it considers that a significant change may have occurred in the Security Property's value, and at any other time it considers it to be in the best interests of Unitholders.

4.11 DOCUMENTATION AND SETTLEMENT OF LOANS AND MORTGAGES

Loan, Mortgage and Security Interest documents will be prepared by a legal firm or inhouse legal practitioners at Msquared Capital who are experienced in mortgage finance, verification and validation requirements. An external legal firm will attend to settlement of the legal documentation and, where documents are prepared by inhouse legal practitioners, provide a legal sign off on the documents.

4.12 LOAN LOSS PROVISIONING

Despite the Manager's processes and procedures for selecting and assessing Loans, the Manager recognises the possibility that Borrowers may be late in paying interest or in meeting their repayment obligations or may be unable to do so. If so, then the Fund will pursue enforcement action and arrears. However, the amounts

recovered from Borrowers (if any) may not be sufficient to meet losses on the Loan, once enforcement costs and expenses are paid.

Potentially, Loan losses will negatively impact the Net Asset Value of the Fund, which will in turn negatively impact upon the Unit price of all classes of Units in the Fund and affect returns of income and capital to Unitholders.

To seek to mitigate and manage this risk, the Manager has implemented a loan loss provisioning policy, where it assesses each Loan in which the Fund is invested (both Direct Loans and Loan Products) by categorising them, based on risk profiles. In determining the category, the Manager will have regard to risk criteria including but not limited to LVR, purpose of the Loan, performance of the Loan (arrears and default status), past performance of similar Loans, and forward-looking economic indicators and market conditions. The categorisations then determine the recommended amount for loan loss provisioning, in accordance with the loan loss provisioning policy (Recommended Amount).

The Manager may determine to increase or decrease the amount allocated to the loan loss provisioning at any time, which may be higher or lower than the Recommended Amount. The amount put towards loan loss provisioning may be held in cash, but will not constitute a separate bank account, and instead will constitute an accounting allocation within the Fund's operating bank account. The Manager intends to review the Fund's holdings in the loan loss provisioning at least once every six months. While the loss provisioning may not affect the Fund's NAV or Unit pricing, it may affect distributions as cash is held in the Trust to cover the provision.

This provision will be used for losses, including the payment of costs and expenses associated with enforcement against defaulting Borrowers.

4.13 ARREARS AND DEFAULT MANAGEMENT

The Credit Committee is responsible for managing arrears and other defaults on Loans in accordance with the Lending Policy and will make recommendations to the relevant Msquared Group members so that the Majority Lender and other lenders can make enforcement decisions,

and relevant instructions can be provided to the Security Trustee. Measures which may be taken include the following:

- (a) Monitoring all due dates for payments, including interest payments.
- (b) Following up overdue payments where appropriate (usually within five Business Days after the due date for payment of interest or repayment of capital) and issuing demand notices to the Borrower. Higher interest may be charged on overdue payments.
- (c) Issuing notices of default if payments remain in arrears.
- (d) Taking possession and selling a Security Property either as mortgagee in possession, appointing an agent for mortgagee in possession or receivers and managers.
- (e) Enforcing the right to collect any rents directly, assuming that rent is then being paid.
- (f) Entering into forbearance arrangements with Borrowers.

Where the Fund is not the majority lender for a Direct Loan or is invested in a Loan Product, there will be limited ability to control the enforcement process.

The Manager is entitled to a default management fee, where the Fund receives an amount on account of default interest. See Section 5.4(a) (v) for details of this fee.

4.14 ENFORCEMENT EXPENSES

The enforcement process can involve significant costs, including legal costs, receivers' and other advisers' fees. The Fund may hold cash reserves against loan loss provisioning and will apply them towards these costs and expenses. However, in the event the Fund does not have sufficient cash available to fund these enforcement costs, then these costs may be funded as follows (as may be agreed between the Responsible Entity and the Manager, and listed in order of likelihood):

- (a) They may be paid out of the assets of

the Fund other than the cash reserves. This would be likely to be cash held from new Applications, or for commitments or distributions. This may result in the non-payment or reduced payment of distributions to Unitholders. Additionally, depending on whether the enforcement costs can ultimately be repaid out of the proceeds from the sale of the relevant Security Property, this may result in a reduction of the NAV and the Unit price and ultimately a capital loss to Unitholders.

- (b) They may be paid by a third party or the Manager from its own funds, in return for the payer being able to recover any amount paid from the proceeds received from the Borrower. In this case the payer would have a right to recover any amount paid in priority to any payments to be retained by the Fund. This may also result a reduction of the NAV and the Unit price and ultimately a capital loss to Unitholders.
- (c) By raising additional capital through the issue of further Units. It is likely that any future capital raising undertaken to pay for enforcement costs would be undertaken at an issue price less than the original issue price of Units and may therefore be dilutive to you as a Unitholder, to the extent you do not participate in the same proportions as your unitholding.



5. FEES AND OTHER COSTS



5. FEES AND OTHER COSTS

5.1 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 investment balance rather than 1% could reduce your final return by up to 20% over a 30-year period (for example, reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs. You may be able to negotiate to pay lower fees. Ask the fund or your financial adviser.

TO FIND OUT MORE

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

5.2 WHAT ARE THE FEES AND COSTS OF THE FUND?

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

A general description of the Taxation consequences for an Australian resident who holds Units in the Fund are set out in Section 7.

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

Unless otherwise stated, the fees set out in this section are quoted inclusive of Goods and Services Tax (GST) and net of Input Tax Credits (ITC) and any Reduced Input Tax Credits (RITC). The Fund may not be entitled to claim a full input tax credit in all instances.

FEES AND COSTS SUMMARY

Msquared Mortgage Income Fund		
Type of fee or cost	Amount	How and when paid
Ongoing annual fees and costs		
Management fees and costs The fees and costs for managing your investment. ²	Conversion fee: One-off fee of \$6,000	Payable to the Responsible Entity from the Fund assets on registration of the Fund with ASIC.
	Responsible Entity fee: 0.05% per annum on the first \$150 million of the Fund's gross asset value plus 0.03% per annum of the Fund's gross asset value above \$150 million	The Responsible Entity fee is payable to the Responsible Entity monthly in arrears from the assets of the Fund.
	Custody fee: 0.02% on the first \$100 million of the Fund's gross asset value subject to a \$12,815.50 minimum fee.	The custody fee is payable to the Custody Services Provider quarterly in arrears from the asset of the Fund.
	Management fee³: Ordinary Units - 1.79% per annum of the Relevant Proportion of the Fund's gross asset value. Premium Units - 1.54% per annum of the Relevant Proportion of the Fund's gross asset value. Platinum Units - 1.28% per annum of the Relevant Proportion of the Fund's gross asset value.	The management fee is payable to the Manager monthly in arrears from the assets of the Fund.
	Default Management Fee: Nil.	The default management fee is payable to the Manager from the assets of the Fund monthly in arrears within 14 days of the end of the calendar month during which default interest was received by the Fund in respect of a Direct Loan or Loan Product.
	Expenses (excluding Abnormal Expenses): 0.25% per annum of the Fund's gross asset value.	Expenses are payable when incurred from the assets of the Fund and reflected in the unit price.

Msquared Mortgage Income Fund		
Type of fee or cost	Amount	How and when paid
Performance fees Amounts deducted from your investment in relation to the performance of the Fund.	Abnormal expenses: 0.05% per annum of the Fund's gross asset value.	Abnormal expenses are payable when incurred from the assets of the Fund and reflected in the unit price.
	Indirect costs: Nil.	Indirect costs are payable when incurred from the assets of the Fund or the assets of the interposed vehicles and reflected in the unit price.
	Nil.	Nil.
Transaction costs The costs incurred by the scheme when buying or selling assets.	Nil.	These costs are payable when incurred from the assets of the Fund or the assets of the interposed vehicles and reflected in the unit price.
Member activity related fees and costs (fees for services or when your money moves in or out of the Fund)¹		
Establishment fee The fee to open your investment	Nil.	Not applicable.
Contribution fee² The fee on each amount contributed to your investment	Nil.	Not applicable.
Buy-sell spread An amount deducted from your investment representing costs incurred in transactions by the scheme	Nil.	Not applicable.
Withdrawal fee² The fee on each amount you take out of your investment	Nil.	Not applicable.

Msquared Mortgage Income Fund

Type of fee or cost	Amount	How and when paid
Exit fee² The fee to close your investment	Nil.	Not applicable.
Switching fee The fee for changing investment options	Nil.	Not applicable.

1. Fees may be payable to your financial advisor. A removal fee may also be payable to the Responsible Entity if it is removed as the responsible entity of the Fund. Such fees are not included in the Fees and costs summary above. For further information see 'Adviser remuneration' and 'Management fees and costs' under the heading 'Additional explanation of fees and costs'.

