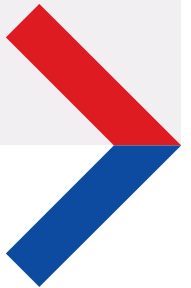


Fortlake Real-Higher Income Fund

Product Disclosure Statement



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About the Product Disclosure Statement

Colonial First State Investments Limited ABN 98 002 348 352, AFSL 232468 ('CFSIL', 'Responsible Entity', 'RE', 'we' or 'us') is the Responsible Entity of Fortlake Real-Higher Income Fund (the Fund) and issuer of this PDS.

The latest current copy of this PDS is available to be downloaded from www.fortlake.com.au. If you make this PDS available to another person, you must give them the entire PDS, including the application form.

This PDS is also available to investors who invest through an IDPS (such as a master trust or wrap account). Different conditions may apply to such investors so please refer to the section 'Investing through a master trust or wrap account'.

This PDS is not an offer or invitation in relation to the Fund in any place in which, or to any person to whom, it would not be lawful to make that offer or invitation. New Zealand investors should refer to the section 'Information for New Zealand investors'. All references to \$ or amounts are to Australian dollars.

CFSIL has authorised Fortlake Asset Management Pty Ltd ABN 30 643 640 939 ('Fortlake' or the 'Investment Manager') to provide investment and other services to the Fund, pursuant to an investment management agreement entered into between CFSIL and Fortlake.

This PDS is current as at 30 May 2024. Information in this PDS is subject to change from time to time. To the extent that the change is not materially adverse to investors, it may be updated by a notice of the change on the Fund's website at www.fortlake.com.au. If the change is materially adverse to investors, CFSIL will notify affected investors and supplement or replace this PDS. A paper copy of any updated information will be provided free of charge on request.

Neither CFSIL nor Fortlake promise that you will earn any return on your investment or that your investment will gain or retain its value. No company other than CFSIL and Fortlake makes any statement or representation in this PDS.

This PDS has been prepared without considering your objectives, financial situation or needs. You should consider the appropriateness of the Fund having regard to your own objectives, financial situation and needs and the Fund's Target Market Determination ('TMD'). The TMD is available for download from www.fortlake.com.au. You should read the entire PDS, and speak to a financial adviser, before proceeding to acquire or dispose of units in the Fund.

Fund Snapshot

Feature	Summary
Fund Name	Fortlake Real-Higher Income Fund
Investment Manager of the Fund	Fortlake Asset Management Pty Ltd ABN 30 643 640 939 CAR #001283388
Responsible Entity of the Fund	Colonial First State Investments Limited ABN 98 002 348 352, AFSL 232468
Administrator	Link Fund Solutions Pty Limited ABN 44 114 914 215
Prime Broker & Custodian	J.P. Morgan Securities LLC ABN 37 109 293 610
Investment objective¹	The Fund's investment objective is to target strong returns above the RBA cash rate after allowing for inflation, commensurate with a high level of risk.
Benchmark	RBA cash rate
Key risks	<p>Some of the key risks in relation to an investment in the Fund are summarised below. Please refer to the 'Risks of Investing' section for a more comprehensive summary of potential risks.</p> <p>Key risks specific to an investment in the Fund include:</p> <ul style="list-style-type: none">• Manager Skill: The Fund relies heavily on the methodology designed by the Investment Manager.• Leverage: The Investment Manager's use of leverage can magnify both the gains and losses and investors may experience increased volatility in the value of their investments.• Liquidity Risk: The Investment Manager invests in government or government-related bonds and may invest opportunistically in short-term investment-grade bonds. Investments in bonds may suffer from a lack of liquidity during the term of the bond, or if there is a thin market for the particular bonds.
APIR code	TAL0284AU
Suggested investment period²	2-5 year period
Fund inception	18 December 2020
Entry fees	Nil
Exit fees	Nil
Responsible entity fee	0.20% p.a. (incl net GST)
Investment management fee	0.484% p.a. (incl. net GST)
Buy / sell spread	0.10% / 0.10%
Minimum initial investment	\$1,000
Minimum additional investment	\$1,000
Minimum withdrawal	\$1,000
Minimum balance	\$1,000
Unit pricing frequency	Daily
Application processing	Daily, 2pm Sydney time, after the end of the offering period. Please refer to 'How to invest' for more information.
Redemption processing	Withdrawal requests are required to be received by 2pm Sydney time on the day of redemption.
Income distribution frequency	Income distributions (if any) are generally paid quarterly. Investors can elect to receive distributions in cash or to automatically reinvest them into the Fund. Please refer to 'Distributions?' for more information.

1 There is no guarantee that the Fund's investment objective will be achieved. The investment objective is not intended to be a forecast. It is merely an indication of what the Fund aims to achieve over the medium to long term. The Fund may not be successful in meeting this objective. Returns are not guaranteed.

2 This suggested investment period may not be appropriate for you at all times or suit your particular needs. You should regularly review all aspects of your investments.

Disclosure Principles

Principle

DISCLOSURE PRINCIPLE 1

Investment Strategy

The investment strategy

The strategy is quantitative led and seeks to generate real returns in the more liquid parts of the fixed income market using specialised techniques only available to institutional grade fixed income managers. The Investment Manager seeks to target areas of the fixed income market that have a lower probability of default (POD). The Investment Manager only invests in areas where it deems it has a competitive advantage to other fixed income managers.

The investment strategy explained

The focus of the Fund is predominantly gaining investment exposure to fixed interest investments. The Fund's investment strategy utilises a variety of institutional techniques, including a combination of inflation hedges, overlays, arbitrage strategies and short-to-medium term investment-grade bond opportunities to generate real returns above the RBA cash rate. The focus and style of the Investment Manager is to seek out lower POD opportunities in fixed income markets and then use specialised techniques to deliver returns to investors using a variety of return sources that have market-based correlations.

The Fund's investment strategy may change from time to time. The Investment Manager will notify investors of any changes to investment strategy in accordance with the requirements in the Corporations Act.

Investment universe

The investment universe is comprised mainly of investment-grade corporate bonds, asset backed securities inflation derivatives, interest rate derivatives, bank bills and Negotiable Certificates of Deposit (NCDs) issued by larger Australian banks. In addition, the Fund may also use derivatives to gain additional exposure to Australian and non-Australian interest rates. This may be gained through the use of equity derivatives, which must be executed in accordance with the box-spread strategy in order to offset equity market exposure. Fortlake aims to hedge any foreign currency exposure back to the Australian dollar. The Fund may gain exposure to the above asset classes by investing in the Fortlake Real-Income Fund. The Fund's exposure to such investments are limited to 1,800,000 units in the Fortlake Real-Income Fund. Any fees incurred in relation to the investment in the Fortlake Real-Income Fund will be rebated to the Fund.

Key dependencies or assumptions

The Fund relies heavily on the effectiveness of the methodology described in the 'Fortlake's investment process' section to deliver positive returns. If the methodology does not work as anticipated, the Fund could underperform or incur losses.

For further information regarding the risks associated with the Fund's investment strategy, refer to 'What are the significant risks?'

Diversification and position limits

The portfolio will typically contain 20 to 70 positions. The portfolio will generally contain derivative positions as well, particularly where use of the derivative enhances the theme or strategy of the portfolio.

Interests in the Fund will be issued in Australian dollars; however, the Fund will have underlying positions in US dollars and other currencies that will generally be hedged back to AUD.

The Fund will generally have the following asset allocations at all times:

- weighted average credit weighting of the bond portfolio within the Fund no lower than BBB-
- global government and corporate bond exposure of 0%–15% of net asset value of the Fund
- Australian corporate bonds of 70%–100% of net asset value of the Fund.

DISCLOSURE PRINCIPLE 2
Investment Manager

Fortlake Asset Management Pty Ltd ABN 30 643 640 939 is the investment manager for the Fund. Fortlake is an Australian incorporated company. Fortlake blends its talented and experienced team of individuals with a combination of global business insights and investment philosophy.

CFSIL and Fortlake have signed an investment management agreement, which is in an industry standard format and provides for termination of the investment manager in a number of circumstances including insolvency, breach of an obligation, representation, warranty or undertaking under the agreement or if CFSIL is required to terminate to comply with relevant law. There are no penalty pay outs in the event the investment management agreement is terminated. There are no unusual or onerous (from an investor's perspective) terms in the investment management agreement. Fortlake is responsible for managing the portfolio in accordance with the investment management agreement and under this agreement, is required to act in the best interests of investors in performing its services. There have been no adverse regulatory findings against Fortlake or its personnel.

There are several key investment personnel who have day to day responsibility for the running of the Fund.

The key persons, including their relevant qualifications and commercial experience, are:

Dr Christian Baylis, Founder, Chief Investment Officer

Christian is a highly regarded Australian-based manager with broad experience across global fixed income and derivatives strategies, having worked previously at UBS Asset Management and the Reserve Bank of Australia (RBA).

Christian managed in excess of \$8 billion assets under management (AUM) and was the lead Portfolio Manager in the UBS Australian Fixed Income team for the UBS Cash Plus Fund, the Insurance and Asset Liability Management book of business and ran a complex suite of overlay strategies for large cross-border liability clients. Christian was also a member of the Global Multi Strategy Committee and was appointed as the Australian representative for the Global Dynamic Fund, the core global unconstrained Fixed Income offering for UBS Asset Management.

