BLUE QUAY

INVESTMENT MANAGEMENT

Blue Quay High Income Fund

Information Memorandum

Manager

Blue Quay Investment Management Pty Limited
ABN 19 122 563 311
(AFSL no. 320 499)

Manager

Blue Quay Investment Management Pty Limited
ABN 19 122 563 311
Level 3, 15 Castlereagh Street,
Sydney, 2000

Trustee

Perpetual Trust Services Limited
ABN 48 000 142 049
Level 12, Angel Place, 123 Pitt Street,
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Investment Committee

Patrick Holt – Executive Director of Blue Quay Investment Management Pty Ltd
Chris Dalton – Independent Member
Belinda Smith – Independent Member

Management Team

Patrick Holt – Principal, Executive Director
Paolo Luzzani – Principal, Senior Portfolio Manager
James Zanesi – Senior Credit Analyst
Varun Eswara – Credit Analyst

Fund Administrator

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Fund Auditor

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Fund Custodian

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IMPORTANT NOTICE TO RECIPIENT

This Information Memorandum is dated 12 July 2018 and has been prepared by Blue Quay Investment Management Pty Limited (BQIM) ABN 19 122 563 311, AFSL number 320 499.

This Information Memorandum sets out information about the Blue Quay High Income Fund (**Fund**) and is being distributed to a limited number of wholesale clients (as that term is defined in the Corporations Act) in connection with the consideration of an investment in the Fund (each, a **Recipient**).

The Fund is not, at the date of this Information Memorandum, a Registered Scheme.

This Information Memorandum is supplied personally to the Recipient on the following conditions, which conditions are expressly accepted and agreed to by the Recipient, in part consideration of the supply of the Information Memorandum, as evidenced by the retention by the Recipient of this Information Memorandum. If these conditions are not acceptable the Information Memorandum is to be returned immediately.

This Information Memorandum contains an outline of the main terms and conditions which could be applicable to the Fund. All terms and conditions are subject to change without notice. If there is an inconsistency between this Information Memorandum and the Fund's Constitution, the Fund's Constitution prevails.

Any offer of Units in the Fund or invitation to apply for Units is only extended to a person in Australia if that person is a wholesale client for the purposes of section 761G of the Corporations Act of Australia. This Information Memorandum must not be distributed or passed on, directly or indirectly, to any other class of persons in Australia.

The return of capital and the performance of the Fund is not guaranteed by any person.

The information in this Information Memorandum has been prepared without taking into account any Recipient's investment objectives, financial situation or particular needs. Before acting on the information the Recipient should consider its appropriateness and the risks of investing having regard to their investment objectives, financial situation and needs and obtain their own legal, tax and investment advice. This Information Memorandum has been prepared by BQIM from sources which BQIM believes to be correct. However, neither BQIM nor any of their employees or agents make any representation or warranty as to or assume any responsibility or liability for the accuracy or completeness of, or any errors or omissions in, any information, statement or opinion contained in this Information Memorandum or in any accompanying, previous or subsequent material or presentation. To the maximum extent permitted by law, BQIM and each of those persons disclaim all and any responsibility or liability for any loss or damage which may be suffered by any person relying upon any information contained in, or any omissions from, this Information Memorandum.

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JPMorgan has not been involved in the preparation of this Information Memorandum or caused or otherwise authorised the issue of this Information Memorandum. JPMorgan has not independently verified the information contained in this Information Memorandum and, accordingly, accepts no responsibility for the accuracy or completeness of the information. JPMorgan does not guarantee the success or the performance of the Fund nor the repayment of capital or any particular rate of capital or income return.

Mainstream Fund Service Pty Ltd (ACN 118 902 891) is a fund administration and processing specialist and is a wholly owned subsidiary of MainstreamBPO Pty Ltd. Its business is the provision of 'back-office' functions for fund managers and financial institutions. It has sophisticated systems and software, and employs dedicated and experienced operational management and process personnel for unit registry, investment administration and fund accounting services. The Trustee has appointed Mainstream Fund Service to provide all back office fund administration processes including investor services, unit pricing and fund accounting.

Mainstream Fund Service has given and not withdrawn its consent to be named as the Administrator in this Information Memorandum It has not been involved in the preparation of any part of the Information Memorandum. It has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for any part of the Information Memorandum. Other than reference to its name it takes no responsibility for the contents of the Information Memorandum.

Deloitte Touche Tohmatsu has given and not withdrawn its consent to be named as the Fund Auditor in this Information Memorandum. It has not been involved in the preparation of any part of the Information Memorandum. It has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for any part of the Information Memorandum. Other than reference to its name it takes no responsibility for the contents of the Information Memorandum.

KEY FEATURES

Fund Name	Blue Quay High Income Fund
Investment Type	A unit trust offering high income returns and access to various domestic credit assets with a current focus on securitised credit.
Structure	The Blue Quay High Income Fund is an open ended unit trust that is not currently registered with ASIC as a managed investment scheme. It may become registered in the future.
Investment Strategy	The Fund will invest in a pool of eligible assets, primarily focused on opportunities in domestic credit markets currently focused on domestic securitised credit assets.
Investment Objective	The Fund aims to provide stable monthly income returns from a diversified portfolio of debt securities including residential mortgage backed securities, asset backed securities, and short term money market securities that provide regular income and capital stability.
Target Total Returns	The Fund will target a return of BBSW + 5.0% per annum over a 2 year rolling period. This is after fees and Fund expenses
Suggested Investment Timeframe	2 to 5 years
Target Fund Size	AU$200 million
Applications	Investors may apply for Units on a monthly basis. Each investor must be a wholesale client for the purposes of the Corporations Act.
Minimum Application Amount	50,000 AUD. The Trustee may alter or waive the minimum application amount with the written approval of the Manager
Minimum Holding Amount	50,000 AUD. The Trustee may alter or waive the minimum holding amount for the Fund with the written approval of the Manager
Leverage /Derivatives	The Fund has the ability to use derivatives for hedging purposes.

Risks	An investment in the Fund is subject to risks including possible delays in payment and loss of capital invested. See from page 19.
Distributions	The Fund's benchmark is BBSW + 3.0 % per annum (this is subject to change). It is intended that the Fund will distribute Assessable Fund Net Income at this benchmark rate monthly in arrears to the extent there is available Assessable Fund Net Income. Investors can elect to re-invest distributions into new Units of the Fund. Excess Assessable Fund Net Income received by the Fund over the benchmark coupon rate is intended to be distributed on a semi-annual basis (net of any performance fee payable to the Manager). Principal repayments from the Fund's assets net of amounts to fund redemptions are intended to be re-invested as capital in accordance with the Investment Objective.
Redemptions	Investors may make redemption requests on a monthly basis but the relevant Units will not be redeemed until the next Relevant Redemption Day. If there are insufficient proceeds, redemption requests will usually be satisfied on a pro rata basis. The Trustee may reject, defer or pro rata redemption requests or suspend payment of redemption proceeds in certain circumstances.
Manager's Fees	• an investment management fee of 1.00% per annum of the Gross Value of the Assets of the Fund calculated as of the last calendar day of the month and payable within 10 business days; • a performance fee of 20% of the Aggregate Fund Net Income (if positive) for the Calculation Period. The fee is accrued at the end of each month and paid semi-annually.

Fund Expenses	Ordinary expenses of the Fund will be capped at 0.50% per annum of the Gross Value of the Assets, which includes the ordinary fees and expenses of the Trustee and the Custodian and of the Fund's administration/accounting, reporting and registry functions. The Manager will absorb any ordinary expenses over the cap. Extraordinary Fund expenses are not subject to the cap. The Trustee fee is estimated to be no more than 0.10% per annum of the Gross Value of the Assets of the Fund. No buy/sell spread is currently included in the unit prices.
Reporting	• A monthly report with key Fund performance information • Audited annual accounts • Annual tax reporting

ABOUT THE BLUE QUAY HIGH INCOME FUND

The Blue Quay High Income Fund is an open ended unit trust offering high income returns and access to various domestic credit assets with a current investment focus on domestic securitised assets.

The Fund will target an annual absolute return of BBSW + 5.0% after fees.

It is intended that the Fund will distribute a monthly coupon of BBSW + 3% (this is subject to change) to the extent that there is available Assessable Fund Net Income, and excess income that is earned over the coupon rate will be paid to investors through semi-annual distributions.

Investment Objectives

The Fund aims to provide stable monthly income returns from a diversified portfolio of debt securities including residential mortgage backed securities, asset backed securities, and short term money market securities that provide regular income and capital stability.

Investment Strategy

The Fund will invest in a pool of Eligible Assets.

Eligible Assets will be:

- Residential mortgage backed securities (RMBS) issued by domestic securitisation programmes. This will include both prime and non-conforming RMBS notes
- Asset backed securities (ABS) issued by domestic securitisation programmes. This will include securities backed by pools of motor vehicles and equipment finance receivables
- Securities issued by warehouse trusts backed by pools of domestic residential mortgages or motor vehicles and equipment finance receivables
- AUD denominated debt instruments issued by corporates or financial institutions. (Over the Counter or Listed)
- AUD denominated covered bonds
- Short term money market securities, cash or cash equivalents and term deposits
- Short credit default swaps (buy protection) on Australian corporates or financial institutions for hedging purposes only
- Short credit default swap (buy protection) on Australian indices (iTraxx Australia) for hedging purposes only
- Options on iTraxx Australia for hedging purposes only
- Options on relevant Australian equities and equity indices for hedging purposes only

- Foreign currency will be hedged using FX hedging instruments (see Risks section on Foreign currency risk)
- Hedging will be a maximum of 100% of the Fund's assets.

Investment Parameters

The maximum percentage of the Fund's securities, debt instruments, covered bonds and short term money market securities that will be invested in rated and unrated instruments is currently limited as follows:

Rating	Max
Investment Grade*	100%
Non-Investment Grade	70%
Unrated **	15%

** Investment Grade rated securities are securities with a minimum rating of BBB- (by Standard & Poor's or Fitch) or Baa3 (by Moody's). Securities can also be privately rated by the Investment Committee following a detailed rating based methodology. Private ratings will match the Standard and Poor's rating scale.*

*** For clarity unrated assets are part of the 70% non- Investment Grade bucket*

Blue Quay Investment Management, previously named Pepper Investment Management, was established in 2012 to launch and manage a number of fixed income and credit focused funds tailored for the wholesale investor market place.

BQIM launched its first fund, Blue Quay High Income Fund, in November 2012 and its second, the Blue Quay Investment Grade Credit Fund in June 2014. BQIM also manages a number of closed trusts.

BQIM's management team brings a wealth of experience in investing and managing credit and securitised assets both domestically and offshore and adopts a conservative approach to investing.

BQIM's management of its open ended funds is overseen by an Investment Committee consisting of highly experienced professionals with strong reputation and long track record of investment management.