2. The management fees and costs disclosed in this table are based on a reasonable estimate of the costs for FY 2025, adjusted to reflect a 12-month period, and assuming a gross asset value of the Fund of \$70 million. The individual components of the management fees and costs are discussed in more detail at 'Management fees and costs' under the heading 'Additional explanation of fees and costs'.

3. The management fee may be negotiated in certain circumstances. For more information see 'Waiver, deferral or rebate of fees' under the heading 'Additional explanation of fees and costs'.



5.3 EXAMPLE OF ANNUAL FEES AND COSTS

The following table gives an example of how the fees and costs applicable to Units in the Fund can affect your investment over a one-year period. You should use this table to compare this product with other managed investment products.

EXAMPLE		BALANCE OF \$50,000 WITH A CONTRIBUTION OF \$5,000 DURING YEAR
Contribution Fees		For every additional \$5,000 you put in, you will be charged \$0
PLUS Management fees and costs	2.16% ¹	And, for every \$50,000 you have in the Fund you will be charged or have deducted from your investment \$1,077.53 each year
PLUS Performance fees	0.00% ²	And, you will be charged or have deducted from your investment \$0 in performance fees each year
PLUS Transaction costs	0.00% ³	And, you will be charged or have deducted from your investment \$0 in transaction costs
EQUALS Cost of Fund		<p>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 and costs in the range of:</p> <p>\$1,077.53 to \$1,185.28²</p> <p>What it costs you will depend on the investment option you choose and the fees you negotiate.</p>

1. These amounts represent the ratio of the Fund's estimated management fees and costs and transaction costs for FY 2025, adjusted to reflect a 12-month period, and assuming a gross asset value of the Fund of \$70 million.

2. The fees and costs of the Fund will change over time as the costs of managing the Fund and the Fund's investments change. Changes to the fees and costs of the Fund may take the form of a notice on the Fund's website. Further information is included under the heading 'Additional explanation of fees and costs'.

3. Additional fees may apply, such as any additional fees that your financial adviser may charge you and also a removal fee may be payable to the Responsible Entity if it is removed as the responsible entity of the Fund.

5.4 ADDITIONAL EXPLANATION OF FEES AND COSTS

Management fees and costs represent the total investment and administration related costs of operating the Fund. The estimated ongoing management fees and costs identified in Section 5.2 are the fees and costs paid for general administration of the Fund. These fees and costs are paid by the Fund and therefore indirectly by you in proportion to your investment in the Fund. A short description of each type of ongoing management fee and cost is set out in this section.

(a) Fees payable to the Responsible Entity

(i) Conversion fee

The Responsible Entity is entitled to receive a one-off fee of \$6,270 for its work in connection with the conversion of the Fund to a registered managed investment scheme. This fee is payable out of the assets of the Fund. It was paid to the Responsible Entity on 19 August 2024 by a member of the Msquared Group and may be reimbursed from the Fund's assets.

(ii) Responsible Entity fee

The Responsible Entity is entitled to a fee for providing its service as trustee and responsible entity of the Fund. This fee is paid monthly and in arrears from the assets of the Fund and is calculated referable to the gross asset value of the Fund as follows:

- (A) 0.05% per annum on the first \$150 million of total assets (including the gross value of the assets of any sub entities, adjusted if relevant, based on the proportional direct or indirect ownership of the Fund in the sub entity); and
- (B) 0.03% per annum on total assets above \$150 million (including the gross value of the assets of any sub entities, adjusted if relevant, based on the proportional direct or indirect ownership of the Fund in the sub entity).

The Responsible Entity fee is subject to a minimum fee amount of \$50,160 per annum, increasing to \$56,430 per annum from 5 November 2025 and increasing to \$62,700 per annum from 5 November 2026. These amounts are subject to an annual increase on 1 July each year from the registration of the Fund by the greater of 4% and the changes in the CPI.

This fee is calculated and accrues daily and is paid to the Responsible Entity monthly in arrears from the assets of the Fund. Assuming a Fund size of \$150 million, the Responsible Entity would receive a fee of up to \$78,375 for the annual period.

(iii) Responsible Entity transaction fees

The Responsible Entity is entitled to receive transaction fees for providing services for the Fund as follows:

- (A) \$5,225 for each target market determination (TMD) after the issue of the first TMD.
- (B) \$6,270 for the issue of this PDS.
- (C) \$5,225 for each revised product disclosure statement after the issue of this first PDS.

These fees are payable to the Responsible Entity from the Fund assets within 10 calendar days after the relevant service is provided and are treated as operating costs and expenses (see below).

(iv) Management fee

The Manager is entitled to a fee for managing and overseeing the investments and operations of the Fund equal to:

- (A) **Ordinary Units:** 1.79% per annum of the Relevant Proportion of the gross value of the assets of the Fund;
- (B) **Premium Units:** 1.54% per annum of the Relevant Proportion of the gross value of the assets of the Fund; and
- (C) **Platinum Units:** 1.28% per annum of the Relevant Proportion of the gross value of the assets of the Fund.

This fee is paid monthly in arrears from the assets of the Fund. For example:

- (A) **Ordinary Units:** \$895 for every \$50,000 of the Relevant Proportion of gross value of the assets of the Fund for Ordinary Units;
- (B) **Premium Units:** \$770 for every \$50,000 of the Relevant Proportion of gross value of the assets of the Fund for Premium Units; and
- (C) **Platinum Units:** \$640 for every \$50,000 of the Relevant Proportion of gross value of the assets of the Fund for Platinum Units.

The investment by the Fund in Loan Products will be structured so that there is no double payment of management fees. This may be by way of waiver or rebate by the Manager or the other member of the Msquared Group of their respective fee for the Loan Product.

(v) Default management fee

In consideration of the additional work that is performed by the Manager whilst a Direct Loan is in default, the Manager is entitled to a default management fee equal to 20% of any default interest received by the Fund in respect of a Direct Loan. In this case, the default interest is only the difference between the interest payable on the Loan and the default rate of interest that is actually received by the Fund upon enforcement.

(vi) Custody fee

The Responsible Entity is obligated to pay the Custodian a fee for its services in relation to the Fund.

The fee is an amount equal to 0.02% per annum of the gross value of the assets of the Fund up to \$100 million, plus 0.01% of the gross value of the assets of the Fund from \$100 million, subject to a minimum fee of \$12,812.50 per annum. These amounts are subject to an annual increase on 1 July each year based on the changes in the CPI.

The fee is paid quarterly in arrears from the assets of the Fund.

(vii) Expenses (excluding Abnormal Expenses)

Expenses are generally paid from the Fund's assets when incurred or reimbursed from the Fund's assets to the Responsible Entity or the Manager (as the case may be), as permitted by the Constitution and the Investment Management Agreement.

It is anticipated that the day-to-day fees and expenses of the Fund will amount to approximately 0.25% per annum of the gross asset value of the Fund.

On some occasions the Responsible Entity may also incur abnormal or infrequent expenses such as costs association with any meetings of Unitholders, costs of litigation to protect Unitholders' rights, costs to defend claims in relation to the Fund, legal fees, once off or non 'business as usual' fees, and termination and wind-up costs. It is anticipated that the abnormal expenses of the Fund will amount to approximately 0.05% per annum of the gross asset value of the Fund.

(viii) Indirect costs

Indirect costs are fees, costs, expenses and other amounts which the Manager estimates are paid from, or incurred by the Fund, which (directly or indirectly) reduce the return of the Fund. These include amounts incurred in making direct investments and the costs of investing in interposed vehicles.

The Fund's indirect costs are estimated to be nil for the period the Fund is offered in FY25.

The indirect costs incurred by the Fund depend on the Fund's portfolio composition and are generally disclosed based on amounts paid in the previous financial year. Actual indirect costs for a financial year may therefore differ from the amount disclosed in this PDS. Updated changes to the indirect cost amount will be available on the Fund's Website.

(ix) Responsible Entity retirement or removal fee

The Responsible Entity is entitled to be paid a retirement or removal fee if it is replaced in certain circumstances. This fee equates to the amount of the balance of the Responsible Entity fee it would have received if it had remained the

Responsible Entity for two years from the date the first Unit is issued pursuant to this PDS if:

- (A) it is removed as the responsible entity of the Fund, or
- (B) it retires as the responsible entity of the Fund at the request of the Manager in accordance with the Investment Management Agreement.

The fee will not be payable where the removal is because of the Responsible Entity's gross negligence or for a material breach of fiduciary duty to investors which causes them substantial loss or because it is no longer, or it is reasonably likely that it is no longer, able to carry out the role of trustee pursuant to the Constitution and the requirements of the Corporations Act.