Christian was also the Head of Derivative Strategy, Inflation Linked Assets and Credit Trading across the Australian Fixed Income business, managing in excess of \$26 billion. This role incorporated oversight of Sector Strategy - incorporating semi-government and Sovereign Supra National Agencies (SSAs) and the development of the associated Environmental, Social and Governance (ESG) framework for these assets. As a member of the Global Multi Strategy Committee, Christian was actively involved in the macro analysis and research of fixed income markets for the global Fixed Income business.

Christian joined UBS Asset Management in March 2011. Whilst managing the UBS Cash-Plus Fund from March 2011 to May 2020, Christian obtained the only 'Highly Recommended' rating from Zenith for consecutive years 2017 – 2020 for the Short- Term Credit category.

Prior to this, he was a Senior Analyst at the Reserve Bank of Australia (RBA), managing the Bank's investment portfolio, liquidity, and liability profile. Prior to his role at the RBA, Christian worked for Standard and Poor's, as a Rating Specialist conducting rating assessments and research.

Christian has a PhD in Econometrics from Monash University and was a recipient of the distinguished Exceed First Class Honours award, receiving a perfect GPA. Christian won the Australian Postgraduate Scholar Award at both University of New South Wales (UNSW) and the University of Sydney (USYD) for his work in the Econometrics field and was a visiting scholar at Monash University in the Econometrics faculty. Christian was also the recipient of the prestigious Capital Markets CRC PhD Scholarship where his work focused on alternative methods of inflation modelling, probability density functions and option implied distributions.

Christian will spend approximately 90% of the time executing the investment strategy.

Principle

Catherine Drysdale, Portfolio Manager

Catherine serves as a Portfolio Manager at Fortlake. She is a current PhD (Engineering) candidate and scholarship recipient at the University of Sydney (USYD), where she is leveraging artificial intelligence for fixed income portfolio optimisation. Catherine has been conducting research alongside Dr Christian Baylis and Dr Kylie-Anne Richards since September 2023. She holds a Master of Data Science from USYD, where her thesis examined the role of Quantitative Easing and price bifurcations in the Australian Commonwealth Government Bond market.

Having worked previously at ANZ and Dimensional Fund Advisors (DFA), Catherine has experience in domestic and global fixed income markets. DFA is a global investment firm with over \$1 trillion AUM, with a board that has featured numerous Nobel laureates and esteemed academics including Eugene Fama, Ken French, Merton Miller, Myron Scholes and Robert Merton. At DFA she worked in a trading and portfolio management capacity where she applied quantitative problem-solving and analytic skills to design fixed income strategies. Catherine was also responsible for overseeing the incorporation of sustainability principles into the investment process. In her time at ANZ, she produced market communications and facilitated trades in fixed income and derivative products.

Catherine's experience in finance is preceded by a career in economics and business studies education, where she served as a teacher for several years. Outside her time at Fortlake, she continues her work as an educator for postgraduate students in the Faculty of Computer Science at USYD.

DISCLOSURE PRINCIPLE 3 Fund Structure

The Fund is structured as a registered managed investment scheme and a unit trust. The Responsible Entity of the Fund is CFSIL.

The Investment Manager of the Fund is Fortlake.

Other key service providers include Link Fund Solutions Pty Limited, the Administrator of the Fund, J.P. Morgan Securities LLC, the Prime Broker and Custodian of the Fund and Ernst & Young, the auditors of the Fund.

All key service providers of the Fund are appointed on arms' length commercial terms. Service providers are largely based in Australia.

For further information in relation to the Prime Broker and Custodian, please refer to 'The Prime Broker and Custodian'.

CFSIL ensures compliance of its service providers with their obligations under the relevant service agreements and laws by monitoring performance, and by conducting reviews in accordance with its service provider monitoring program.

There are risks of holding assets through third party service providers such as the Prime Broker. These risks are outlined in the section 'Risks of Investing' and 'Counterparty risk'.

For information on fees and costs associated with an investment in the Fund, please refer to 'Fees and other costs'.

DISCLOSURE PRINCIPLE 4 Valuation, location, and custody of assets

Below is a table summarising the Fund's assets, location of assets and custody arrangements.

Assets	Location of Assets	Prime Broker & Custodian
Investment-grade corporate bonds, Commonwealth Government Bonds, Semi-Government Bonds, inflation derivatives, interest rate derivatives, bank bills and Negotiable Certificates of Deposit (NCDs) issued by larger Australian banks.	Australia, North America, UK/EMEA, Asia Pacific	J.P. Morgan Securities LLC

Interests (i.e. units) in the Fund are valued daily and the net asset value is determined in accordance with the constitution and applicable industry standards.

Please refer to the 'The Fund's Investment Process' section for information on the geographical exposures of the Fund's investments.

Please refer to the 'Disclosure Principle 1 Investment Strategy' section for more information on asset allocation.

DISCLOSURE PRINCIPLE 5 Liquidity

The Fund generally permits redemptions daily on each Business Day. We must receive withdrawal requests by 2pm Sydney time on the day of redemption, for processing using the unit price effective for that day.

We expect that the Fund will be able to meet redemptions in normal market conditions. In a rapidly moving market investors could experience a scaling back to a partial payment of their redemption.

The constitution of the Fund and the Corporations Act permit deferral of redemptions in certain circumstances. Please refer to the section 'Withdrawing your investment' for further information.

Please refer to the section 'Risks of Investing' and 'Liquidity' for more information on liquidity.

Principle

DISCLOSURE PRINCIPLE 6

Leverage

Fortlake may leverage the Fund's capital because it believes that the use of leverage may enable the Fund to achieve a higher rate of return. Accordingly, the Responsible Entity may pledge the Fund's securities to borrow additional funds for investment purposes. The Fund may also leverage its investment return with derivatives and short sales. The amount of borrowings that the Fund may have outstanding at any time may be substantial in relation to its capital. Leverage can magnify both the gains and losses and investors may experience increased volatility in the value of their investments.

Leverage may be employed via the prime broking relationship with J.P. Morgan Securities LLC or other trading counterparties, who impose a strict set of leverage limits, asset class criteria restrictions as well as concentration risk calculations on Fortlake.

The Prime Broker or other counterparties may enter into leveraged transactions with the Fund (e.g. short selling or derivatives) and may hold some assets of the Fund as collateral for those transactions.

Please refer to the 'Risks of Investing' section for more information on leverage.

Worked example of impact of leverage on investment returns and losses

The following table provides examples of two different scenarios of the Fund's performance and their theoretical outcome if the Fund was at its maximum gross market exposure (2.5x) with no protection through short selling. At the Fund's maximum gross market exposure, this means that for every \$1 of the Fund's Net Asset Value, the Fund is leveraged \$2.50. Note that this example does not take into account borrowing or trading costs. The examples use an investment of \$50,000 and the maximum anticipated and allowed leverage of 2.5x:

Return on investments	Total gross portfolio exposure	Total portfolio gain/ (loss)	Total portfolio value
Portfolio return +10%	\$125,000	\$12,500	\$62,500
Portfolio return -10%	\$125,000	(\$12,500)	\$37,500

DISCLOSURE PRINCIPLE 7

Derivatives

While the Fund primarily invests in fixed interest bonds, Fortlake may, in its discretion, invest in derivatives and/or exchange traded funds to gain an intended exposure or manage a particular risk.

Derivatives (both exchange traded and over the counter) may be used in the management of the Fund for purposes including the following:

- managing investment risk and volatility of a security or market
- managing actual and anticipated interest rate risk and credit exposure
- managing currency risk and adjusting currency exposure
- achieving asset exposures without buying or selling the underlying securities
- creating short exposure to a security or market where permitted
- generating additional income
- adding to the gearing levels of the Fund's portfolio
- managing strategic and tactical asset allocation strategies, or
- taking advantage of price differences (known as arbitrage).

The primary over the counter derivative counterparty used is J.P. Morgan Securities LLC, who is the Fund's Prime Broker. The Investment Manager prefers to have multiple counterparties available for derivative transactions to ensure its liquidity, risk management and execution processes are optimised. The Investment Manager only trades with institutional counterparties with a broad market coverage.

Please refer to the 'What are the significant risks?' section for more information on the use of derivatives.

DISCLOSURE PRINCIPLE 8

Short Selling

The Fund may undertake short selling as part of the investment strategy. The Fund may engage in short selling by borrowing bonds through the Prime Broker and providing the required collateral.

Fortlake will engage in short selling in accordance with the rules of the particular market on which it is trading (for example, it will comply with relevant reporting requirements and, where "naked" short selling is prohibited, Fortlake will not engage in such practice).

The risks of short selling are set out in the section 'What are the significant risks?'. Short selling risk is managed by Fortlake through size and by the use of the Prime Broker.

Principle**DISCLOSURE PRINCIPLE 9****Withdrawals**

The Fund processes withdrawals daily. We must receive withdrawal requests by 2pm Sydney time on the day of redemption, for processing using the unit price effective for that day. If we receive a request after 2pm, we will process it using the unit price effective on the next business day.

The process for making withdrawals and limitations in relation to withdrawals are set out in the section 'Withdrawing your investment'. In some circumstances, such as when the Fund is illiquid, investors may not be able to withdraw from the Fund. If the withdrawal requirements are altered, we will notify you in writing. Please also refer to the section 'What are the significant risks?' and 'Liquidity' for more information on liquidity.

