

THE MORTGAGE FUND

Product Disclosure Statement (PDS)

Dated 28 September 2022

The Mortgage Fund

ARSN 088 928 081

Responsible Entity

Stacks Managed Investments Limited

ABN 81 085 843 125

AFSL 227673

About this Product Disclosure Statement (PDS)

This document provides information to help investors and their advisers assess the merits of investing in The Mortgage Fund ARSN 088 928 081 (Fund). No other class of units in the Fund is offered in this PDS. This PDS should be used to compare the Fund with other investment opportunities on offer.

We strongly encourage you to read this document in full before making an investment decision. If you do not understand its contents you should consult your accountant, lawyer, financial planner or other professional adviser.

In preparing this PDS we did not take into account your particular investment objectives, financial situation or needs. As investors' needs and aspirations differ, you should consider whether investing in the Fund is appropriate for you in light of your particular needs, objectives and financial circumstances. You may also wish to obtain independent advice, particularly about such individual matters as taxation, retirement planning and investment risk tolerance.

Additional information about the Fund is incorporated into this PDS by the ASIC Benchmarks and Disclosure Principles Report (Benchmark Report) and is provided separately at www.stacksfinance.com.au. The PDS may refer you to particular sections of the Benchmark Report for further information associated with this Fund. We recommend that you also obtain and read the Benchmark Report before making an investment decision. The Benchmark Report is publicly available on our website at www.stacksfinance.com.au and may be obtained free of charge upon request.

Updated information

The information in this PDS is up to date at the time of preparation. Information may change from time to time and may be updated by Stacks Managed Investments Limited ABN 81 085 843 125, AFSL 227673 (Stacks Finance, SMI, we, us, our, the Responsible Entity or the Trustee). Where information in this PDS changes and the change is materially adverse, we will issue a supplementary or replacement PDS or otherwise comply with our disclosure obligations under the Corporations Act 2001. Where information in this PDS changes and the change is not materially adverse, we may elect not to issue a supplementary or replacement PDS.

For updated or other information about the Fund (such as performance), please consult your financial adviser, visit our website or call our Member Services team. We will also send investors a copy of incorporated information and updated information free of charge upon request.

Important notices

This PDS relating to the Fund is dated 28 September 2022 and is issued by SMI.

SMI has appointed Stacks Financial Services Pty Limited ABN 44 103 732 154 (SFS or the Mortgage Manager) as the mortgage manager for the Fund.

SMI and SFS are not in a position to give you financial, investment, legal, taxation or accountancy advice.

This PDS relates to the issue of interests in the Fund, which is a registered managed investment scheme. ASIC takes no responsibility for its contents. SMI may issue, circulate, and distribute this document throughout Australia and, for investors in Australia, on the Internet.

New applications can only be accepted if made on the Application Form accompanying this PDS. The offer under this PDS is only available to people receiving this PDS (whether in paper or electronic form) within Australia and does not constitute a public offer in any jurisdiction other than Australia. The Law may restrict the distribution of this PDS in jurisdictions outside Australia and persons who come into possession should seek advice and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

By investing in the Fund, you confirm that you have received a copy of the current PDS to which your investment relates, that you have read it and agree to the terms contained in it, and that you agree to be bound by the terms of the current PDS and the current constitution of the Fund (each as amended from time to time).

Investments in the Fund are not deposits with or other liabilities of SMI and are subject to investment risk, including possible delays in repayment and loss of income or principal invested. No labour standards or environmental, social or ethical considerations are taken into account in the selection, retention or realisation of any investment of the Fund.

Neither SMI, nor SFS, nor any of their respective officers, associated entities or agents, guarantees:

- The success or investment performance of the Fund;
- The repayment of any capital investment or any particular rate of return on your capital investment; or
- The achievement of the objectives of the Fund.

Terms used in this PDS are defined in the Glossary on pages 41 to 44.

Consents

Stacks Financial Services Pty Limited (SFS) has given its consent to statements about it in the form and context in which they are included, and has not withdrawn its consent before the date of this PDS. SFS was not involved in the preparation and distribution of this PDS and is not responsible for the issue of this PDS, nor is it responsible for any particular part of this PDS, other than those parts that refer to it.

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About Stacks Finance

Stacks Managed Investments Limited

Stacks Managed Investments Limited as the Responsible Entity of the Fund, issues units in the Fund and holds an Australian Financial Services Licence (AFSL) number 227673 issued by the Australian Securities and Investments Commission (ASIC).

As Responsible Entity of the Fund, SMI invests the Fund's money on behalf of Members, primarily through loans to borrowers approved by SMI, repayment of which is secured by mortgages over Property. SMI also uses the Fund's money to invest in other Authorised Investments, including interest-bearing deposits.

In general terms, SMI collects the income earned on the loans (in the form of interest) and other Authorised Investments and distributes that income (net of Expenses, provisions and reserves) to Members of the Fund in proportion to the number of Units that each Member holds in the Fund.

SMI is paid management fees for acting as Responsible Entity of the Fund.

Stacks Financial Services Pty Limited

Stacks Financial Services Pty Ltd (SFS) is engaged to carry out some of the administration functions of the Fund on behalf of SMI. SMI and SFS are parties to a Mortgage Administration Agreement that sets out the role of SFS. That role includes, but is not limited to:

- Managing investor services;
- Managing loans made by SMI;
- Locating potential borrowers;
- Recommending borrowers for approval by SMI (although SMI always retains the authority to actually approve loans);
- Managing the repayment of loans by borrowers including dealing with borrowers; and
- Following up any defaults by borrowers.

SFS is paid fees for its administration services for the Fund, which SMI pays from the fees charged to borrowers.

Key Features of the Fund

Feature		See Section
Investment Objective	The Fund seeks to consistently produce regular investment returns whilst maintaining a relatively low level of capital volatility. Such returns will be dependent upon the property and mortgage-lending environment.	
Minimum Transaction Requirements		'Making, Withdrawing and Monitoring your Investment' on pages 24 to 29.
Initial Investment	5,000 Units	
Additional Investment	No minimum	
Minimum Withdrawal	No minimum	
Minimum Balance	1,000 Units	
Fees and other Costs^{1,2}		'Fees and Other Costs' on pages 16 to 23.
Establishment Fee	NIL	
Contribution Fee	NIL	
Withdrawal Fee	NIL	
Exit Fee	NIL	
Management Cost	0.04274% of the Fund Value per month.	
Borrower Fee	0.01453% of the average Fund Value per year for the last financial year	
Switching Fee	NIL	
Operating Expenses	Currently SMI pays for all Fund expenses out of its management fee. However, under the Fund's Constitution, it is possible that all (or some) expenses could be paid out of Fund Assets.	
Risks of Investing in the Fund	A degree of risk applies to all types of investments, including investments in the Fund.	'Risks of Managed Investment Schemes' on pages 8 to 11.
ASIC Benchmarks	ASIC has developed eight benchmarks and eight disclosure principles for unlisted mortgage funds that are aimed at assisting investors to understand the risks of investing and whether such investments are suitable for them. The benchmarks and disclosure principles deal with the Fund's liquidity, borrowings, portfolio diversification, related party transactions, valuation policy, lending principles, distribution practices and withdrawal arrangements.	'ASIC Benchmarks and Disclosure Principles' on pages 12 to 13. Also refer to the Benchmark Report.

Making and withdrawing your Investment		'Making, Withdrawing and Monitoring your Investment' on pages 24 to 29.
Investments	Wherever possible, cheques and Application Forms received by 12.00 noon (Eastern Standard Time) will be processed on that day. Cheques and Application Forms received after 12.00 noon (Eastern Standard Time) may be processed on the next business day.	
Cooling Off Period	Yes – fourteen (14) days commencing from the earlier of the time we confirm your investment or 5 days after we have accepted your investment.	
Withdrawals	While the Fund is liquid for the purposes of the Corporations Act 2001 and withdrawals have not been suspended, investors can make a withdrawal request at any time. SMI will then set a redemption date that is a date no longer than twelve (12) months from receipt of the withdrawal request as described on pages 25 to 27.	
Valuations and Pricing		'Making, Withdrawing and Monitoring your Investment' on pages 24 to 29.
Valuing the Fund's Assets	The Fund's assets are valued prior to each distribution.	
Unit Pricing	Unless lowered in accordance with the Fund's Constitution, the unit price is one (1) dollar.	
Investor Reporting		'Making, Withdrawing and Monitoring your Investment' on pages 24 to 29.
Transaction Confirmation	We generally send a transaction confirmation for investments and withdrawals.	
Regular Reporting	We send quarterly periodic statements following each distribution with details of transactions and any income distributions.	
Annual Tax Reporting	We send an annual tax statement.	
Distribution Payments		'Fees and Other Costs' on pages 16 to 23.
Frequency	Quarterly on the 1 st of March, June, September and December. There may be periods in which reduced or no distributions are paid and we do not guarantee any level of distributions.	
Payment Methods	Reinvested into the Fund as additional units or paid to your nominated account.	