The amount of the retirement or removal fee is determined based on the gross value of the Fund's assets at the time the fee becomes payable. If the retirement or removal fee becomes payable, then it will be an expense of the Fund and must be paid out of the Fund assets.

In the following example it is assumed that:

- (A) the retirement or removal fee becomes payable 12 months after November 2024;
- (B) the minimum Responsible Entity fee increased on 1 July 2025; and
- (C) at the time the retirement or removal fee becomes payable, the gross value of the assets of the Fund is \$150 million.

Here, the Responsible Entity would be entitled to a retirement or removal fee of \$78,375.

Unless stated otherwise, the example above is calculated gross of GST and RITC and is provided for illustrative purposes only and does not represent any actual or prospective retirement or removal fee amount. You should not rely on this example in determining whether to invest in the Fund.

(b) Transaction costs

Transaction costs are costs incurred by the Fund and for dealing with the Fund's assets. These costs include brokerage and buy/sell spreads of investments and include the transaction costs of interposed vehicles. The Fund's total gross transaction costs are estimated to be nil.

(c) Member activity related fees and costs

(i) Buy/sell spread

The buy/sell spread (where applied) is a portion of the transaction costs that is recovered from investors by the Manager when issuing and redeeming Units. The buy/sell spread affects the issue price and the withdrawal price. The issue price (the price at which a Unit may be acquired) is calculated by adding the applicable buy spread to the prevailing Unit Price. The withdrawal price (the price at which a Unit may be redeemed) is calculated by subtracting the applicable sell spread from the prevailing Unit Price. The difference between the issue price and the withdrawal price is referred to as the buy/sell spread.

The buy/sell spread is set by the Manager and may change as a result of changes in the underlying transaction costs incurred by the Fund.

At the time of this PDS, there is no buy spread or sell spread. The buy/sell spread will be reviewed on a regular basis. The Manager may introduce or vary the buy/sell spread from time to time and prior notice may not be given. The buy/sell spread will not be paid to the Manager but rather retained as an asset of the Fund.

(d) Indirect Investors

Indirect Investors should contact their IPDS Operator regarding fees and costs.

(e) Other fees and costs information

(i) Fees Payable by Borrowers

Msquared may receive fees directly from Borrowers in relation to individual Loans, such as commitment fees, establishment fees, loan

management fees, loan variation fees, line fees, default administration fees, default loan management fees and discharge fees. These fees will be paid for by the relevant Borrower through the Security Trust structure and not from the Fund's assets.

(ii) Adviser remuneration

The Responsible Entity will not pay any commission to financial advisers or other intermediaries. The Manager may pay commission to financial advisers or other intermediaries in respect of Wholesale Clients but will not do so in respect of Retail Clients.

Investors are able to direct the Responsible Entity to pay an amount on their behalf to their adviser. To do so, please nominate the payment amount on your Application Form, and this amount will be deducted from your Application Money and corresponding number of Units will be issued.

(iii) Differential fees

The Responsible Entity or the Manager will not ordinarily negotiate fees. However, the Manager may negotiate special fee arrangements with investors who are Wholesale Clients under which it reduces or rebates fees to those investors. Such special fee arrangements will not adversely impact upon the fees that are paid by other Unitholders as set out in this section.

(iv) Fee Changes

The Responsible Entity (in limited circumstances) may change the fees and expenses of the Fund referred to in this PDS. The Responsible Entity will provide investors at least 30 days' notice of any proposed increase in fees or expense recoveries or introduction of new fees.

The Fund's Constitution allows for a Responsible Entity fee of up to 0.5% per annum of the Fund's Gross Asset Value to be charged by a trustee who is not One Managed Investment Funds Limited, which is higher than the Responsible Entity fee detailed in this section. Otherwise, the maximum fees chargeable by the Responsible Entity as set out in the Constitution and the Manager as set out in the Investment Management Agreement are the same as those outlined in this section.

(v) Waiver, Deferral or Rebate of Fees

Each of the Responsible Entity and the Manager maintains the discretion to 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.

(vi) Goods and Services Tax

The fees and costs set out at in this section show the total cost to investors, including the effect of GST (i.e. inclusive of 10% GST less any input tax credits, including RITCs). Where RITCs are available the Fund may be able to claim a RITC of either 55% or 75% of the GST paid, depending on the precise nature of the services. In the event that legislative amendments to the current GST regime have the effect of reducing the ability of the Fund to claim input tax credits on the fees and costs described in this section, then fees and costs may increase. If the Responsible Entity or the Manager becomes liable to pay GST on fees or costs not described in this PDS as GST inclusive, they are entitled to be reimbursed out of the assets of the Fund for the amount of GST. Again, the Responsible Entity will give you at least 30 days' written notice of any change to the fees and costs payable.

(vii) Tax

For further information about tax, please refer to Section 7.

6. RISKS





6. RISKS

6.1 OVERVIEW

An investment in the Fund carries risk. Risks can be categorised as being specific to the Fund, broader risks which affect the Fund and general risks associated with investing in the fixed income market. Many of these risks are outside the control of the Responsible Entity, the Manager and their respective directors and officers. Consequently, the Units offered under this PDS carry no guarantee in respect of profitability, distributions or return of capital. Neither the Responsible Entity, the Manager nor their directors nor any party associated with the preparation of this PDS warrants that the Investment Objective will be achieved.

In addition, to the extent that statements in this PDS constitute forward-looking statements, these statements involve known and unknown risks, uncertainties and other factors that may cause the Fund's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by forward-looking statements. Although the Responsible Entity and the Manager each believe the expectations reflected in any forward-looking statements are reasonable, neither can guarantee future results, levels of activity, performance or achievements, or that historic results will be repeated.

Investors should consider whether the Units offered under this PDS are a suitable investment, having regard to their own individual investment objectives, financial circumstances and the risk factors set out below.

The list below highlights the more significant and material risks; however, the list may not be exhaustive. Other less significant or less probable factors may also impact the Fund's financial performance, financial position or cash flow. Should any or all of these risk factors materialise, the value of Units may be adversely affected.

Investors should read this PDS in its entirety

and consider the following risk factors and, if necessary, consult their accountant, financial adviser, lawyer or other professional adviser prior to making an investment in the Fund.

6.2 CAPITAL AND RETURN RISKS

The risk to capital is primarily determined by the ability of Borrowers to repay Loans. If a Borrower is unable to repay a Loan, then it may be necessary to take steps to enforce the Mortgage and other Security Interests and sell the Security Property. If that were to occur, then the Fund may not receive all amounts owing to it in relation to the Loan and would therefore suffer a loss. The Manager may, but it is not obliged to, establish a loan loss provision. If the loan loss provision has not been established or its funds are insufficient to cover these losses, then Unitholders may lose some or all of their investment as a result. The use of a loan loss provision may reduce the distributions to Unitholders.

The Fund will seek to achieve the Target Return for each Class of Unit. The Fund may not be successful in meeting this objective. This target return is a target only and is not a forecast. The comparison to the RBA Cash Rate is not intended to compare an investment in the Fund to a cash holding. Returns and the return of your capital are not guaranteed.

6.3 LOAN LOSS RISK

As provided for in Section 4.12, the Fund may maintain a specific reserve of cash to meet losses on Loans, should they occur (Loan Loss Provision).

The Manager's provisioning policy may not adequately provide for sufficient funds to be held in the Loan Loss Provision, for example due to an unexpectedly high level of Loan defaults. Accordingly, this means some Loan losses caused as a result of Borrower default or otherwise may have to be met from the Fund's capital, if the Loan Loss Provision cannot cover a full loss position. This may impact upon the Fund's Unit

price and may result in reduced distributions and a capital loss being incurred by Unitholders.

6.4 NON-INCOME PRODUCING PROPERTIES

The Fund's Investment Strategy is not to invest in or be exposed to Loans where the Security Property is vacant land. However, the Security Property can be vacant residential, commercial, industrial or retail premises. There are particular risks associated with Loans in respect of non-income producing properties. Where a default occurs under these Loans, there is no income derived from the Security Property to assist in covering the interest payments or otherwise rectifying the default and the Security Property may have a low sale value.

6.5 DEFAULT AND CREDIT RISK

There is a risk that a Borrower may fail to meet their repayment obligations under a Loan or otherwise fail to meet the terms of a Loan made by the Fund.

This may be for a wide range of reasons, including:

- (a) A change in the individual financial or other circumstances of the Borrower.
- (b) A change in the economic climate generally that adversely affects all Borrowers.