Disclosure Benchmarks

This PDS addresses the following two disclosure benchmarks:

Benchmark	Met or not met?
BENCHMARK 1 Valuation of assets This benchmark addresses whether valuations of the Fund's non-exchange traded assets are provided by an independent administrator or an independent valuation service provider.	The Fund meets the valuation of assets benchmark. Any non-exchange traded assets (such as over the counter derivatives) are valued by the Administrator who is unrelated to the Fund.
BENCHMARK 2 Periodic reporting This benchmark addresses whether we provide periodic disclosure to our investors of certain key Fund information on an annual and monthly basis.	<p>The Fund meets this benchmark.</p> <p>The following information will be available to investors in the Fund monthly:</p> <ul style="list-style-type: none">• net asset value of the Fund and price of units, and• net return on the Fund's assets after fees, costs and relevant taxes. <p>We will advise investors should there be any changes to the following:</p> <ul style="list-style-type: none">• any changes to key service providers including any change in related party status in respect of the Fund more generally• any material changes to the risk profile and strategy of the Fund more generally, and• any material changes related to the primary investment personnel responsible for the Fund more generally. <p>We will provide the following information to investors in the Fund on an annual basis:</p> <ul style="list-style-type: none">• asset allocation to each asset type• liquidity profile at the end of the relevant period• maturity profile of liabilities at the end of the relevant period• the gross exposure as a measure of the leverage ratio at the end of the relevant period• details on derivative counterparties engaged• monthly returns and annual investment returns.

Investment Information

What are the benefits of investing in the Fund?

Benefits of investing in the Fund

The Fortlake Real-Higher Income Fund's key benefits include the following:

- The Investment Manager is highly specialised, with deep knowledge and experience in fixed interest investments,
- Investors have access to Fortlake's investment methodology, which is designed to produce returns and protect investors against inflation risk, and
- Investors have access to a diversified portfolio of Investment Grade fixed interest investments.

The Fund's investment process

Fortlake's investment process

Investors in the Fund have the benefit of accessing Fortlake's specialised investment process. The Investment Manager utilises a Trade Meritocracy Framework (TMF) to build its portfolio, which includes the following stages:

Stage 1 – Universe and Opportunity Set

The Investment Manager identifies a shortlist of potential investments (the investment universe) that fit the Fund's investment parameters. This process involves analysing a range of investment instruments and forming a view as to their relative merits (including any discount to their intrinsic value), based on their risks and potential return, commensurate with the Fund's target return. Once the Investment Manager has completed this analysis, it uses this data to optimise capital allocation and weight the portfolio.

Stage 2 – Factor Audit

Once the investment universe is defined, each of the potential investments is subject to further analysis and modelling through repeated simulation. This stage involves scrutinising the performance of the potential investments across a range of factors. Such factors may include macroeconomic factors or investment specific factors like volatility or momentum. Potential investments are ranked across each factor to identify opportunities and areas for further optimisation. The factors used in this stage

may change over time and are evaluated regularly by the Investment Manager to ensure effectiveness.

Stage 3 – Implementation Review

Once the investments and allocations have been confirmed, the Investment Manager considers the most effective means of implementing the investment. For example, in some circumstances, the Investment Manager may elect to trade in a bond directly, and in others, it may elect to instead trade via a derivative. In determining this, the Investment Manager will have regard to the potential merits and risks associated with each approach.

Stage 4 – Execution Review

Once the most appropriate means of implementation has been identified, the Investment Manager determines the optimal means of executing the trade. This includes an evaluation of the potential trading counterparties, informed by the Investment Manager's previous knowledge and experience with the counterparties.

Stage 5 – Post Execution Review

When the Investment Manager executes a trade (and thereafter), it analyses how the market responds to its trade. The Investment Manager uses this data to develop a profile on counterparty firms and the market, which it uses to better inform trading strategy and counterparty selection in the future.

Stage 6 – Live Monitor

The portfolio is then subject to ongoing monitoring and evaluation from a risk management perspective by the Investment Manager. The data collected at this stage is used to evaluate the sufficiency of the model and identify further areas of optimisation.

Labour and environmental, social, or ethical considerations

In buying, selling, or retaining underlying investments, Fortlake does not generally take into account labour standards or environmental, social, or ethical (ESG) considerations. However, to the extent that Fortlake believes those matters may affect the value or performance of an underlying investment they may be considered. Fortlake does not apply a predetermined view as to what constitutes labour standards or environmental, social or governance considerations. These will be determined on a case-by-case basis for the Fund.

The Fund's Geographic exposure

The Fund may invest corporate bonds or other debt instruments issued by foreign corporations. The Fund will typically have geographical exposures of:

Geographic location	Gross exposure range
North America	7.5%
UK/EMEA	7.5%
Asia Pacific (predominantly Australia)	85%

We note that these geographical allocations are guidelines only and may be varied at the discretion of Fortlake having regard to the best interests of investors and the investment strategy of the Fund

What corporate governance processes are in place to manage my investment?

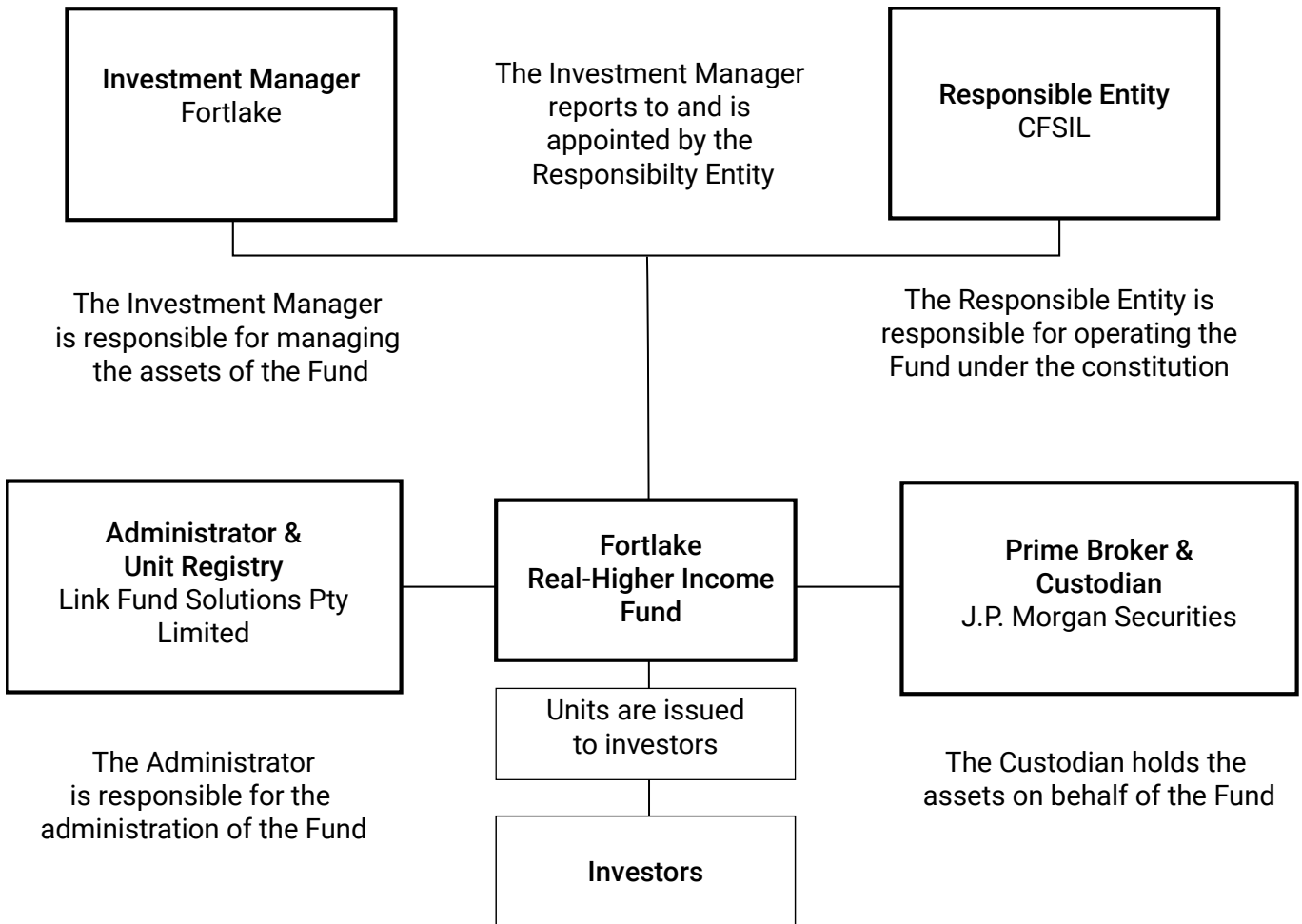
Under the *Corporations Act 2001* (Cth) and the Fund documents, investors are provided with several layers of oversight providing a robust and appropriate corporate governance structure. The structure provides additional investor safeguards through the separation of duties, specialisation of expertise, clear lines of responsibility and layered approval processes.

The Fund is operated by a responsible entity who holds an appropriate Australian financial services licence. The Responsible Entity of the Fund is CFSIL. CFSIL has appointed Fortlake as Investment Manager, Link Fund Solutions Pty Limited as Administrator and J.P. Morgan Securities LLC as the Prime Broker and Custodian, to hold the assets of the Fund.

Like most Australian managed investment schemes, the Fund is a unit trust. In exchange for your invested money, you are issued units. Certain rights (such as a right to any income and a right to vote) attach to your units. You may also have obligations in respect of your units. The rights and obligations attached to units are set out in the Fund's constitution.