Investment Philosophy

The preservation of investors' capital is BQIM's foremost goal. Portfolio management undertakes rigorous bottom-up analysis on each target asset to model the probability of returning its capital in whole and also interest income in a timely manner in different scenarios. The team looks for value opportunities across every part of the domestic credit markets, and focuses on income generating assets to provide stable cash flows to investors. Each asset will be assessed on its secondary market liquidly in certain scenarios. Modelling mark to market volatility of the assets and spread duration of the portfolio is key to building and managing a portfolio against the individual strategy's liquidity profile.

The team undertakes detailed due diligence on target assets. Once an asset is selected for a particular strategy, BQIM continues to monitor that asset to ensure it is performing as expected. Importantly, assessment of the credit worthiness of the asset is carried out without reliance on external or third party analysis from rating agencies or research. If an asset is found to be underperforming, further due diligence will take place with the issuer/servicer to overlay its performance against downside micro and macro scenarios

Portfolio Management Team

Patrick Holt – Principal, Executive Director and Chair of the Investment Committee

Patrick Holt started Pepper Investment Management in January 2012 with the Pepper Group. The aim was to launch and manage a number of fixed income and credit focused investment funds tailored for the wholesale investor marketplace. Following 3.5 years of successful track record the management team entered into a management buyout of Pepper's remaining shares in Pepper Investment Management in February 2016 and renamed the business Blue Quay Investment Management.

Patrick has over 24 years' management experience in global markets, financial products and the investment management industry. He has worked in depth with securitised and structured credit assets in Australia and globally, on both the buy and sell side. Patrick worked for Deutsche Bank for over 15 years mainly in London where he was a Managing Director running its Emerging Markets, Structured Credit, G7 Credit and G7 FX distribution businesses to asset-side clients. These included hedge funds, long-only managers, bank principal units and

sovereign wealth funds. Patrick returned from London in early 2008 to start the Strategic Principal Finance Group for DB in Australia.

Paolo Luzzani – Principal, Senior Portfolio Manager

Paolo joined Blue Quay Investment Management (formerly Pepper Investment Management) in September 2012 as a portfolio manager. Paolo is a seasoned financial services professional with 18 years of international experience gained largely in London and Sydney. He joined BQIM from RBS Australia where he was part of the Securitisation Credit team since 2009. Prior to RBS, Paolo worked for Henderson Global Investors in London for 4 years, responsible for origination and portfolio management of structured credit products. Prior to Henderson, he held a variety of roles with RBS and Banca Monte dei Paschi di Siena in London. Paolo holds a MSc in Mathematical Trading and Finance from the Cass Business School in London and a degree in Commerce and Economics from the Universita' Cattolica of Milan Italy.

James Zanesi – Senior Credit Analyst

James joined Blue Quay with 12 years' experience in structured finance and fixed income products, gained in APAC and European financial markets. He worked in multiple credit-related roles where he developed strong expertise in credit risk, legal documentation, quantitative and qualitative analysis. Prior to joining Blue Quay, James was a Director at Fitch Ratings in Sydney where he was a member of the securitisation team since 2010. He led a team of credit analysts and was involved in criteria development, monitoring Australian and New Zealand Fitch-rated Structured Finance transactions, assignment of new ratings, and research.

From 2005 through 2010, James was a credit analyst in the Markets & Investment Banking division of UniCredit Group (previously known as Hypoverinsbank) and was mainly based in Munich, Germany. He worked in Credit Research, Structured Finance Origination, and Credit Strategy. During this period he was responsible for CLO and RMBS origination, warehousing, and trading and portfolio recommendations on cash and synthetic credit products. James holds a MsC with high honors in Finance and a Bachelor with high honors in Business from the School of Economics and Management of Castellanza, Italy.

Varun Eswara – Credit Analyst

Varun has joined Blue Quay with over 5 years of experience in quantitative analysis and macro-economic research. He has worked on developing, researching macro trade ideas across geographies. From 2012 to 2017, he worked at MNS Global Research where he modelled and back tested trading models for a global macro hedge fund.

From 2011 to 2012, he worked in ICICI Bank in FX sales, structuring and pricing of FX derivatives. Varun has a Post Graduate Diploma in Management from Indian Institute of Management, Bangalore. He also holds a Bachelor of Engineering Degree from PES Institute of Technology, India

Other Investment Committee members

Chris Dalton – Independent Member of Investment Committee

Chris holds a part time role as Chief Executive Officer of the Australian Securitisation Forum, the peak industry association for participants in Australia's securitisation market.

He is the founder and Managing Director of Australia Ratings Pty Ltd which holds an AFSL to operate as a credit rating agency in Australia.

From 2000-2008 Chris was the Country Head of Standard & Poor's. This role had responsibility for the management of S&P's credit ratings, managed fund research, index services and financial data businesses in Australia and New Zealand. His background includes roles in corporate banking, treasury, technology and auditing.

Belinda Smith - ***Independent Member of Investment Committee***

Belinda is Chief Executive Officer of Eticore Pty Ltd, a corporate trustee and associated financial services company. Belinda is a highly respected and experienced member of the debt capital markets and managed funds industries, with a specialist technical background in securitisation and structured finance. Prior to founding Eticore in 2016, Belinda held the role of General Manager, Management Services at Perpetual Limited, where she was instrumental in growing the Trust Management, Accounting and Investment Management businesses for Perpetual Corporate Trust.

Prior to joining Perpetual in June 2014, Belinda held a variety of senior roles within debt capital markets in Australia, the UK and Japan, including Director roles at RESIMAC, Australia Ratings, and Standard & Poor's. Belinda has also held positions at Macquarie Bank and Essential Energy.

Areas of specific expertise include residential mortgage-backed and other asset-backed securities, synthetic structures, infrastructure, insurance and commercial property. Belinda has also been involved in several asset and corporate mergers and acquisitions (M&As), on both the buy and sell side – for energy, residential mortgage and consumer lending product M&As.

Belinda has been an active member of the Australian Securitisation Forum (ASF) for over 12 years, and is a committee member for the ASF Industry & Markets Sub-Committee and the ASF Women in Securitisation Sub-Committee. Over the years Belinda has won a number of leadership and business excellence awards and she is also a NSW Justice of the Peace.

APPLICATIONS

Investors may apply for Units on a monthly basis. Applications for Units in the Fund of less than 500,000 AUD can only be considered if the applicant satisfies the Trustee that it is not a retail client under the Corporations Act. In the event the application for Units in the Fund is for an amount less than 500,000 AUD, the applicant must provide satisfactory evidence that it is a wholesale client under the Corporations Act.

To apply for Units in the Fund, applicants must also complete the application form in this Information Memorandum and send the completed form along with the documents required for any Anti Money Laundering purposes (see page 4 of the Application Form) and payment to the Administrator's designated subscription account

An application lodged with the Administrator is irrevocable except as required by law.

The Trustee may reject an application in whole or in part without giving any reason for the rejection.

The minimum initial investment in the Fund for Applicants who do not currently hold Units is 50,000 AUD. The Trustee may alter or waive the minimum initial investment amount from time to time without notice to investors with the written approval of the Manager.

Joint applications

Applicants may jointly apply for Units in the Fund. The Trustee may reject a joint application in whole or in part without giving any reason for the rejection.

Persons registered jointly as holders of a Unit hold as joint tenants and not as tenants in common unless the Trustee otherwise agrees.

Additional applications

Additional applications may be made by ticking the further investments box on the application form. Applicants for additional Units should send the completed application form and payment to the Trustee. The minimum additional investment in the Fund is 10,000 AUD unless otherwise determined by the Trustee with the written approval of the Manager.

Issue of Units

Units will only be issued (subject to acceptance by the Trustee) at the time which is the earlier of:

- the time the issue of Units is recorded in the register; and
- the later of the time when:
    - the Trustee accepts the application for Units; and
    - the Trustee or its agent receives the application money (even if paid into the applications account or received in the form of a cheque) or the property against which Units are to be issued is vested in the Trustee.

Units which are issued on a reinvestment of distribution are taken to be issued on the first Business Day after the end of the Distribution Period to which the distribution relates.

Interest on application money

Any interest earned on money held in the applications account will be paid into the Fund and where it relates to an accepted application will be applied to extra Units of the Fund.

Minimum holding amount

The Trustee may set a minimum holding amount for the Fund and alter or waive that amount with the written approval of the Manager.

If the Trustee increases the minimum holding amount, the Trustee may, after giving 30 days' notice to a Member who holds Units with an aggregate Redemption Price less than the then current minimum holding amount, redeem that Member's holding without the need for a redemption request.

The benchmark is BBSW + 3.0 % per annum (this is subject to change). It is intended that the Fund will distribute Assessable Fund Net Income at this benchmark rate monthly in arrears to the extent there is available Assessable Fund Net Income.

Excess Assessable Fund Net Income received by the Fund over the Benchmark Coupon Rate is intended to be distributed on a semi-annual basis (net of any performance fee payable to the Manager).

Principal repayments from the Fund's assets net of amounts to fund redemptions are intended to be re-invested as capital in accordance with the Investment Objective.

Distributions (monthly and semi-annually) will generally be paid within 10 Business Days after the end of the relevant period. The Trustee has up to 3 months after the end of the relevant period to pay distributions.

Investors can elect on the Application Form to have their distributions:

(a) reinvested in additional Units of the Fund; or

(b) paid directly to your nominated external bank account.

If no election is made, distributions will be reinvested into the Fund.

Reinvestment of distributions

The Trustee may withdraw or suspend the reinvestment of distributions at any time.

The Trustee is taken to have received and accepted an application to reinvest distributions and the Units are taken to be issued on the first Business Day after the end of the Distribution Period to which the distribution relates.

Change of terms

The Administrator will notify Members of any change in the reinvestment of distributions procedure or terms.

Change of instructions

If you wish to change your distribution payment instructions, please mail an original, signed, written request to the Administrator, which must be received at least 21 days prior to the end of the relevant Distribution Period to be effective.

Redemption requests

Investors may make redemption requests on a monthly basis (but the relevant Units will not be redeemed until the next Relevant Redemption Day which occurs at least 3 months after the date of redemption request).

Investors may make redemption requests in a form approved by the Administrator or Trustee. If the Trustee determines to accept a redemption request in respect of a Unit, it must pay from the Assets the Redemption Price of that Unit. The payment must be made within 60 days of the Relevant Redemption Day unless the Trustee has suspended consideration of redemption requests, or deferred its obligation to pay the Redemption Price in respect of a redemption request it has accepted.

Availability of redemptions

The Trustee is not required to accept any redemption request or may determine to accept a redemption request in whole or in part. The Trustee is not obliged to pay any part of the Redemption Price out of its own funds.

The amount available for redemptions in any quarter will depend on actual proceeds from the maturity and the disposal of Fund assets. If there are insufficient proceeds, redemption requests will usually be satisfied on a pro rata basis.