1. We may, at our discretion, negotiate, rebate or waive all or part of our fees. Please refer to 'Fees and other Costs' on pages 16 to 23.
2. Unless otherwise stated, all fees and costs are quoted inclusive of any Goods and Services Tax (GST) and net of any reduced input tax credits (RITCs) at the prescribed rate, which is currently 75%.

Risks of Managed Investment Schemes

When investing in a managed investment scheme such as the Fund, it is important to note that the value of assets in the scheme and the level of returns will vary. Laws (including tax laws) that affect registered managed investment schemes may change in the future, which may have an adverse effect on the returns of the schemes.

SMI does not guarantee the performance of the Fund, the repayment of capital invested, or any particular rate of capital or income return on moneys invested in the Fund. SMI does not make any representations with respect to the income or return from, or any taxation consequences of, any investment in

the Fund that is made under this PDS. An investment in the Fund is unit linked and is subject to various risk factors, including possible delays in repayment of capital and loss of income and capital invested. The value of your investment can fall and you could lose all or part of your investment. The Fund is a unit trust and the performance of any unit trust depends upon the performance of its investments and the skills of its responsible entity.

The table below explains the significant risks associated with investing in the Fund. You should consult your financial adviser before making a decision to invest.

Significant risks of Investing in the Fund

Risk	Explanation
Accounting Risk	Any changes to accounting standards or interpretation of those standards may affect the reporting of the financial position of SMI and the Fund and may also affect lending covenants for loans. SMI will take action to assess these risks, although there remains a possibility that they may adversely affect the value of your investment.
Credit Risk	The risk that the security obtained and other accessible assets of the borrower will not be sufficient to fully discharge a loan. Factors which influence credit risk include, but are not limited to: ▪ Declining property markets; ▪ Movements in interest rates; ▪ General market conditions and investor sentiment; ▪ Location of security; ▪ The local real estate market; and ▪ Increasing default rates of borrowers. No guarantee can be given as to the stability of Unit values. In the event of a loss of capital on a mortgage it is possible that the redemption or repurchase price of a Unit could fall. Credit risk can be reduced by focusing on credit quality, which is assessed according to the quality, type and diversity of the assets that comprise the Fund. SMI continually monitors the level of mortgage loans that are in arrears or default. Where a loan is in arrears or default, SMI has a range of options including the enforcement of the security and sale of the secured property. Please refer to the Benchmark Report at

	www.stacksfinance.com.au for updated information on loans in arrears or default.
Cybercrime Risk	Cybercrime poses a significant risk for financial firms and their clients. For your protection, you should always verify our bank account details by phoning us before transferring any significant sum of money to us. We cannot accept responsibility where money is transferred to an incorrect account.
Documentation Risk	The risk that a deficiency in documentation (such as mortgage documents) could, in certain circumstances, adversely affect the return on investment. This risk is reduced by the careful selection of appropriately qualified service providers and contractual arrangements between SMI and its service providers, which include reporting and monitoring of the actions of those service providers.
Fund Risk	Fund Risk refers to specific risks associated with the Fund, such as termination and changes to fees and expenses. We may close the Fund to further investments if, for example, we consider it appropriate given the investment objective and investment strategy of the Fund. We may also terminate the Fund by providing notice to Members. Your investment in the Fund is governed by the terms of the Constitution of the Fund and the PDS (each as amended from time to time), the Corporations Act 2001 and other laws. The value or tax treatment of an investment in the Fund or its underlying assets, or the effectiveness of the Fund's investment strategy may also be adversely affected by changes in Government (including taxation) policies, regulations and laws, or changes in generally accepted accounting policies or valuation methods. Such changes could also make some investors consider the Fund to be a less attractive investment option than other investments, prompting a greater than usual level of withdrawals, which could have an adverse effect on the Fund. There is also a risk that investing in the Fund may give different results from holding the underlying assets directly because of: ▪ Income or capital gain accrued in the Fund at the time of investing; and ▪ The consequences of investment and withdrawal decisions made by other investors in the Fund; for example, a large level of withdrawals from the Fund may lead to the need to sell underlying assets, which could potentially realise a capital loss. We aim to manage these risks by monitoring the Fund and acting in investors' best interests. In the event of winding up the Fund, we will realise all of the Fund Assets.
Interest Rate Risk	The risk that interest rates will rise when the Fund has invested in fixed mortgages, resulting in a rate of return that is lower than market. In these circumstances Members may wish to withdraw their funds to obtain a better interest rate for their investment elsewhere. This may also result in liquidity risk as investors withdraw their funds. This risk is reduced by SMI generally fixing the mortgage term for 12 months, although it may be between one (1) month and three (3) years. This will allow SMI the opportunity to reassess the relevant interest rate on a regular basis.

Liquidity Risk	If a security is not actively traded, it may not be readily bought or sold without some adverse impact on the price paid or obtained. Securities that may be less liquid include mortgage-backed securities. While the Fund is liquid for the purposes of the Corporations Act 2001 and withdrawals have not been suspended, investors can make a withdrawal request at any time. SMI will then set a redemption date that is a date no longer than twelve (12) months from receipt of the withdrawal request as described on pages 24 to 29. In the event that the Fund becomes illiquid (as defined in the Corporations Act 2001), investors will only be able to withdraw from the Fund if we make an offer of withdrawal. There is no obligation on us to make an offer of withdrawal. We will notify you if this event occurs. If there are insufficient liquid assets to satisfy withdrawal requests or for the day-to-day operation of the Fund, then in certain circumstances we may be required to suspend or amend our withdrawal procedures (refer to Withdrawal Risk on page 11) to allow sufficient time for a more orderly liquidation of assets to meet the withdrawals. Factors which influence liquidity risk include, but are not limited to: ▪ The level and diversity of liquid assets held. ▪ Pricing structure of the mortgage portfolio (whether fixed or variable). ▪ Maturity profile of the asset portfolio. ▪ Credit risk. ▪ The Responsible Entity's internal policies for liquidity management. ▪ A decline in investor confidence in the Fund. ▪ The number of withdrawal requests at any given time being greater than the amount of liquid funds held. Liquidity Risk can be reduced by setting internal policies that provide sufficient funds to meet cash requirements as they fall due. Please refer to the Benchmark Report at www.stacksfinance.com.au for updated information on our Liquidity Policy.
Market Risk	The value of a security (e.g. the security under a mortgage loan) may be influenced by the condition of investment markets (e.g. domestic and global share markets and bond markets etc.), as well as the economic state of particular regions or the returns of other asset classes. Investment markets are impacted by broad factors such as economic conditions including interest rates, the availability of credit, the political environment, investor sentiment, global markets and significant external events (e.g. natural disasters). Often assets from less developed regions or markets display higher levels of volatility of investment return than assets in mature markets.
Outsourcing Risk	The risk that entities that perform functions or services on behalf of SMI may not maintain and perform those services to the requisite standard required by SMI or the minimum standards required by law. This risk is reduced by the careful selection of appropriately qualified service providers and contractual arrangements between SMI and its service providers, which include reporting and monitoring of the actions of those service providers.

Return Risk	The risk that the rate of return is reduced because of mortgages falling into arrears. This risk is managed by ensuring that each loan is assessed on a range of criteria including the borrower's capacity to meet loan repayments. In addition the loan-to-value ratios (LVR), against which loan applications are assessed, are set at a conservative level. The Compliance Plan currently sets the LVR at 75%, which is generally sufficient to provide enough equity in the loans to repay the capital and any arrears. The LVR may be higher where mortgage insurance is used as a risk management measure. Competition in the mortgage lending market may also lead to rate of return reductions. Increased competition from other mortgage lending institutions may reduce the returns from mortgage lending activities by lowering interest rates or increasing loan referral fees (see page 21 for more information on loan referral fees). Please refer to the Benchmark Report at www.stacksfinance.com.au for updated information on our Lending and Arrears Management policies.
Unforeseen Risk	Investors should be aware that although risks can be reduced, an unforeseen event may impact on the value of your investment. For example, war, terrorism, changes to the law, the general state of the Australian and global economy or Government fiscal policy could have a significant impact on the value of your investment. SMI recommends that investors obtain professional advice including, for example, your taxation position, before deciding to invest in the Fund, or to withdraw your investment.
Withdrawal Risk	The Fund primarily invests in mortgages, which at times can be illiquid. The illiquidity of mortgages may impact on our ability to realise assets in order to meet withdrawal requests and to make available withdrawal opportunities. While the Fund is liquid for the purposes of the Corporations Act 2001 and withdrawals have not been suspended, investors can make a withdrawal request at any time. When the Fund is liquid, we have the power under the constitution to take up to twelve (12) months to process withdrawals and may suspend withdrawals in certain circumstances. Additional information about an investor's ability to withdraw when the Fund is liquid, including these timeframes, and an investor's ability to withdraw if withdrawals are suspended or the Fund is not liquid, is found on pages 27 to 29. Please refer to the Benchmark Report at www.stacksfinance.com.au for updated information on our Withdrawal Policy.