If a Borrower fails to meet its interest payment or principal repayment obligations, this could adversely affect the income attributable to the Loan and the recoverability of the principal. If a Borrower ultimately defaults on the Loan, then this may result in the Fund losing money if the Security Property is sold for less than the outstanding Loan amount together with arrears of interest, default interest, enforcement and realisation costs. This may lead to Unitholders losing some or all of their investment as a result.

An investment in the Fund is not the same as a deposit with an Australian deposit-taking institution or a corporate bond.

A Borrower's capacity to repay is assessed for the Fund by the Credit Committee, and the Borrowers are not otherwise rated or credit assessed by any third parties on behalf of the

Fund. The Borrowers of Loans in which the Fund invests may not have been able to borrow from another financier, such as a bank.

6.6 ENFORCEMENT RISK

If a Borrower defaults under a Loan, then the Fund may have to enforce its Mortgage to recover the Loan, any unpaid interest, fees and costs. This may involve incurring enforcement costs (such as the costs of appointing a receiver, legal fees in enforcing against the Borrower, agent's commissions for sale of the Security Property etc.). This will most likely lead to a reduction in distributions paid to Unitholders and, depending on whether the enforcement costs can ultimately be repaid out of the proceeds from the sale of the Security Property, may result in Unitholders suffering a loss. It is possible the Responsible Entity will undertake a further capital raising to raise the capital required to pay for the expenses associated with enforcing the Loan. There is therefore a risk that Unitholders may be requested to contribute further capital to the Fund in order to be able to seek to recover the value of the Fund's investment in Loans. It is highly likely that any such future capital raising will be undertaken at a price less than the original issue price for the Units and may therefore dilute the proportional holdings of those Unitholders that decide not to contribute further capital.

A significant proportion of the Loans may be considered to be small business loans within the jurisdiction of the Australian Financial Complaints Authority. If the Borrower makes a complaint to AFCA, this may complicate or delay any enforcement process.

6.7 CONCENTRATION RISK

There is an increased risk associated with loans that are highly concentrated in terms of particular types of loans, location, activities or Borrowers. The Fund has exposure limits to single Borrowers or assets as specified in Section 4.3.

6.8 DOCUMENTATION RISK

A deficiency in documentation could adversely affect the return on a Loan or the ability of the Loan to be enforced. Courts and the Australian Financial Complaints Authority have tended to favour borrowers and guarantors where there are

questions raised about the enforceability of loan agreements, security documents and guarantees. This may make it difficult for the Fund to enforce its Mortgage other Security Interests and guarantees in respect of the Loan and may also affect the ability to recover any amounts owing by the Borrower, including default interest.

6.9 VALUATION RISK

The valuation of the Security Property for a Loan may be inaccurate or not accurately reflect its true value at the time the valuation is undertaken. The LVR is a measure of the principal lent under a Loan against a valuation of the Security Property. It may not accurately predict the entire amount that may need to be recovered from the Borrower, including interest, default interest and enforcement costs, or the actual amount recovered on sale of the Security Property in a distressed sale situation.

A valuation is a valuer's assessment of what a theoretical buyer and seller will transact the property for in a theoretical set of circumstances. The real value achieved on actual sale will depend on what a buyer is prepared to pay when the property is sold reflecting market dynamics and the property. As the Security Property is likely to be sold on an enforcement situation, it is possible that a distressed sale may lead to a sale price that is less than the valuation.

If the valuation of the Security Property for a Loan does not accurately predict its actual sale price, then the amount realised on the sale of a Security Property may not cover the amount lent to the Borrower. Valuations will be undertaken in accordance with the Fund's valuation policy. In some instances, valuations from an independent valuer may not be obtained or may be "desktop" rather than full valuations. The Responsible Entity will not usually be the party engaging the independent valuer and may not be able to rely upon the valuation. See Section 4.10 for more details of the Fund's valuation policy.

6.10 DUE DILIGENCE RISK

In all investments there exists a risk that material items that could affect the performance of individual investments are not identified during the investment analysis process and that these risks are not mitigated by the Manager.

6.11 BUILDING RISK

Property assets naturally deteriorate over time and are subject to disasters, which can damage the structure of the building. There is a risk that the value of a Security Property could diminish if the building on the Security Property deteriorates or is damaged. The amount of any insurance available may not entirely cover the costs of repairing any damage to a building or entirely cover the loss of the building.

6.12 ENVIRONMENTAL RISK

The valuation of an investment by the Fund could be adversely affected by discovery of environmental contamination or the incorrect assessment of costs associated with an environmental contamination, as well as restrictions associated with flora and fauna conservation.

6.13 DISASTER RISK

Disasters such as natural phenomena, acts of God and terrorist attacks may damage or destroy the property in relation to which the Fund holds a Mortgage. It is not possible to insure a Security Property against some of these events. Occurrence of these events could also lead to insurance becoming unavailable for such events in the future, or premiums increasing above levels expected.

6.14 RESPONSIBLE ENTITY AND MANAGER RISK

There is a risk One Managed Investment Funds Limited may be replaced as trustee of the Fund, or that the Manager may be replaced as investment manager of the Fund or that the key personnel of Msquared Group may change. In the event this occurs, there is a possibility that their ability to provide services to the Fund or their performance are adversely impacted.

6.15 MANAGER PERFORMANCE RISK

The success of the Fund is dependent on Msquared Group identifying suitable Loans for the Fund to invest into and then managing those Loans to ensure that the Loans are repaid. If Msquared Group or the Manager is unable to identify suitable Loans for the Fund, then this will

impact upon the Fund's return.

The Fund's performance also depends upon the Manager recommending suitable Loans to the Responsible Entity, conducting regular audits of the performance of the Loans and undertaking enforcement action against defaulting Borrowers. Failure by the Manager to undertake these tasks properly may result in an adverse impact on the Fund and on its performance. If the Manager either becomes insolvent or encounters financial difficulties, which means that it is unable to perform its role under the Investment Management Agreement, then the Responsible Entity will most likely need to terminate the Investment Management Agreement. If that were to occur, then the Responsible Entity would either need to find a replacement investment manager from a group other than Msquared Group or wind up the Fund. A significant proportion of the Fund's assets may be Loan Products issued by or in a member of the Msquared Group. That may make it difficult for the Responsible Entity to appoint a different investment manager.

This could result in Unitholders suffering a loss or a diminished or delayed return on their investment in the Fund.

6.16 MANAGER STRATEGY RISK

The risk that the Manager or the Manager's investment strategy will not achieve its performance objectives or produce returns that compare favourably against its peers. Many factors can negatively impact the Manager's ability to generate acceptable returns e.g. loss of key staff.

6.17 LIQUIDITY AND WITHDRAWAL RISK

Loans and Loan Products are not actively traded and therefore may not be readily convertible to cash other than when the Loans are repaid.

The Fund will be 'not liquid' (as defined in the Corporations Act) and Unitholders are only able to withdraw in response to a withdrawal offer made by the Responsible Entity. The Responsible Entity and Manager's intentions in respect of withdrawal offers are set out in Section 3.12. However, there is no guarantee that withdrawal offers will be made. Additionally, the amount available for withdrawal will be subject to a cap.

This means that you may be unable to withdraw any or all of your investment when you would like to.

6.18 MARKET RISK

This is the risk that negative market movements will affect the price of assets within a particular market. By their nature, markets experience periods of volatility involving price fluctuations of varying magnitudes. Property market risk is the risk that the property market as a whole declines in value in line with various trends in the Australian or overseas markets. This may be due to a number of factors, such as over-supply of real estate, economic conditions, interest rate movements or general market sentiment.

The Fund will make Loans secured by Mortgages and may also be secured by Security Interests. Property market risk is inherent in the real estate securing the Fund's Loan investments. A fall in property values may affect the ability to fully recover the amount owing under a Mortgage where a Borrower defaults. If the Borrower defaults and the Security Property is sold for less than the outstanding Loan amount (including the costs of the sale and interest), then this may result in the Unitholders suffering a loss if the Borrower cannot repay the balance of the outstanding debt from other assets of the Borrower.

6.19 TAXATION RISK

Changes to tax law and policy (including any changes in relation to how income of the Fund is taxed or to the deductibility of expenses or stamp duty law) might adversely impact the Fund and your returns. You should obtain independent tax advice in respect of an investment in the Fund.