The Trustee may also suspend payment of redemption proceeds in certain circumstances (e.g. if it is not possible, or not in the best interests of Members, for it to process redemption requests or make the payment (as applicable) due to one or more circumstances outside its control (such as restricted or suspended trading or extreme price fluctuation or uncertainty in the market for an Asset)). As an example, where a member requests a redemption of Units with an aggregate Unit price greater than or equal to 10% of the value of the Gross Value of the Assets, the Trustee may treat the redemption request as being made over several quarters.

Transfers of Units

Units may be transferred with the approval of the Trustee. Transfer requests must use the form approved by the Trustee, be accompanied by any evidence the Trustee reasonably requires to show the right of the transferor to make the transfer (including satisfactory evidence that the transferee is a wholesale client under the Corporations Act) and, if the Trustee requires, be presented for registration duly stamped.

A transfer is not effective until registered.

The Trustee may refuse to record any transfer of Units in the register without giving any reason for the refusal.

Valuation policy

The Fund's assets will be valued on a monthly basis using a mark to market accounting methodology.

Asset valuations are calculated using pricing information provided by independent market providers and market pricing sources used by the Fund Administrator.

The valuation process will be governed by the Investment Committee valuation guidelines as defined in the Investment Committee charter. The Manager, subject to Trustee approval, has the ability to override monthly valuations in accordance with those guidelines.

The valuation guidelines will be reviewed on annual basis.

Unit pricing

The Application Price and the Redemption Price for Units are calculated in accordance with the formulae outlined in the Definitions section and detailed in the Constitution.

No buy/sell spread is currently included in the Unit prices.

The fees listed below are applicable for all investors in the Fund as at the date of this Information Memorandum. The fee amounts are quoted exclusive of GST.

The Manager will give investors prior written notice of any variation of fees or charges by the Fund.

Manager's fees (including performance fees)

The Manager's fees are as follows:

- an investment management fee of 1.00% per annum of the Gross Value of the Assets of the Fund calculated as of the last calendar day of the month and payable within 10 business days and

- a performance fee of 20% of the Aggregate Fund Net Income (if positive) for the Calculation Period. The fee is accrued at the end of each month and paid semi-annually.

Commissions

The Manager may, from time to time, enter into arrangements with other parties under which they may make payments to such parties in return for promoting the Fund. Any commissions will come out of the Manager's fees.

Fund expenses

Ordinary expenses of the Fund will be capped at 0.50% per annum of the Gross Value of the Assets, which includes the ordinary fees and expenses of the Trustee and the Custodian and of the Fund's administration/accounting, reporting and registry functions. The Manager will absorb any ordinary expenses over the cap. Extraordinary Fund expenses are not subject to the cap.

The Trustee fee is estimated to be no more than 0.10% per annum of the Gross Value of the Assets of the Fund.

Disclosure of interests

Directors and members of the management team and Investment Committee may hold Units in the Fund. Management owns all of the shares in the Manager's parent company.

Investors should be aware that there is no guarantee that the implementation of the investment objective or process will not result in losses to investors.

The return of capital and the performance of the Fund are not guaranteed by any person or organisation, including the Manager, and the Trustee. Therefore, each investor should carefully consider the risks of investing and, where necessary, seek professional advice as to the suitability of investing in the Fund. Some risks of investing in the Fund include, but are not limited to:

Interest rate risk

The risk that the capital value or income of an investment may be adversely affected when interest rates rise or fall. The value and income of the Fund's assets can fluctuate in reaction to large changes in interest rates. In particular, RMBS and ABS transactions typically pay a fixed margin over BBSW. This means fluctuations in BBSW may result in lower income. The capital value of RMBS and ABS can also fluctuate significantly in reaction to changes in fixed margins available in the market.

Market risk

Generally, the investment return on a particular asset is correlated to the return on other assets from the same market, region or asset class. Market risk is impacted by broad factors such as interest rates, political environment, investor sentiment and significant external events (eg natural disasters).

Liquidity risk

In normal market conditions, the Fund is expected to meet redemption requests that are accepted at least 3 months after the relevant Units are issued. However, if an investor or a group of investors in the Fund after that 3 months period seek to withdraw a substantial investment in the Fund (greater than 10% in individual request or 20% in cumulative redemptions in one month), then selling assets to meet those redemption requests may result in a detrimental impact on the price received for those assets. If this were to occur, the Fund may have insufficient funds to meet all requests. In certain circumstances, the Trustee has the power to suspend or amend the Fund's redemption procedures.

Regulatory risk

The risk that the value or tax treatment of an investment in the Fund or its assets, or the effectiveness of the Fund's investment strategy, may be adversely affected by changes in government (including taxation) policies, regulations and laws, or changes in generally accepted accounting policies or valuation methods.

Those changes could also make some investors consider the Fund to be a less attractive investment option than other investments, prompting greater than usual levels of redemptions, which could have adverse effects on the Fund.

Credit risk

Credit risk relates to the risk of issuers defaulting on their financial obligations. A deterioration in the credit quality of the Fund's assets leads to an increased probability of an issuer's default and might lead to a reduction in the value of the asset and in turn reduce the overall value of the Fund. This relates to the risk also of movements in the credit ratings of issuers of the Fund's assets. Credit ratings are an assessment of an issuer's ability to meet its financial obligations. If credit ratings change, this may reduce the value of the Fund's assets which may in turn reduce the overall value of the Fund

Servicer risk

ABS and RMBS structures appoint a servicer to service the underlying loans. This includes billing, collections, arrears management etc. Servicer risk refers to the likelihood that the servicer mismanages the pool, or the servicer defaults, resulting in reduced payments and increased defaults to the ABS/RMBS structure, and subsequently to investors. Most securitised structures appoint a backup servicer to mitigate the impact of this risk.

Extension risk

RMBS transactions are exposed to extension risk if mortgage prepayments are lower than expected or if the sponsoring entity does not exercise the clean-up call option. In case of a missed call the expected tenor of an asset could be extended significantly which could lead to a reduction in the value of the asset and in turn reduce the overall value of the Fund.

Manager risk

There can be no guarantee that the Manager or the Fund will attain any of the objectives stated in this Information Memorandum or that the Fund will generate any returns. The Manager may retire or be replaced and cease to manage the Fund.

Pepper risk

Due to the previous ownership of BQIM by the Pepper Group, the Fund has considerable exposure to Pepper managed and serviced assets (up to 80% at the date of this Information Memorandum). This exposes investors to greater concentration of counterparty risk than would be provided in a diversified investment portfolio. As the Fund grows in size, the concentration of Pepper managed securities may decrease reducing the concentration of counterparty risk.

Foreign currency risk

The Fund can invest in securities denominated in foreign currencies. The Manager will normally seek to hedge the Fund's foreign currency exposure to Australian dollars. Whilst portfolio management aims to hedge the foreign exchange risk, there can be no assurance that the Fund will be hedged at all times or that the Manager will be successful at employing hedging.

Derivatives and hedging risk

When a derivative is used as a hedge against a position that the Fund holds, any loss generated by the derivative generally should be substantially offset by gains on the hedged investment, and vice versa. While hedging can reduce or eliminate losses, it can also reduce or eliminate gains. The use of derivative positions to hedge the risk of physical securities involves "basis risk", which refers to the possibility that derivative positions may not move perfectly in line with the physical security. Hedges are sometimes subject to imperfect matching between the derivative and the underlying security, and there can be no assurance that the Fund's hedging transactions will be effective. The Fund may not be able to hedge against changes in interest rates or may choose not to do so for cost or other reasons. In addition, any hedges may not work as intended.

Counterparty risk

This is the risk of loss which may arise as a result of a counterparty not honouring its financial commitment upon settlement of a transaction. Substantial losses could be incurred if counterparty fails to deliver on its contractual obligations or experiences financial difficulties.

Operational compliance risk

Operational risk relates to the risk of loss resulting from inadequate or failed internal control processes information technology systems or from external service providers which may impact on the administration of the Fund.

Global and domestic economic conditions risk

This is the risk that the value and income of the Fund's assets may be adversely affected by instability in global market conditions. If this were to happen, it is not possible for the Trustee or the Manager to predict how long these market conditions will persist and what effect they will ultimately have on global market conditions, investors' confidence or on the financial performance of the Fund. The Fund will be invested in securities that pay income that is dependent on the assets of the Fund receiving that income from mortgages and leases, one of the factors effecting the payment of this income will be the domestic unemployment rate, somewhat driven by domestic and global economic conditions.

Taxation risk

Change to the current tax regime in Australia or overseas may affect the Fund and its members. The Trustee and the Manager are not responsible for taxation penalties incurred by members.

Capital risk

The regulatory environment for financial service providers, such as the Trustee and the Manager, is becoming increasingly onerous. Further changes to the regulatory environment for financial service providers in either Australia or overseas may have an adverse impact on the operations and performance of the Fund.

The repayment of capital is not guaranteed. You could lose some or all of your money invested in the Fund.

RMBS risk

RMBS is a type of asset-backed security that is secured by a pool of residential mortgages. Whether principal and interest is paid on an RMBS note partly depends on whether the underlying borrowers default on the loans held by the RMBS trust. If the underlying borrower does default on their loan, the following steps will usually occur:

- A loan servicing process is used to identify if the default is rectifiable and a timeline set. If it is indeed not rectifiable then possession taken of the residential property.
- Sale of the residential property.
- If the RMBS is mortgage is insured then a claim is submitted to the mortgage insurance underwriter.
- If mortgage insurers are unable to pay the claim (for example deteriorated financial capacity arising from extreme adverse financial conditions or incorrect submission or inflation of in filing a claim) then the shortfall would be absorbed by the net interest margin of the RMBS trust as would be the case if the RMBS was not mortgage insured.
- If the net interest margin is insufficient then the cash reserve, if any, would be used to meet the short fall.
- If the cash reserve is insufficient then the principal of the lowest class notes is reduced.
- If the lowest class note is insufficient then the principal of the next lowest class note is reduced.
- If that class note is insufficient then the principal of the next lowest class note is reduced and so on.

The highest class notes will have a lower interest rate because of their security position at the top of the principal and interest priority order. The lower class notes (also known as junior notes) will have a higher interest rate because of their security position in the principal and interest priority order.

ABS risk

ABS investors are exposed to the performance of the underlying borrowers as well as deal specific structural features such as ranking in the deal structure (senior or subordinated), level of credit enhancement (i.e. overcollateralization, subordination, reserves) and liquidity supports. Key is also the performance of the servicer, company specifically appointed to collect and manage the underlying pool of assets owned by a special-purpose company (or special-purpose vehicle, SPV). Generally, in the Australian market, the originator is also the servicer of the pool.