ASIC Benchmark and Disclosure Principles

The ASIC Benchmark and Disclosure Principles are aimed at assisting investors to understand the risks of investing in mortgage funds and whether such investments are suitable for them. A brief explanation of each benchmark and disclosure principle is detailed below.

For the Fund-specific information relating to each benchmark and disclosure principle, including the extent to which the Fund meets each benchmark, please refer to the current

Benchmark Report on our website at www.stacksfinance.com.au. The information in the Benchmark Report is updated periodically (usually six-monthly). A paper copy of any updated information will be given to you, without charge, upon request.

Benchmark	Description
ASIC Benchmark and Disclosure Principle 1: Liquidity	This benchmark and disclosure principle addresses a mortgage fund's liquidity including its ability to meet withdrawal requests. Liquidity of a mortgage fund may be a risk as the underlying assets of such a fund may not be easily realised within the required period of time and there can be a mismatch between a mortgage fund's cash flows and the amount and size of withdrawal requests received from investors.
ASIC Benchmark and Disclosure Principle 2: Scheme Borrowing	This benchmark and disclosure principle addresses a mortgage fund's policy on borrowings, including details of any borrowing facilities in place and for what purposes any borrowings would be used. Mortgage funds with high levels of borrowing face the risk that distributions will not be paid or withdrawals may be suspended so the fund can pay back the borrowings. Generally, any amounts owing to lenders will rank ahead of investors' interests.
ASIC Benchmark and Disclosure Principle 3: Loan Portfolio and Diversification	This benchmark and disclosure principle addresses the criteria used by a mortgage fund when determining what loans to make and provides information on the Fund's assets and lending policy.
ASIC Benchmark and Disclosure Principle 4: Related Party Transactions	This benchmark and disclosure principle addresses any related party transactions in place and outlines any risks associated with these transactions.
ASIC Benchmark and Disclosure Principle 5: Valuation Policy	This benchmark and disclosure principle addresses the standards and principles applied by a mortgage fund when valuing the property underlying a loan. It is important to ensure investors have confidence that the valuation process is transparent and valuations obtained are prepared or conducted by a qualified and experienced valuer.

ASIC Benchmark and Disclosure Principle 6: Lending Principles – Loan-To-Valuation Ratios	This benchmark and disclosure principle indicates how conservative or aggressive the lending practices of a mortgage fund are. Generally, more aggressive lending practices have a higher loan-to-valuation ratio that may lead to a mortgage fund being unable to recover its funds in full if there is an adverse change in market conditions.
ASIC Benchmark and Disclosure Principle 7: Distribution Practices	This benchmark and disclosure principle addresses how distributions are paid and from what source. Where distributions are not sourced solely from income of the mortgage fund, there is a risk that these distribution practices may not be sustainable over the long term.
ASIC Benchmark and Disclosure Principle 8: Withdrawal Arrangements	This benchmark and disclosure principle outlines a mortgage fund's procedures for meeting withdrawal requests and the timeframe over which a fund will seek to meet withdrawal requests. This benchmark is important as it highlights to investors that there may be limits around accessing their investment or they may have to wait a significant period of time before their money is paid to them.

How we invest your Money

Investment Return Objective	The Fund aims to provide investors with a diversified income producing investment portfolio that delivers regular income and capital stability.
Description of the Fund	Investment Approach The mortgage lending team employs a conservative approach to managing the mortgage investments of the Fund. The Fund has a lending policy that sets out the criteria under which loans are made or acquired. We adopt a conservative approach to managing investments in interest bearing securities. The Fund is intended to be suitable for investors seeking to invest in a diversified portfolio mainly comprised of commercial mortgage loans and interest bearing securities. Please refer to the Benchmark Report at www.stacksfinance.com.au for updated information on our lending policy. Investment Portfolio The Fund is invested in a diversified portfolio of commercial mortgage loans. We lend in all Australian States and Territories and our exposure to mortgages is not limited to any particular region or city. The types of securities the Fund can invest in are mortgage-backed securities, asset-backed securities, and interest bearing securities. We do not use derivatives (e.g. options and futures) as a means to manage actual and anticipated credit and interest rate risk. Please refer to the Benchmark Report at www.stacksfinance.com.au for additional information on the diversification of assets in the Fund. Capital Protection There is no guarantee of income, return of capital or amounts payable to investors. Please note there are risks associated with an investment in the Fund. These risks are discussed further on pages 8 to 11. Types of Investment As at the date of this PDS, the assets of the Fund generally fall into two broad types of investments: ▪ Mortgages over Property; and ▪ Liquid funds (generally in the form of cash and interest bearing deposits). The Constitution of the Fund allows SMI to invest in other Authorised Investments, which include Government issued or guaranteed securities, short-term commercial bills of exchange and units in other mortgage trusts or cash management trusts similar to the Fund.
Indirect Investment	The Fund may make investments directly or indirectly by investing in other funds (including funds related to or managed by a related entity) that have investment objectives and authorised investments that are consistent with the Fund. This structure helps to minimise transaction costs and can enhance diversification. Please refer to the Benchmark Report at

	www.stacksfinance.com.au for updated information on the Fund's investment in other mortgage schemes.
Labour standards or environmental, social or ethical standards	Neither we, nor SFS, generally take into account labour standards or environmental, social or ethical considerations when buying, retaining or selling underlying investments. However, to the extent that we believe those matters may affect the value or performance of any underlying investment, they may be considered. We do not have a predetermined view as to what constitutes a labour standard or environmental, social or ethical consideration, as these will be determined on a case-by-case basis.
Investment Policy	The Fund will derive income primarily from investment in mortgages. In order to maintain liquidity in the Fund, it may be necessary to invest in interest bearing deposits, bank bills and/or other Authorised Investments. The investment strategy of the Fund is to primarily lend money to borrowers on the security of mortgages over Property. Property is widely defined in the Constitution, but in practice SMI generally seeks to obtain security by way of first mortgage over real property in Australia. Where deemed appropriate by SMI, we will also take additional security interests over other assets such as water, plant and equipment, stock and goodwill. Additional security is not included in the LVR and is only taken to improve the overall attractiveness of the loan. A valuation is not usually obtained in relation to additional security. The financial reports of the Fund are prepared and lodged with ASIC on a half-yearly basis. The Fund's auditor prior to it being submitted to ASIC audits the annual report of the Fund. Both the annual and the half-yearly reports are available on our website or on request. Please refer to the Benchmark Report at www.stacksfinance.com.au for updated information about the Fund portfolio.
Change to Investment Policy	The Constitution of the Fund permits a wide range of investments and gives SMI broad investment powers. SMI may change the mortgage manager and/or vary the investment objectives, strategies, benchmarks, asset allocation ranges and processes of the Fund set out in this PDS or in the Benchmark Report. SMI will inform Members in writing of any material variation we believe they would not have reasonably expected.
Borrowings	While the Fund's Constitution allows for borrowing, SMI will generally not borrow on behalf of the Fund, except from time to time to cover short-term cash flow needs or if emergency or extraordinary situations arise. Please refer to the Benchmark Report at www.stacksfinance.com.au for updated information on the circumstances and the terms and conditions under which the Fund may borrow.
Senior Management of the Fund	The directors of SMI and SFS have extensive experience in financial services, specifically in lending, mortgage management and managing investments in interest bearing securities. Please refer to the Benchmark Report at www.stacksfinance.com.au for details on the key individuals responsible for the management of the Fund.

Fees and Other Costs

Consumer Advisory Warning

DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long-term returns.

For example, total annual fees and costs of 2% of your investment balance rather than 1% could reduce your final return by up to 20% over a 30-year period (for example, reduce it from \$100,000 to \$80,000).

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

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

TO FIND OUT MORE

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

This document 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.

Taxes are set out in another part of this document (See 'Taxation' on pages 30 to 31).

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

THE MORTGAG FUND		
Type of Fee or Cost ^{1,2,3,4}	Amount	How and When Paid
Ongoing annual fees and costs		
Management fees and costs: The fees and costs for managing your investment	0.04274%	Administration Fee: 0.04274% of the Fund Value per month for the duration of this PDS, which is 0.51288% of the Fund Value per annum (for example, \$5.13 for every \$1000). Refer to 'Change to Fees' on pages 18 to 19 and 'Maximum Fees and Charges' on page 19 for more information.

