Diversified Commercial Income Fund  
Information Memorandum

Investment Manager

Matrix Asset Management Pty Ltd

Trustee

Specialised Investments and Lending Corporation Pty Ltd

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**Notice**

This Information memorandum is dated XXX and is issued by Specialised Investments and Lending Corporation Pty Ltd ACN 149 520 918, holder of AFS licence number 407100 (**Trustee**), which is the trustee of the Diversified Commercial Income Fund (**Fund**).

The purpose of this IM is to provide information for prospective investors to decide whether they wish to invest in the Fund.

The Trustee has appointed Matrix Asset Management Pty Ltd (**Investment Manager**) as the investment manager of the Fund under the Investment Management Agreement. The Investment Manager is an authorised representative (number 1268236) of Specialised Investment and Lending Corporation Pty Ltd ACN 149 520 918 AFS licence number 407100.

The purpose of this IM is to provide information for prospective Investors to decide whether they wish to invest in the Fund. The Fund’s trust deed (**Trust Deed**) provides for different Classes of Units. Under the Trust Deed, the different Classes of Units may have different rights and obligations. The performance of different Classes of Units may also differ depending on the investments of that Class. Holders of different Classes of Units will be treated fairly.

**NO DISCLOSURE REQUIRED**

This IM is intended to provide potential Investors with information only and does not constitute a product disclosure statement or other disclosure document required by the *Corporations Act 2001* (Cth) (**Act**). This IM has not been lodged with the Australian Securities and Investments Commission (**ASIC**) or any other government body.

The offer made under this IM is only available to persons who qualify as wholesale clients (as defined in section 761G (7) of the Corporations Act) or sophisticated investors (as defined in section 761GA of the Corporations Act) (collectively, **Qualified Investors**). The Trustee will not issue Units in the Fund to a person unless it is satisfied that the person is a Qualified Investor.

**RESTRICTIONS ON DISTRIBUTION**

This IM does not constitute, and may not be used for the purposes of, an offer of Units or an invitation to apply to participate in the Fund by any person in any jurisdiction in which such offer or invitation is not authorised or in which the person endeavouring to make such offer or invitation is not qualified to do so or to any person to whom it is unlawful to make such an offer or invitation.

No action has been taken to register or qualify interests in the Fund, the invitation to participate in the Fund, or to otherwise permit any public offering of Fund interests in any jurisdiction other than Australia and Singapore. It is the responsibility of prospective Investors to satisfy themselves as to full compliance with the relevant laws and regulations of any jurisdiction in connection with any application to participate in the Fund, including obtaining any requisite governmental or other consent and adhering to any other formality prescribed in such jurisdiction.

By receiving and viewing this IM, the recipient is warranting that they are legally entitled to do so and the securities laws of their relevant jurisdiction do no prohibit them from acquiring interests in the Fund. Further, the persons receiving and viewing this IM warrant that they are Qualified Investors.

In particular, this product has not been and will not be registered under the US Securities Act or the securities laws of any state of the United States and may not be offered, sold, delivered or transferred in the United States or to, or for the account of, any “US Person” (as defined in Regulation S under the US Securities Act). Neither this IM, Application Form or other material relating to this product may be distributed in the United States.

With respect to Australian jurisdiction, this IM has been prepared on the basis that the prospective Investors are wholesale clients or sophisticated investors, not retail clients within the meaning of the Act. Accordingly, this IM is not a product disclosure statement and does not contain all of the information that would be included in a product disclosure statement issued under the Corporations Act.

With respect to Singaporean jurisdiction, this IM has been prepared on the basis that prospective Investors are also accredited investors or certain other persons prescribed under s305 of the Securities and Futures Act. Accordingly, this scheme is not authorised or recognised by the Monetary Authority of Singapore and Units in this scheme are not allowed to be offered to the retail public. Further, this IM is not a prospectus as defined in the Securities and Futures Act and, accordingly, statutory liability under the Securities and Futures Act in relation to the content of prospectuses does not apply, and the offeree should consider carefully whether the investment is suitable for them.

The Trustee may in the future take actions to offer interests in the Fund in other jurisdictions.

**NO RESPONSIBILITY FOR CONTENTS OF DOCUMENT**

To the maximum extent permitted by law, none of the Trustee, the Investment Manager, or any of their associates, related parties, directors, officers, employees, advisors (including financial, accounting and legal advisors) or representatives make any recommendation in relation to the Fund, or make any representation or warranty, express or implied, as to the accuracy, reliability or completeness of the information contained in this IM.

This IM does not purport to contain all the information that a prospective Investor may require in evaluating a possible investment in the Fund.

This IM must be read in conjunction with the Fund’s Trust Deed which is available (free of charge) by contacting the Trustee on +61 3 9600 2828. To the extent there are any inconsistencies between the Trust Deed and this IM, the Trust Deed will prevail.

**NO DISTRIBUTION**

Distribution of this IM to any person other than the persons receiving a copy of this IM from the Trustee or the Investment Manager is unauthorised. Any photocopying, disclosure or alteration of the contents of this IM, and any forwarding of this copy of the IM, or any portion thereof by electronic mail or any other means to any person other than the person receiving this copy from the Trustee or Investment Manager is prohibited.

**NOT REGULATED BY APRA**

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

**FORWARD-LOOKING STATEMENTS**

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

Any forward looking statements are based on numerous assumptions regarding a project and project developer, the present and future business, the investment strategies and the markets in which a project developer will operate in the future. These forward-looking statements are current only as at the date of this IM. Accordingly, there can be no assurance that such statements, estimates or projections will be realised.

**INDEPENDENT ADVICE RECOMMENDED**

Prospective Investors should not construe the contents of this IM as tax, legal or investment advice. The information contained in this IM is general information only and does not take into account your objectives, financial situations or needs. An investment in the Fund should be regarded as speculative and may not be appropriate for all persons or entities. You should seek appropriate professional advice and should conduct your own independent investigation and analysis regarding any information contained in this IM before making any decision to investment in the Fund. You should rely on your own enquiries, in particular in obtaining your own legal, investment and tax advice in determining whether to invest in the Fund.

**NO GUARANTEE**

An investment in the Fund is subject to investment risk, including the loss of income and capital invested. None of the Trustee, the Investment Manager or any of their directors, officers, employees, advisers or representatives guarantee the rate of return or performance of the Fund, the meeting of the objectives of the Fund, nor do they guarantee repayment of the amount invested in the Fund.

**TRUSTEE LIMITATION OF LIABILITY**

Except in certain circumstances (including fraud, negligence or default by the Trustee), the Trustee enters into transactions for the Fund in its capacity as trustee of the Fund only, not in its own capacity, and its liabilities in relation to those transactions is limited to the assets of the Fund.

**UPDATED INFORMATION**

The information contained in this IM may change and the IM may be updated or replaced from time to time. Unless the changed information is materially adverse to you, the Trustee may not always update or replace this IM to reflect the changed information. Updated information can be obtained by contacting the Trustee on +61 3 9600 2828.