The structure of the Fund

The following diagram summarises the management and governance structure of the Fund :



Risks of Investing

Investing in the Funds carries various risks. Investors may lose capital, or the Fund may underperform other investments. Investors should expect that the Funds' unit prices, and total returns, may materially fluctuate over time.

About risk and return

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 Investment Manager, the Responsible Entity, the Prime Broker, or the Custodian. 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:

Manager Skill

The Fund relies heavily on the methodology designed by the Investment Manager to outperform other investment options. If the Investment Manager makes the wrong decisions, the Fund can have negative returns.

Investment managers can be wound up or liquidated, they can cease to manage the relevant fund and be replaced, their investment methodology can change, they can poorly manage operational risks and their funds can perform poorly.

If any of these events occurred in respect of Fortlake, CFSIL would do all things reasonably practicable to seek a new investment manager, with a similar investment profile if thought appropriate or look to wind up the Fund.

Key Person Risk

Only a small number of investment professionals are responsible for managing the Fund and their personal circumstances can change. From time to time, there may be changes to the personnel of the Investment Manager. Such changes may include key personnel and may have an impact on investment returns of the Fund.

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. However, certain events may have a negative effect on the price of all types of investments within a particular market. These events may include changes in economic, social, technological, or political conditions, as well as market sentiment, the causes of which may include changes in governments or government policies, political unrest, wars, terrorism, pandemics, and natural, nuclear, and environmental disasters. The duration and potential impacts of such events can be highly unpredictable, which may give rise to increased and/or prolonged market volatility, which could impair the Fund's profitability or result in losses.

Leverage

The Investment Manager may leverage the Fund's capital because it believes that the use of leverage may enable the Fund to achieve a higher rate of return. Accordingly, the Responsible Entity may pledge the Fund's investments to borrow additional funds for investment purposes. The Fund may also leverage its investment return with derivatives. The amount of borrowings that the Fund may have outstanding at any time may be substantial in relation to its capital. Leverage can magnify both the gains and losses and investors may experience increased volatility in the value of their investments.

Liquidity

The Investment Manager invests in government or government related bonds and may invest opportunistically in short-term investment-grade bonds. Investments in bonds may suffer from a lack of liquidity during the term of the bond, or if there is a thin market for the particular bonds.

Diversification

The Investment Manager intends to seek to diversify the Fund's investments as it deems appropriate and consistent with the Fund's investment objective. If the Fund's investment portfolio is concentrated in a small number of investments, the portfolio will be subject to a greater level of volatility.

Derivatives Risk

The Investment Manager may use derivatives, such as options, futures, and swaps, for hedging and non-hedging purposes, such as:

- to manage particular risks (e.g. currency risks)
- when it is more efficient to execute a particular thematic via the derivative, or
- to reduce risk or gain exposure to other types of investments when appropriate.

The risks of using derivatives might include: the value of the derivative failing to move in line with the underlying asset, potential illiquidity of the derivative, the possibility that the derivative position is difficult or costly to reverse, the derivative not performing as expected, and counterparty risk.

Short Selling Risk

The Investment Manager may engage in short selling. Selling fixed income securities short creates the risk of losing an amount greater than the initial investment and can also involve borrowing and other costs that may reduce profits or create losses.

Counterparty Risk

Counterparty risk is the risk of loss caused by another party defaulting on its financial obligations either because they become insolvent or cannot otherwise meet their obligations to the Fund. A party defaulting on its obligations could subject the Fund to substantial losses because the Fund will still be required to fulfil its obligations on any transactions which were to have substantially offset other contracts.

Currency Risk

At the date of this PDS, it is intended that the functional currency of the Fund's principal trading account will be Australian dollars, although the Responsible Entity retains the discretion to change this. The Fund will have exposure to investments that are denominated in currencies other than the functional currency. If the value of foreign currencies changes relative to the functional currency, the value of the investments of the Fund may change. There is a risk that the value of investments of the Fund will change due to movements in the exchange rate between the local currency and the Australian dollar. The Investment Manager intends to manage this by hedging back to Australian dollar.

Interest Rate Risk

Interest rates and bond prices have an inverse relationship. Changes in interest rates can have a direct impact on bond prices and the returns available on the investments of the Fund. They can also have an indirect positive or negative impact on the relative attractiveness of fixed income instruments to other asset classes, or on the capacity to service any borrowings by the Fund.

Foreign Taxation

The Fund may invest in markets located in many jurisdictions around the world with different tax regimes, some of which may subject the Fund to withholding or other taxation, which may impact the Fund's returns.

Fund Risk

Common risks associated with most managed funds include the risk that the Responsible Entity may be terminated; the fees and expenses could change; or the Responsible Entity or the Investment Manager could change. The Responsible Entity has the discretion to compulsorily redeem Units. In addition, the results of investing in the Fund may lead to different results compared with investing directly in securities because of income or capital gains accrued in the Fund and the consequences of other investors investing in, or withdrawing from, the Fund.

Service Provider Risk

The Fund relies on external service providers in connection with its operations. Services include prime brokerage/custody, fund administration and middle office. There is a risk that these service providers may not meet their contractual obligations or seek to terminate their services to the Fund. In this situation, the Fund may be required to replace a service provider, and this may lead to a disruption to the activities of the Fund.

Legal, Regulatory & Tax Risk

Legal, regulatory and tax changes could occur during the term of the Fund, which may adversely affect the Fund and its underlying investments. The value or tax treatment of an investment, or the effectiveness of the Fund's trading or 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.

Credit risk

The Fund will invest in bonds and other debt instruments. The creditworthiness of the issuers of the bonds or debt instruments is not guaranteed. There may be instances where issuers of bonds are unable to meet their debt obligations under the bonds. Such failure to meet debt obligations may impair the Fund's profitability or result in losses.

Withdrawal Risk

If market events reduce the liquidity of the Fund's investments, the generally applicable timeframe for meeting withdrawal requests may not be met. In addition, if an investor or a group of investors seek to make large withdrawals, then selling assets to meet those withdrawals may result in a detrimental impact on the price received by the Fund for those assets. In certain circumstances, it may be necessary to suspend withdrawals to allow sufficient time for liquidation of assets to meet withdrawals. It may also be necessary to distribute capital of the Fund by way of an in-specie distribution of the underlying assets to investors.

Fees and other costs

DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long-term returns. For example, total annual fees and costs of 2% of your account balance rather than 1% could reduce your final return by up to 20% over a 30-year period (for example, reduce it from \$100,000 to \$80,000).

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

You may be able to negotiate to pay lower fees. Ask the fund or your financial adviser.

TO FIND OUT MORE

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

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

Taxes are set out in another part of this document. You should read all the information about fees and costs because it is important to understand their impact on your investment.

These fees do not include any fees that the platform operator may charge where you make an investment via a platform product.

Fees and costs summary

Fortlake Real-Higher Income Fund

Type of fee or cost	Amount ¹	How and when paid
Ongoing annual fees and costs²		
Management fees and costs The fees and costs for managing your investment ¹	0.904% p.a. of the net asset value of the Fund	The Management fees and costs includes a Responsible Entity (RE) fee of 0.20% p.a. ³ These fees and costs are expressed as a percentage of the total average net assets of the fund. We accrue the RE and management fees daily and deduct them from the Fund monthly. We deduct indirect costs from the Fund when incurred.
Performance fees Amounts deducted from your investment in relation to the performance of the product	Nil	Not applicable
Transaction costs The costs incurred by the scheme when buying or selling assets	0.00% p.a. of the net asset value of the Fund	These costs are deducted from the underlying assets of the Fund and are reflected in the daily unit price. Depending on the cost, they may be deducted daily, monthly or at some other time.
Member activity related fees and costs (fees for services or when your money moves in or out of the product)⁴		
Establishment Fee The fee to open your investment	Nil	Not applicable
Contribution Fee⁵ The fee on each amount contributed to your investment	Nil	Not applicable
Buy/sell spread An amount deducted from your investment representing costs incurred in transactions by the scheme	0.10%/0.10%	A buy spread may not be payable when entering the Fund (buying units) but a sell spread may be payable when selling units.
Withdrawal Fee The fee on each amount you take out of your investment	Nil	Not applicable
Exit Fee⁵ The fee to close your investment	Nil	Not applicable
Switching Fee⁵ The fee for changing investment funds	Not applicable	Not applicable

1 All figures disclosed include the net effect of GST and any related GST credits.

2 The fees and costs are estimates based on the costs incurred in the previous financial year.

3 This fee is effective from 1 July 2024. Before that date, the RE fee is 0.00% p.a.

4 Other service fees may apply including an Adviser Service Fee. Please refer to 'What is paid to your adviser?' for further details.

5 Even though contribution, switching and exit fees are not charged, buy/sell spreads may apply (refer to 'Buy/sell spreads' for further details).

Example of annual fees and costs

This table gives an example of how the ongoing annual fees and costs for this product can affect your investment over a 1-year period. You should use this table to compare this product with other products offered by managed investment schemes.