	25% of the GST charged on Borrower Fees	Borrower Fee: 0.01453% of the Average Fund Value per year for the last financial year (for example, 15cents for every \$1000). Refer to 'Fees and Other Costs Payable by a Borrower' on pages 21 to 23 for more information.
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	NIL	Not applicable
Member activity related fees and costs (fees for services when your money moves in or out of the product)		
Establishment Fee: The fee to open your investment.	NIL	Not applicable
Contribution Fee: The fee on each amount contributed to your investment	NIL	Not applicable
Buy-sell spread: An amount deducted from your investment representing costs incurred in transactions by the scheme	NIL	Not applicable
Withdrawal fee: The fee on each amount you take out of your investment	NIL	Not applicable
Exit Fee: The fee to close your investment	NIL	Not applicable
Switching Fee: The fee for changing investment options	NIL	Not Applicable

1. We may, at our discretion, negotiate, rebate or waive all or part of our fees. Please refer to 'Right to Waive Fees and Charges' below.
2. Unless otherwise stated, all fees and costs are quoted inclusive of any Goods and Services Tax (GST) and net of any reduced input tax credits (RITCs) at the prescribed rate, which is currently 75%.
3. SMI may charge higher fees in the future. For more information regarding the maximum amount of fees SMI can charge please refer to 'Maximum Fees and Charges' on page 19.
4. Please refer to 'Advisor Remuneration and Advisor Service Fees' on pages 22 to 23 for information on additional fees that may be paid to your financial advisor.

Type of Cost	Rate	Comment
Fund Costs		
Management Expense Ratio (MER)	0.52%	The Management Expense Ratio is a measure of the level of fees and expenses incurred by the Fund. It is the sum of the Responsible Entity's Management Fee and other expenses that are charged to the Fund as a proportion of the average Net Fund Value of the Fund expressed as a percentage.
Indirect Cost Ratio (ICR) ¹	0.53%	The Indirect Cost Ratio for the Fund is the ratio of the Fund's management costs that are not deducted directly from a Members account, to the total average net assets of the Fund. The ICR is determined for the financial year before the PDS is issued.
Other Fund Expenses	At cost	Currently SMI pays for all Fund expenses out of its management fee. However, under the Fund's Constitution, it is possible that all (or some) expenses could be paid out of Fund Assets.

1. The Indirect Cost Ratio is as at 30 June 2022.

Additional Explanation of Fees and Costs

Right to Waive Fees and Charges

Under the Constitution, SMI is entitled to waive or postpone any proportion of its fees or charge a lesser fee than it is entitled to receive.

Change to Fees

SMI will give Members 14 months' notice before increasing any Member fees and charges referred to in this PDS, other than fees and charges increased under Commonwealth or State law by either notifying you directly, issuing a replacement

or supplementary PDS or, where permitted by law, we may notify you of such changes with a continuous disclosure notice.

While the Fund is liquid and withdrawals have not been suspended, SMI has the power to determine a withdrawal date within twelve months from the date of receipt of a withdrawal request (see pages 26 to 28 for details), the effect of our fee change policy is that you will have two (2) months after receiving a notice of fee change to decide whether to accept the change in fees or withdraw your investment to ensure that the fee increase is not charged.

The above fee change policy does not apply to fees and charges paid by our borrowers, (some of which may be included in the interest rate payable by borrowers).

The following table provides a **hypothetical** example of our fee change policy (based on a 12 month withdrawal date):

Hypothetical Date	Action
1 September 2x21	SMI provides 14 months' notice to Members of a proposed fee change.
31 October 2x21	Last day for Members to submit a withdrawal request to ensure that the fee increase is not charged on their investment.
1 November 2x22	The fee increase takes effect. All withdrawals on or after this date, irrespective of when SMI was notified of the withdrawal request will incur the increased fee.

Maximum Fees and Charges

The Constitution entitles SMI to charge the following fees.

Fee ¹	Maximum Fee under Constitution
<i>Initial Fee</i> (not currently charged)	3.3% (inclusive of GST) of application moneys at the time of issuing units in the Fund.
<i>Exit Fee</i> (not currently charged)	1.1% (inclusive of GST) of the redemption price (for redemptions within 12 months of issue); 0.55% (inclusive of GST within 12 to 24 months); 0.275% (inclusive of GST - within 24 to 36 months); or - Nil (after 36 months) on payment of the redemption.
<i>Management Fee</i> (A reduced fee of 0.04274% per month is currently charged)	0.417% per month (plus GST) (which equates to 5.004% per annum (plus GST)) of the gross Asset Value of the Fund, payable monthly on the last business day of the month.
<i>Adviser Service Fees payable by SMI in its own right</i>	We can also draw on our own funds to make payments to licensed financial advisers. These payments are subject to agreement between the individual licensed adviser and us and will not exceed the amount of our Management Fee. As at the date of this PDS we have not resolved to pay any financial advisers.

1. Unless otherwise stated, all fees and costs are quoted inclusive of any Goods and Services Tax (GST) and net of any reduced input tax credits (RITCs) at the prescribed rate, which is currently 75%.

Example of annual fees and costs for a balance investment option or other investment option

This table gives an **example** of how the fees and costs in the balance investment option or other investment option for this managed investment product can affect your investment over a 1 year period. You should use this table to compare this product with other managed investment products.

EXAMPLE – The Fund	Balance of \$50,000 with a contribution of \$5,000 during year	
Contribution fees ¹	0%	For every additional \$5,000 you put in, you will be charged \$0.
PLUS Management fees and costs ²	0.51288%	And , for every \$50,000 you have in The Mortgage Fund you will be charged \$256.44 each year ² .
	0.01453%	And , for every \$50,000 you have in The Mortgage Fund you will be charged \$7.27 each year ³ .
PLUS Performance fees	0%	And you will be charged or have deducted from your investment \$0 in performance fees each year
PLUS Transaction costs	0%	And you will be charged or have deducted from your investment \$0 in transaction costs
EQUALS Cost of The Mortgage Fund		If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year, you will be charged fees of: \$263.71 to \$290.07 What it costs you will depend on the investment option you choose and the fees you negotiate.

1. We do not currently charge contribution fees such as establishment fees, initial fees, exit fees, termination fees or service fees. Your adviser may charge you an establishment fee - this is a matter to be negotiated directly between you and your advisor. Please note that the above is an example only.
2. Unless otherwise stated, all fees and costs are quoted inclusive of any Goods and Services Tax (GST) and net of any reduced input tax credits (RITCs) at the prescribed rate, which is currently 75%.
3. Based on the average Fund value per year for the last financial year.

Fees and Other Costs Payable by a Borrower

Loan Management Fee

SMI is entitled to charge borrowers a loan management fee.

Interest is payable by the Borrower at a rate determined by SMI at the time the loan is entered into or varied (higher rate). In the event that the Borrower honours their loan commitment the higher rate is discounted and a lower rate may be charged (lower rate).

As at the date of this PDS the loan management fee charged by SMI is up to 3.85% (inclusive of GST), for each of the months the higher rate is charged and up to 1.65% when the lower rate is charged.

The loan management fee is usually incorporated in the interest rate paid by the borrowers to the Fund. SMI is entitled to charge borrowers any amount it wishes as a loan management fee, although market forces usually dictate the amount.

Loan Referral Fee

SMI may also charge borrowers a loan referral fee which is payable to the introducer of the loan (usually the borrower's mortgage broker). The brokers call the loan referral fee a 'trail' and this amount is usually paid to the broker until the loan is repaid in full. The loan referral fee may be incorporated in the interest rate paid by the borrowers to the Fund. It is generally calculated as a percentage of the loan amount and paid directly to the broker monthly in arrears by SMI. Market forces dictate the amount of the loan referral fee.

Example of Borrower Fees

Assume a borrower was approved a loan at an interest rate of 11% per annum (higher rate) discounted to 7% per annum (lower rate). Assuming the borrower is not in default, the borrower would pay to the Fund interest at 7%pa and of that amount SMI would bill the Fund 2.475% (inclusive of GST), that is the 0.55% (rounded down) payable by Members plus the 1.65% Loan Management Fee and (assuming a loan referral is payable) a Loan Referral Fee of 0.275%.

The Fund then is left with 4.525% and a tax credit for the 0.225% paid to SMI as GST, of which the Government will refund 75% (ie 0.16875%). So of the 7% paid by the borrower, and after the GST is taken into account, the Fund would be left with interest at 4.69375% (4.525% + 0.16875%). This amount would then form part of the Net Accounting Income for the relevant Quarter.

SMI has a full discretion as to the interest rate charged to borrowers. Market forces normally determine the interest rate charged by SMI.

The lower the interest rate charged by SMI the lower the return to investors.

SFS may receive some or all of the management fees for performing services on behalf of SMI.

Please refer to the Benchmark Report at www.stacksfinance.com.au for updated information on the interest rate ranges payable to the Fund.

Worked Example

In dollar terms, (assuming a \$1.00 unit issue price and the borrower pays the interest amount) based on a loan for \$100,000 these fees can be represented as an example as follows (the second line is where the higher rate is charged):

Loan Amount	Interest Rate	Interest pa	Less Amount payable to SMI by the Borrower	Less Amount payable to SMI by the Member (Assuming a \$1.00 Unit issue price)	Amount available after fees	Amount recovered from GST	Balance available for distribution
\$100,000	7%	\$7,000	(\$1,925) ¹	(\$550)	\$4,525	\$168.75	\$4,693.75
\$100,000	11%	\$11,000	(\$4,125) ²	(\$550)	\$6,325	\$318.75	\$6,643.75

1. (includes the Loan Management fee of 1.65% and the Loan Referral Fee of 0.275%)

2. (includes the Loan Management default fee of 3.85% and the Loan Referral Fee of 0.275%)

3. Note this is an example only. Please also refer to 'How much income will I earn?' on page 34.

Other Borrower Fees

In addition to the loan management fee charged to the Fund, SMI also charges the borrower the following fees for payment directly to SMI in its own right:

- Loan establishment fees;
- Professional fees and disbursements;
- Loan exit fees; and
- Such other fees as agreed between the borrower and SMI from time to time.