**CONFIDENTIALITY**

This IM is confidential and is provided to prospective Investors for them to consider investing in the Fund. Its use for any other purposes is not permitted. It may not be reproduced or redistributed, in whole or in part, and its contents may not be disclosed to any person.

**GLOSSARY**

Certain capitalised words and expressions used in this IM are defined in the Glossary. All references to dollar amounts in this IM are to Australian Dollars (**AUD**), unless otherwise stated.

# Message from the CEO

Dear investor,

On behalf of Matrix Asset Management (**Matrix AM**) it is my pleasure to invite you to participate in our flagship Diversified Commercial Income Fund (**Fund**).

Matrix AM is supported by a dedicated and experienced team of investment and property professionals; providing HNW/UHNW clients access to exclusive opportunities whilst delivering attractive risk-adjusted returns.

At the core of Matrix AM’s business are the same disciplines, due diligence and values which you afford to your own money. This approach has elevated the founders of Matrix AM to “trusted partner” level with our strategic partners and clients alike.

We are proud to partner with Capital Alliance Investment Group Pty Ltd[[1]](#footnote-2) (**CAIG**) in our flagship fund. Since 2012, CAIG has made headlines with its innovative approach and successful delivery of unique assets that have changed the Melbourne landscape.

Its strong balance sheet and respect-based approach has seen the likes of global brands such as Accor Hotels and Marriott international chose CAIG as preferred partner to its 5 Star luxury offerings.

The Fund is a managed investment scheme and established as a unit trust. Investment in the Fund is available to a limited number of wholesale clients on an invitation only basis.

Specialist Investment and Lending Corporation Pty Ltd (**SILC**) is the trustee of the Fund. SILC is the holder of Australian Financial Services Licence No. 407100.

The Fund will initially seek to raise $50 million (AUD) and provide investors attractive target investment returns.

The key benefits of investing in the Fund include:

* attractive regular distributions;
* exposure to a significant high-end commercial development being undertaken by CAIG;
* an investment in this fund will ensure you receive priority access to future opportunities;
* investment in a Fund with a trustee that is independent from the investment manager, providing additional oversight of the Manager; and
* all external service provider fees paid by the Investment Manager.

As with any investment, there are risks associated with an investment in the Fund and I encourage you to read the IM thoroughly and to obtain your own independent financial, taxation and legal advice prior to deciding to invest.

Please do not hesitate to contact SILC or myself if you have any questions or require further information.

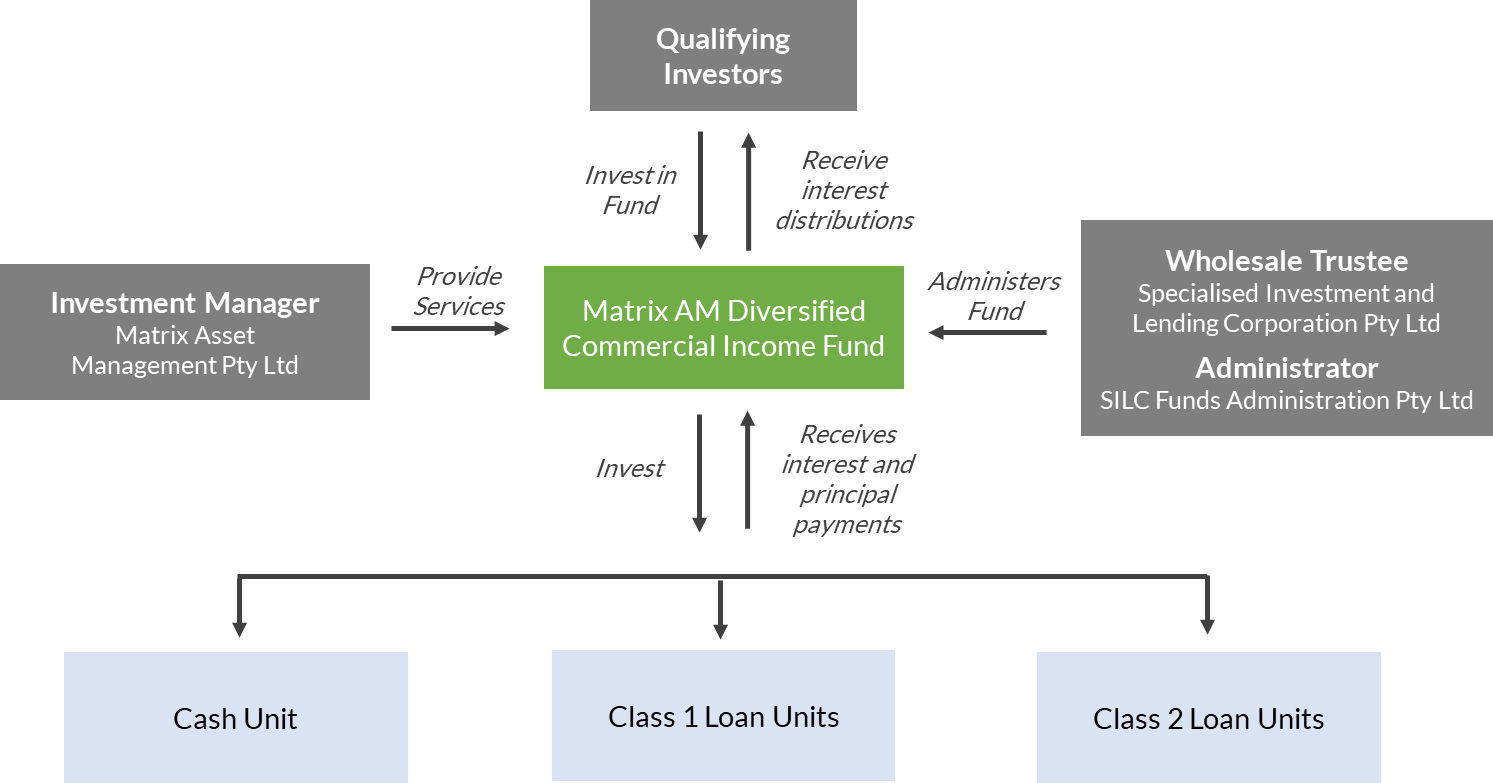
Yours faithfully,

Jason Huang  
CEO

# The Fund

## Fund Outline

The Fund is an unregistered managed investment scheme which pools Investors’ monies and invests in loans predominantly used for property investment and development projects in Australia. The Fund was established by a Trust Deed dated XXX which regulates the relationship between the Trustee and Investors. The Trustee has appointed Matrix AM as the investment manager of the Fund pursuant to the Investment Management Agreement.



The Fund will invest predominantly in loans used in connection with development projects managed or developed by CAIG.

All investments are made in accordance with the Fund’s Lending Guidelines. Please see section 2.1 for more information.

The Fund is structured to allow Qualifying Investors to acquire interests in:

###### A class of Cash Units in the Fund that are referable to Basic Deposit Products, which include cash management accounts and term deposits. In this way, Investors are able to effectively select the level of participation they have in each of the loans offered.