Some of the distinguishing characteristics of the Australian housing loan market include:

- full-recourse provisions that allow lenders to pursue defaulted borrowers to personal bankruptcy;
- owner-occupier home loan interest payments are not tax deductible, while income from investment earnings and savings are taxed at a borrower's marginal tax rate. For this reason, many home loan borrowers utilise mortgage offset accounts, and Australian home loans typically include a mortgage redraw facility;
- about 70% of Australian housing loans are extended to owner-occupiers. The absence of tax deductions on Australian loans secured by owner-occupied homes motivates borrowers to make partial repayments when possible, resulting in a rapid amortisation of loan balances and increasing borrower equity in their homes;
- in Australia, all lenders are governed by the National Consumer Credit Protection (**NCCP**) Act (formerly known as the Uniform Consumer Credit Code), which governs credit transactions. It places the emphasis on mortgage lenders to ensure their loan applicants have the capacity to repay their loans and that it is not "unfair" or "misleading";
- the Australian legal framework also allows for a relatively quick and simple foreclosure process with lenders typically taking a property in possession within 12 months of the first missed payment;
- the widespread role of the regulated LMI providers, not only in providing mortgage insurance, but in providing an additional layer of underwriting risk assessment before loans are entered into;
- failure by the lender to comply with the NCCP is an offence and subject to fines and may result in the borrower not being liable to repay the loan. High accountability of the lenders under the NCCP helps temper aggressive lending;
- the majority of loans are variable rate loans where the mortgage rate is based on the Reserve Bank of Australia cash rate;
- teaser rates (ie temporary introductory interest rates on adjustable rate mortgages) in Australia are restricted only to prime borrowers on fully documented loans. They are typically no more than 1.0% below the reversionary rates. When assessing loan affordability, all Australian lenders base it on the standard or reversionary interest rate which is itself then stressed by between 1.0% to 2.0%; and
- for many years now, Australian lenders have been using a net savings approach or net surplus ratio to assess a borrower's loan affordability. This approach looks at a borrower's net monthly income, and from which monthly outgoings - new loan repayments, living expenses, and other financial commitments – are subtracted and, if the result is positive (ie the borrower has excess monthly cash), he/she passes the affordability measure.

RMBS Non- Conforming

Prior to 2008 the Authorised Deposit-taking Institutions (**ADIs**) funded the majority of the non-bank warehouse space.

Now ADIs only fund the senior notes in the warehouses due partly to recent market dynamics, rating changes, new regulations for the ADIs (APRA Australian Prudential

Standard 120) and global risk retention requirements, leaving the opportunity for other investors to potentially invest in the lower-rated, higher yielding notes.

Certain mortgages and borrower types were considered prime prior to 2008. Since then, these mortgages are no longer being funded by the ADIs due to significant tightening of LMI insurance around new credit criteria. A portion of the prime market is now being funded by non-bank lenders.

Interest rate margins on these loans are significantly higher than for prime loans.

Non-bank lenders can now offer securities with much higher quality collateral while offering a higher return.

Australian RMBS Structures

Typical Australian RMBS notes are issued via a SPV that buys mortgages from an originator with the proceeds of the sale of the RMBS notes going to refinance the issuer. Structures are typically closed pools (ie once the notes are issued no new mortgages are bought by the SPV).

Australian RMBS transactions are also typically principal pass-through structures where the principal payments received from the mortgages by the SPV are passed directly through to investors to gradually repay (redeem) the notes issued. The notes are redeemed in sequential order: principal is applied to the most senior note before being applied to the next most senior note.

Principal may also be applied pro-rata between senior and junior notes if certain performance and senior note subordination level criteria are met (eg senior note subordination levels are doubled).

Prime RMBS

Prime transactions have credit enhancement provided by (in order of application): (1) LMI; (2) Excess spread; and (3) Subordination.

The use of LMI means that LMI dependent junior notes (whose ratings highly correlate to the rating of the mortgage insurer) can have investment-grade ratings and sold to investors rather than held by the originator.

Prime deals typically have at least two note tranches. In most Australian RMBS deals since the global financial crisis the most senior notes have typically been structured as LMI independent notes.

Non-Conforming RMBS

Non-conforming RMBS are collateralised by uninsured home loans (ie LMI is not used as credit enhancement).

Non-conforming deals typically have five to eight note tranches, with the junior tranches being sub-investment grade.

The majority of the loans underlying outstanding Australian RMBS transactions are well seasoned, or have established payment records. Given the average repayment speeds of Australian housing loan portfolios (15%-25% annualised), coupled with typically limited repayment to subordinated note holders in the early years, the majority of senior securities currently benefit from an increasing proportion of credit enhancement.

The strong performance of the Australian RMBS market can be explained by a number of factors including:

- tight underwriting standards, such as assessing an applicant's affordability, based on a stressed interest rate and by ensuring that living expenses (which include a spouse and dependents) are always considered;
- the widespread use of LMI has created a quasi-minimum underwriting standard for lenders of prime loans (Full Documentation and Low Documentation loans, > 80% LTV ratio and > 60% LTV, respectively). The nature of the Australian LMI market has helped keep minimum underwriting standards relatively high;
- an operating framework that typically discourages the origination of riskier loans.
- Sound macro economic environment with low unemployment rate

Lenders Mortgage Insurance

The widespread use of LMI and relatively similar underwriting criteria by the two dominant mortgage insurers (Genworth Financial Mortgage Insurance Pty Limited and QBE Lenders Mortgage Insurance - collectively have about 80% market share) has helped create a consistent floor for credit standards in Australia.

Loans greater than 80% LTV are typically mortgage insured on an individual basis with the mortgage insurer underwriting each loan. Hence each loan is effectively underwritten twice, first by the lender and secondly by the mortgage insurer.

Genworth Australia has a very strong competitive position in the Australian and New Zealand LMI markets, along with QBE Lenders' Mortgage Insurance Limited (QBE LMI; A+/Stable/--). On a gross premium written basis, Genworth Australia has about 44% market share (including bank captives) and is the leading flow LMI provider in Australia; QBE Lenders' Mortgage Insurance Limited has approximately 36% market share.

Ratings segmentation is still considered appropriate because on a stand-alone basis both Genworth Australia and QBE LMI continue to meet several operational and financial measures supportive of their higher rating. Both companies also have some protection against financial deterioration at the group level. This is due to several factors, including:

- robust prudential supervision by the Australian Prudential Regulation Authority;
- having independent board members;

- strong depth of experience and operational expertise of local management;
- a considered dividend policy; and
- material external reinsurance support.

Asset Backed Securities

Asset Backed Securities are debt securities backed by a pool of assets.

The process of asset securitisation involves the identification and pooling of cash-generating assets, usually via a bankruptcy remote SPV. The SPV will issue ABS backed by the underlying assets and the cash flow generated by them.

There is a wide range of ABS transactions depending on the underlying assets being securitised and structures. Most common in Australia (outside of residential mortgages) are securitisation of consumer receivables such as auto loans/leasing receivables.

ABS investors are exposed to the performance of the underlying borrowers as well as deal specific structural features such as ranking in the deal structure (senior or subordinated), level of credit enhancement (i.e. overcollateralization, subordination, reserves) and liquidity supports. Key is also the performance of the servicer, company specifically appointed to collect and manage the underlying pool of assets owned by the SPV. Generally, in the Australian market, the originator is also the servicer of the pool.

The Australian asset-backed securities market first became active in the early to mid-1990s and peaked in popularity in 2007 with over AUD5bn of issuance (excluding RMBS). After few years of subdued volumes, issuance has gained traction over recent years with over AUD6.75bn issued in 2017, with a large portion placed to offshore markets. The essential feature of the Australian ABS sector has been its homogeneity both in terms of type of collateral (auto/equipment loans and leases) and nature of sponsors/issuers. The market has historically been dominated by a small number of issuers such as Macquarie Leasing (SMART programme), Bank of Queensland Equipment Finance (REDS), and CNH Australia Capital.

Overall performance has been strong to date with low levels of arrears and losses.

This summary has been prepared by King & Wood Mallesons for the purpose of inclusion in this Information Memorandum. The purpose of this summary is to explain, in general terms, the main Australian income tax, stamp duty and goods and services tax (**GST**) implications to a potential investor who is considering investing in Units in the Fund.

It assumes that the investor is, and will continue to be, an Australian resident for tax purposes and that the investor is assessed on gains and losses that arise on the disposal of their Units in the Fund for Australian tax purposes under the capital gains tax (**CGT**) rules. It does not, for example, consider an investor who buys and sells the Units in the course of a business that involves trading in financial instruments or securities or an investor who recognizes gains and losses from financial arrangements under the Taxation of Financial Arrangements ("**TOFA**") regime (see below).

This summary is not being provided as the basis on which a potential investor should make an investment decision. That decision requires a review of all the materials in this Information Memorandum.

This summary is necessarily of a general nature, and does not take into account the specific circumstances of each investor. Accordingly, a potential investor should not rely on this summary, but should seek their own taxation advice that takes into account their particular circumstances before making any investment or other decision in relation to the Units in the Fund.

This summary is based on current Australian taxation law as at the date of this Information Memorandum. However, taxation issues are complex and taxation laws, their interpretation by the Courts and the associated administrative practices of the Australian Taxation Office ("**ATO**") and the State and Territory revenue offices that administer those laws may change over the term of an investment in the Units.

Tax treatment of the Fund

The trustee of the Fund should not itself be subject to Australian tax in respect of the net income of the Fund on the basis that:

a) the investors should be "presently entitled" to all of the income of the Fund; and

b) the activities of the Fund are limited to business that consists of "eligible investment business", as that term is defined for Australian tax purposes such that the Fund should not constitute a public trading trust.

The Manager intends to operate the Fund such that the Members of the Fund are "presently entitled" to all of the income of the Fund each year. If this does not occur, income tax may become payable by the trustee of the Fund on the net (taxable) income of the Fund in proportion to the amount of the Net Fund Income that Members are not presently entitled to. The Manager will also seek to manage and operate the activities of the Fund so as to constitute an "eligible investment business" at all times and will manage the affairs of the Fund such that it does not, at any time, control directly or indirectly, the affairs or operations of a "trading business" for tax purposes.

Distributions from the Fund

The investors who are presently entitled to the distributable income of the Fund as at year end

should be assessable on the net (taxable) income of the Fund, in proportion to their entitlements to that distributable income.

Distributions will be taxable in the hands of investors in the year to which the distribution relates, even if received after the end of the year and even if reinvested in new Units.

An investor's share of the net income of the Fund may consist of various components which have been received by the Fund. These components will generally retain their character when passed on to investors.

It is expected that the income distributions that investors will receive will include interest. The income distributions may also include other components, including other income or gains.

It is also possible for investors to receive a tax deferred amount in relation to their distribution from the Fund. This would arise where the distribution received from the Fund exceeds the amount of the net (taxable) income of the Fund which is to be included in the assessable income of an investor.

The CGT rules may require the cost base which is held by investors in their Units to be reduced where the investor receives a distribution that is either in whole or in part non-assessable for tax purposes. For example, if the investor receives a tax free return of capital, that return of capital would likely result in a reduction in the cost base. Where such tax deferred amounts received by the investors exceed the cost base of the Units, the excess is treated as a capital gain. An investor may be entitled to a CGT discount in respect of such capital gains (as discussed in further detail below).