These amounts are paid directly to SMI by the borrower and are not paid into the Fund. SFS may receive some or all of the above fees for performing services on behalf of SMI.

Adviser Remuneration and Adviser Service Fees

Your adviser can charge you fees, including the following:

- Adviser establishment fees; and
- Adviser ongoing fees.

Your adviser will negotiate these fees directly with you. If any such fees are set out on the Application Form attached to this PDS, then

we will treat that as a direction to pay those fees to your adviser on your behalf from amounts we receive from you or that we would otherwise pay to you.

Any adviser establishment fees will be deducted prior to investment, for example:

- If you applied to invest \$100,000 in the Fund and you agreed to pay your adviser a \$1,000 adviser establishment fee, the amount you would be investing in the Fund would be \$99,000. (Assuming a \$1.00 Unit issue price).

Any ongoing fees to your advisor will be paid on a quarterly basis at the time of distribution, for example:

- If the Fund paid a distribution equal to 6% per annum and you agreed to pay your adviser 1.1% (inclusive of GST) per annum, you would receive a 4.9% per annum return on your investment balance of \$99,000.

You are ultimately responsible for all payments to your advisers.

By signing the Application Form accompanying this PDS, you authorise us to debit your application moneys and any income distribution (as the case may be) for the adviser fees and commissions stated on the Application Form, plus any goods and services tax (GST).

Worked Example

In dollar terms, assuming a \$1.00 unit issue price and based on an application amount of \$100,000 and quarterly distributions over a year, a simplified **example** showing the way in which these fees operate is as follows:

Application Amount	Less Adviser establishment fee to Adviser	Total amount invested (and account balance assuming unit value remains \$1)	Distribution amount payable by SMI net of fees (say 6%pa)	Less amount paid by SMI to your Adviser (say 1.1%pa incl. GST)	Balance paid to you per annum
\$100,000	(\$1,000)	\$99,000	\$5,940	(\$1,089)	\$4,851

Note: this is an example only. Please also refer to 'How much income will I earn?' on page 34.

Making, Withdrawing and Monitoring your Investment

	Minimum Amount		For More Information
Unit Issue Price		The Unit Issue Price is calculated by dividing the Net Fund Value by the number of Units on issue. For the purposes of calculating the Unit Issue Price, the Net Fund Value and number of Units on issue is determined as at the time an application is received. Unless lowered in accordance with the Fund's Constitution, the unit price is one (1) dollar.	'Additional Information about Making an Investment' on pages 25 to 29.
Initial Investment	5,000 units	- Complete and sign the relevant Application Form (depending on what type of investor you are). All Application Forms are available on our website; - Include all required customer identity verification documents as outlined in the relevant Application Form (depending on what type of investor you are); - If making your investment via cheque, make the cheque payable to 'Stacks Managed Investments Ltd' and attach it to your Application Form.	'Additional Information about Making an Investment' on pages 25 to 29.
Additional Investment	No Minimum Amount	- Complete and sign the relevant Application Form (depending on what type of investor you are). All Application Forms are available on our website; - Include all required customer identity verification documents as outlined in the relevant Application Form (depending on what type of investor you are); - If making your investment via cheque, make the cheque payable to 'Stacks Managed Investments Ltd' and attach it to your Application Form.	'Additional Information about Making an Investment' on pages 25 to 29.
Redemption Price		The redemption price is calculated by dividing the Net Fund Value by the number of Units on Issue. The date of calculation is as at the next Valuation Time after the Trustee has received (or is taken to have received) a redemption request.	'Redemption Pricing' on page 27.
Minimum Holding after Initial Investment	1,000 units	SMI has the option to redeem investment accounts that fall under 1,000 units.	'Withdrawing your Investment' on pages 26 to 28.

Withdrawals	No Minimum Amount	While the Fund is liquid for the purposes of the Corporations Act 2001 and withdrawals have not been suspended, investors may request withdrawals from their account at any time. To request a withdrawal, complete and sign the relevant Withdrawal Form which is available on our website. SMI has the discretion under its Constitution to pay the withdrawal amount at any time within twelve (12) months from receipt of an original completed and signed withdrawal request.	'Withdrawing your Investment' on pages 26 to 28. 'Delay of Withdrawal Payments' on pages 26 to 27. 'If the Fund becomes Illiquid' on page 27. 'Withdrawal Terms and Conditions' on page 27.
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Additional Information about Making an Investment

Target Market Determination

SMI has a series of obligations under the law when promoting its funds to investors. One of those obligations requires us to take reasonable steps to ensure that the Fund, including its key attributes, is likely to be consistent with the likely objectives, financial situation and needs of consumers in its target market.

You should consider the Fund's Target Market Determination (TMD) before deciding to invest. The TMD sets out the target market for the Fund, the various triggers to review the target market and certain other information.

If you would like to discuss any aspect of our Target Market Determination, please call our Member Services team.

Investing in the Fund

Investors are issued with Units in the Fund. Each Unit represents an equal share of the beneficial interest in the assets of the Fund.

Please refer to pages 16 to 23 for an explanation of the fees and other costs that affect the number of Units issued to you.

Unit Pricing – Issue Price

The Unit price is calculated as the Net Fund Value divided by the number of Units on issue at the time that the application is received. Net Fund Value is calculated as the Fund Value less the Liabilities of the Fund determined in accordance with the Constitution.

Under the Constitution, the value of loans, deposits or mortgages is taken to be the outstanding amount of the loan, the deposit amount or the amount secured by the mortgage, unless valued otherwise by the Responsible Entity because it appears partly or wholly irrecoverable.

The Unit issue price may change according to the circumstances of the Fund, in particular the recoverability of its investments.

Please refer to pages 8 to 11 for an explanation of the risk factors that affect your investment.

SMI may accept or reject applications at its absolute discretion. SMI may issue fractions of Units.

Application to Invest

To invest in the Fund, you will need to complete the relevant Application Form accompanying this PDS. The Application Form contains detailed information about how to make and lodge your application. For your assistance, the Application Form also contains an Application Form Checklist. A separate Application Form is required for additional investments.

Withdrawing Your Investment

Any Member may request that some or all of their Units be redeemed. There is no specified investment term and withdrawal requests can be sent to SMI at any time.

SMI will notify you of the redemption payment date within a reasonable time before the redemption payment date. However, SMI has the discretion under its Constitution to pay the withdrawal amount at any time within twelve (12) months from receipt of an original completed and signed withdrawal request.

Please refer to the Benchmark Report at www.stacksfinance.com.au for updated information about the Fund's liquidity policy.

Members will continue to receive distributions of income from the Fund until the redemption date (i.e. the date on which SMI exercises its discretion to pay the withdrawal amount as per a Member's request).

SMI recognises that investors may want all or part of their investment redeemed from time to time. SMI may allow redemptions to occur from its pool of liquid assets earlier than twelve (12) months when SMI is of the view

that there are surplus funds available to fulfil its key investment objectives.

Please refer to the Benchmark Report at www.stacksfinance.com.au for updated information about the Fund's withdrawal policy.

SMI will endeavour to hold sufficient liquid assets to meet its projected cash needs over any given twelve (12) month period, although SMI is under no obligation to hold any amount as liquid investments.

Each year SMI will prepare a cash flow and liquidity budget to manage our liquidity requirements. This forecast is prepared using average redemptions and new investments from the preceding three-year period. These projections are updated on a monthly basis with actual new funds and redemptions to ensure the forecast is continuously stress tested.

SMI may treat a withdrawal request that would leave a net investment of less than 1,000 units as a request for a complete withdrawal.

Because of our withdrawal requirements the Fund may not be suitable for all investors. You should consult your accountant, lawyer, financial planner or other professional adviser prior to investing to ensure the Fund suits your needs and circumstances.

Delay of withdrawal payments

Generally, proceeds from your withdrawal will be available within 5 business days of being processed; however, SMI does not guarantee this timeframe and may take significantly longer to pay withdrawals (up to twelve months).

Withdrawals may be delayed by either of the following applicable timeframes (that may apply cumulatively):

- Under the constitution SMI has twelve (12) months to pay withdrawals; and
- If the Fund becomes 'illiquid', SMI is not required to pay withdrawals unless SMI offers to do so.

Please refer to the Benchmark Report at www.stacksfinance.com.au for further information regarding withdrawals.