###### A class of Loan Units in the Fund that are referable to a portfolio of loans which will generally be loans to special purpose vehicle companies which will in turn on-lend, either directly or indirectly, through other special purpose vehicles to entities responsible for undertaking property development projects. These portfolios are managed by the Investment Manager.

**Key Benefits of Investing in the Fund**

###### The Fund has an independent trustee that will provide an enhanced level of oversight ensuring that loans are made in accordance with this Information Memorandum and the Trust Deed. See Section 5 for information about the Trustee.

###### The underlying Projects to which loans are provided for are undertaken and managed by CAIG, a property investment group with extensive experience and track record across a variety of project types.

###### Transparency through regular investment reports prepared by the Trustee.

###### Accounting, financial reporting and tax affairs of the Fund managed by the Trustee to ensure independence, transparency and governance.

###### Audited by HLB Mann Judd.

## Key Features

The table below is only a summary of the key features of an investment in the Fund. It is not intended to be exhaustive. You must read the whole of this IM to obtain more detailed information before making a decision to invest in the Fund.

|  |  |
| --- | --- |
| **Trustee** | Specialised Investments and Lending Corporation Pty Ltd ACN 149 520 918 is the trustee of the Fund and will be responsible for holding title to the Fund’s assets. |
| **Investment Manager** | Matrix Asset Management Pty Ltd ACN 628 590 732 (**Matrix AM**) has been appointed as the investment manager of the Fund and is responsible for managing the Fund’s assets.  The Investment Manager will source and assess potential loans for the Fund and will monitor the day-to-day management of the Fund’s loans. |
| **Administration Manager** | SILC Funds Administration Pty Ltd ACN 628 993 386 is the Administration Manager of the Fund, and is responsible for, amongst other things, investor administration process (including applications and unit registry) and fund accounting. |
| **Investment objective** | The Investment Manager’s aim is to provide Investors with attractive fixed income returns derived through investment in a portfolio of commercial loans made predominantly to special purpose vehicle companies of which Capital Alliance Investment Group (**CAIG**) is the controlling shareholder (**SPVs**).  These SPVs will then on-lend the funds advanced to entities responsible for undertaking mixed-use property development projects. Typically, CAIG will also: be the controlling shareholder of each project development entity to which an SPV lends; and/orcontrol the development/project by way of a formal development management agreement. CAIG and Matrix AM are related parties. |
| **Who can invest in the Fund?** | Investment in the Fund is only available to parties (individuals above 18 years of age, trusts or bodies corporate) who are Qualifying Investors, which for parties resident in Australia includes prospective Investors who: invest $500,000 or more in the Fund; orprovide a certificate from a qualified accountant (available within the Application Form) or substantially in the form available on the Trustee’s website www.silcgroup.com.au that states the Investor has net assets of at least $2.5 million or has a gross income for each of the last two financial years of at least $250,000; orare a professional investor (including the holder of an Australian financial services licence, a person who controls more than $10 million or a person that is a listed entity or a related body corporate of a listed entity).Prospective Investors who are resident in Singapore will be a Qualifying Investor if they if they are an accredit investor or certain other person prescribed under s 305 of the Securities and Futures Act.For other non-Australian residents, please contact the Trustee for information on qualifying criteria. |
| **Target Returns** | Cash Units  The target return for Cash Units, (before tax, after all fees), is the RBA Cash Rate (which is 1.5% as at the date of this IM).  Loan Units  The target return of each class of Loan Units is:  Class 1 Loan Units: 8% per annum (before tax, after all fees)  Class 2 Loan Units: 10% per annum (before tax, after all fees)  The Target Return is not guaranteed. The Fund may not be successful in meeting this objective. |
| **Minimum Initial Investment Amount** | Cash Units  The minimum initial investment for Cash Units is $100,000 from a Qualifying Investor.  Following the minimum initial investment, Investors may make further investments in increments of $20,000.  Loan Units  The minimum initial investment for Loan Units is $500,000 from a Qualifying Investor.  Following the minimum initial investment, Investors may make further investments in increments of $50,000.  However, the Trustee may accept lower amounts from a Qualifying Investor in its absolute discretion. |

## Fund Units

Class of Units

The Fund comprises of multiple classes of Units which includes Cash Units and Loan Units. The following classes of Units are issued pursuant to this IM.

*Cash Units*

Cash Units will comprise Basic Deposit Products only and will include cash management accounts and term deposits.

*Class 1 Loan Units and Class 2 Loan Units*

Loan Units will comprise a portfolio of loans made to SPVs secured by 1st Ranking Registered GSAs over the assets of the relevant SPV. These SPVs will then on-lend the funds advanced to entities responsible for undertaking property development projects. Loans made by SPVs to property development entities may be made directly or indirectly through other special purpose vehicles, which may be related entities of CAIG. While the Investment Manager’s intention is to have all available funds invested in loans, when they are not, they will be invested in Basic Deposit Products. All Loan Units unless specifically mentioned otherwise, are ranked equally in priority.

The Trustee may, at its discretion, issue other classes of Units.

Issue of Units

*Cash Units*

Cash Units will be issued monthly within 5 Business Days after the end of the month in which the application for Cash Units is received and accepted by the Trustee. The Trustee may, at its discretion, elect to issue Cash Units at other times.

*Class 1 Loan Units and Class 2 Loan Units*

Class 1 Loan Units and Class 2 Loan Units will be issued monthly within 5 Business Days after the end of the month in which the application for Loan Units is received and accepted by the Trustee. The Trustee may, at its discretion, elect to issue Loan Units at other times.

Unit Price

It is intended that Units will be issued at $1.00, however the Unit price is based on the underlying value of the Fund’s assets referable to the particular class of Units and is calculated in accordance with the terms of the Trust Deed.

The withdrawal price for a Unit is also based on the underlying value of the Fund’s assets. This price may be different from the price originally paid for the Unit.

## Distributions

The rate and frequency of distributions will depend upon the class of Units held by the Investor.

Cash Units

It is intended that distributions on Cash Units will be calculated and paid quarterly within 20 Business Days of the end of each calendar quarter.

Investors will receive a proportion of the income referable to Cash Units based on the number of Cash Units they hold in relation to the total number of Cash Units on issue and the number of days they have held the Units for during the quarter.

Distributions may be paid and reinvested in Cash Units if the Investor makes an election in the Application Form (Part 2A) or provides the Trustee with 30 days’ prior written notice to do so.

Loan Units

It is intended that distributions on Loan Units will be calculated and paid half yearly in arrears within 20 Business Days; however, at the end of each financial year, due to the time required to prepare to complete tax compliance obligations and annual investor distribution statements, the Trustee will endeavour to pay final distributions (if any) as soon after these requirements are completed.

Investors will receive a proportion of the income referable to Loan Units based on the number of Loan Units they hold in relation to the total number of Loan Units on issue in the relevant class of Units and the number of days they have held the Units for during the quarter.

Distributions may be paid and reinvested in Loan Units if the Investor makes an election in the Application Form or provides the Trustee with 30 days’ prior written notice to do so.