Redemption of Units

Redemption of a Unit in the Fund is a taxable event for CGT purposes. To the extent that the proceeds on redemption exceed the cost base of the Unit, the investor will make a capital gain. However, if the proceeds on redemption are less than the investor's reduced cost base, the investor will make a capital loss.

For CGT purposes, the investor's cost base and reduced cost base in the Units should be equal to the amount paid to acquire those Units, together with any incidental costs, adjusted for any tax deferred amounts (as discussed above).

If the investor has held the Unit for at least 12 months (excluding the acquisition and disposal dates), then the investor may be entitled to a 50% CGT discount (where the Investor is an individual or trust) or a 33⅓% CGT discount (where the investor is a complying superannuation fund). The CGT discount does not apply to an investor that is a company.

If the CGT discount applies, the investor must offset available capital losses against the capital gains then multiply the result by the relevant discount percentage to calculate to amount of their capital gain.

Transfer of Units

The transfer of a Unit in the Fund is also a taxable event for CGT purposes. To the extent that the proceeds on transfer exceed the cost base of the Unit, the Investor will make a capital gain. However, if the proceeds on transfer are less than the investor's reduced cost base the investor will make a capital loss. If the investor has held the Unit for at least 12 months (excluding the

acquisition and disposal dates), then the investor may be entitled to the CGT discount (as applicable).

Taxation of Financial Arrangements (TOFA)

The TOFA regime contains rules which represent a code for the taxation of receipts and payments in relation to financial arrangements. The rules contemplate a number of different methods for bringing to account gains and losses in relation to financial arrangements (including fair value, accruals, retranslation, realisation, hedging and financial records).

The TOFA rules generally apply to financial arrangements that a taxpayer starts to have in an income year commencing on or after 1 July 2010.

The TOFA rules could affect the way a Fund's taxable income is determined. The effect, if any, will depend on the nature of the Fund's investments and the "elections" made by the Fund under TOFA.

Investors should seek their own taxation advice in relation to the application of the TOFA rules to their investment.

GST

The Australian GST applies at the rate of 10% to "taxable supplies".

For GST purposes, the following should not attract GST for either the Trustee or the investors:

- the subscription for, issue and redemption of the Units; and
- the payment of distributions in relation to the Units.

An investor may not be entitled to claim any "input tax credits", including "reduced input tax credits", for GST that it has paid to third party suppliers for services associated with their investment in Units in the Fund. The availability of credits will depend on whether the investor is registered for GST, has acquired the service in the course of its enterprise, and whether the service qualifies for reduced input tax credits.

Stamp Duty

The issue or redemption of Units should not attract any Australian stamp duty. Stamp duty may be payable on the transfer of Units. You should confirm the stamp duty consequences of transferring Units with your taxation adviser.

Tax File Number (TFN)

Investors need not quote a TFN when applying for Units in the Fund. However, if a TFN is not quoted, tax may be deducted from distributions at the highest marginal rate, plus the Medicare levy and the temporary budget repair levy (currently, as at the date of this IM, 49%). Tax will not be deducted if an appropriate exemption applies in relation to an Investor's investment in the fund (for example, because the Investor is a non-resident of Australia (provided that the Investor is not carrying on business at or through a permanent establishment in Australia)).

Investors that hold Units in the Fund in the course or the furtherance of an enterprise may

quote their Australian Business Number instead of their TFN.

Tax reform

Reforms to the taxation of trusts generally are ongoing.

The Australian Government has introduced a bill into Parliament which will provide a new tax regime for eligible managed investment trusts (MITs). These changes are in Bill form and are proposed to apply from 1 July 2016, although eligible MITs will be able to elect to have the regime apply in the income year commencing 1 July 2015.

The bill provides for an attribution taxation regime which will be available to eligible MITs by election. That regime will provide a different basis for the taxation of an eligible MIT and its Investors and will provide certain tax concessions, such as deemed fixed trust treatment for those eligible MITs. Other aspects of the new taxation regime, such as the proposed integrity rules which will assess the trustee of a MIT on non-arm's length income (subject to certain exclusions), will apply to MITs generally, not just those eligible for the attribution regime.

At the time of writing this disclosure, the Bill has yet to pass Parliament. The Trustee will continue to monitor the progress of the bill and assess its impact on the Fund and their Investors.

Investors should seek their own advice on the potential impact of the above. Investors should monitor the progress of all relevant legislation and any further legislation introduced as a result of the announced reforms or in respect of any future reforms.

FATCA

The Foreign Account Tax Compliance Act provisions of the U.S. Hiring Incentives to Restore Employment Act of 2010 ("**FATCA**") establish a new due diligence, reporting and withholding regime. FATCA aims to detect U.S. taxpayers who use accounts with "foreign financial institutions" to conceal income and assets from the U.S. Internal Revenue Service ("**IRS**").

The Trustee is obliged to collect certain information and undertake certain ongoing due diligence activities to determine your FATCA status and has delegated the responsibility for FATCA compliance to the Fund Administrator.

Depending on your status under FATCA, the Trustee may be obliged to report information in relation to you and your unit holding to the Australian Tax Office ("**ATO**"), which in turn will share this information with IRS. You may also be required to provide information to the Trustee (at the direction of the Manager) in relation to your FATCA status.

For further information in relation to how these due diligence and reporting obligations may affect you, please consult your tax adviser.

Common Reporting Standard

The OECD Common Reporting Standard for Automatic Exchange of Financial Account Information ("**CRS**") will require certain financial institutions to report information regarding

certain accounts to their local tax authority and follow related due diligence procedures. Unitholders may be requested to provide certain information and certifications to ensure compliance with the CRS. A version of the CRS is expected to apply to Australian financial institutions with effect from 1 July 2017.

Rounding

The Application Price may be rounded as the Trustee determines but the amount of the rounding must not be more than 1% of the Application Price.

The Redemption Price may be rounded as the Trustee determines but the amount of the rounding must not be more than 1% of the Redemption Price.

Any excess which results from rounding becomes an Asset. Only whole cents are to be paid, and any remaining fraction of a cent becomes an Asset.

Administration of the Fund

Mainstream Fund Service provides accounting services to the Fund and calculates the value of Units in the Fund. Mainstream Fund Service is also responsible for receiving and processing applications, issuing Units to investors, paying withdrawals and distributions to investors and maintaining an up to date register of investors.

For the purpose of calculating the Net Asset Value of the Units and the Gross Value of the Assets, Mainstream Fund Service will rely on the accuracy of, financial data furnished to it by the Manager, Custodian and/or any independent third party pricing services.

Fund Constitution

The Fund was established by the Constitution. The Constitution provides an operational framework for the ongoing management of the Fund. It sets out the rights, duties and obligations of Members and the responsibilities and duties of the Trustee in respect of the Fund.

The main operative provisions in the Constitution include provisions in relation to:

- applications and withdrawals;
- rights and obligations of Members;
- valuation of Units;
- fees and expenses;
- meetings of Members;
- the Trustee's powers and indemnity;
- the retirement of the Trustee;
- the liability of Members and the Trustee; and
- termination of the Fund.

Holding Units in the Fund does not give a Member the right to participate in the management or operation of the Fund.

The Fund's Constitution will be made available for inspection by contacting the Administrator.

Investment management agreement

The Trustee has appointed the Manager to invest and manage the Fund's Assets under an investment management agreement. The agreement also includes provisions dealing with the circumstances in which the Manager or Trustee may be replaced.

Amendment or withdrawal of the Information Memorandum

The Manager may amend or withdraw this Information Memorandum at any time and may reissue a new or amended Information Memorandum from time to time.

Other Service Providers

As at the date of this Information Memorandum, the Trustee has appointed the service providers listed at page 2 of this Information Memorandum to provide services to the Fund. The service providers may be changed, or added to, at any time without notice to investors in the Fund.

The Manager may appoint an associated entity, which is an authorised representative of the Manager, to transact or manage the Fund's investments on its behalf.

Complaints

BQIM is committed to handling any complaint quickly, fairly and in the strictest confidence. An investor with a complaint should contact BQIM on info@bluequayinvest.com or via phone on 02 8042 7400 from 9am to 5pm Monday to Friday.

Privacy

Privacy Policy

Our commitment to protect your privacy

Blue Quay Investment Management ACN 122 563 311 (known as "BQIM" and also referred to in this Privacy Policy as "us," "we" and "our") seeks to provide the best possible service to its customers by providing the best possible range of financial products and services.
We understand how important it is to protect your personal information. This policy sets out our Privacy Policy commitment in respect of personal information that you may provide to us. We recognise that any personal information we collect about you will only be used for the purposes indicated in our policy, where we have your consent to do so, or as otherwise required or authorised by law. It is important to us that you are confident that any personal information we collect from you or that is received by us will be treated with appropriate respect ensuring protection of your personal information.

Our commitment in respect of personal information is to abide by the Privacy Act 1988 (Cth) and any other relevant law.

Who is BQIM?

Blue Quay Investment Management, previously named Pepper Investment Management, was established in 2012 to launch and manage a number of fixed income and credit focused funds tailored for the wholesale investor market place.

BQIM launched its first fund, Blue Quay High Income Fund, in November 2012 and its second, The Blue Quay Investment Grade Credit Fund in June 2014. BQIM also manages a number of closed trusts

Personal Information

When we refer to personal information we mean information or an opinion about you, from which you are, or may reasonably be, identified.
This information may include (but is not limited to) your name, date of birth, driver's licence number, marital status, phone number, email address, address, nationality, employment history, income, assets, liabilities and repayment history information.
Due to the nature of the services provided by us, some of the information we collect may be sensitive information, including details about your race or ethnic background. It is not common practice for us to collect other sensitive information about you (such as information about your religion, trade union membership, political opinion, sexual preference or criminal record). We will only collect sensitive information about you with your consent.

Why we collect your personal information

We collect and receive personal information about you in order to conduct our business, including checking wholesale investor status, AML/CTF and FATCA requirements for the purpose of accepting and maintaining investments in the funds. . From time to time we may offer other products and services.

How do we collect your personal information?

Personal information may be collected by us in a number of circumstances, including when an individual:

- makes an enquiry with us via email, telephone or website;
- applies to invest in a product offered by us;
- attends an event hosted by us; or
- applies for employment with us;

Where reasonable and practical we will collect your personal information only directly from you. However, we will also collect information about you from third parties such as from our contractors who supply services to us, from a publicly maintained record or from other individuals or companies as authorised by you. From time to time we may also purchase lists containing personal information about individuals from organisations offering such lists for marketing purposes.

If you do not provide the information requested by us, we may not be able to provide you with our services.

If you provide personal information to us about someone else, you must ensure that you are entitled to disclose that information to us and that, without us taking any further steps required by privacy laws, we may collect, use and disclose such information for the purposes described in this Privacy Policy. For example, you should take reasonable steps to ensure the individual concerned is aware of the various matters detailed in this Privacy Policy. The individual must also provide the consents set out in this Privacy Policy in respect of how we will deal with their personal information.