6.20 REGULATORY AND ECONOMIC RISK

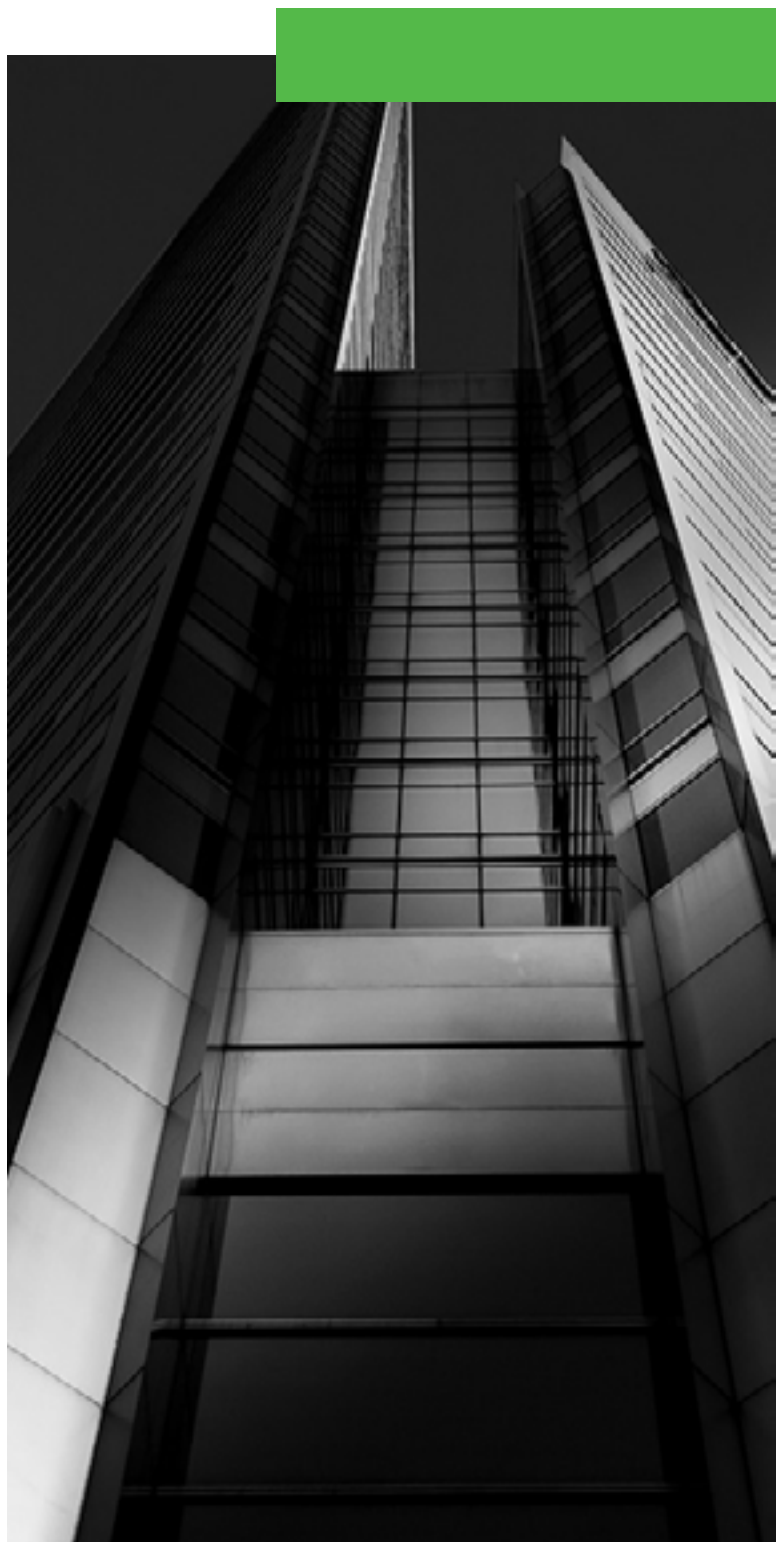
There is the risk that the value of an investment may be affected by changes in domestic or international policies, regulations or laws (including taxation laws). There is also a risk that a downturn in domestic or international economic conditions may adversely affect investments. These factors are outside the control of the Responsible Entity and the Manager, but they may have a negative impact upon the operation and performance of the Fund.

6.21 GENERAL INVESTMENT RISKS

In addition to the specific risks identified above, there are also other more general risks that can affect the value of an investment in the Fund. These include the following:

- (a) The state of the Australian and world economies.
- (b) Interest rate fluctuations.
- (c) Legislative changes (which may or may not have a retrospective effect) including taxation and accounting issues.
- (d) Inflation.
- (e) Negative consumer sentiment which may keep the value of assets depressed.
- (f) Natural disasters and man-made disasters beyond our or the Manager's control.
- (g) The illiquidity and cost of capital markets.

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



7. TAXATION





7. TAXATION

The taxation information provided below is of a general nature only and is based on Australian tax laws current as of the issue date of this PDS. The taxation information provided applies to Australian resident investors who hold their units on capital account and who are not considered to be carrying on a business of investing, trading in investments or investing for the purpose of profit making by sale. It is important for investors to obtain independent tax advice in relation to the tax treatment of their investment in the Fund.

7.1 ATTRIBUTION MANAGED INVESTMENT TRUST (AMIT)

The Fund intends to elect to become an AMIT from 1 July 2024 onwards. Broadly, under the AMIT regime, the Fund fully attributes all determined trust components of a particular character (i.e. assessable income, non-assessable non-exempt income, exempt income and tax offsets) of the Fund to investors on a fair and reasonable basis consistent with the Fund's Constitution every year. The Fund itself should not generally be subject to income tax.

Investors will be taxed on their 'attributed' share of the Fund's taxable 'trust components' for the income year, as if they derived these amounts in their own right and in the same circumstances as the AMIT itself, regardless of whether income and gains are accrued, distributed or reinvested. The 'attributed' amounts, including the trust components, distributions and the cost base of the investor's units in the Fund, will be detailed in an AMIT Member Annual Statement (AMMA Statement). Unitholders will pay tax on distributions at their applicable tax rate.

The cost base of an investor's units in the Fund are generally increased or decreased by attributed assessable income (including capital gains) and non-assessable non-exempt income and by actual payments (including reinvestments) and attributed tax offsets respectively. This results in a net increase or decrease in the cost base of the investor's units in a Fund for each year. To the extent the decreased amount exceeds the cost

base, the excess will be taxed as a CGT event E10 capital gain.

To the extent the Fund incurs revenue losses, the Fund will not be able to distribute tax losses to investors. Any carried forward tax losses incurred by the Fund will be "quarantined" and will only be able to be utilised by the Fund in future years if it satisfies the trust loss rules.

7.2 WHERE THE FUND IS NOT AN AMIT

If the Fund ceases to qualify as an AMIT for a given income year, the general trust provisions of the tax law will apply.

The Fund will determine its net (taxable) income for the income year, calculated in accordance with section 95(1) of the Income Tax Assessment Act 1936 (Cth). Investors will generally be taxed on their share of the net income of the Fund where they are presently entitled to that income for that year, regardless of whether the distribution is received or reinvested after year end. Provided investors are presently entitled to all trust income in that year, the Responsible Entity should not generally be liable to pay tax on the net (taxable) income of the Fund.

To the extent the Fund incurs revenue losses, the Fund will not be able to distribute tax losses to investors. Any carried forward tax losses incurred by the Fund will be "quarantined" and will only be able to be utilised by the Fund in future years if it satisfies the trust loss rules.

7.3 FLOW THROUGH STATUS

The Fund will be a flow-through entity for income tax purposes where it is not both a 'public unit trust' and a 'trading trust'. The Fund should not be a trading trust provided that it wholly consists of an 'eligible investment business' which includes investing or trading in (amongst other things) financial instruments. To the extent the Fund is both a 'public unit trust' and a 'trading trust', the Fund will be treated as a public trading trust and will be taxed in a similar manner to a company.

7.4 CAPITAL GAINS TAX (CGT)

The assessable income for an investor for each year may include net capital gains, comprising of (amongst other things) components of the Fund's net income distributed to investors in the Fund and withdrawal (e.g. redemption of units) of an investor from the Fund.

An Australian resident individual, trust or complying superannuation entity that receives capital gains with respect to their units may be eligible for CGT concessions where they have held those units for at least 12 months. Where a discount capital gain is received it must be grossed up by the 50% discount that applies to trusts. Where the CGT discount applies, the taxable gain may be reduced by one half in the case of an individual or trust, or one third in the case of a complying superannuation entity.

To the extent that any "tax deferred distributions" are made to investors, the amount of "tax deferred distribution" received is effectively taken to reduce the tax cost base of an investor's respective units in the Fund. Should the cost base of the investor's respective units in the Fund be reduced to nil in future income years, any non-taxable distributions received thereafter may give rise to taxable CGT event E4 capital gain. Investors should monitor the cost base of their units in the Fund.

7.5 DISTRIBUTION REINVESTMENT PLAN (DRP)

Distributions reinvested under the DRP will be treated as though the distribution is received in the hands of the investor and then used to acquire additional units in the Fund. The distributions reinvested will be assessed in the same manner as any other distribution and the cost base of the acquired units will be equal to the quantum of distribution reinvested.