## Withdrawal rights

An Investor’s ability to withdraw from the Fund will depend upon the class of Units held by the Investor.

The withdrawal price for a Unit is also based on the underlying value of the assets referable to the particular class of Units. This price may be different from the price originally paid for the Unit.

Cash Units

Generally, Cash Units may be withdrawn at any time by lodging a Withdrawal Request with the Trustee at least 5 Business Days prior to the end of a calendar month. Withdrawals of Cash Units will be processed within 5 Business days after the end of the month in which the Withdrawal Request was received.

Loan Units

Investments in Loan Units are not expected to be liquid.

*Class 1 Loan Units*

Generally, Investors may not withdraw their Class 1 Loan Units within the first 12 months from the date of issue of the respective Class 1 Loan Units. Thereafter, withdrawals will be processed on a calendar quarterly basis. Investors may submit a Withdrawal Request with at least 45 Business Days’ notice to the Trustee.

*Class 2 Loan Units*

Generally, Investors may not withdraw their Class 2 Loan Units within the first 24 months from the date of issue of the respective Class 2 Loan Units. Thereafter, withdrawals will be processed on a calendar quarterly basis. Investors may submit a Withdrawal Request with at least 45 Business Days’ notice to the Trustee.

Where there are insufficient funds to satisfy all Withdrawal Requests, Withdrawal Requests will be satisfied on a pro-rata basis.

## Transfer of Units

There will not be any established secondary market for the sale of Units; however, an Investor may transfer the ownership of their Units at any time provided that the transferee meets the requirements of an Investor in the Fund and has been approved by the Trustee.

The Investment Manager may, but is not required to, on a best endeavours basis, provide assistance to procure a transferor.

Under the Trust Deed, the Trustee has the discretion to refuse the transfer of Units and is not obliged to accept a transfer of Units. Please note that a transfer of Units may have taxation consequences. See Section 7 of the IM for further information.

## Borrowings

The Fund will not borrow for any purpose.

## Other

The Fund will not enter into derivatives or foreign exchange contracts for any purpose.

# The loan Investments

## Lending strategy

The loans of the Fund will be made to SPVs controlled by CAIG. Each of the SPVs will invest in property development projects which:

* are being undertaken by a project development entity of which CAIG is the controlling shareholder; and/or
* CAIG controls by way of a formal project management agreement.

Investments made by the SPVs will generally be made by way of loan to the project development entity or indirectly by way of a loan to another special purpose vehicle.

The Investment Manager will ensure at all times that the risk profile of each loan within the Fund’s portfolio is appropriate having regard to the quality and value of the loan and the risk analysis process.

All loan investment decisions will be based on appropriate credit risk assessment over the term of the loan. All loans and borrowers are assessed and managed by the Investment Manager, as described below.

In addition, each loan will be properly documented following a comprehensive assessment of the purpose, servicing capability of the borrower, valuation, insurance and management protocols proposed for each loan.

The Fund will have security over the personal assets of each SPV by way of a general security agreement. The Fund will not have security over the relevant project or real property as this will not be held by the SPV.

## Investment Criteria

The Fund will be limited to providing commercial loans to SPVs, which will use the funds advanced to make loans, either directly or indirectly, to be used for acquisition or development of underlying commercial properties. These commercial property types may include:

* Luxury international hotels;
* Shopping centres;
* Mixed-use Commercial/Retail centres; or
* Office Buildings.

These assets must be in one of the following stages and/or with the end determined use being commercial in nature:

* Established;
* Post-development agreement;
* Under Construction; or
* Institutional funding secured.

The Investment Manager will not control the SPVs, however CAIG will be the controlling shareholder in each of the SPVs.

Each loan investment will be subject to a maximum total loan to value ratio with respect to the underlying commercial property as follows:

* Established commercial building: 70% of vacant possession value;
* Construction loan: lower of 90% of total development cost (TDC) and 70% gross realisable value;
* Pre-construction development site with permits held: 65% of “as is” value.

## Documentation and settlement loans

Loan documents are prepared and reviewed by the Fund’s legal advisor who is chosen from an experienced panel of legal firms experienced in finance, verification and validation requirements, who also attend to settlement of the loan.

## Arrears and default management

Investors may be affected by any default by a Borrower under a loan. As the loans may be extended to related parties of the Investment Manager, the Trustee will be responsible for loan arrears and default management.

Where a Borrower fails to make an interest payment on or before the due date, the Trustee will allow a grace period of up to 10 Business Days to allow the Borrower to make the payment. If the Borrower does not do so, then the Trustee will then issue a payment request.

Depending on the Borrower’s response to the payment request, the Trustee may issue a default notice, and commence recovery action and/or enforcement action against the defaulting Borrower.

The enforcement procedure can involve significant costs, including legal costs and receiver’s fees. These costs may be funded as follows:

1. Paid by the Investment Manager from its own funds, in which case the Investment Manager will be able to recover these costs from the proceeds received from the Borrower in priority to any payment to Investors.
2. By the Trustee undertaking a rights offer to raise the capital required. It is likely that any future capital raising undertaken to pay for enforcement expenses would be undertaken at an issue price less than the original issue price of $1 per Unit and will therefore be dilutive. It is important for Investors to understand there is a possibility they may have to contribute further capital to the Fund in the future and if an Investor chooses not to contribute, then their proportionate holding in the Fund may be diluted.
3. Paid by a third party, in which case any expenses paid plus any amount agreed with the lender (for example, success fees) would be recovered from the proceeds received from the Borrower in priority to any payment to Investors.

## Investing surplus funds

From time to time the Trustee may have excess capital which is not immediately required or able to be invested in the suitable loans or funds which are being held pending distribution to Investors. In those circumstances the Trustee may invest those funds in cash and cash equivalents (i.e. term deposits offered by ADIs).

# Risks

Like any investment, there are risks associated with investing in the Fund. There are a number of risk factors that could affect the performance of the Fund and the repayment of Investor’s capital. Many risk factors fall outside of the Trustee and the Investment Manager’s control and cannot be completely mitigated.

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

Distributions are not guaranteed and neither is the return of Investor’s capital.

Liquidity risk

An investment in the Fund should be considered an illiquid investment. Investors holding Loan Units will generally not be able to withdraw their Units during an initial minimum investment period, which varies depending upon the Class of Units. Even after the minimum initial investment period there is not guarantee that investors will be able to withdraw from the Fund.

There is currently no secondary market for Units in the Fund and it is unlikely that any active secondary market will develop. Investors may be able to transfer their Units to another person, although there is no guarantee that any third party can be found to acquire the Investor’s Units at a fair price.

You should only consider and investment in the Fund if you are not likely to require access to your investment in the medium term.

Return risk

The Fund seeks to deliver the Target Return to Investors. It is designed for Investors seeking a return greater than the interest paid on basic deposit and saving products offered by an ADI. The Fund is targeting returns for Loan Class Units which are significantly higher than interest paid on basic deposit products. However, as a general rule, higher potential returns have higher levels of uncertainty (high-risk) than investments with lower potential returns and low levels of uncertainty (low-risk).