How do we use your personal information?

We use your personal information for the purpose for which it has been provided, for reasonably related secondary purposes, any other purpose you have consented to and any other purpose permitted under the Privacy Act. This may include using your personal information for the following purposes:

- to provide you with the products or services you requested;
- to verify your identity;
- to assess, process and manage your application as a wholesale investor to invest in the Fund including to verify your details and assess our risk;
- to assess, process and manage your application for employment;
- for complaints handling or data analytics purposes.

To whom will we disclose your personal information?

To enable us to maintain a successful business relationship with you, we may disclose your personal information to:

- organisations that provide products or services used by us, your employer/s or referees, your guarantors, your professional advisors, your bank and any other organisation that may have or is considering having an interest in your loan, or in our business;
- companies and contractors who we retain to provide services for us, such as IT contractors, call centres, stationery printing houses, mail houses, storage facilities, lawyers, accountants and auditors, who will need to have access to your personal information to provide those services;
- people considering acquiring an interest in our business or assets; and
- other individuals or companies authorised by you.

By providing us with your personal information, you consent to us disclosing your information to such entities without obtaining your consent on a case by case basis.
Sometimes we are required or authorised by law to disclose your personal information. Circumstances in which we may disclose your personal information would be to a Court, Tribunal or law enforcement agency in response to a request or in response to a subpoena or to the Australian Taxation Office.

We may from time to time transfer personal information outside Australia in accordance with the Privacy Act to countries whose privacy laws do not provide the same level of protection as Australia's privacy laws. For example, we may transfer your personal information to the Asia-Pacific, European Union or the United States of America. We may also use cloud storage and IT servers that are located offshore.

By providing us with your personal information, you consent to us disclosing your information to entities located outside Australia and, when permitted by law to do so, on the basis that we are not required to take such steps as are reasonable in the circumstances to ensure that any overseas recipient complies with Australian privacy laws in relation to your information.

Direct marketing

From time to time we may use your personal information to provide you with current information about new funds, investment opportunities you may find of interest, changes to our organisation, or new products or services being offered by us or any company we are associated with. By providing us with your personal information, you consent to us using your information to contact you on an ongoing basis for this purpose, including by mail, email, SMS, social media and telephone.

If you do not wish to receive marketing information, you may at any time decline to receive such information by contacting our Privacy Contacts using the contact details below. We will not charge you for giving effect to your request and will take all reasonable steps to meet your request at the earliest possible opportunity.

Updating your personal information

It is important to our relationship that the personal information we hold about you is accurate and up to date. During the course of our relationship with you we will ask you to inform us if any of your personal information has changed.

If you consider that any information we hold about you is incorrect, you should contact us to have it updated. We will generally rely on you to assist us in informing us if the information we hold about you is inaccurate or incomplete.

Access to your personal information

We will provide you with access to the personal information we hold about you, subject to limited exceptions in the Privacy Act as outlined below. You may request access to any of the personal information we hold about you at any time.

To access personal information that we hold about you, use the contact details specified below. We may charge a fee for our reasonable costs in retrieving and supplying the information to you.

Denied access to personal information

There may be situations where we are not required to provide you with access to your personal information. For example, such a situation would be information relating to an existing or anticipated legal proceeding with you, or if your request is vexatious. An explanation will be provided to you if we deny you access to your personal information we hold.

Business without identifying you

In most circumstances it will be necessary for us to identify you in order to successfully do business with you, however, where it is lawful and practicable to do so, we will offer you the opportunity of doing business with us without providing us with personal information. Such a situation would be where you make general inquiries about our products.

How safe and secure is your personal information that we hold?

We will take reasonable steps to protect your personal information by storing it in a secure environment, and when the information is no longer needed for any purpose for which the information may be used or disclosed, it will be destroyed or permanently de-identified.

We will also take reasonable steps to protect any personal information from misuse, loss and unauthorised access, modification or disclosure.

Further information and complaints

You may request further information about the way we manage your personal information or lodge a complaint by contacting our Privacy Officer(s) on the contact details below.

We will deal with any complaint by investigating the complaint, and providing a response to the complainant within 15 business days, provided that we have all necessary information and have completed any investigation required. In cases where further information, assessment or investigation is required, we will seek to agree alternative time frames with you.

Contact details

You can contact us by calling us on 02 8042 7400

or by writing to:
The Privacy Officer
Blue Quay Investment Management Pty Ltd
info@bluequayinvest.com

Change in our Privacy Policy

We are constantly reviewing all of our policies and attempt to keep up to date with market expectations. Technology is constantly changing, as is the law and market practices.

As a consequence we may change this Privacy Policy from time to time or as the need arises.

This Privacy Policy was last updated on 31 March 2016

Anti-Money Laundering

The Anti-Money Laundering and Counter Terrorism Financing Act requires potential investors to provide certain information to verify their identity. The requirements that relate to applying for Units in the Fund are set out in the "**Identity Verification**" section of the Application Form. A financial adviser can conduct the identification verification.

No Cooling Off Period

No cooling off period is provided in respect of investments in the Fund.

An application lodged with the Trustee is irrevocable except as required by law.

Capitalised terms used in this Information Memorandum and the attached forms have the following defined meanings unless the context provides otherwise.

ABS

ABS, or Asset Backed Securities, are debt securities backed by a pool of assets, such as auto loans, leasing or other consumer receivables. ABS backed by residential mortgages are known as RMBS securities (see definition below).

Application Price

The application price for a Unit must be calculated in accordance with the following formula:

$$\frac{\text{Net Asset Value + Transaction Costs}}{\text{number of Units in issue}}$$

Except in the case of reinvestments, each of the variables in the formula above must be determined as at the next Valuation Time after:

- the Trustee receives the application for Units; or
- the Trustee receives the application money (even if paid or to be paid into the Applications Account) or the property against which Units are to be issued is vested in the Trustee,

whichever happens later.

Unless the Manager or Trustee determines otherwise, for the purposes of the above calculation, the time of receipt of an application or money or property is taken to be:

- immediately before the Prescribed Time for the Business Day of receipt, if the application, money or property (as applicable) is received before the Prescribed Time on that Business Day; and
- immediately before the Prescribed Time on the next following Business Day if the application, money or property (as applicable) is received on a day which is not a Business Day or is received on or after the Prescribed Time on a Business Day.

In the case of reinvestments, each of the variables in the formula above must be determined on the first Business Day after the end of the Distribution Period to which the distribution relates.

Administrator

Mainstream Fund Service or any other body corporate appointed by the Trustee from time to time to provide administration services in respect of the a Fund.

Aggregate Benchmark Amount

The sum of the Benchmark Amounts for each month in a Calculation Period.

Aggregate Fund Net Income

The amount calculated as follows:

- the sum of the Assessable Fund Net Incomes for each month in the relevant Calculation Period;
- less the Aggregate Benchmark Amount for the relevant Calculation Period;
- plus any unrealised gains (ie increases in value over the relevant Calculation Period of Assets in the Fund at the end of the Calculation Period)
- less any unrealised losses (ie any decreases in value over the relevant Calculation Period of Assets in the Fund at the end of the Calculation Period)

AML/CTF law

The Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cwlth) and any Anti-Money Laundering and Counter-Terrorism Rules registered by AUSTRAC.

Assessable Fund Net Income

The income of the relevant Fund for the month calculated on an accruals basis subject to the following adjustments:

(a) including any profits realised on any Assets disposed of during the month;

(b) deducting any losses realised on any Assets disposed of during that month; and

(c) deducting all expenses of the Fund accrued during the month (excluding any performance fees).

Assets

All the property, rights and income of the Fund, but not application money or property in respect of which Units have not yet been issued, proceeds of redemption which have not yet been paid and any amounts which have been set aside for distribution to Members.

BBSW

The daily 1 month mid-rate appearing on the ASX website:

https://www.asx.com.au/services/benchmark.htm

If, for any reason, the rate for that day cannot be determined in accordance with the foregoing procedures, then BBSW means such rate as is specified by the Manager having regard to comparable indices then available.

Benchmark Amount

For any calendar month means the Benchmark Coupon Rate for that month multiplied by the Net Asset Value of the relevant Fund as at the beginning of that month.

Benchmark Coupon Rate

For each monthly distribution one twelfth of the average mid BBSW rate that applied for the previous month + 3.0 % per annum or of any increased or reduced rate as set by the Manager for the Calculation Period in which that month occurs by notifying Members:

- in the case of an increase, at any time before the start of the Calculation Period; and
- in the case of a decrease, at least 90 days before the start of the Calculation Period.

Business Day

A day on which the Manager is open for business in the city where the principal address of the Manager is situated, but excluding Saturday and Sunday and any public holiday in Sydney.

Calculation Period

A 6 month period ending on 31 December or 30 June and includes the shorter period from the date the first Units other than initial Units are issued under the Constitution of the Fund until earlier of those dates and also includes the shorter period from one of those dates until the date the investment management agreement entered into by the Manager and the Trustee in relation to the Fund ceases to apply.

Consequential Loss

Loss that does not naturally or directly result in the ordinary course of events from the relevant breach, action or inaction and includes loss of profit and loss of anticipated profit.

Constitution

The deed establishing the Fund dated 4 October 2012 and includes any supplementary deeds.

Corporations Act

Corporations Act 2001 (Cwlth).

Custodian

JP Morgan or any other body corporate appointed by the Trustee from time to time to hold Assets as custodian in respect of the a Fund.

Distribution Calculation Date

The last day of each Financial Year and such other days as the Trustee designates.

Distribution Period

- For the first distribution period, the period from the commencement of the Fund to the next Distribution Calculation Date;
- For the last distribution period, the period from the day after the preceding Distribution Calculation Date to the date of distribution on winding up of the Fund; and
- In all other circumstances, the period from the day after the preceding Distribution Calculation Date to the next occurring Distribution Calculation Date.

Eligible Asset

Any asset described in Eligible Assets in the Investment Strategy subsection of the About the Blue Quay High Income Fund section of this document, as amended from time to time by the Manager.

Financial Year

- For the first financial year, the period from the date the Fund commences to the next Financial Year Termination Date;
- for the last financial year, the period from the day after the preceding Financial Year Termination Date to the date of distribution on winding up of the Fund; and
- in all other circumstances, the period from the day after the preceding Financial Year Termination Date to the next occurring Financial Year Termination Date.

The application of this definition for the purposes of calculating distributions from the Fund and preparing the income tax return for the Fund does not affect the Trustee's determination as to the financial year of the Fund for the purposes of preparing accounts and lodging returns required for registered schemes under the Corporations Act.

Financial Year Termination Date

- 30 June;
- if applicable, the day on which the Fund becomes a “subsidiary unit holder” of a “consolidated group” or “consolidatable group” (as defined in the Tax Act); and
- if applicable, the day on which the Fund ceases to be a “subsidiary unit holder” of a “consolidated group” or “consolidatable group” (as defined in the Tax Act).