If the Fund becomes illiquid

If the Fund becomes illiquid (as defined in the Corporations Act 2001) Members will only be able to withdraw from the Fund if SMI makes an offer of withdrawal. If SMI does make such an offer, Members may only be able to withdraw part of their investment. There is no obligation for us to make such an offer.

Under the Corporations Act 2001, a fund is regarded as liquid if liquid assets account for at least 80% of the value of the assets of the fund. Liquid assets generally include money in an account or on deposit with a bank, bank accepted bills, marketable securities and property that the Responsible Entity reasonably expects can be realised for its market value within the period specified in the constitution for satisfying withdrawal requests while the Fund is liquid.

If redemption requests exceed the amount available for redemption under the withdrawal offer, the requests will be granted in proportion to the redemption amounts available.

Withdrawal Terms and Conditions

You should understand that a person without your authority could mail us a Withdrawal Form and, by pretending to be you, withdraw funds from your account for their own benefit.

You agree that SMI is not responsible to you for any fraudulently completed

communications and that SMI will not compensate you for any losses. You agree that, should such a fraud take place, you release and indemnify SMI against any liabilities whatsoever arising from its acting on any communication received in respect of your investment.

SMI will only act on correctly completed communications that we receive.

These terms and conditions are in addition to any other requirements that may form part of you giving instructions relating to the completion of a particular authority.

In the case of joint holdings, superannuation funds, trusts and companies, any investor or director who signs the Application Form may request a withdrawal (unless otherwise agreed).

Redemption Pricing

The investments held in the Fund have a value, which is determined by dividing the Net Fund Value by the number of Units on Issue. The Net Fund Value is the Fund Value less any Liabilities. For this reason, the value of your investment, which is represented by the price of your Units, might move down proportionally with the allocation of the Fund's assets and liabilities.

The redemption Unit price is calculated as at the next Valuation Time after the Trustee has received a redemption request.

On that basis, the Unit redemption price may change according to the circumstances of the Fund, in particular the recoverability of its investments.

Please refer to pages 8 to 11 for the risk factors, in particular Liquidity Risk, which may impact on your ability to withdraw your investment.

How to make a Withdrawal

To make a withdrawal, mail a completed Withdrawal Form to SMI (this form is available from our website or from SMI directly). The Withdrawal Form contains detailed information about how to make and lodge your withdrawal.

Transferring Ownership

You can transfer some or all of your investments to another person in such a manner and subject to such conditions as required by law and those SMI, from time to time, prescribe. SMI is not obliged to register a transfer that does not meet these criteria, or where there is an amount payable to us by the transferee or the transferor (as applicable) in respect of the Units being transferred.

Please note that stamp duty may be payable to the NSW Office of State Revenue on transfers of units. Please contact our Member Services team for further information about transferring units.

Incomplete or rejected Application Forms

Under the Fund's Constitution, SMI can accept or reject any application for units and is not required to give any reason or grounds for such a refusal. To ensure that your applications are processed efficiently, you need to complete all sections of the Application Form and provide all required customer identity verification documents.

If your Application Form is not complete and we are not able to proceed with your request, we may:

- Attempt to contact you and/or your financial adviser; or
- Hold your application monies in a non-interest bearing account until we receive the required information.

Monies may be held for a maximum period of 30 days (in a non-interest bearing account) commencing on the day we receive the funds. After this period, your funds will be returned to the source of payment via cheque. Once we receive your completed Application Form, the monies held will be divided by the next determined unit price to calculate the number of units allocated to you.

Monitoring your investment

SMI will send you regular information about your investments, including:

- Confirmation of the acceptance of your initial and any additional investments - this confirmation will provide details of the units issued;
- Confirmation that we have processed a withdrawal request - this confirmation will provide details of the units withdrawn;
- A quarterly statement; and
- A consolidated annual taxation statement.

At any time you may request a transaction statement, free of charge, which shows either all transactions since your last regular statement or all transactions for a specific period. We recommend that you check all statements and transaction confirmations carefully. If there are any discrepancies, please contact our Member Services team.

As the Fund is a 'disclosing entity' under the Corporations Act 2001, it is subject to regular reporting and disclosure obligations.

You can obtain copies of the Fund's most recent annual financial report by visiting our website.

As Responsible Entity of the Fund, we are also subject to continuous disclosure obligations that require us to make material information available to investors. You can obtain a copy of the Fund's continuous disclosure information by visiting our website.

A paper copy of the Fund's annual financial reports, any continuous disclosure notices and any half-yearly financial report will also be given to you, without charge, on request.

Current information about the Fund

You can obtain up-to-date Fund performance, actual asset allocations and Fund size information by calling our Member Services team on (02) 6591 3444.

Keeping us informed

Our records about you are important. Please inform us in writing of any change to the personal details that you have given us. This may be a new postal address, a change of name or new bank account details. When requesting a change of personal details, please provide a request signed by the appropriate signatories that includes:

- Your BSB number;
- Your account number;
- The full name in which your investment is held;
- The change(s) you are requesting;
- A daytime telephone number.

Some changes may also require additional documentation, such as a change of name request.

We will send you written confirmation of any changes that you request us to make to your personal details.

What happens if you choose not to disclose certain information?

- If you choose not to disclose your Tax File Number (TFN), TFN exemption or ABN, we may have to deduct tax at the highest marginal tax rate (plus Medicare levy) from distributions we pay you (refer to 'Do I have to disclose my Tax File Number?' on page 37).
- If you choose not to disclose your account details when communicating with us, we will not be able to pay withdrawal proceeds or income distributions to you.
- If you provide us with an incomplete Application Form, unless otherwise agreed, we will not be able to process your investment request.
- If you do not provide all relevant identity verification documents, we may not be able to process your investment or may not process any future withdrawal requests.

Income Distributions from the Fund

The Net Accounting Income earned by the Fund is calculated and distributed Quarterly. Members have a choice of a distribution payment or automatic reinvestment.

SMI will calculate the Net Accounting Income of the Fund by taking into account the total interest received on all investments and deducting from this amount all monies paid or accrued for authorised expenses, such as the fees payable to SMI and any amount held by SMI as a reserve. Any Net Accounting Loss is carried forward to the following period.

Although SMI is entitled to set any reserve in accordance with applicable Australian Accounting Standards, the most common is a reserve for dishonoured interest. At each Distribution Date SMI withholds a nominated amount in case of dishonoured interest payments. This is necessary as some borrower payments are made to the Fund on the day of calculation of the Net Accounting Income and SMI is not advised of any dishonoured amounts until several days after the calculation is made. Any amount, which is not taken up by the reserve, forms part of the income of the following quarter.

Distributable income of the Fund will be determined by SMI and will be at least the Net Accounting Income of the Fund.

The income distributions for each Member are calculated as a proportion of the Fund's Distributable Income for the Quarter in the manner provided by the Constitution.

Members will normally receive income paid directly into their nominated financial institution account within seven (7) days from the Distribution Date.

Automatic Reinvestment of Income

In order to compound your investment return, a Member can elect to have its quarterly distribution of income reinvested automatically in the Fund by an application for further Units. A Member can request this reinvestment option on the Application Form or subsequently by notifying SMI. The reinvestment option may also be withdrawn at any time.

Taxation

Any investment can have a substantial impact on your tax position from year to year. The following information is of a general nature and is based on our understanding of the Australian tax laws as they relate to Australian resident taxpayers at the date of this PDS, who hold their investment on capital account.

The taxation implications of investing in the Fund may vary between Members. We recommend that you obtain your own professional advice regarding your position, as tax and social security laws are complex and subject to change, and investors' individual circumstances vary.

The Fund will generally not be liable to pay income tax on its net income (broadly taxable income) on the basis that the Fund's Members are presently entitled to the Fund's distributable income. You will be required to include in your assessable income your share of the net income of the Fund, which will be based on your share of the distributable income of the Fund to which you are presently entitled, even if your distributions are reinvested.

Tax losses incurred by the Fund will remain in the Fund and can be applied by the Fund to reduce its income in future years, subject to the Fund satisfying the specific provisions of the trust loss carry forward legislation. For any investors who are non-residents, Australian withholding tax may be deducted from distributions.

SMI is not in a position to give you taxation advice.

Goods and Services Tax (GST)

Under current GST regulations, distributions from the Fund will be considered a financial supply and are therefore input taxed only. This means that GST is not levied on distributions from the Fund. Supplies to the Fund (including SMI's fees) will generally include GST. Due to the reduced input tax credit, the GST credit available to the Fund is generally only 7.5% rather than the usual 10%.

General Information regarding the Fund

Introduction

The Fund commenced operations in 1999.

The Fund seeks over any one year, to consistently produce regular investment returns whilst maintaining a relatively low level of capital volatility. In addition, our reinvestment option enables investors to grow their investment by investing income distributions back into the Fund.

Although we do not provide financial advice, SMI recognises the importance of client service. If you have any questions relating to this Product Disclosure Statement (PDS) please do not hesitate to contact our Member Services team or your professional adviser.