EXAMPLE – Fortlake Real-Higher Income Fund		BALANCE OF \$50,000 WITH A CONTRIBUTION OF \$5,000 DURING YEAR
Contribution fees	Nil	For every additional \$5,000 you put in, you will be charged \$0
PLUS Management fees and costs ¹	0.904% p.a.	And , for every \$50,000 you have in the Fortlake Real-Higher Income Fund you will be charged or have deducted from your investment \$452 each year
PLUS Performance fees	Nil	And , you will be charged or have deducted from your investment \$0 in performance fees each year
PLUS Transaction costs.	0.00% p.a.	And , you will be charged or have deducted from your investment \$0 in transaction costs each year
EQUALS Cost of Fortlake Real - Higher Income Fund	0.904% p.a.	If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged fees and costs of: \$452² What it costs you will depend on the investment option you choose and the fees you negotiate.

1 This includes the RE fee of 0.20%.

2 This example assumes the additional \$5,000 was invested at the end of the year and therefore does not impact the fees charged for the year.

Cost of product for 1 year

The cost of product gives a summary calculation about how ongoing annual fees and costs can affect your investment over a 1-year period for all investment options. It is calculated in the manner shown in the 'Example of annual fees and costs'.

The cost of product assumes a balance of \$50,000 at the beginning of the year with a contribution of \$5,000 during the year. (Additional fees such as an establishment fee or an exit fee may apply: refer to the Fees and costs summary for the relevant option.)

You should use this figure to help compare this product with other products offered by managed investment schemes.

Fund name	Cost of product
Fortlake Real-Higher Income Fund	\$452

Additional explanation of fees and costs

All fees are expressed as a percentage of net asset value of the Fund excluding accrued fees. All fees are inclusive of GST and net of any RITC.

About RE and management fees and costs

Management costs comprise the additional fees or costs that investors incur by investing in the Fund, rather than investing directly in the underlying assets. These include RE and management fees, administrator fees, indirect costs, audit costs, legal costs, distribution costs and administration and custody fees. RE and Management costs do not include contribution fees, transactional costs, operational costs, additional service fees, establishment fees, switching fees, exit fees, withdrawal fees, performance fees or incidental fees.

Management fees

The Investment Manager is entitled to a management fee of 0.484% per annum of the net asset value of the Fund (inclusive of net GST) calculated daily and payable monthly in arrears. The management fee is charged for acting as Investment Manager of the Fund including managing its investments.

Indirect costs

Indirect costs are costs incurred in managing the Fund that directly or indirectly reduce the return on a product. CFSIL is entitled under the constitution to reimbursement out of the Fund's assets for the expenses that it incurs in the proper performance of its duties as the responsible entity of the Fund, including the fee charged by the Administrator. Abnormal expenses are expected to occur infrequently and may include (without limitation) costs of litigation to protect investors' rights, costs to defend claims in relation to the Fund, investor meetings and termination and wind-up costs.

Performance Fee

The Fund does not charge a performance fee.

About Transaction costs

Transaction costs are the costs of buying and selling assets directly or indirectly held by the Fund and may include brokerage (and other related Broker costs), buy/sell spreads of any underlying funds, settlement costs (including custodian charges on transactions), clearing costs and stamp duty on an investment transaction.

If the amount payable to acquire an investment exceeds the price for which it would be disposed of at that time, the difference is also a transaction cost.

Transaction costs are shown net of amounts recovered by buy/sell spreads charged and is an additional cost where it has not already been recovered by the buy/sell spreads charged.

Transaction costs are an additional cost to you, but no part of a transaction cost (including the buy/sell spread) is paid to us or the investment manager. Transaction costs are usually paid for from the assets directly or indirectly held by the Fund at the time of the transaction.

Recovery through the Buy-sell spread

A buy-sell spread is an adjustment to the unit price reflecting our estimate of the transaction costs that the Fund may incur from the purchase/sale of assets arising from the issue/withdrawal of units. The buy-sell spread aims to ensure that non-transacting investors do not pay the transaction costs associated with an investor entering or exiting the Fund. The buy and sell costs are not fees paid to us or the investment manager – they are retained in the Fund to cover transaction costs as they are incurred. The buy costs are built into the Fund's entry unit price and the sell costs are built into the exit unit price. The buy-sell spread will impact the return on your investment and is an additional cost to transacting investors.

As at the date of this PDS, our buy-sell spread is estimated to be 0.10% of the unit price (that is +0.10% on the entry price and -0.10% on the exit price). So, if the net asset value of each unit is \$1.00, on entry we adjust the issue price up approximately 0.10% (up 0.10 cents). On exit, we adjust the withdrawal price down approximately 0.10% (down 0.10 cents). The buy-sell spread is not payable to CFSIL or Fortlake. The current buy/sell spread is available on www.fortlake.com.au.

* Our discretion in determining the buy-sell spread is carried out in accordance with documented policies – copies of which are available from us at no charge.

Other transaction costs

Not all transaction costs are funded from the buy/sell spread. One reason for this is that a fund may buy or sell assets even though there have been no investor transactions. Additional transaction costs may be incurred either in the fund or in underlying funds and these will reduce the returns of the Fund.

The 'Gross transaction costs' for the Fund, for the 12 months to 30 June 2023, the 'Costs recovered' and the 'Net transaction costs' that reduces the returns on the Fund are set out in the following table.

Fund name	Gross transaction costs (p.a.) ¹	-	Costs recovered (p.a.)	=	Net transaction costs (p.a.) ¹
Fortlake Real-Higher Income Fund	0.02%		0.02%		0.00%

¹ The costs are estimates based on the costs incurred in the previous financial year.

These figures are inclusive of the net effect of GST and any related GST credits. Note: Past costs are not a reliable indicator of future costs. Future costs may differ.

Can the fees change or be updated?

Yes, all fees can change. Reasons might include changing economic conditions, indexation arrangements and changes in regulation. However, we will give you 30 days' written notice of any increase to fees where practicable. The constitution for the Fund sets the maximum amount we can charge for all fees. If we wished to raise fees above the amounts allowed for in the Fund's constitution, we would need the approval of investors in accordance with the terms of the constitution.

Please refer to our website for any updates on our estimates of any fees and costs (including indirect costs and transaction costs). Past performance is not an indicator of future performance and fees, or costs may change in future years.

Adviser remuneration

The adviser recommending this product may receive from us certain non-monetary benefits allowed under law (soft dollar). Under our obligations pursuant to the *Corporations Act 2001* and the Financial Services Council Code of Practice, we keep a record of soft dollar payments that we are entitled to make to dealer groups or advisers. Dealer groups and other licensees who have an arrangement with us may receive remuneration from us to the extent that it is permitted under law. This remuneration will be paid out of the fees we derive from you that are indicated in the 'Fees and costs summary' table in

a given year. If these amounts are paid, they are paid by us from our revenue and are not an extra amount paid from the fund, nor are they a further amount you pay. Refer to the Financial Services Guide for further information on related party remuneration at cfs.com.au/content/dam/prospects/fs/7/8/fs7806.pdf

Can fees be different for different investors?

The law allows us to negotiate fees with "wholesale" investors or otherwise in accordance with ASIC requirements. We may take account of the size of the investment and other relevant factors. We generally don't negotiate fees. However, we may negotiate fees with very large wholesale clients only. The terms of these arrangements are at our discretion.

Fortlake may also rebate some of its management fees to investors who are Fortlake employees.

Government charges and taxation

Government taxes such as GST are applied to your account as appropriate. In addition to the fees and costs described in this section, standard government fees, duties and bank charges may also apply such as stamp duties. Some of these charges may include additional GST and will apply to your investments and withdrawals as appropriate. Please refer to 'How managed investment schemes are taxed' section of the PDS.

How managed investment schemes are taxed

General taxation information has been provided for you in this PDS. However, because the Australian taxation system is complex and different investors have different circumstances, you should consider seeking professional taxation advice before investing in the funds.

CFSIL is also not a registered tax (financial) adviser under the *Tax Agent Services Act 2009*, and you should seek tax advice from a registered tax agent or a registered tax (financial) adviser if you intend to rely on this information to satisfy the liabilities or obligations or claim entitlements that arise, or could arise, under a taxation law.

You may be required to pay tax in relation to your investment in a fund (generally income or capital gains tax). However, you may be able to claim some tax credits or receive the advantage of some tax concessions.

Some tax information has been provided for you below. However, although every care is taken, it is never possible to rule out the risk that on a subsequent review, taxation liabilities of each fund could increase, or the benefit of concessions reduce.

Because investors can move into and out of a fund at different points in time, there is a risk that taxation liabilities in respect of gains that have benefited past investors may have to be met by subsequent investors.

This tax information is current as at May 2024.

The levels and basis of tax may change in the future.

We, or your platform operator, will send you all the information you need each year for you to complete your tax return.

Attribution Managed Investment Trusts (AMITs)

The managed funds which you can invest in through your account are generally structured as Managed Investment Trusts (MIT).

Our eligible Managed Investment Trusts (MITs) have elected into a taxation regime called the Attribution Managed Investment Trust (AMIT) regime. A MIT that has elected into this regime is also referred to as an AMIT.

Under the AMIT regime, we will attribute income and tax offsets to you on a fair and reasonable basis. You will generally be assessed on this income and may be entitled to claim the tax offsets attributed to you.

The AMIT regime also provides you with the ability to adjust the cost base of your interest in the AMIT upwards or downwards where amounts attributed to you differ to the amounts that you have received as a cash distribution. This attribution information will be provided to you in an annual Tax Return Information Statement. This statement will detail member components of assessable income, capital gains, tax credits and other relevant information you should include in your tax return. If you are an indirect investor, your platform operator will provide you with this information. Refer to 'Account Management' for more details.

Will you be liable to pay tax on income attributed to you from a fund?