7.6 LOAN LOSS

Where an amount is allocated to loan loss provisioning as outlined in Section 4.12, this will not impact the tax position of the Fund. The Fund will only recognise a deduction for bad debts where a loan is written off as bad, and not when the loan loss provision is raised.

7.7 GOODS AND SERVICES TAX (GST)

Distributions from the Fund and the issue and withdrawal of Units will not generally be subject to GST. The Fund may incur 10% GST on fees and costs charged to the Fund, for which the Fund may be eligible to claim Input Tax Credits or Reduced Input Tax Credits (**RITC**) for GST paid on certain expenses.

7.8 TAXATION OF FINANCIAL ARRANGEMENTS

The taxation of financial arrangements (**TOFA**) regime broadly contains rules that cover tax timing treatments for financial arrangements. There are a number of exclusions from TOFA. Investors should seek their own advice as to the possible application of the TOFA regime to their investment in the Fund.

7.9 TAX FILE NUMBER (TFN) AND AUSTRALIAN BUSINESS NUMBER (ABN)

Providing a TFN or ABN is not compulsory for investors. However, unless exempt, if an investor does not provide their TFN or ABN, tax will be withheld from income distributions at the highest personal marginal rate, plus the Medicare levy and any other applicable levies. Investors can provide their TFN, ABN, or an appropriate exemption when submitting the application form for an initial investment.

7.10 DUTY

Stamp duty should not be payable on your investment in the Fund, provided the Fund does not hold dutiable property at the time of investment.

8. ADDITIONAL INFORMATION



8. ADDITIONAL INFORMATION



8.1 DISCLOSURE OF INTERESTS

Directors, officers and employees of the Responsible Entity or the Manager may hold Units in the Fund. These Units will be issued on the same terms as Units issued to investors not related or associated with the Responsible Entity or the Manager.

8.2 CONFLICTS OF INTERESTS AND RELATED PARTY TRANSACTIONS

The Responsible Entity and the Manager may from time-to-time face conflicts between their duties to the Fund as the responsible entity or the manager, their duties to other funds they manage (if applicable) and their own interests. The Responsible Entity and the Manager will manage any conflicts in accordance with its conflicts of interest policy, the Constitution, ASIC policy and the law.

The Responsible Entity and Manager each maintain and complies with a written policy on related party transactions, including the assessment and approval processes for such transactions and arrangements to manage conflicts of interest. The policy ensures that any actual or potential conflicts of interest are identified and appropriately dealt with.

The Administrator and Registry Services Provider are related parties of the Responsible Entity. The agreements appointing the Administrator and Registry Services Provider are on arm's length terms.

In addition, it is anticipated that the Fund will invest in Loan Products issued or managed by a member of the Msquared Group. These entities will be related to the Manager. Generally, investment made into Loan Products will be made on the same terms as third party investors into the Loan Products. However, they may be an arrangement in connection with fees or minimum term to facilitate investment by the Fund.

The Responsible Entity and Manager may from

time to time enter into other transactions with related entities.

For example, the Registry Services Provider and the Administrator are both related entities of the Responsible Entity. The Responsible Entity will enter into Loans and security trust related agreements with the operators or managers of Msquared Managed Funds.

All transactions will be effected at or better than market rates or at no charge, and in accordance with the Corporations Act. By investing in the Fund, to the maximum extent permitted by law, you will be deemed to have acknowledged the existence of such actual and potential conflicts of interest and to have waived any claim with respect to the existence of any such conflict of interest.

8.3 MATERIAL DOCUMENTS

The following is a summary of material documents relevant to the Fund. You should consider whether it is necessary to obtain independent advice on any of the documents.

Constitution

The Constitution is the primary document governing the relationship between Unitholders and the Responsible Entity. It contains extensive provisions about the legal obligations of the parties and the rights and powers of each. Subject to the Constitution, a Unitholder has the following rights:

- (a) The right to share in any distributions.
- (b) The right to attend and vote at meetings of Unitholders.
- (c) The right to participate in the proceeds of winding up of the Fund.

The Responsible Entity can amend the Constitution if it secures a special resolution of Unitholders or may do so without Unitholders' approval if the Responsible Entity reasonably

considers the changes will not adversely affect Unitholders' rights or terminate the rights of Unitholders to share in the income and capital of the Fund.

A copy of the Constitution is available free of charge by contacting the Responsible Entity on the contact details as per the Directory.

Compliance plan

The Responsible Entity has a compliance plan for the Fund lodged with ASIC. The compliance plan describes the procedures used by the Responsible Entity to ensure it complies with the Corporations Act and Constitution, in the operation of the Fund.

Investment Management Agreement

The Responsible Entity has appointed the Manager to provide investment management services to the Fund pursuant to the Investment Management Agreement. The Investment Management Agreement contains provisions dealing with matters such as the Manager's obligations to report to the Responsible Entity.

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. The agreement can be terminated by the Responsible Entity if the Manager is in material breach of the agreement, and that breach has not been remedied after a certain time. There are also provisions allowing the Responsible Entity to terminate if, for example, the Manager becomes insolvent.

8.4 COOLING OFF RIGHTS

As the Fund is not liquid (as defined in the Corporations Act), no cooling off period is expected to apply to the Fund.

8.5 CONSENTS

Each of the parties referred below has given and not, before issue of this PDS, withdrawn its written consent to the inclusion of the statements in this PDS that are specified below in the form and content in which the statements appear:

- (a) Manager - Msquared Capital Retail Funds Management Pty Ltd.
- (b) Administrator - Unity Fund Services Pty Ltd.
- (c) Registry Service Provider - One Registry Services Pty Limited.
- (d) Custody Service Provider - Perpetual Corporate Trust Limited.
- (e) Security Trustee - Perpetual Nominees Limited.
- (f) Legal Advisor - Hall & Wilcox.
- (g) Tax Advisor - Deloitte Tax Services Pty Ltd.

Each of the above parties has only been involved in the preparation of that part of the PDS where they are named. Except to the extent indicated above, none of the above parties have authorised or caused the issue of the PDS and takes no responsibility for its contents.

8.6 ENVIRONMENTAL, SOCIAL AND ETHICAL CONSIDERATIONS

The Responsible Entity and the Manager do not directly take labour standards or environmental, social or ethical considerations into account for the purpose of selecting, retaining or releasing investments of the Fund.

8.7 COMPLAINTS HANDLING

You have a right to complain if you are not satisfied with the Responsible Entity's performance as responsible entity of the Fund. The Responsible Entity takes complaints seriously and aims to resolve all complaints as quickly as possible. The Responsible Entity will provide you with a copy of the complaints handling policy on request at no charge.

If you have a complaint, then you should notify the Responsible Entity immediately using the following contact details:

Phone	+61 2 8277 0000
Email	complaints@oneasset.com.au

Post Complaints Officer, PO Box
R1471, Royal Exchange NSW
1225

In Person Level 16, Governor Macquarie
Tower 1 Farrer Place Sydney
NSW 2000

Once the Responsible Entity receives a complaint, the Responsible Entity will acknowledge it within one Business Day and investigate the complaint with a view to resolving it and responding as soon as possible but no more than 30 days after receiving the complaint.

If you are a Retail Client and not satisfied with the Responsible Entity's response, then you can refer your complaint to the Australian Financial Complaints Authority (AFCA), an external complaints handling body of which we are a member. The role of this body is to provide you a free and independent assessment of your complaint. AFCA can be contacted as follows:

Website: www.afca.org.au

Telephone: 1800 931 678 (free call)

Email: info@afca.org.au

Mail: Australian Financial Complaints Authority,
GPO Box 3, Melbourne VIC 3001

For the hearing and speech impaired, AFCA can be contacted by either:

National Relay Service:
www.relayservice.com.au

TTY/Voice Calls: 133 677 (local)

Speak & Listen: 1300 555 727 (local)

8.8 PRIVACY

By signing the Application Form, you acknowledge and agree that your personal information may be handled by the Responsible Entity and its service providers (including the Manager, the Registry Service Provider and the Administrator) in the manner set out below.

Your completed Application Form will provide personal information about you to the Responsible

Entity and its service providers. The Responsible Entity and its service providers collect your personal information to process and administer your investment in the Fund and to provide you with information about your investment in the Fund. Some of this information is required by the Anti-Money Laundering and Counter-Terrorism Financing laws and may be required to be kept on a register in accordance with the Corporations Act. If you do not complete the Application Form in full, the Responsible Entity may not accept your Application Form.