Fund

Blue Quay High Income Fund.

Gross Value of the Assets

The aggregate value of the Assets but without deducting any liabilities such as debt funding.

GST

Any goods and services tax, consumption tax, value-added tax or any similar impost or duty which is or may be levied or becomes payable in connection with the supply of goods or services.

Income Distribution

In respect of a Member and a Distribution Period, the entitlement of the Member to the Distributable Income of the Fund

Investment Committee

An investment committee appointed by BQIM. The investment committee members as at the date of this information memorandum are listed in the Directory under the heading "Investment Committee".

Liabilities

All present liabilities of the Fund including any provision taken into account in determining the liabilities of the Fund, but not liabilities:

- to applicants for Units in respect of application money or property in respect of which Units have not yet been issued; or
- to Members, arising by virtue of the right of Members to request redemption of their Units or to participate in the distribution of the Assets on winding up of the Fund.

Manager

Blue Quay Investment Management Pty Limited or any replacement manager appointed by the Trustee from time to time. If there is no manager appointed by the Trustee, each reference to the "Manager" will be taken to be a reference to the Trustee.

Member

A person registered as the holder of a Unit that has not been redeemed (including persons jointly registered) or otherwise stated to be a Member.

Net Asset Value

The value of the Assets as at the Valuation Time, less the Liabilities.

Pepper

Pepper Group Limited.

Prescribed Time

2pm Sydney time on a Business Day or such other time or day as the Trustee determines.

Recipient

A person who receives this Information Memorandum, electronically, in hard copy or otherwise.

Redemption Day

- The last business day of the month
- any additional day determined by the Trustee with the consent of the Manager,

or such alternative day or days determined by the Trustee with the consent of the Manager from time to time.

Redemption Limit

The limit, whether in respect of all Units or a Member, that the Manager has determined from time to time in accordance with clauses 9.8(a) and 9.8(b) of the Constitution.

Redemption Price

The redemption price for a Unit must be calculated in accordance with the following formula:

$$\frac{\text{Net Asset Value - Transaction Costs}}{\text{number of Units in issue}}$$

Each of the variables in the formula above must be determined:

- while the Fund is a Registered Scheme and is Liquid, and at all times when the Fund is not a Registered Scheme, as at the Valuation Time immediately following the Relevant Redemption Day; or
- while the Fund is a Registered Scheme and is not Liquid, as at the last Valuation Time before the withdrawal offer is made.

For the purposes of this calculation, if at the relevant Valuation Time, Units have been issued but the application price of those Units has not yet been ascertained, the application money or property relating to those Units and the Units are to be excluded from the calculation.

Registered Scheme

A trust which is registered with ASIC as a managed investment scheme under Chapter 5C of the Corporations Act**.**

Relevant Redemption Day

In relation to a redemption request:

(a) if the redemption request is received or is deemed to be received on a Redemption Day and before the Prescribed Time on that day, the third Redemption Day to occur after the Redemption Day on which the Trustee receives or is deemed to have received the redemption request; or

(b) in any other case, the fourth Redemption Day to occur after the Trustee receives or is deemed to have received the redemption request.

RMBS

RMBS, or Residential Mortgage Backed Securities are debt securities backed by a pool of residential mortgages.

Transaction Costs

An amount determined by the Trustee as appropriate to factor into the Application Price or the Redemption Price to avoid an adverse impact on other Members holding Units arising from transaction expenses which would be incurred if an acquisition or disposal of Assets was carried out because of the issue or redemption of Units. Unless the Trustee otherwise determines, the amount is:

(a) when calculating the Application Price, the Trustee's estimate of the total transaction costs of acquiring all of the Fund's existing assets; and

(b) when calculating the Redemption Price, the Trustee's estimate of the total transaction costs of selling all of the Fund's existing assets,

in each case reduced by the proportion that the Fund's total borrowings bears to the value of the Assets, and adjusted if appropriate for any effect of assets being held through subsidiaries of the Fund or other investment vehicles. The Trustee may determine that Transaction Costs are zero generally or for any particular application or redemption.

Trustee

Perpetual Trust Services Limited ABN 48 000 001 007, AFSL 236648.

Unit

A unit in the Fund.

Valuation Time

A time at which the Trustee calculates Net Asset Value.

Warehouse Trust

A facility granted to a Borrower to acquire and build up a portfolio of eligible receivables (mortgages or auto/equipment) for future securitisation.

Warehouse Trust Notes

A series of notes with different seniority (typically split into senior, mezzanine and junior) issued by a Warehouse Trust. Each note pays a monthly coupon which will vary according to the seniority.

BLUE QUAY
INVESTMENT MANAGEMENT

Mainstream Fund Service Pty Ltd
Application for Initial Investment

You should read the Information Memorandum ("IM") for the Blue Quay High Income Fund before completing this Application Form. You will need to provide the necessary the identification and verification documents listed. These documents are required under the Anti-Money Laundering and Counter-Terrorism Financing regulations in Australia.

The minimum application amount for initial investments into the Fund is 50,000AUD. Please refer to the IM for further information. Any application for amounts below the minimum requirement will not be accepted and a return of monies may incur a cost for the investor.

Please send the completed the Application Form and provide all the necessary identification documentation to:

Mainstrean Fund Services Pty Ltd, GPO Box 4968, SYDNEY, NSW 2001

1. Investment Details

Fund manager:

Fund name: Unit Class:

2. Investor Details (please attach additional pages if necessary)

For companies please provide the investor details for two directors. For superannuation funds and trusts please provide the investor details for the trustee.

The investor is an Individual(s) ☐ Company ☐ Superannuation Fund/Trust ☐ Other ☐

Investor 1

Company Name, Superannuation Fund Name or Surname Given name Title

Date of Birth TFN /ABN

_____/_____/_____

Residential address (or registered office for companies, PO Boxes are not acceptable)

Postal address

Email Phone Mobile

Country of residency (for tax purposes) if not Australia Communication Preference is Email ☐ Mail ☐

Country of birth Occupation

APPLICATION FORM (Cont.)

Source of Funds being invested (tick most relevant option):

Retirement income ☐ Business Activities ☐ Inheritance ☐
Employment income ☐ Sale of assets ☐ Financial Investments ☐
Other ☐

Investor 2

Company Name, Superannuation Fund Name or Surname | Given name | Title

Date of Birth
_____/_____/_____

TFN /ABN

Residential address (or registered office for companies, PO Boxes are not acceptable)

Postal address

Email | Phone | Mobile

Country of residency (for tax purposes) if not Australia

Communication Preference is Email ☐ Mail ☐

Country of birth

Occupation

Source of Funds being invested (tick most relevant option):

Retirement income ☐ Business Activities ☐ Inheritance ☐
Employment income ☐ Sale of assets ☐ Financial Investments ☐
Other ☐

3. Payment Details

Amount of this investment: $

How will this investment be made? Cheque: ☐ EFT to application account*: ☐

*** Application account details**:

BSB: 082-001
Account No.: 145260161

Account title: PERPETUAL TRUST SERVICES LIMITED ATF BLUE QUAY HIGH INCOME FUND APPLICATION ACCOUNT

SWIFT: NATAAU3302S

4. Distributions

I/We prefer distributions to be made by Reinvestment ☐ Direct Credit ☐ If no election is made, we will reinvest all distributions.

Direct Credit Details – Account Name	Branch Number	Account Number

5. Declaration and Signature

I/We declare that:

- I/we have read and understood the Information Memorandum ("IM") to which this application applies and agree to the offer contained in it and to be bound by the provisions of the Fund's Constitution as amended from time to time;
- I/we confirm that we have read the section titled "Disclosure of interest" on page 18 of the IM;
- Blue Quay High Income Fund I/we acknowledge that an investment in the Fund is subject to risks including possible delays in repayment and loss of capital invested;
- This application and accompanying documents are complete and correct, may be used in connection with any of the actual or potential provision of products or services from us or any agent in any capacity and may also be used as our privacy policy allows and as law allows or requires (such as under Anti-Money Laundering and Counter-Terrorism Financing laws);
- If this application is signed under Power of Attorney, the Attorney declares that he/she has not received notice of revocation of that power (a certified copy of the Power of Attorney should be submitted with this application unless we have already sighted it);
- Sole signatories signing on behalf of a company confirm that they have signed as sole director and sole secretary of the company; and
- I/we confirm that I/we am/are acting in accordance with my/our designated powers and authority under the trust deed. If I/we am/are the trustee of a superannuation fund, I/we also confirm that it is a complying superannuation fund under the Superannuation Industry (Supervision) Act.

I/We authorise you to act in accordance with our instructions as set out above. Please note that we require two directors to execute on behalf of the trustee.

Signature of Investor or Company Officer:

Name:

Title: Date: ___/___/_____

Signature of Investor or Company Officer:

Name:

Title: Date: ___/___/_____

Identity Verification

The Anti-Money Laundering and Counter Terrorism Financing Act (AML/CTF) requires additional information from investors.

A financial adviser can conduct the identification verification. Advisers doing so should complete the relevant section below.

6. Financial Adviser Identity Verification

My client's investor identification documentation is:

Attached ☐

Not Attached ☐

I declare that I have completed the AML/CTF identification and verification for this applicant as required by the AML/CTF Act and AML/CTF Rules and I am satisfied that the identity of the application is as stated on this Application Form. I have retained a copy of the identification documents obtained and a record of the procedure undertakes to verify the identity of the applicant and I agree to provide a copy of this information upon request to support this declaration.

Financial Advisers Name

Phone Number

AFS Licensee Name

AFS Licensee Number

Date
_____/_____/_____

Signature

7. Investor Identification Documentation Requirements

You must attach the following **CERTIFIED** documents to this Application Form. Refer below to find out who can certify identification documentation.

INDIVIDUAL
Section 1 – A CERTIFIED COPY OF ONE OF THE FOLLOWING:
▪ an Australian driver's licence containing a photograph of the person; or ▪ an Australian passport; or ▪ an identification card issued by a state or territory that contains the date of birth and a photograph of the card holder; or ▪ a foreign government issued passport or similar travel document containing a photograph and signature of the person
IF YOU CANNOT PROVIDE A DOCUMENT LISTED ABOVE, PLEASE PROVIDE A DOCUMENT FROM SECTION 2(a) AND SECTION 2(b) BELOW
Section 2(a) – A CERTIFIED COPY OF ONE OF THE FOLLOWING:

- an Australian birth certificate; or
- an Australian citizenship certificate; or
- a pension card issued by Centrelink; or
- a foreign drivers licence that contains a photograph of the person; or
- a citizenship certificate issued by a foreign government; or
- a birth certificate issued by a foreign government. Where the document is not in English, it must be accompanied by an English translation prepared by an accredited translator.