You may be liable to pay tax on the income attributed, depending on your total level of taxable income and your income tax rate. This is the case whether the money is actually paid to you or reinvested. Any tax you pay depends on what makes up the attributed income.

Some types of attributed income are as follows: income (such as dividends and interest)

- net capital gains (from the sale of the fund's investments)
- tax credits (such as franking credits attached to dividend income and credits for tax paid on foreign income).

Your share of amounts attributed to you will be shown on your annual Tax Return Information Statement.

Will you be liable for tax when you switch or withdraw money from a fund?

You may, depending on your total level of taxable income and your income tax rate. Australian residents are generally subject to capital gains tax on gains when they switch or withdraw from a fund or transfer units to another person or entity. Depending on the type of taxpayer you are defined as and how long you have held your units, you may be entitled to a capital gains tax concession which can reduce the liability by up to 50% if you are an individual or trust, or 33.33% if the investment is held by a complying superannuation entity.

Quoting a Tax File Number (TFN) or an Australian Business Number (ABN)

Australian residents only

Under law (*Taxation Administration Act 1953 (Cth)*) we can collect your TFN. You are not required by law to quote your TFN. However, without your TFN or appropriate exemption information, we are required to withhold tax at the highest marginal tax rate (plus Medicare and other applicable levies) on income attributed to you. We will only use your TFN for lawful purposes (which are subject to legislative changes).

Non-residents

Non-residents may be subject to withholding tax on attributed income. The exact amount cannot be determined in advance because it varies depending upon the type of income. Generally, for the funds offered in this PDS, non-residents will not be subject to Australian tax on capital gains arising at redemption. However, non-residents seeking to invest should obtain tax advice on their specific circumstances.

Withholding

We may be required to withhold an amount from any payment to you to meet our obligations under foreign or domestic law, including those imposed pursuant to sections 1471 to 1474 of the United States Internal Revenue Code 1986 (FATCA).

Account Management

How to invest

Application requests will generally be processed daily using the unit price effective for the day. If we receive your application request before 2pm Sydney time on the relevant business day, we will process it using the unit price effective for the end of that day. If we receive an application request after this time, we will treat it as having been received the following business day.

You need to invest a minimum of \$1,000 using the application form accompanying this PDS and post it to:

LINK Market Services
Unit Registry Locked Bag 5038
Parramatta NSW 2124

If we reject your application, we will refund your application money in full without interest.

CFSIL may reduce or waive the minimum investment amount.

CFSIL does not earn interest on application monies held prior to the time we issue units to you.

You can make additional investments at any time in writing using the additional investment form accompanying this PDS. The minimum amount for additional investments is \$1,000.

If we receive a payment from an investor for less than \$1000, CFSIL maintains discretion to reject the payment and return the amount to the investor.

See the section, 'Investing through a master trust or wrap account' for more information and for arrangements that apply to investors using a master trust or wrap account service to invest.

Investing through a master trust or wrap account

If you invest through a master trust or a wrap account, generally the operator of that service is considered the investor in the Fund. It follows that the operator has the rights of an investor and can exercise them in accordance with their agreements with you. This means, for example, that you generally cannot vote on units held in the Fund. We are not responsible for the operation of any master trust or wrap account through which you invest. Indirect investors complete the application forms for the master trust or wrap account and receive reports from that operator, not from us.

The minimum investment, balance and withdrawal amounts may be different. You should also consider the fees and charges of the master trust or wrap account operator as these will be in addition to the fees payable in connection with an investment in the Fund.

You can however still rely on the information in this PDS. In addition to reading this PDS, you should read the document that explains the master trust or wrap account.

All investors (regardless of whether you hold units in the Fund directly or hold units indirectly via a master trust or wrap account) can access CFSIL's complaints procedures outlined in the 'Enquiries and Complaints' section below.

Withdrawing your investment

When you wish to withdraw

There is generally a minimum withdrawal amount of \$1,000 and a minimum balance of \$1,000 applies to the Fund.

If you want to withdraw your money, simply contact us in writing and tell us how much you need to withdraw, specify your investor number, and be sure to sign your instructions. This is called a redemption request. You can send redemption requests to:

LINK Market Services
Unit Registry Locked Bag 5038
Parramatta NSW 2124

Alternatively, you can send a redemption request by email to fortlake@linkmarketservices.com.au

If you would like to send a redemption request by post or email, please be aware of the following requirements:

- all instructions must be legible
- instructions must bear your investor number and signature, and
- redemption proceeds will only be transferred to the financial institution account previously notified to us in writing.

To use this service, you will need to accept full responsibility (to the extent permitted by law) for loss arising from us acting upon scanned instructions that comply with these security processes, and you also agree to release and indemnify us in respect of any liability arising from us acting on scanned instructions (including future instructions), even if those instructions are not genuine. Also, you agree that neither you nor

any other person has any claim against us in relation to a payment made or action taken under the facsimile or scanned instruction service if the payment is made in accordance with these conditions. These terms and conditions are additional to any other requirements for giving redemption instructions.

The Fund generally processes redemptions daily. Daily redemption requests are required to be received by 2pm Sydney time on the day of redemption, for processing using the unit price effective for the day of redemption. Any withdrawal requests received after that time or on a day that is not a business day will be processed on the price effective on the following business day.

Normally once we decide you can withdraw your money, we process the request within 3 business days of the request (although the constitution for the Fund allows us 21 days) and pay funds to your account.

We will notify you through the Fund website where there is a material change to your withdrawal rights.

Please note that units in the Fund are not listed on any stock exchange like the ASX, so you can't sell your units through a stockbroker.

Some detail about withdrawals and how much we pay

How much money you receive for each unit depends on the withdrawal price.

We calculate unit prices in three steps:

Firstly, we calculate the value of the investments of the Fund and take away the value of the liabilities as defined in the Fund's constitution. Secondly, we divide the result of this by the number of units we have on issue to obtain a unit mid-price. Thirdly, we make an adjustment (up for the entry price, to take account of the costs of buying investments or down for the exit price to take account of the costs of realising investments) called the buy-sell spread. The buy-sell spread does not represent a fee to CFSIL or Fortlake and is discussed in more detail in the section 'Additional explanation of fees and costs'.

These steps produce a per unit price.

We have a documented policy in relation to the guidelines and relevant factors considered when calculating unit prices. We call this our unit pricing policy. We keep records of any decisions that are outside the scope of the unit pricing policy, or inconsistent with it. A copy of the unit pricing policy and records is available free on request.

We can withhold from amounts we pay you, any amount you owe us, or we owe someone else relating to you (for example, the Australian Taxation Office).

We generally pay all withdrawal proceeds in cash, directly to your bank account but we are permitted under the Fund constitution to pay proceeds in kind (i.e. in specie share transfer).

Where we have made a payment to your bank account, we maintain no responsibility for the time your bank takes to receive the funds.

Payments can be delayed

In certain circumstances, such as a freeze on withdrawals or where the Fund is illiquid (as defined in the Corporations Act), you may have to wait a longer period before you can redeem your investment.

If the Fund is not sufficiently liquid, then you will only be permitted to withdraw if we make a withdrawal offer to all investors in accordance with the Fund's constitution and Corporations Act.

We can delay withdrawal of your money for 21 days or such period as considered appropriate in our view in all the circumstances if there are not enough investments that we can easily turn into cash (the law dictates this). We don't anticipate the Fund would ever become illiquid but if it did, the law says we can (if we wish) make some money available, and requires us to allocate it on a pro rata basis amongst those wanting to exit.

In certain circumstances we can also delay withdrawal of your money for so long as the relevant event continues. The constitution sets out the full range of circumstances in which we can delay withdrawal of your money, and these include (among others) if:

- something outside our control affects our ability to properly or fairly calculate the unit price (for example, if the investments are subject to restrictions or if there is material market uncertainty like a stock market crash), or
- an emergency or similar situation occurs which, in our reasonable opinion, makes it impractical to redeem units or which might be prejudicial to the remaining investors, or
- there is a closure or material restriction on trading on the major global stock exchanges or realisation of the assets cannot be effected at prices that would be obtained if assets were realised in an orderly fashion over a reasonable period in a stable market, or
- we otherwise consider it is in the best interests of the investors to delay withdrawal of units

We can give you back your invested money

In certain circumstances we can, or may be required to, also redeem some or all of your units without you asking. These circumstances include:

- if you breach your obligations to us (for example, you provide misleading information in your application form)
- where we suspect that law prohibits you from legally being an investor, or
- such other circumstance as set out in the constitution as we determine in our absolute discretion (but we must always act in the best interests of investors as a whole when deciding to do this).

Distributions

Distributions will usually be determined and paid quarterly at the end of each quarter. The amount will vary and sometimes there might not be any distribution. The Responsible Entity may change the distribution frequency without notice. Distributions (if any) are generally payable within 30 days after the distribution date.

Investors must elect in the Fund's application form whether they wish to receive distributions in cash or automatically reinvest them into the Fund after each distribution date. An investor can change their distribution option by notifying the Administrator in writing at least twenty (20) Business Days prior to the relevant distribution date. Investors will still have to pay tax on a distribution, even if they reinvest.

In certain circumstances, such as where investments are sold to meet a significant redemption, CFSIL may choose to allocate undistributed income and any net realised capital gains to withdrawing investors based on a pro-rata allocation with reference to the number of units being withdrawn. This will ensure a fair and reasonable allocation of any undistributed income and net realised capital gains amongst all investors.