The Responsible Entity and its service providers may disclose your personal information for purposes related to your investment and the publication of unitholder reports, to agents, service providers and government agencies. The Manager may, from time to time, provide you with information about products and services that may be of interest to you. Should you not wish to receive this information (including by mail or electronic communication), you have the right to 'opt out' by advising the Manager.

In order to use and disclose your personal information for the purposes stated above the Responsible Entity and its service providers may be required to transfer your personal information to entities or government agencies located outside Australia where it may not receive the level of protection afforded under Australian law. By signing the Application Form, you consent to your personal information being transferred overseas for these purposes.

The Responsible Entity's privacy policy contains information about how you can access the personal information or complain about a breach of the Australian Privacy Principles and how we will deal with such a complaint. The Responsible Entity's privacy policy is available at www.oneinvestment.com.au.

The Responsible Entity and the Manager may use your personal information for direct marketing purposes. Please contact us to request not to receive direct marketing communications from the Responsible Entity or the Manager. Please refer to the Directory in Section 11 for the Manager and Responsible Entity's contact details.

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

Australia's AML/CTF Laws require the Responsible Entity to adopt and maintain an Anti-Money Laundering and Counter Terrorism Financing program. A fundamental part of the AML/CTF program is that Responsible Entity knows certain information about Unitholders.

To meet this legal requirement, the Responsible Entity is required to collect certain identification information and documentation (**KYC Documents**) from new investors. Existing Unitholders may also be asked to provide KYC Documents as part of a re-identification process to comply with the AML/CTF Laws. Processing of Applications or withdrawals will be delayed or refused if the KYC Documents are not provided when requested.

Under the AML/CTF Laws, the Responsible Entity may be required to submit reports to AUSTRAC. This may include the disclosure of your personal information. The Responsible Entity may not be able to tell you when this occurs and, as a result, AUSTRAC may require the Responsible Entity to deny you (on a temporary or permanent basis) access to your investment. This could result in loss of the capital invested, or you may experience significant delays when you wish to transact on your investment.

Neither the Responsible Entity nor the Manager is liable for any loss you may suffer because of compliance with the AML/CTF Laws.

8.10 FOREIGN TAX COMPLIANCE DISCLOSURE

The Foreign Account Tax Compliance Act (FATCA) is United States (US) legislation that enables the US Internal Revenue Service to identify and collect tax from US residents that invest in assets through non-US entities. The OECD Common Reporting Standards for Automatic Exchange of Financial Account Information (CRS) is a similar global regime aimed at collecting and reporting on a Unitholder's tax status. If you are a foreign resident for tax purposes, then you should note the Fund will comply with its FATCA and CRS obligations by collecting, retaining and reporting about certain Unitholders to the ATO.

8.11 INDEMNITY

The Responsible Entity is indemnified out of the Fund against all liabilities incurred by it in properly performing or exercising any of its powers in the proper performance of its duties in relation to the Fund. This indemnity includes any liability incurred as a result of any act or omission of a delegate or agent appointed by the Responsible Entity. Subject to the law, the Responsible Entity may retain or pay out from the assets of the Fund any sum necessary to affect such an indemnity.

8.12 ENHANCED DISCLOSURE (ED) SECURITIES

Units in the Fund will be ED Securities under the Corporations Act if the Fund has more than 100 Unitholders. If the Units are ED Securities, then the Fund will be a "disclosing entity".

If the Fund is a disclosing entity, it will be subject to regular reporting and disclosure obligations. Copies of documents lodged with ASIC in relation to the Fund may be obtained from, or inspected at, an ASIC office. Unitholders will be entitled to obtain a copy of the following documents from the Fund's Website and you can request a paper copy free of charge from your professional adviser or by contacting the Responsible Entity:

- (a) the annual financial report of the Fund most recently lodged with ASIC;
- (b) any half year financial report lodged with ASIC by the Fund after the lodgement of the most recent annual financial report and before the date of the PDS; and
- (c) any continuous disclosure notices given by the Fund after the lodgement of the most recent annual report and before the date of the PDS.

9. GLOSSARY





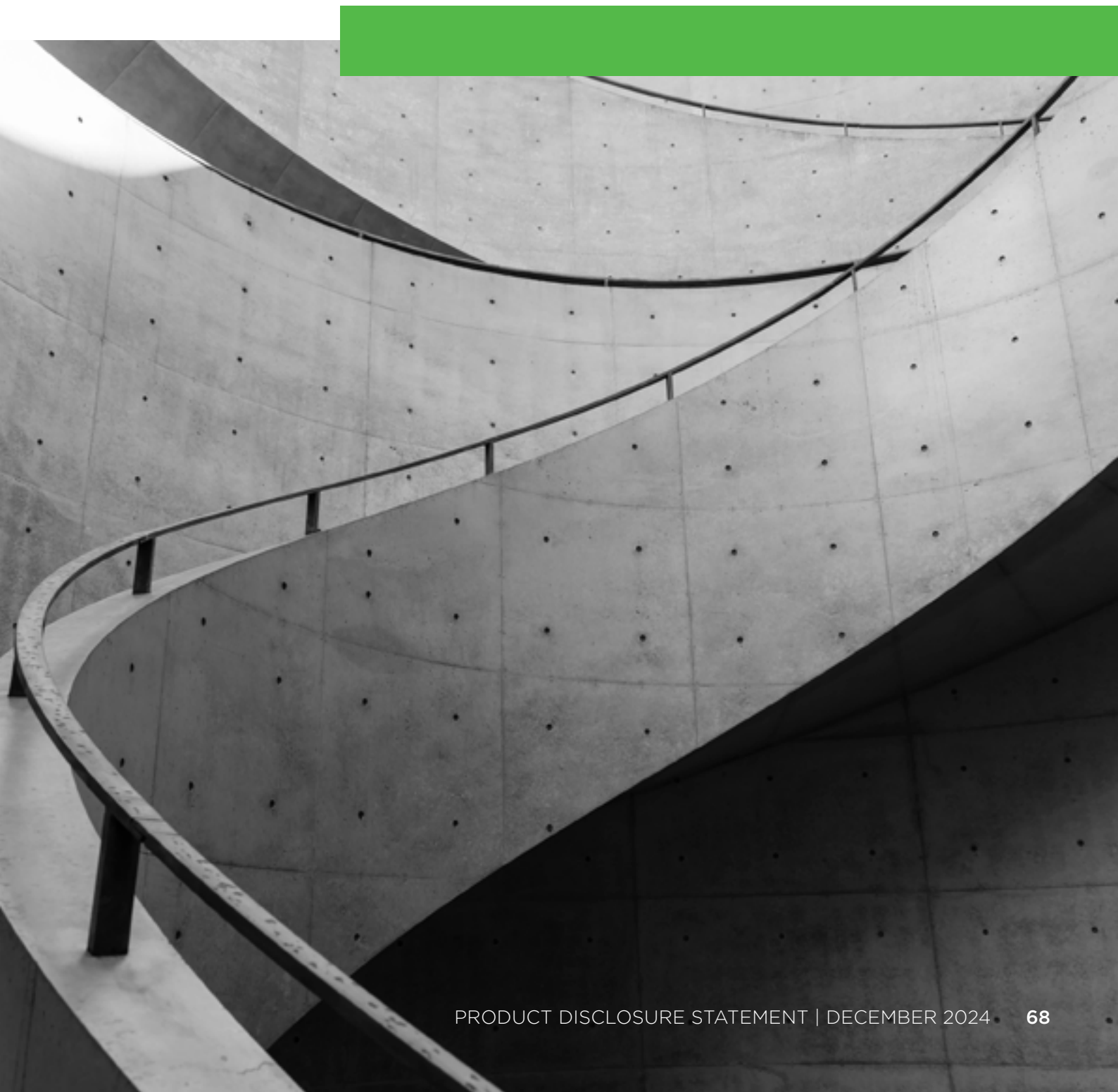
9. GLOSSARY

Administrator	Unity Fund Services Pty Ltd ACN 146 747 122.
AFSL	an Australian financial services licence.
AML/CTF	the Anti-Money Laundering and Counter-Terrorism Financing Act (Cth) 2006 and other applicable anti-money laundering and counter terrorism laws, regulations, rules and policies which apply to the Responsible Entity.
Applicant	a person who submits a valid Application Form and required Application Amount pursuant to this PDS.
Application	an application for Units under this PDS.
Application Amount or Application Monies	an amount of money submitted by Applicants under the Offer in cleared funds.
Application Form	the Application Form attached to or accompanying or provided with this PDS for investors to apply for Units under the Offer.
ASIC	the Australian Securities and Investments Commission.
ATO	the Australian Taxation Office.
AUSTRAC	the Australian Transaction Reports and Analysis Centre.
Borrower	the borrower of a Loan.
Business Day	a day, other than a Saturday, Sunday or public holiday on which Australian banks are open for business in Sydney, Australia.
Class	a class of Units offered for investment under this PDS, being the Ordinary Units, Premium Units and Platinum Units.
Constitution	the constitution of the Fund as amended from time to time.
Corporations Act	the Corporations Act 2001 (Cth) for the time being in force together with its subordinate legislation and regulations.