The Target Return is not a forecast. The Fund may not be successful in meeting this objective. Returns are not guaranteed.

Investors should note that an investment in the Fund is not an investment in an ADI (such as a bank) regulated by APRA and an investment in the Fund carries more risk than an investment in a bank.

**SPV structure risk**

A significant proportion of the assets of the Fund are intended to be interest bearing loans to SPVs which are controlled by CAIG. CAIG and Matrix AM are related parties and loans made by the Fund to the SPVs may not be on an arm’s length basis.

The rate of interest applicable to the loans by the Fund to the SPVs will be set on a case by case basis by the Investment Manager and may not necessarily reflect the risk and return profile of the underlying investments of the SPV. While the Investment Manager will seek to set the interest rate applying to a loan to the SPV based around the expected risk and return applicable to the underlying investments of the SPV, the earnings of the SPV from its investments may be less than or exceed the interest payable to the Fund under the loans from the Fund to the SPV.

**Security risk**

A borrower under a loan from an SPV may default and the security (if any) may not be sufficient to recover the amount originally loaned. In turn, the Fund may not be able to recover the debt owed to it by the SPV.

The Fund’s loans to an SPV will be secured under a GSA, which gives it right to sell the personal property of the SPV. However, an SPV may not have any material independent financial resources. Accordingly, if an action to recover under the GSA is brought, it cannot be guaranteed that the SPV will have sufficient financial resources to cover any amounts payable in respect of the loan.

Concentration risk

The Fund will lend to a limited number of borrowers, and these borrowers will be SPVs controlled by CAIG. CAIG and Matrix AM are related parties. The SPVs will then on lend funds, either directly or indirectly, to entities undertaking property development projects, which will generally also be related entities of CAIG. It is also possible that all loans may be in relation to projects in Victoria.

The Investment Manager will endeavour to diversify the underlying projects that the Fund will lend to in terms of type, location and loan tenor however, there may be instances where this is not possible.

There is possibility of an increased risk associated with loans that are highly concentrated in terms of particular types of loans, location, activities or borrowers.

Loan loss risk

The Fund will not maintain a reserve of funds to meet losses on loans, should they occur. This means any loan losses caused as a result of SPV default or otherwise will have to be met from the Fund’s capital, which may impact upon the Fund’s unit price and may result in a capital loss being incurred by Investors.

Development loan risk

The Fund will be making loans for underlying development purposes, and the risks associated with such loans are generally higher than those made for established properties.

Enforcement risk

Where the Trustee takes enforcement action in respect of a defaulting loan, the costs incurred in doing so could be substantial.

The Investment Manager may pay for those enforcement costs from its own resources (such as the costs of appointing a receiver, legal fees in enforcing against the SPV, agent’s commissions for sale of the security property etc.). It is also possible that the Trustee may procure a third party to underwrite the enforcement expenses on commercial arrangements. The Investment Manager or third party will have the right to recover these costs from the proceeds received from the enforcement action before any payments are made to Investors plus any fee or interest agreed with a third party. This will most likely lead to a reduction in distributions paid to the Investors. If the enforcement costs cannot ultimately be recovered from the SPV, then it may result in Investors suffering a loss of capital.

It is also possible the Trustee will undertake a further capital raising to raise the capital required to pay for the expenses associated with enforcing the loan. There is therefore a risk that Investors may be requested to contribute further capital to the Fund. It is highly likely that any such future capital raising will be undertaken at a price less than the original issue price for the Units and may therefore dilute the proportional holdings in the Fund of those Investors that decide not to contribute further capital.

Documentation risk

A deficiency in documentation could, in certain circumstances, adversely affect the return on a loan made by the Fund. This may make it difficult for the Fund to enforce a loan and GSA in respect of the loan and may also affect the ability to recover any penalties imposed against the SPV.

In addition, risks with respect to deficiency of documentation in respect of loans made by SPVs to, either directly or indirectly, property development entities may also adversely affect the returns of the Fund.

Market risk

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

The Fund’s assets will be made up of loans indirectly made for the purpose of property development. Therefore, factors which affect the property market may impact upon the value of Fund security.

A fall in property values may affect the ability to fully recover the amount owing under a loan where a SPV defaults. If the SPV defaults then this may result in the Fund suffering a loss if the SPV cannot repay the balance of the outstanding debt from its other assets (as required under the GSA).

Operational risk

Operational risk exists in all managed investments. This refers to the possibility the Investment Manager may fail to anticipate market movements, to manage the investment risks appropriately, or to properly execute the Fund’s investment strategy.

There is also an inherent risk associated with the death or departure of the Trustee’s or the Investment Manager’s key personnel.

Regulatory and economic risk

There is the risk that the value of an investment may be affected by changes in domestic or international policies, regulations or laws (including taxation laws). There is also a risk that a downturn in domestic or international economic conditions may adversely affect investments.

These factors are outside the control of the Trustee and the Investment Manager but they may have a negative impact upon the operation and performance of the Fund.

Investment risk

The investments identified and selected by the Manager for the Fund will not appreciate in value or may decrease in value (in the case of a default by a SPV) with the consequence that the Fund may not be able to make distributions or repay the capital invested.

Credit risk

When investing in bank deposits and fixed interest securities it is necessary to consider credit risk. Credit risk refers to the counterparty failing to meet an obligation to pay periodic interest or to repay the principal sum at maturity.

Risks associated with the performance of the Investment Manager

The success of the Fund is dependent on the Investment Manager identifying suitable loans for the Fund to make and then managing those loans to ensure that the loans are repaid. If the Investment Manager is unable to achieve this, then this may adversely affect the Fund’s returns.

As the Fund will make loans to entities controlled by CAIG, a related party of the Investment Manager, there is an inherent conflict that arises in respect of the loans made by the Fund. This risk is mitigated by the fact that the loans must be made in accordance with the Lending Guidelines the Trustee reviews the loans to ensure that they are made in accordance with the Lending Guidelines and this IM before it executes the loan documents.

Risks associated with the solvency and financial position of the Investment Manager and borrowers

The financial performance of the loans will be impacted by the financial performance of the Investment Manager, the SPVs, the borrowers under loans from the SPVs, and the success of the projects undertaken by the relevant project development entities.

If the Investment Manager either becomes insolvent or encounters financial difficulties, which mean that it is unable to perform its role under the Investment Management Agreement, then the Trustee will most likely need to terminate the Investment Management Agreement and recover any unpaid or future Fees and Costs from the Fund. If that were to occur, then the Trustee would either need to find a replacement investment manager or wind up the Fund.

This could result in you suffering a loss or a diminished return on your investment in the Fund.

If the SPVs or project development entities become insolvent or face financial difficulties, then the Fund may suffer losses and you may lose some or all of your investment as a result. It is likely that the SPVs and project development entities will be thinly capitalised.

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

# Fees and costs

## Fees and Costs

The interest payable by SPVs in relation to a loan will be collected by the Trustee. In addition to this amount, the SPVs will also pay a Line Fee to the Investment Manager. The Investment Manager will pay all Fees and Costs set out in this section from this Line Fee.