Section 2(b) – AND ALSO PROVIDE A CERTIFIED COPY OF ONE OF THE FOLLOWING:

- a notice issued by the Commonwealth or a State or Territory within the preceding 12 months that records the provision of financial benefits and contains the individual's name and residential address, or
- a notice issued by the Australian Taxation Office within the preceding 12 months that records a debt payable to or by the person by or to the Commonwealth, or
- a notice issued by local government body or utilities provider within the preceding 3 months that records the provision of services to that address or to that person (the notice must contain the individual's name and residential address).

INDIVIDUAL ACTING IN THE CAPACITY OF A SOLE TRADER

- a certified copy of a business name search, **and**
- verification documents required for an individual (as listed above)

COMPANY (INCLUDING CORPORATE TRUSTEE)

Australian Companies:
If a private (propriety) company:

- An ASIC Company Extract showing the company name, ACN, registered office address, the names and addresses of the directors and shareholders; or
- A certified copy of the company's certificate of registration or incorporation issued by ASIC **PLUS** a document setting out the full name and residential address of each director and the full name and residential address of each shareholder who owns, through one or more shareholdings, more than 25% of the company's issued capital.

If a public company:

- An ASIC Company Extract showing the company name, ACN, registered office address, the names and addresses of the directors; or
- A certified copy of the company's certificate of registration or incorporation issued by ASIC.

Foreign Companies:
If a private (propriety) company:

- A Company Extract sourced from the relevant foreign registration body showing the company name, identification number issued by the relevant foreign registration body, registered office address, the names and addresses of the directors and shareholders; or
- A certified copy of the company's certificate of registration or incorporation issued by the relevant foreign registration body **PLUS** a document setting out the full name and residential address of each director and the full name and residential address of each shareholder who owns, through one or more shareholdings, more than 25% of the company's issued capital.

If a public company:

- A Company Extract sourced from the relevant foreign registration body showing the company name, identification number issued by the relevant foreign registration body, registered office address, the names and addresses of the directors; or
- A certified copy of the company's certificate of registration or incorporation issued by the relevant foreign registration body.

TRUST

For all trusts (including self-managed super funds/ wrap trusts/ master trusts/ IDPS) please provide:

- a certified copy of the trust deed or equivalent document, or

▪ a certified extract from the Trust Deed or equivalent document that shows the name of the trust, the name(s) of the trustee(s), the place of establishment of the trust and identity of the beneficiaries.
Please ALSO provide the following trustee information: ▪ if the trustee is an individual, please also provide documentation required for individuals (as listed above) or ▪ if the trustee is a company, please also provide documentation required for companies (as listed above).

PARTNERSHIP
▪ a certified copy of the current partnership agreement, or ▪ a certified copy of a notice (such as a Notice of Assessment) issued by the Australian Taxation Office within the last 12 months.
Please ALSO provide: ▪ the verification documents required for individuals (listed on the previous page) for at least one of the partners

WHO CAN VERIFY YOUR DOCUMENTS	
▪ Judge; ▪ Lawyer; ▪ Notary Public; ▪ Magistrate; ▪ Justice of the Peace; ▪ Police Officer; ▪ A Registrar or Deputy Registrar of a court;	▪ Finance company officer* ▪ Full-time employee of a bank* ▪ Full-time employee of a post office* ▪ Authorised representative of a holder of an Australian financial services licence* ▪ Australian Consular Officer or Diplomatic Officer
The eligible certifier must include the following information: ▪ Their full name; address; telephone number; date of certifying; capacity in which they are eligible to certify; and an official stamp/seal if applicable. The certified copy must include the statement, “I certify this is a true copy of the original document”. For photographic documents, the certified copy must include the statement, “I certify this is a true copy of the original document and the photograph is a true likeness”.	

ACCOUNT HOLDER'S TAX RESIDENCY AND CLASSIFICATION - FATCA & CRS

The account holder is the person listed or identified as investor in Section 2.

The Account Holder's Country of Tax Residence, TIN, GIIN, FATCA Status, CRS Status and Controlling Persons (includes Beneficial Ownership details) should be provided in this section. If the person opening the account is not a Financial Institution and is acting as an intermediary, agent, custodian, nominee, signatory, investment advisor or legal guardian on behalf of one or more other account holders this form must be completed by or on behalf of that other person who is referred to as the Account Holder.

If you are unable to complete this form, please seek an appropriate advice relating to the tax information required. For further details relating to the implementation of FATCA and CRS, please refer to The Australian Taxation Office's guidance material link:

https://www.ato.gov.au/general/international-tax-agreements/in-detail/international-arrangements/automatic- exchange-of-information---guidance-material/

If you are applying:

As an Individual/Joint Investors/Sole Trader please complete Section 8.

All other types of entities please complete Sections 9, 10, 11, 12 and 13.

8. TAX RESIDENCE – INDIVIDUAL/SOLE TRADER

Please provide details for all jurisdictions in which the Account Holder is resident for tax purposes

Country of Tax Residence 1	Taxpayer Identification No. 1	TIN Unavailable ☐
Country of Tax Residence 2	Taxpayer Identification No. 2	TIN Unavailable ☐
Country of Tax Residence 3	Taxpayer Identification No. 3	TIN Unavailable ☐

TIN Unavailable Explanation(s) – If any "TIN Unavailable" box is checked, please provide an explanation

☐ **I certify that the tax residence countries provided above represent all countries in which I am considered tax resident.**

If Account Holder has additional countries of tax residence, please attach a statement containing the Country and TIN for each such additional country

IS THE ACCOUNT HOLDER A U.S. PERSON?

A US person includes a U.S. citizen or resident alien of the U.S. even if residing outside the U.S.

☐ **Yes** If 'Yes', the Account Holder's U.S. country of residence and U.S. Tax Identification Number must be provided above.

☐ **No**

9. ACCOUNT HOLDER'S GIIN (IF ANY) – COMPANIES, TRUSTS AND OTHER TYPES OF ENTITIES

If you are unable to complete this form, please seek an appropriate advice relating to the tax information required.

Account Holder's GIIN *(if any)*

Sponsoring Entity's Name *(if the Account Holder is a sponsored entity, please provide the sponsor's GIIN)*

10. TAX RESIDENCE OF THE ACCOUNT HOLDER – COMPANIES, TRUSTS AND OTHER TYPES OF ENTITIES

Please provide details for all jurisdictions in which the Account Holder is resident for tax purposes

Country of Tax Residence 1	Taxpayer Identification No. 1	TIN Unavailable ☐
Country of Tax Residence 2	Taxpayer Identification No. 2	TIN Unavailable ☐
Country of Tax Residence 3	Taxpayer Identification No. 3	TIN Unavailable ☐

TIN Unavailable Explanation(s) – If any "TIN Unavailable" box is checked, please provide an explanation

☐ **I/We certify that the tax residence countries provided above represent all countries in which the Account Holder is considered a tax resident.**

If Account Holder has additional countries of tax residence, please attach a statement containing the Country and TIN for each such additional country

11. FATCA STATUS – COMPANIES, TRUSTS AND OTHER TYPES OF ENTITIES

IS THE ACCOUNT HOLDER A U.S. PERSON?

If Yes, complete the U.S. Person certification

U.S. PERSON CERTIFICATION

Is the Account Holder a specified U.S. person?

☐ **Yes** Provide a U.S. TIN below.

☐ No

U.S. Taxpayer Identification Number (TIN) :

If No, complete the non U.S. Person certification

NON U.S. PERSON CERTIFICATION

Select a classification that matches your FATCA status
Select only a single category.

☐ **Participating FFI** *(Provide GIIN in Section 9)*

☐ **Local/Partner Jurisdiction FFI** *(Provide GIIN in Section 9)*

☐ **Deemed-Compliant FFI**

Select deemed-compliant category:

☐ **Trustee-Documented Trust** *(Provide GIIN and Trustee name in Section 9)*

☐ **Sponsored Investment Vehicle** *(Provide GIIN and Sponsor's name in Section 9)*

☐ **Registered-Deemed Compliant FFI** *(Provide GIIN in Section 9)*

☐ **Other Deemed-Compliant Category**

☐ **Nonparticipating FFI**

☐ **Exempt Beneficial Owner (includes self-managed superannuation fund)**

☐ **Direct Reporting NFFE** *(Provide GIIN in Section 9)*

☐ **Sponsored Direct Reporting NFFE** *(Provide GIIN and Sponsor's name in Section 9)*

☐ **A Start-up Company formed in the past 24 months**

Please provide the date the entity was organized: _____

☐ **Active NFFE**

☐ **Passive NFFE** *(Complete Section 13 – Controlling Persons)*

☐ **Other – describe the FATCA status**

_____

12. CRS STATUS – COMPANIES, TRUSTS AND OTHER TYPES OF ENTITIES

IS THE ACCOUNT HOLDER A FINANCIAL INSTITUTION?

Financial Institution

Is the entity an Investment Entity managed by an FI or other Financial Institution?

☐ **Yes** If any tax residence country provided is not a participating CRS jurisdiction, then complete Section 13 – Controlling Persons.

☐ **No**

Non-Financial Entity (NFE)

If the Account Holder is a Non-Financial Entity (NFE), select a classification that matches your CRS status:

☐ **Government Entity, International Organisation and Central Bank**

☐ **A corporation the stock of which is regularly traded on an established securities market (or entity related to such a corporation):**

Name of Securities Market: _____

Name of Related Entity: _____

☐ **Non-Reporting Financial Institution (includes Broad Participation Retirement Fund, Narrow Participation Retirement Fund, Exempt Collective Investment Vehicle, Trustee Documented Trust and Self-managed Superannuation Fund)**

☐ **A Start-up Company formed in the past 24 months**

Please provide the date the entity was organized: _____

☐ **Other Active NFE**

☐ **Passive NFE** *(Complete Section 13 – Controlling Persons)*

☐ **Other – describe the FATCA status**

_____

13. CONTROLLING PERSONS

Full Name _____

Taxpayer Identification Number _____

Address (incl country) _____

Full Name _____

Taxpayer Identification Number _____

Address (incl country) _____

Full Name _____

Taxpayer Identification Number _____

Address (incl country) _____

Full Name _____

Taxpayer Identification Number _____

Address (incl country) _____

14. Declaration

By signing this form, I/we declare that:

- the information provided by me/us in, and in connection with, this form, which forms part of my/our application to the Blue Quay High Income Fund ("Fund" for an account, is correct and may be used by the Fund to undertake any action to comply with any Applicable Regulation;
- the information provided by me/us in and in connection with this form may be disclosed to any other person, to enable it to be reported and used in compliance with the Applicable Regulation; and
- I/we will promptly notify Mainstream Fund Service Pty Ltd and provide it with any changes to the information provided by me/us in and in connection with this form and on request provide any further information reasonably required by the Fund to comply with any obligation under the Applicable Regulation.

In this form, "Applicable Regulation" means all laws, rules, regulations and other legal requirement(s) in force from time to time in Australia. These include, without limitation, the United States' Foreign Account Tax Compliance Act (FATCA).

Signature	**Signature**
Full Name	**Full Name**
Date / /	**Date** / /
Capacity	**Capacity**