Credit Committee	The credit committee established by the Msquared Group as described in Section 4.8.
CRS	the Common Reporting Standard.
Direct Loan	a Loan into which the Fund is invested through the Security Trustee.
DRP	the Fund's distribution reinvestment plan.
FATCA	the United States of America income tax law regime under the Foreign Account Tax Compliance Act.
Fund	the Msquared Mortgage Income Fund ARSN 682 099 350.
Fund's Website	the Responsible Entity's website for the Fund at www.oneinvestment.com.au/msquared and on the Manager's website for the Fund at www.msquaredcapital.com.au .
GST	Goods and Services Tax.
IDPS Operator	the operator or custodian of the IDPS or IDPS-like scheme (known commonly as a master trust, platform or wrap account) or nominee or custody service.
Indirect Investor	an investor that invests into the Fund through an IDPS or IDPS-like scheme (known commonly as a master trust, platform or wrap account) or nominee or custody service.
Investment Management Agreement	the agreement between the Responsible Entity and the Manager, a summary of which is included in Section 8.3.
Investment Objective	the objectives that the Fund seeks to achieve through its investments, as set out in Section 3.2.
Investment Strategy	the investment strategy of the Fund, as set out in Section 3.3.
Lending Guidelines	means the guidelines which must be met prior to the Fund making a Loan, as summarised in Section 4.3.
Loans	a loan to which the Fund provides funding, either by way of Direct Loan or acquisition of a Loan Product.
LVR	'loan to value ratio', a measure of the size of the principal outstanding on the Loan relative to the value of the Security Property for that Loan. It is explained in Section 4.3 under Maximum LVR.

Msquared Capital	Msquared Capital Pty Ltd ACN 622 507 297 AFSL 520293.
Msquared Group	the 'Msquared' group consisting of Msquared Capital and its Related Parties.
Manager	Msquared Capital Retail Funds Management Pty Ltd ACN 679 611 146 Corporate Authorised Representative (no. 1312858) of OIAL and Corporate Authorised Representative (no. 1312533) of Msquared Capital.
Net Asset Value	<p>means, the amount calculated in accordance with the Constitution:</p> <p>(a) in respect of the Fund, the assets of the Fund less the liabilities of the Fund; and</p> <p>(b) in respect of a Class, the Relevant Proportion of the assets, less all liabilities of the Fund that the Responsible Entity attributes to the Class.</p>
Offer	the offer of Ordinary Units, Premium Units, and Platinum Units in the Fund under this PDS.
OIAL	One Investment Administration Ltd ACN 072 899 060 AFSL 225064.
PDS	this product disclosure statement, dated 12 December 2024.
RBA Cash Rate	the interest rate which banks pay to borrow funds from other banks in the money market on an overnight basis as published by the Reserve Bank of Australia.
Registry Service Provider	One Registry Services Pty Limited ACN 141 757 360.
Related Party	Has the meaning given to that term in section 228 of the Corporations Act as modified by section 601LA of the Corporations Act but as if references to the responsible entity were instead references to the Manager, and will include any trust which is operated or managed by a corporation that is a Related Party of Msquared Capital.
Responsible Entity	One Managed Investment Funds Limited ACN 117 400 987, AFSL 297042.
Retail Client	has the meaning given to that term in section 761G the Corporations Act.
Security Property	The real estate subject to a Mortgage to secure repayment of a Loan.

Security Trustee	Perpetual Nominees Limited ACN 000 733 700.
TFN	tax file number.
Unit	a unit issued in the Fund.
Unitholder	a registered holder of a Unit.
Wholesale Client	has the meaning given to that term in section 761G(7) the Corporations Act.



10. DIRECTORY





10. DIRECTORY

One Managed Investment Funds Limited

ACN 117 400 987
Level 16, Governor Macquarie Tower
1 Farrer Place
Sydney NSW 2000
Telephone: (02) 8277 0000
Email: msquared@oneinvestment.com.au
Website: www.oneinvestment.com.au

Manager

Msquared Capital Retail Funds Management Pty Ltd
ACN 679 611 146
Level 12, 88 Pitt Street
Sydney NSW 2000
Telephone: (02) 9157 8608
Email: info@msqcapital.com.au
Website: www.msquaredcapital.com.au

Custody Service Provider

Perpetual Corporate Trust Limited
ACN 000 341 533
Level 18, 123 Pitt Street
Sydney NSW 2000
Telephone: (02) 9229 9000
Email: ccscustody@perpetual.com.au
Website: www.perpetual.com.au

Administrator

Unity Fund Services Pty Ltd
ACN 146 747 122
Level 16, Governor Macquarie Tower
1 Farrer Place
Sydney NSW 2000
Telephone: (02) 8277 0070
Email: msquared@unityfundservices.com.au
Website: www.unityfundservices.com.au

Registry Service Provider

One Registry Services Pty Limited
ACN 141 757 360
Level 16, Governor Macquarie Tower
1 Farrer Place
Sydney NSW 2000
Telephone: (02) 8188 1510
Website: www.oneregistryservices.com.au
Email: info@oneregistryservices.com.au

Legal Advisor

Hall & Wilcox
Level 18, 240 Queen Street
Brisbane QLD 4000

Tax Advisor

Deloitte Tax Services Pty Ltd
477 Collins Street
Melbourne VIC 3000

11. HOW TO INVEST



11. HOW TO INVEST



Please pay particular attention to the risk factors in Section 7 of this PDS. The risks should be considered in light of your own investment situation. Where appropriate, you should also consult a financial, taxation or other professional advisor before deciding whether to invest in the Fund.

To invest in the Fund, complete an Application Form using the Fund's Registry Services Provider online service which includes the provision of documentation for identification purposes. By applying online, you can transfer the funds in accordance with the instructions on the Application Form. Cash payments and cheques will not be accepted.

11.1 APPLICATIONS

For your application to be considered, you must complete and return your Application Form and pay the Application Money. The minimum initial investment amount for Ordinary and Premium Units is \$10,000, and then in increments of \$5,000. The respective amounts for Platinum Units are \$10 million for minimum investment amount and \$500,000 for subsequent amounts. The Responsible Entity may waive these minimum amounts in its absolute discretion.

It is not compulsory for Unitholders to provide their Tax File Number (TFN), Australian Business Number or to claim an exemption, however if they do not, the Responsible Entity is required to deduct tax at the highest marginal rate for both Australian residents and foreign residents plus any applicable levies such as the Medicare Levy from any income payable to the Unitholder.

We have the sole discretion whether to accept or reject an application. If your application is rejected, wholly or in part, then we will notify you in writing and arrange for return of your Application Money to you. Interest will not be paid to you on your Application Money. If your application to invest in the Fund is accepted, then interest earned on your Application Money will be retained as an asset of the Fund.

If your application to invest in the Fund is not accepted, then your Application Money will be returned to you (without interest). By sending a completed Application Form, you are making an irrevocable offer to become a Unitholder in the Fund, and you are agreeing to be legally bound by the Constitution and the terms of the PDS. No cooling-off rights apply to an investment in the Fund.

Applications will be accepted on each Business Day. To receive the application price on a specific day, a properly completed Application Form and cleared payment of Application Money must be received before 12:00 pm on a Business Day. Units will then be issued within three Business Days of receipt of the properly completed Application Form and cleared payment of Application Money.

Indirect Investors should contact their IDPS Operator for information about how to apply.

11.2 APPLICATION FORM INSTRUCTIONS

Only legal entities, including natural persons and companies, are allowed to invest in the Fund. Applications must be in the name(s) of natural person(s), companies or other legal entities acceptable to us. At least one full given name and the surname are required for each natural person. The name of the beneficiary or any other non-registrable name may be included by way of an account designation if completed exactly as described in the example of correct forms of registrable title shown below. The Application Form should be signed by the Applicant. If a joint holding, all applicants should sign. If signed by the Applicant's attorney, a certified copy of the power of attorney must be attached to the Application Form. If executed by a company, then the form must be executed in accordance with the Applicant's constitution and the Corporations Act.

CONTACT US

PHONE

(02) 9157 8608

EMAIL

info@msqcapital.com.au

WEBSITE

www.msquaredcapital.com.au

OFFICE

Level 12, 88 Pitt Street, Sydney NSW 2000