If the Investment Manager fails to pay the Fees and Costs, then they will be paid from the assets of the Fund before paying any distribution to Investors.

|  |  |
| --- | --- |
| Fees and Costs | |
| Trustee Fee | The Trustee is entitled to a monthly tiered fee equal to:  * 0.10% per annum calculated on the first $40m of the Fund’s gross asset value; plus * 0.075% per annum calculated on the subsequent $40m of Fund’s gross asset value; plus * 0.050% per annum calculated on all amounts in excess of $80m of Fund’s gross asset value.   This fee is subject to a minimum monthly fee of $1,666.67 and an annual increase of 3% on the anniversary of the execution date of the Fund’s Trust Deed. |
| Fund Administration Fee | The Administration Manager is entitled to a monthly fee equal to:   * $20,000 per annum where the Fund has less than $15m gross asset value and there are less than 25 Investors; or  $25,000 per annum where the Fund has more than $15m gross asset value or there are more than 25 Investors. This fee is subject to an annual increase of 3% on the anniversary of the execution date of the Fund’s Trust Deed. |
| Investment Management Fee | The Investment Manager will not be paid fees from the assets of the Fund. It will collect fees from the SPVs of each loan, which will include the Line Fee and may also include some or all of the following:   1. loan management fees; and 2. default management fees. |
| Arrears and Default Management Fee | The Trustee is entitled to an arrears and default management fee of $300 per hour for any arrears and default management activities undertaken, if necessary. |
| Other Fund Operating Expenses | The Trustee is entitled to be paid or reimbursed for expenses associated with establishing and the operation of the Fund, such as the costs associated with the administration or distribution of income and other expenses properly incurred in connection with performing its duties and obligations in the day to day operation of the Fund. |

## Goods and services tax

Unless otherwise stated, all fees quoted in the IM are quoted exclusive of GST.

## Waiver, deferral or rebate of fees

The Trustee may, in its absolute discretion, accept lower fees and expenses than it is entitled to receive, or may defer payment of those fees and expenses for any time. If payment is deferred, then the fee will accrue until paid. In addition, the Investment Manager or Trustee may waive, negotiate or rebate their fees, for example, in the case of a large investment amount.

## Referral fees

The Investment Manager can offer referral fees or rebates at the Investment Manager’s sole discretion, provided this is at the Investment Manager’s own expense.

# Capital Alliance Investment Group

Capital Alliance Investment Group (**CAIG**) is a strategic property investment group headquartered in Melbourne, Australia with an established a record of success in the Melbourne property market since 2012. CAIG pursues an integrated approach in which it invests and operates across the lifecycle of high-quality property.

Its ‘buy, build, own’ model allows the group to capture multiple revenue streams through the development, funding, ownership and management of prime real estate assets.

CAIG focuses on high quality, 5-star property, combining the best in design, urban planning and construction and incorporating commercial, retail and residential elements.

Partnerships with leading international hotel groups such as Marriott International and Mantra (recently acquired by Accor Hotels in 2018) strengthen its capability to pursue this market.

The group has a current pipeline of projects worth in excess of $1.0 billion in end project value and has plans to invest in broader business opportunities that complement its core real estate operations.

**Key Management**

*Mohan Du – Founder & Chief Executive*

Mohan Du is Melbourne-raised and has strong connections with the Asian capital markets. He has a sound understanding of design, architecture, urban planning and construction, and extensive experience developing projects in large, complex city environments. Mohan was awarded the Australian Property Institute (API) ‘Young Achiever of the Year’ award in 2015. Mohan has grown CAIG from inception into a business with projects in excess of $1.0 billion in end value, as well as stamping his mark on the hotels and hospitality industry in Melbourne.

*Kalvin Yeoh – Chief Financial Officer*

Kalvin Yeoh has a wealth of international experience in financial and risk management, investor relations and compliance. He has worked in financial markets across Asia, Australia, the US and the UK. As a qualified Chartered Accountant with a core banking background, Kalvin carefully identifies opportunities across the property sector with a measured approach to structuring transactions and fulfilling the funding stack from both debt and equity perspectives.

**Track Record and Project Pipeline**

Successfully Completed

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **M Docklands (677 La Trobe Street, Docklands)**  Mixed use development comprising 5-star Peppers Docklands and 186 residential apartments. Hotel retained and subject to a 15-year fixed lease agreement.   |  |  |  |  | | --- | --- | --- | --- | | Acquired | 2014 | Completion | 2016 | | Project Value | $150M |  |  | |
|  | **Kings Domain Apartments (68-70 Dorcas Street, Southbank)**  *All 238 residential apartments were divested on or prior to completion*   |  |  |  |  | | --- | --- | --- | --- | | Acquired | 2014 | Completion | 2018 | | Project Value | $142M |  |  | |

Current Projects

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **The Docklands Residences & Marriott Hotel (3-43 Waterfront Way, Docklands)**  Mixed use development comprising of a 200 room 5-star Marriott Hotel and 88 residential apartments. Hotel to be retained and apartments to be divested on completion.   |  |  |  |  | | --- | --- | --- | --- | | Acquired | 2014 | Completion | 2020 | | Project Value | $237M |  |  | |
|  | **Normanby Melbourne & AC Hotels by Marriott (199-201 Normanby Road, Southbank)**  Mixed use development comprising of a 200 room 5-star AC Hotels by Marriott and residential apartments. Hotel to be retained and apartments to be divested on completion.   |  |  |  |  | | --- | --- | --- | --- | | Acquired | 2017 | Completion | 2021 | | Project Value | $224m |  |  | |

Future Projects

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Pearl River Road, Docklands**  Anticipated to be a mixed use development comprising commercial spaces and residential apartments. Commercial to be retained and apartments to be divested on completion.   |  |  |  |  | | --- | --- | --- | --- | | Acquired | 2014 |  |  | |
|  | **King Street**  Anticipated to be a mixed use development comprising a 5-star hotel and residential apartments. Hotel to be retained and apartments to be divested on completion. Current rental income of $1.3m p.a.   |  |  |  |  | | --- | --- | --- | --- | | Acquired | 2016 |  |  | |

*Please note that the above projects are provide as examples of projects undertaken by CAIG and are not necessarily associated with the Fund. Neither the Trustee nor the Investment Manager has sought to verify the above statements in respect of the descriptions CAIG has provided in respect of their business, their personnel or the previous investment activities of their personnel. Investors are advised to undertake their own due diligence.*

# Management of the Fund

## About Matrix Asset Management Pty Ltd - Investment Manager

Headquartered in Melbourne, Matrix AM operates in a strong and regulated economy. We provide local and international High Net Worth and Ultra High Net Worth (**HNW/UHNW**) clients with access to exclusive institutional grade investments.

Matrix AM offers clients peace of mind through:

• individually analyzed and negotiated proprietary off market transactions;

• best of breed investments sourced from various strategic partners across the global;

• 100% alignment with investors’ money through shareholder co-investment in each deal; and

• security of an asset backed balance sheet through its strategic partnerships and corporate structure.