What is a Mortgage Investment?

SMI is authorised under the Fund's Constitution to invest in a range of Authorised Investments. A mortgage investment is one of the Fund's Authorised Investments and is a loan to a borrower, the repayment of which is secured by mortgage over Property. Your investment in the Fund provides us with the money used to lend to borrowers.

The interest paid to us by the borrower is then used (in part) to pay your quarterly interest payments.

Who Holds the Assets of the Fund?

The assets of the Fund generally consist of two broad classes - mortgages over Property and liquid assets such as cash and interest-bearing deposits.

- All mortgages entered into are held by SMI in its name on behalf of the Fund.
- All application monies and any other liquid funds, such as loan repayments and interest payments received from

borrowers, are held by SMI on behalf of the Fund for a maximum period of 3 months.

- All other monies are held by the custodian on behalf of the Fund.

How Secure is a Mortgage Investment?

As a general rule the higher the rate of interest a borrower is prepared to pay the higher the risk, and therefore the less secure the mortgage investment.

In order to manage the inherent risks associated with lending, SMI has adopted a Compliance Plan and a range of operational procedures, which assist in the day-to-day management of the Fund.

In addition to our compliance regime, two important matters are fundamental to the security of the mortgage investment by the Fund:

- **The loan to value ratio (LVR).** SMI lends on Property throughout Australia. To determine the value of that Property, SMI has established a panel of valuers who act on SMI's instructions. The loan amount is then divided by that value to determine the LVR. For example if the loan amount is \$100,000 and the property is valued at \$200,000 the LVR would be calculated as a percentage as follows:

$$\text{LVR} = (\$100,000 / \$200,000) \times 100 = 50\%$$

The LVR is an indicator of the risk of a loan and therefore as a general rule the lower the LVR the lower the risk of failure to recover funds after a borrower defaults.

SMI does not usually lend at any LVR greater than 75% without mortgage insurance.

Please refer to the Benchmark Report at www.stacksfinance.com.au for updated information on our Loan-to-Value ratios.

- **The skill and experience of SMI.** The Fund is actively managed by SMI. Not only is it essential that highly skilled and experienced loans officers handle the loan assessment process but also the loan is monitored constantly until it is repaid. We have been involved, through various entities in managing investments in the mortgage market for over 50 years.

Some or all of the above functions may also be performed by SFS on behalf of SMI.

For additional information on the risks associated with the Fund please see pages 8 to 11.

How much can I Invest?

The minimum investment is 5000 units. Please refer to 'Making, Withdrawing and Monitoring your Investment' on pages 24 to 29.

Can I change my mind after I invest?

If you are a retail investor as defined in the Corporations Act 2001, you may have a cooling-off right whereby you can change your mind about your investment in the Fund and you can ask for your money to be repaid. The cooling-off right must be exercised within 14 days from the earlier of:

- When you receive confirmation of your investment; or
- The end of the fifth business day after the day on which your units were issued or sold to you.

The cooling-off right terminates immediately if you exercise certain other investor rights, such as withdrawing part of your investment. The cooling-off right does not apply to reinvested distributions or if the Fund is illiquid (refer to 'If the Fund becomes illiquid' on page 27).

To exercise the cooling-off right we must receive your written instructions in our office before the expiry of the 14-day cooling-off period. The repayment of your investment under the cooling-off right may be subject to an adjustment for market movements (both positive and negative) during the period the investment has been held.

If you have any questions about cooling-off rights, please contact your financial adviser or our Member Services team.

In the event that the Fund becomes illiquid (as defined in the Corporations Act 2001), investors will have no cooling-off rights when they invest in the Fund, and the Fund will be under no obligation to accept a request to withdraw an application once received (refer to 'If the Fund becomes illiquid' on page 27).

Can two or more people hold Units in the Fund jointly?

Yes, they can. Units are owned as joint tenants (meaning that if one owner dies, the other will assume full ownership) unless specified on the Application Form that they hold the Units as tenants in common.

Joint owners are together and individually liable for any outstanding fees or charges.

When is the income from the Fund paid?

Your income is payable Quarterly, following the first of March, June, September and December. Your first distribution is payable

on the first Distribution Date immediately after Units have been issued to you. SMI calculates the Net Accounting Income on the first day of each Quarter. Distributions are normally paid within seven (7) days after the close of the Quarter.

You can choose to have your income;

- Reinvested in the Fund, or
- Paid directly to a bank, building society, or credit union in Australia.

Please also refer to 'Income Distributions from the Fund' on pages 30 to 31.

How much income will I earn?

The rate of return payable by SMI on your investment is not fixed and will depend on a variety of factors including, but not limited to:

- The movement (up or down) in the interest rate paid by borrowers;
- The level of arrears during any one Quarter;
- The amount of fees payable by the borrower incorporated in the rate;
- The amount of any reserve determined by SMI;
- The level of profit earned on any Authorised Borrowings relative to the interest rate and applicable fees and charges; and
- The income earned on liquid assets and other Authorised Investments.

Due to the above variables and the risks factors outlined on pages 8 to 11, it is not practicable to forecast the future returns of the Fund.

For information on the Fund's historical returns, please see our website or contact your financial advisor. Past performance is not a reliable indicator of future performance.

Investments in the Fund are subject to various risk factors, including possible delays in payment and loss of income or principal invested. For additional information on these risk factors please see pages 8 to 11.

For a worked example of income distributions see page 22.

Can the Fund Borrow?

Under the Fund's Constitution, SMI has the power to borrow or obtain financial accommodation from a credit provider and to charge or mortgage all or any of the assets of the Fund upon such terms and conditions as SMI thinks fit. The proceeds of any borrowing shall form part of the assets of the Fund. In the case of default, the credit provider would be repaid before the Members.

Any profit earned by the Fund on external borrowings will be held for the benefit of Members and distributed as part of the Net Accounting Income for the relevant Quarter.

Please refer to the Benchmark Report at www.stacksfinance.com.au for updated information on when the Fund might borrow.

What happens to my investment if I die?

We do not provide you with the option to choose who can receive your Units in the event of death. If a Member dies, we will recognise your legal personal representatives as holding title to your Units and we will require evidence to recognise those interests.

Am I permitted to mortgage or charge my investment?

No, under the Constitution, you are not permitted to give effect to any mortgage, charge, lien or other encumbrance with

respect to your Units other than as expressly permitted by SMI.

What are the GST implications of an investment in the Fund?

Unless otherwise stated, the fees and other costs outlined on pages 16 to 23 take into account the net effect of GST and the benefits of reduced input tax credits.

Can SMI advise me on this Fund?

No, although SMI is licensed to give you general product advice, we have resolved not to provide you with advice on the Fund.

SMI believes it is in your best interest, and we strongly recommend, that you obtain independent financial, legal and/or accountancy advice before you make a decision to invest in or withdraw from the Fund.

SMI is however permitted to give you factual information such as the interest rate paid by the Fund in the past, the minimum investment and our current average LVR.

What is the relationship between SMI and my Financial Adviser?

When you seek the advice of a licensed financial adviser, you instruct that adviser to act in your best interests. He or she is not acting on behalf of SMI and is not an Authorised Representative of SMI. The financial adviser is your representative.

All fees and commissions payable to your financial adviser are payable by you and not SMI. You may authorise us to deduct money from your account to pay your adviser when we deposit your income at the Distribution Date.

If we do not deduct that money you will receive a higher payment at the Distribution Date.

You may still be liable to pay your adviser even if you receive no income distributions or insufficient income distributions to pay your adviser's fees.

You are ultimately responsible for all payments to your advisers.

You should ensure that your financial adviser is licensed under the Corporations Act 2001 (you can search on the internet to verify this at www.asic.gov.au or simply ask for a copy of his or her licence). Your adviser should consider all of your investment objectives, financial situation and particular needs and provide you with a detailed statement of advice or financial plan. Any investment in the Fund would form part of that overall plan.

We strongly recommend you obtain the advice of a licensed financial adviser before investing in the Fund or submitting a request to withdraw your interest in the Fund.

For an explanation of adviser remuneration and adviser service fees and a worked example see page 23.

What are my other rights and obligations as a Member of the Fund?

Your rights and obligations as a Member of the Fund are set out in the Constitution and in the Corporations Act 2001. The Constitution forms a legally enforceable contract between the Members of the Fund and SMI.

Other than those obligations and rights set out in the PDS, your rights and obligations under the Constitution include, but are not limited to:

- Your rights to receive notices;
- The processes for calling meetings and how those meetings are run;
- The rules for calculation and distribution of income;
- Your obligation to notify us of certain changes; and
- Your obligation to pay fees.

See page 39 for more details about the contents of the Constitution.

What do you do with my personal information?

SMI and its contractors and agents (including SFS) gather information about both borrowers and Members. The information relating to Members is largely obtained from the details you provide to us on the Application Form.

For information on 'what happens if you choose not to disclose certain information' see page 29.