CFSIL has absolute discretion, in performing its obligation as Responsible Entity, and may accept or reject a written direction from an investor. CFSIL may also in its discretion waive the minimum initial investment and minimum holding amount requirements.

CFSIL reserves the right to cancel distribution reinvestments. Investors will be notified if this occurs.

We will forward distribution statements to all investors after processing distributions and at least on a quarterly basis.

Keeping you informed

We will:

- confirm every transaction you make
- send you Annual Tax Statements (around late July/August)
- each year (around September) make the accounts of the Fund available to you on our website
- send you Annual Periodic Statements
- send you a final Exiting Period Statement, and
- notify you of any material changes to this PDS and any other significant event as required by law.

At the date of this PDS, the Fund has more than 100 investors and as such, is considered a "disclosing entity" for the purposes of the Corporations Act. This means the Fund is subject to regular reporting and disclosure obligations. You can obtain copies of any documents lodged with ASIC in relation to the Fund from, or can be inspected at, an ASIC office. Investors have a right to obtain a copy, free of charge, in respect of the Fund, of:

- the most recent annual financial report, and
- any half yearly financial report lodged with ASIC after that most recent annual financial report but before the date of this PDS.

We will meet any continuous disclosure obligations by following ASIC's good practice guidance via website notices rather than lodging copies of these notices with ASIC. Accordingly, should CFSIL, as Responsible Entity of the Fund, become aware of material information that would otherwise be required to be lodged with ASIC as part of any continuous disclosure obligations, we will ensure that such material information will be made available as soon as practicable at www.fortlake.com.au.

Other information you need to know

CFSIL's responsibilities to you

The constitution establishes the Fund and sets out the rules. Together with this PDS and the law from time to time, it governs your relationship with CFSIL. It gives CFSIL rights to be paid fees and expenses and be indemnified from the Fund for any expenses it incurs in the proper performance of its duties.

It governs (amongst other things) CFSIL's powers (which are very broad), investor meetings and unit issue, pricing, and withdrawal, as well as what happens if the Fund terminates.

The constitution limits CFSIL's need to compensate you if things go wrong. Generally, CFSIL is not liable in equity, contract, tort or otherwise to investors for any loss suffered in any way relating to the Fund.

CFSIL must have investor approval to make changes to the constitution that are adverse to the rights of investors.

You can obtain a copy of the Fund's constitution by calling the Fortlake Client Services Team on 1300 110 344 during business hours or by sending an email to enquiries@fortlake.com.au

Enquiries and complaints

CFSIL has established Internal Dispute Resolution (IDR) procedures for dealing with complaints that complies with the standards and requirements made and approved by ASIC. CFSIL is a member of Australian Financial Complaints Authority (AFCA) (member number 12410) which is an external dispute complaints resolution scheme approved by ASIC. If an investor has a complaint, they can contact the Fund's Client Services team during business hours using the following details:

Mail:

Fortlake Asset Management
Level 27, 25 Bligh Street
Sydney NSW 20001

Phone: 1300 110 344

Email: enquiries@fortlake.com.au

CFSIL will use reasonable endeavors to deal with and resolve the complaint within a reasonable time. CFSIL will acknowledge the complaint within 24 hours (or one business day) of receiving it, or as soon as practicable and this will be done through a verbal or written acknowledgement to the complainant. CFSIL will also provide a response to the complainant no later than 30 calendar days after receiving the complaint.

However, where CFSIL cannot meet the timeframe of delivering a response within 30 calendar days, due to the complaint being complex or there are circumstances beyond their control causing complaint management delays, CFSIL will notify the complainant. The notification will include the reasons for the delay, the complainant's right to complain to AFCA if they are dissatisfied and associated contact details for AFCA.

If you are an investor and have notified CFSIL of a complaint in writing and you are not satisfied with how the complaint has been handled, you can refer your complaint to AFCA.

Mail:

Australian Financial Complaints Authority
GPO Box 3
Melbourne VIC 3001

Phone: 1300 56 55 62

Email: info@afca.org.au

Website: www.afca.org.au

AFCA's services are generally only available to 'retail clients' (as defined in the Corporations Act).

Indirect investors may contact their IDPS operator if they wish to make a complaint or if they are unsatisfied with how a complaint has been handled. However, CFSIL's complaints process is also available to indirect investors.

Cooling off

If you are a retail investor (as defined in the Corporations Act), who invests directly in the Fund, you are entitled to a 14-day cooling-off period during which you may change your mind about your investment. During that time, you may exercise your cooling-off rights by requesting the return of your money.

The cooling-off period begins when you receive your transaction confirmation or, if earlier, 5 days after your units are issued. CFSIL is allowed to (and generally does) adjust for market movements up or down, as well as any tax and reasonable transaction and administration costs. This may result in you receiving back less than you initially invest.

You may have capital gain/loss tax implications if you happen to receive more or less back than you initially invest.

If you wish to cancel your investment during the cooling-off period, you need to inform CFSIL in writing of your intention to exercise this right before the end of the cooling-off period (and before exercising any rights or powers you have in respect of your investment in the Fund).

Privacy information

For indirect investors

We do not normally receive any personal information about you when you invest in the funds via a platform product. If we do receive any of your personal information, we will deal with it in accordance with our Privacy Collection Notice and Privacy Policy. For a copy of these documents, please visit cfs.com.au/privacy or contact us. For details on the collection, storage and use of your personal information, contact your platform operator.

For direct investors

Privacy Collection Notice

This Privacy Collection Notice (Notice) summarises how Colonial First State (CFS) uses your personal information (PI). This Notice is issued by CFS. CFS consists of Superannuation and Investments HoldCo Pty Limited ABN 64 644 660 882 and its subsidiaries, which includes Avanteos Investments Limited ABN 20 096 259 979 and Colonial First State Investments Limited ABN 98 002 348 352. CFS provides investment, superannuation, and retirement products to Australians ('CFS', 'we', 'our' or 'us').

CFS collects your PI to operate and administer your super account (including insurance), pension accounts and investments. We may also use your PI to improve our products and services, and keep you informed. If we can't collect your PI, we may not be able to perform these services. PI is collected from you, but sometimes from third parties, including but not limited to your employer and your financial adviser (where applicable). We will only share your PI if it is necessary to perform the above activities, to comply with our legal obligations, if required by a court/tribunal order, or where we receive your permission. Your PI may be accessed overseas by some of our third parties.

Privacy Policy

Your PI is important to us. Our Privacy Policy outlines how we manage PI and covers:

- information we collect;
- how we use and disclose your information;
- keeping your information secure;
- accessing, updating, and correcting your information; and
- making a privacy complaint.

We may amend this information from time to time, as necessary, so it's important for you to check our website for the most up-to-date Privacy Policy. If you do not want to receive any direct marketing, including telemarketing, please contact us to opt out. You may also opt out of direct marketing by updating your communication preferences online or by clicking the 'unsubscribe' option on any marketing communications from us. Please note that you are unable to opt out of communications which we are required to send to you by law. You consent to how we deal with the collection, use and disclosure of your PI when you make an investment in our products or transact with us. This consent continues to operate even though your relationship with us may come to an end, for us to comply with our data retention obligations. To view the long form Privacy Collection Notice and Privacy Policy please visit cfs.com.au/privacy. You can also obtain a copy of that information, free of charge, by contacting us.

Anti-money laundering and counter-terrorism financing

AML ACT

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

- verify your identity and source of your application monies before providing services to you, and to re-identify you if we consider it necessary to do so, and
- where you supply documentation relating to the verification of your identity, keep a record of this documentation for 7 years.

CFSIL and Link Fund Solutions Pty Limited as its agent (collectively the Entities) reserve the right to request such information as is necessary to verify your identity and the source of the payment. In the event of delay or failure by you to produce this information, the Entities may refuse to accept an application and the application monies relating to such application or may suspend the payment of withdrawal proceeds if necessary to comply with AML Requirements applicable to them. Neither the Entities nor their delegates shall be liable to you for any loss suffered by you because of the rejection or delay of any subscription or payment of withdrawal proceeds.

The Entities have implemented several measures and controls to ensure they comply with their obligations under the AML Requirements, including carefully identifying and monitoring investors. As a result of the implementation of these measures and controls:

- transactions may be delayed, blocked, frozen or refused where an Entity has reasonable grounds to believe that the transaction breaches the law or sanctions of Australia or any other country, including the AML Requirements, and
- where transactions are delayed, blocked, frozen or refused the Entities are not liable for any loss you suffer (including consequential loss) caused by reason of any action taken or not taken by them as contemplated above, or as a result of their compliance with the AML Requirements as they apply to the Fund.

The Entities may from time to time require additional information from you to assist it in this process.

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

FATCA

US Tax Withholding and Reporting under the Foreign Account Tax Compliance Act. The United States of America has introduced rules (known as FATCA) that are intended to prevent US persons from avoiding tax. Broadly, the rules may require the Fund to report details of all US persons and suspected US persons in the Fund to the US tax authorities, to prevent a 30% FATCA withholding tax on certain income and proceeds of the Fund. The Australian Government has entered into an agreement with the United States of America to implement the FATCA regime in Australia (Intergovernmental Agreement). We may therefore request that you provide certain information to comply with FATCA requirements.

Common reporting standard

The OECD Common Reporting Standard for Automatic Exchange of Financial Account Information (CRS) requires certain financial institutions to report information regarding certain accounts to their local tax authority and follow related due diligence procedures. The Fund is a 'Financial Institution' under the CRS and complies with its CRS obligations by obtaining and reporting information on relevant accounts (that may include the Units in the Funds) to the Australian Tax Office (ATO).