We are first and foremost about capital preservation.

Key Personnel:

**Jason Huang – Chief Executive Officer**

*Bachelor of Pharmacy and Commerce – Major in Finance (Monash University), Advanced Diploma of Financial Planning (Kaplan)*

Jason is Chief Executive Officer and investment manager of Matrix AM.

He is involved in all aspects of the company’s daily operations including business development, relationship management, deal origination, due diligence, governance, risk and compliance.

Jason has considerable experience in the wealth management industry, including having spent time as a director of a boutique funds management firm, having established the Melbourne arm for Spring Financial Group (ASX: SFL) as well having worked in senior wealth advisory roles in Westpac and ANZ Bank. His advice experience covers all investment asset classes, and is a trusted advisor to many high net worth/ultra-high net worth investors both local and abroad.

## The Trustee and Administration Manager

Specialised Investment and Lending Corporation Pty Ltd ACN 149 520 918 (AFSL 407100) is the Trustee of the Fund and will manage the Fund in accordance with the Trust Deed and its duties and obligations under Australian law and, importantly, will have regard to the best interests of Investors in all decisions that it makes with respect to the Fund.

SILC Funds Administration Pty Ltd ACN 628 993 386 is the Administration Manager of the Fund and is responsible for the general operations and administration of the fund including investor administration process (including applications and unit registry) and fund accounting.

Collectively, the team have a breadth of experience in the banking, funds management and financial services sector.

# Taxation information

The Trustee has engaged HLB Mann Judd, an award-winning and leading mid-sized chartered accounting group, to provide a general outline of the Australian tax implications of purchasing Units pursuant to this IM as well as the holding and disposing of such units, which is contained in the following letter.

Taxation laws are both complex and subject to change, and Investors should obtain their own advice taking account of their own circumstances.

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# Additional Information

## Summary of material documents

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

1. **Trust Deed**

The Trust Deed is the primary document that governs the way the Fund operates and sets out many of the rights, liabilities and responsibilities of both the Trustee and Investors.

Each class of Unit gives you an equal and undivided interest in the assets of that class only. Subject to the Trust Deed, as an Investor in a class of Units you have the following rights relating to that class of Units:

* the right to share in any distribution;
* the right to attend and vote at meetings of Investors;
* the right to participate in the proceeds of winding up of the Fund; and
* the Trust Deed contains provisions about convening and conducting meetings of Investors.

The Trustee can amend the Trust Deed without Investors’ approval provided it reasonably considers the change will not adversely affect Investors’ rights.

The Trust Deed can also be amended by a special resolution passed by Investors.

A copy of the Trust Deed is available free of charge by contacting the Trustee at [investors@silcgroup.com.au](mailto:investors@silcgroup.com.au).

1. **Investment Management Agreement**

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

The Investment Management Agreement sets out the Investment Manager’s obligations to the Trustee and to the Fund. The agreement also contains the arrangements in relation to the Fees and Costs that are summarised in Section 4.

The Investment Management Agreement will remain in force until the Fund is wound up, unless the agreement is terminated earlier in accordance with its provisions. The agreement can be terminated by the Trustee if the Investment Manager is in material breach of the agreement, and that breach has not been remedied after a certain time. There are also provisions allowing the Trustee to terminate if, for example, the Investment Manager becomes insolvent.

The Investment Manager is permitted to terminate the agreement in certain circumstances, such as if the Trustee ceases to be the trustee for the Fund.

## Related party transactions

The Trustee may from time to time face conflicts between its duties to the Fund as trustee, its duties to other funds that it manages and its own interests. The Trustee will manage any conflicts in accordance with its conflicts of interest policy, the Trust Deed, ASIC policy and the law.

The Investment Manager is not a related party of the Trustee. The contractual arrangements between the Trustee and the Investment Manager are negotiated at arm’s length between the parties.

The Trustee may from time-to-time enter into transactions with related entities. All transactions will be effected at market rates, or at no charge.

Loans will be made to SPVs, of which CAIG is the controlling shareholder. CAIG and Matrix AM are related parties and loans made by the Fund may not be on arm’s length terms. The SPVs will on-lend funds advanced, either directly or indirectly through other special purpose vehicles, to entities undertaking property development projects. Typically, CAIG will:

* be the controlling shareholder of each project development entity to which an SPV lends; and/or
* control the development/project by way of a formal project management agreement.

Investors acknowledge that investments entered into by the Fund may not be on arm’s length terms and that they have made their own independent investigations to satisfy themselves of the benefit of becoming an Investor in the Fund.

The procedure for evaluating such loans and taking enforcement action if required is set out above in Section 2.

## Privacy

In applying to invest, you are providing the Trustee and the Investment Manager with certain personal details (your name, address etc). The Trustee uses this information to establish and manage that investment for you.

Under the *Privacy Act 1988* (Cth), you can access personal information about you held by the Trustee, except in limited circumstances. Please let the Trustee know if you think the information is inaccurate, incomplete or out of date. You can also tell the Trustee at any time not to pass on your personal information by advising it in writing.

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

Under various laws and regulatory requirements, the Trustee may have to pass-on certain information to other organisations, such as the Australian Tax Office or the Australian Transaction Reports and Analysis Centre (**AUSTRAC**).

By applying to invest, you give the Trustee permission to pass information it holds about you to other companies which are involved in helping it administer the Fund, or where they require it for the purposes of compliance with AML/CTF law or in connection with the holding of Application Money. The Trustee may also use your information to provide you with details of future investment offers made by it or the Investment Manager.

## Anti-money laundering law

The Trustee is required to comply with the *Anti-Money Laundering and Counter Terrorism Financing Act* 2006 (**AML/CTF Law**). This means that the Trustee will require potential Investors to provide personal information and documentation in relation to their identity when they invest in the Fund. The Trustee may need to obtain additional information and documentation from Investors to process applications or subsequent transactions or at other times during the period of the investment.

The Trustee may need to identify:

1. an Investor prior to purchasing Units in the Fund. The Trustee will not issue Units until all relevant information has been received and an Investor’s identity has been satisfactorily verified; and
2. anyone acting on behalf of an Investor, including a power of attorney.

In some circumstances, the Trustee may need to re-verify this information.

By applying to invest in the Fund, Investors also acknowledge that the Trustee may decide to delay or refuse any request or transaction, including by suspending the issue or withdrawal of units in the Fund, if it is concerned that the request or transaction may breach any obligation of, or cause the Trustee to commit or participate in an offence under, any AML/CTF Law, and the Trustee will incur no liability to Investors if it does so.

## Common Reporting Standards (Crs)

CRS is the single global standard set by the Organisation for Economic Co-operation and Development (**OECD**) for the automatic exchange of information with revenue authorities for tax non-residents that invest in certain financial accounts. The standard covers both the identification of tax non-residents and reporting on the applicable financial accounts. The Trustee is a ‘Reporting Financial Institution’ under CRS and intends to comply with its CRS obligations under any relevant Australian laws and regulations, including obtaining and disclosing information about certain investors to the ATO or other foreign tax authorities as required. To facilitate these disclosures, Investors will be required to provide certain information such as that relating to their country of tax residence and their relevant taxpayer identification number (if applicable).