For the Fund to comply with its obligations under CRS and FATCA, CFSIL requests the investors to provide certain information and certifications to CFSIL for the Fund's compliance with FATCA and the CRS. CFSIL will determine whether the Fund is required to report the investors' details to the ATO based on CFSIL's assessment of the relevant information received. The ATO may provide this information to the Internal Revenue Service (IRS) (in the case of the FATCA regime) where applicable and to other jurisdictions' tax regulators (in the case of the CRS regime) that have signed the *CRS Competent Authority Agreement*, the multilateral framework agreement that provides the mechanism to facilitate the automatic exchange of information in accordance with the CRS. The Australian Government has enacted

legislation amending, among other things, the *Taxation Administration Act 1953* of Australia to give effect to the CRS and to implement FATCA (in accordance with the Intergovernmental Agreement).

Key Service Providers

The Responsible Entity

Colonial First State (CFS) is Superannuation and Investments HoldCo Pty Limited ABN 64 644 660 882 and its subsidiaries, which include CFSIL. CFS is majority owned by an affiliate of Kohlberg Kravis Roberts & Co. L.P. (KKR), with the Commonwealth Bank of Australia ABN 48 123 123 124 AFSL 234945 (CBA) holding a significant minority interest.

The Administrator

The Responsible Entity has entered into an administration agreement (Administration Agreement) with Link Fund Solutions Pty Ltd (Administrator). Under the Administration Agreement, the Administrator agrees to perform certain administrative, accounting and registry services for the Fund.

The Administrator has not been involved in the preparation of any part of this PDS. It has not authorised or caused the issue of, and expressly disclaims and take no responsibility for any part of this PDS.

The Prime Broker and Custodian

J.P. Morgan Securities LLC (JPMS) and certain of its affiliates (each such affiliate, a JP Morgan Entity, and collectively, JP Morgan) may provide certain clearing (including prime brokerage), margin financing and stock lending services with respect to the Fund's securities and cash carried on the books of a JP Morgan Entity. Such services and facilities will be provided pursuant to a series of agreements (the Customer Documents) and may include an Institutional Account Agreement with JP Morgan in compliance with the laws, rules and regulations of the United States Securities and Exchange Commission and other exchanges and dealer associations by which certain of the JP Morgan Entities are regulated (collectively, the US Rules). The Fund may also enter into principal transactions with one or more JP Morgan Entities.

Fund assets that are held by JPMS as prime broker will be carried in the name of the Fund and shall be subject to a lien to secure the Fund's obligations to JP Morgan. To the extent permitted under US Rules, with respect to JPMS or any other JP Morgan Entity subject to the US Rules, the Fund's assets that are not required by US Rules to be segregated may be borrowed, lent, pledged, repledged, sold, hypothecated, rehypothecated, transferred or otherwise used by such JP Morgan Entities as may hold such assets for their own purposes. Cash held with a JP Morgan Entity subject to the US Rules may be used by such JP Morgan Entity in the course of its business to the extent permitted by the US Rules.

Neither JPMS nor any other JP Morgan Entity will be liable for any loss to the Fund resulting from any act or omission in relation to the services provided under the terms of the Customer Documents unless such loss results directly from the gross negligence, bad faith or wilful misfeasance of JPMS or any other JP Morgan Entity, nor shall JPMS or any other JP Morgan Entity be liable for consequential or other types of special damages, or losses to the Fund caused by the insolvency or acts or omissions of any sub-custodian or other third party by whom or in whose control any of the Fund's investments or cash may be held. The Fund has agreed to indemnify JPMS and the other JP Morgan Entities against any loss suffered by, and any claims made against, them to the extent set forth in the Customer Documents.

Neither JPMS nor any other JP Morgan Entity will have any involvement in the management of the Fund or any decision-making discretion relating to the Fund's investments. Neither JPMS nor any other JP Morgan Entity has any responsibility for monitoring whether investments by any investment manager or advisor are in compliance with any internal policies, investment goals or limitations of the Fund, and neither JPMS nor any other JP Morgan Entity will be responsible for any losses suffered by the Fund.

JPMS and each other JP Morgan Entity reserve the right not to clear transactions and not to provide any of the services. JP Morgan and each other JP Morgan Entity reserve the right to terminate the arrangements in accordance with the provisions of the Customer Documents.

JPMS and the other JP Morgan Entities are service providers and are not responsible for the preparation of this document or the activities of the Fund and therefore accept no responsibility for the accuracy of any information contained in this document.

Consents

Fortlake consents and, as at the date of this PDS, has not withdrawn its consent to the statements (in the form and context in which they are included) about it. Fortlake has not otherwise issued or caused the issue of this PDS.

Link Fund Solutions Pty Limited consents to being named in the PDS and, as at the date of this PDS, has not withdrawn its consent to the statements (in the form and context in which they are included) about it. Link Fund Solutions Pty Limited has not otherwise issued or caused the issue of this PDS.

J.P. Morgan Securities LLC consents to being named in the PDS and, as at the date of this PDS, has not withdrawn its consent to the statements (in the form and context in which they are included) about it. J.P. Morgan Securities LLC has not otherwise issued or caused the issue of this PDS.

Ernst & Young consents to being named in the PDS and, as at the date of this PDS, has not withdrawn its consent to the statements (in the form and context in which they are included) about it. Ernst & Young has not otherwise issued or caused the issue of this PDS.

Information for New Zealand investors

Units in the Fund offered under this PDS are offered to New Zealand as well as Australian investors.

New Zealand investors' warning statement

This offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the *Corporations Act 2001* (Aust) and regulations made under that Act. In New Zealand, this is subpart 6 of Part 9 of the *Financial Markets Conduct Act 2013* and Part 9 of the Financial Markets Conduct Regulations 2014.

This offer and the content of the offer document are principally governed by Australian rather than New Zealand law. In the main, the *Corporations Act 2001* (Aust) and the regulations made under that Act set out how the offer must be made.

There are differences in how financial products are regulated under Australian law. For example, the disclosure of fees for managed investment schemes is different under the Australian regime.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian financial products may differ from the rights, remedies, and compensation arrangements for New Zealand financial products.

Both the Australian and New Zealand financial markets regulators have enforcement responsibilities in relation to this offer. If you need to make a complaint about this offer, please contact the Financial Markets Authority, New Zealand (<http://www.fma.govt.nz>). The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian financial products is not the same as for New Zealand financial products.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of a financial advice provider.

The offer may involve a currency exchange risk. The currency for the financial products is not New Zealand dollars. The value of the financial products will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.

If you expect the financial products to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

The dispute resolution process described in this offer document is available only in Australia and is not available in New Zealand.

The above statements are required pursuant to New Zealand's financial markets legislation. For the avoidance of any doubt, CFSIL will only remit distributions and redemptions in Australian dollars and to an Australian bank account in the name of the unit holder. If you credit New Zealand dollars to CFSIL's application account, you may incur an unfavourable currency conversion rate and you will also have to pay any applicable fees. You can avoid these fees by only crediting Australian dollars.

New Zealand disclosures relating to distribution reinvestment

Investors into the Fund must elect whether they wish to receive distributions in cash or reinvest them into the Fund. Where an investor elects for distributions to receive in cash, distributions will be payable to the investor's nominated Australian bank account in the investor's name. Where an investor elects to reinvest distributions into the Fund, additional units in the Fund will be issued to the investor.

Units issued as part of a distribution will be allotted in accordance with the terms and conditions set out in the constitution of the Fund and this PDS.

The allotment of units as part of a distribution described in this PDS is offered to New Zealand investors on the following basis:

- At the time the price of the units allotted as part of a distribution reinvestment is set, we will not have any information that is not publicly available that would, or would be likely to, have a material adverse effect on the realisable price of the units if the information were publicly available.
- The right to acquire, or require us to issue, units as part of a distribution reinvestment will be offered to all investors in the Fund, other than those who are resident outside New Zealand and who are excluded by us to avoid breaching overseas laws.
- Every investor to whom the right is offered will be given a reasonable opportunity to accept it.
- Units will be issued or transferred on the terms disclosed to you in this PDS and will be subject to the same rights as units issued or transferred to all investors who agree to receive the units.

You have the right to receive from us, on request and free of charge, a copy of:

- the most recent annual report of the Fund (if any)
- the most recent financial statements of the Fund (if any) and, if those statements are not audited or reviewed by an auditor, a statement to that effect
- a copy of the auditor's report on those statements (if any)
- the current PDS
- the constitution of the Fund and any amendments to it.

You may obtain copies electronically by emailing enquiries@fortlake.com.au

Where you reinvest distributions, within 30 days of the day on which the resulting additional units in the Fund are allotted to you, we will send a statement of the amount of the distribution and the number of units that have been allotted to you.

Responsible Entity

Colonial First State Investments Limited
ABN 98 002 348 352 AFSL 232468
GPO Box 3956
Sydney NSW 2001

Auditor

Ernst & Young
ABN 75 288 172 749 200
George Street
Sydney NSW 2000

Investment Manager

Fortlake Asset Management Pty Ltd
ABN 30 643 640 939
Level 27, 25 Bligh Street
Sydney NSW 2000

Administrator

Link Fund Solutions Pty Limited
ABN 44 114 914 215
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Prime Broker & Custodian

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