## Foreign Account Tax Compliance Act (FATCA)

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

## Indemnification

Subject to the IM and unless otherwise agreed with the Trustee, the Trustee is entitled to be indemnified out of the Fund for any loss, damage, expense or other liability incurred by it in properly performing or exercising any of its powers, duties or rights in relation to the Fund.

The Investment Manager and the Administration Manager are similarly entitled to be indemnified by the Trustee (out of the assets of the Fund) for all claims, losses, liabilities, damages, costs and expenses (**Costs**) incurred by them in relation to the performance of their role as Investment Manager and Administration Manager respectively. However, the Investment Manager and Administration Manager are not entitled to be indemnified by the Trustee and will be liable to the Fund for any Costs arising as a result of their fraud, gross negligence, wilful default or material breach of the agreement under which they are appointed.

## Amendments

The terms of the Trust Deed may be amended by the Trustee, subject to the Trustee’s duties and obligations to Investors. The Trustee will not make any amendments to the Trust Deed that it considers would be materially adverse to Investors, without seeking the approval of Investors.

In most circumstances, the Trust Deed can also be amended by a special resolution passed by Investors (being a resolution passed by at least 75 percent of the votes cast by Investors entitled to vote on the resolution).

## Investor Reports and Communication

To ensure that Investors are kept abreast of their investment, the Trustee will provide Investors with the following information:

###### confirmation of investments and redemptions;

###### quarterly statements of unit holdings and interest payments; and

###### annual taxation distribution statements.

All communications including reports will be sent electronically unless otherwise instructed in writing by the Investor.

## Investor Meetings

Under the Trust Deed, the Trustee may elect to call a meeting of all Investors or Investors who hold a particular class of Units. In the latter case, only Investors who hold those Units are entitled to attend and vote at the meeting.

In respect of a meeting of a class of Investors, Investors with at least 50% of the votes that may be cast on the resolution can request for the Trustee to call and arrange such a meeting.

In respect of a meeting of all Investors, Investors with at least 35% of the votes that may be cast on the resolution can request the Trustee to call and arrange such a meeting.

## Questions and complaints

If an Investor has any questions or complaints, the Investor should contact the Trustee in writing. The Trustee will acknowledge an Investor’s query or complaint in writing within 14 days. The Trustee will then give proper consideration to the complaint and advise the Investor of the outcome within 45 days after receipt of the complaint. The Trustee’s contact details may be found in section 11.

# Application Process

After reviewing this IM, Investors can invest in Cash Units or Loan Units by completing the Application Form and paying their application money. Payments must be made via EFTPOS (bank transfer) or bank cheque.

Once the completed Application Form and application money is received by the Trustee and the Trustee accepts the application, Investors will be issued with Units. Units will be issued within 5 Business Days of the end of each calendar month in which the completed Application Form and corresponding application money is received, or at any other time at the Trustee’s absolute discretion.

Application monies are held in the Fund’s Application Account prior to being allocated to Cash Units. Please note that no interest will be earned by Investors on monies that are held in the Application Account.

# Glossary

|  |  |
| --- | --- |
| **Act** | Corporations Act 2001 (Cth) for the time being in force together with the regulations of the Corporations Act. |
| **ADI** | Authorised deposit-taking institution. |
| **Administration Manager** | SILC Funds Administration Pty Ltd ACN 628 993 386. |
| **AFS licence** | Australian financial services licence. |
| **Application Form** | The application form accompanied by this IM. |
| **Application Money** | The money paid by an applicant for Units. |
| **APRA** | Australian Prudential Regulation Authority. |
| **ASIC** | Australian Securities and Investments Commission. |
| **ASX** | The Australian Securities Exchange Limited. |
| **Business Day** | A day on which banks are open for business in Melbourne, except a Saturday, Sunday or public holiday. |
| **Fees and Costs** | The following amounts:   1. The fees payable to the Trustee and the Administration Manager as set out in Section 4; and 2. The expenses associated with the operation of the Fund, such as the costs associated with the administration or distribution of income, custody fees, and other expenses properly incurred by the Trustee, the Investment Manager and the Administration Manager in connection with performing their duties and obligations in the day to day operation of the Fund. |
| **Fund** | Diversified Commercial Income Fund. |
| **GSA** | A general security agreement over the property and assets of an SPV. |
| **GST** | Goods and Services Tax as defined in A New Tax System (Goods and Services Tax) Act 1999, as amended. |
| **IM** | This information memorandum. |
| **Investment Management Agreement** | The investment management agreement between the Trustee and the Investment Manager dated on or about the date of this IM. |
| **Investment Manager** | Matrix Asset Management Pty Ltd ACN 628 590 732: an authorised representative (number 1268236) of Specialised Investment and Lending Corporation Pty Ltd ACN 149 520 918, holder of AFS licence number 407100. |
| **Investor** | A holder of Units. |
| **Capital Alliance Investment Group** or **CAIG** | Capital Alliance Investment Group Pty Ltd ACN 613 380 251. |
| **Line Fee** | A fee payable by a borrower under a loan for credit being made available, calculated based on the total facility limit. |
| **Loan Units** | Class 1 Loan Units and Class 2 Loan Units. |
| **Offer** | The offer under this IM to acquire Units. |
| **Loan Units** | Classes of Units that have exposure to a pool of loans made to SPVs. |
| **Matrix AM** | Matrix Asset Management Pty Ltd ACN 628 590 732, the Investment Manager. |
| **Qualifying Investor** | The Offer is only available to persons who, if they reside in Australia, are a wholesale client as defined in section 761G of the Corporations Act or who are otherwise permitted by law to invest and, if they reside in Singapore, are an accredited investor or certain other person prescribed under s305 of the Securities and Futures Act (collectively, **Qualifying investors**). |
| **SPV** | A special purpose vehicle company of which CAIG is the controlling shareholder. |
| **The SILC Group** | The group of companies held by SILC Consolidated Pty Ltd ACN 610 343 541 which includes the Trustee and Administration Manager. |
| **Trust Deed** | The Trust Deed of the Fund dated XXX as amended from time to time. |
| **Trustee** | Specialised Investments and Lending Corporation Pty Ltd ACN 149 520 918, holder of AFS licence number 407100. |
| **Unit** | A unit in the Fund. |
| **Withdrawal Request** | A withdrawal request by an Investor to withdraw from the Fund. |

# Corporate Directory

**Trustee**

Specialised Investment and Lending Corporation Pty Ltd

Level 9, 179 Queen St

Melbourne VIC 3000

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Email: investors@silcgroup.com.au

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**Administration Manager**

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**Australian Tax Advisors**

HLB Mann Judd

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Tel: +613 9606 3888

1. CAIG and Matrix AM are related parties. [↑](#footnote-ref-2)