The information provided by you is primarily gathered by SMI and its contractors and agents (including SFS) to verify your investment and to facilitate your distribution of income. SMI and its contractors and agents (including SFS) retain this information in both 'hard copy' and digital form. Some of this information may be uploaded onto our internet site (www.stacksfinance.com.au) and may be accessed using your Member ID and your own private password.

SMI and its contractors and agents (including SFS) do not give or sell your information to any person, and will only provide your details to another person with your consent. SMI and its contractors and agents (including SFS) will however use your details to send you updates, marketing and promotional information regarding the Fund, and information regarding new products. If required by law, SMI and its contractors and

agents (including SFS) will also provide your information to Governmental agencies such as the Australian Securities and Investments Commission (ASIC) and the Australian Taxation Office (ATO).

In some cases SMI or its contractors and agents (including SFS) may disclose the information we hold about you in a number of ways, including:

- Where you consent to the disclosure;
- To your financial adviser;
- To companies that provide services on our behalf; for example, to companies that print and dispatch the statements or notices we send to you or to the custodian of the Fund;
- To related companies and/or the Mortgage Manager that may also provide you with a financial product or financial service;
- To companies and/or organisations with whom we have an alliance that may also provide products and services that may be useful to you; and
- If the disclosure is required or authorised by law.

By signing the Application Form, you consent to the management and use of your personal information in accordance with the terms of the SMI's privacy policy (which extends to SFS), as made available on SMI's website, including the uses and disclosures set out in that policy. If you wish to withdraw this consent, please contact our Member Services team.

You are welcome to visit our office during business hours and access your file. SMI and its contractors and agents (including SFS) do not charge any additional fee for this service.

What do I need to do to confirm my identity?

In compliance with the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (AML/CTF Act) and *Anti-Money Laundering and Counter-Terrorism Financing Rules* (AML/CTF Rules), SMI has implemented an Anti-Money Laundering and Counter-Terrorism Financing program, which impacts on the level and type of information we collect from our investors. This legislative package is directed at ensuring Australia's full compliance with international standards for deterring money laundering and terrorism financing.

The AML/CTF Act requires those providing certain financial services to:

- Identify their customers before providing certain services,
- Report certain transactions, and
- Report suspicious matters.

To comply with this legislation the information you need to provide to us is contained in our Application Form. These Forms are tailored to particular customer types. This is to ensure our Application Forms are user friendly. It also enables us to collect from you specific information relevant to your customer type, in compliance with the AML/CTF Act and AML/CTF Rules.

Do I have to disclose my Tax File Number?

On your Application Form you may provide us with your Tax File Number (TFN), or a TFN exemption reason. Alternatively, if you are investing in the Fund in the course of an enterprise, you may quote an Australian Business Number (ABN). It is not compulsory for you to quote a TFN, exemption or ABN, but if you do not, then we may be required to

deduct tax from any income distribution payable to you at the highest marginal tax rate plus the Medicare levy. The collection of TFNs is authorised, and tax and privacy laws strictly regulate their use. Non-residents are generally exempt from providing a TFN.

Are there any issues relating to the internet and this PDS?

If you obtained a copy of this PDS from the Internet you should ensure that the complete Target Market Determination, Application Form, Benchmark Report and the PDS are received by you. If you have any doubts as to this, please contact SMI.

If you would like a copy of the printed Target Market Determination, Application Form, PDS, and Benchmark Report, SMI will send one to you within Australia free of charge.

What do I do if I have a complaint?

If you have any queries or complaints about the services provided to you or our use of your personal information, there are a few ways to make a Complaint:

- Firstly, obtain a copy of our Complaints Handling policy from our website at www.stacksfinance.com.au which includes information about our complaints process; then
- Contact our Member Services team on (02) 6591 3444; or
- Email our Member Services team on pstack@stacksfinance.com.au; or
- Visit our office in Taree – Level 2, 1 Pulteney Street - during normal business hours.

To discuss your concerns with us.

On receipt of your Complaint, we will:

- Acknowledge your Complaint within one business day of receiving it.
- Endeavour to resolve your Complaint quickly, fairly, objectively and without actual or perceived bias.
- Investigate your Complaint to see what went wrong.
- Properly consider your Complaint in the light of your concerns and our investigation.
- Aim to provide our written response to you within 30 days of receiving your Complaint (or within 21 days depending on the nature of the Complaint).

If you're not satisfied with the outcome of your Complaint, you can lodge a dispute with the Australian Financial Complaints Authority (AFCA). They provide a fair and independent, free complaint resolution service.

*Australian Financial Complaints Authority
(AFCA)
GPO Box 3
Melbourne VIC 3001
Website: www.afca.org.au
Contact No: 1800 931 678.*

Additional Information

Financial Information – Yearly and Half Yearly Reports

At the end of each financial year, SMI prepares detailed financial information regarding the Fund. In addition SMI prepares half yearly financial reports.

These reports contain detailed financial information regarding the Fund, including the Statement of Financial Position, Statement of Financial Performance, Statement of Cash Flows, Director's Report and Director's Declaration.

The Fund has a registered auditor. The auditor's role is to provide:

- An audit of the financial statements of the Fund each year;
- Perform a half-yearly review (if required);
- Provide an opinion on the financial statements; and
- Perform a yearly audit of the Fund's Compliance Plan.

The most recent financial reports are available on our website (www.stacksfinance.com.au), however if you would like a copy of the financial reports, we will provide them to you free of charge and as soon as practicable within five (5) business days of receiving your request.

The Constitution

The Fund is established under a deed of trust, made by SMI by deed poll dated 31 August 1999 as amended from time to time (the Constitution). It is the Constitution that primarily governs the powers and duties of SMI, the rights and obligations of the Members and the structure of the Fund.

The Constitution contains many provisions, some of which include:

- The processes and prices for issuing and redeeming Units in the Fund;
- The amount of fees and expenses we can charge;
- The calculation and distribution of income;
- The ability to call meetings and how such meetings are run;
- The ability to vary the Constitution;
- The ability to borrow or raise money for the Fund;
- How complaints by Members will be dealt with;
- The authorised investments of the Fund;
- Winding up the Fund;
- SMI's powers to deal with Fund Assets;
- The redemption of Units; and
- Subject to law, limits our liability to the extent of the Fund Assets, except where SMI has acted negligently, fraudulently or in breach of trust, and contains other provisions conferring rights of indemnity on us and limiting our liability.

SMI may change the Constitution if it reasonably believes that the amendment will not adversely affect the rights of Members, and otherwise according to the Constitution and Corporations Act 2001. Refer also to 'Risks of Managed Investment Schemes' on pages 8 to 11.

Under the Constitution, it is possible for the Trust to continue until 29 September 2079, unless earlier wound up.

SMI and all members are bound by the Constitution and any amendments thereto.

The Compliance Plan

SMI has adopted a Compliance Plan for the Fund (the Compliance Plan) that sets out the key criteria that SMI will follow to ensure that it is complying with the Corporations Act 2001 and the Constitution. The Compliance Plan outlines our guidelines relating to mortgage investment, holding Fund Assets, our lending policies, the handling of complaints, regular valuation of Fund Assets, keeping records of the operations of the Fund, compliance with our licence conditions and other rules relating to the management of the Fund. Each year, our compliance with the Compliance Plan is audited and the auditor's report is lodged with ASIC. In addition SMI has a structured internal compliance regime overseen by two external directors. Where it is appropriate, the compliance activities by SMI extend to the operations of SFS.

Regular Reporting

As a disclosing entity, the Fund is subject to regular reporting and disclosure obligations. Copies of documents lodged with ASIC in relation to the Fund may be obtained from or inspected at, an ASIC office.

Obtaining Fund Documents

You are entitled to obtain from SMI the following documents:

- The current annual financial report most recently lodged with ASIC by the Fund.
- The current half-year financial report lodged with ASIC by the Fund after the lodgement of that annual financial report.
- The Fund's Target Market Determination.
- SMI's ASIC Benchmark Disclosure; and
- Any continuous disclosure notices given by the Fund after the lodgement of that annual report.

If you would like a copy of any of the above documents, we will provide them to you free of charge and as soon as practicable within five (5) business days of receiving your request.

Documents Available for Inspection

Copies of the following Fund documents are available for inspection by appointment during normal business hours free of charge at the office of SMI:

- The Fund Constitution;
- The Fund Compliance Plan;
- The consents to the issue of this PDS; and
- SMI's Australian Financial Services Licence (AFSL)

Other parties

We may enter into transactions with, and use the services of, any related entity. Such arrangements will be based on arm's length commercial terms.

We have engaged a custodian to hold some of the assets of the Fund. The custodian has no discretion with respect to the holding of assets and is subject to performance standards.

Member services

Members are invited to contact our Member Services team in order to make withdrawals, change account details or inquire about your investment in the Fund. Our Member Services team is able to give Members up to date information on items such as account balances, transaction details, income payments and the current rate of return from the Fund.

Our Member Services team can be contacted by telephone on (02) 6591 3444.

Glossary

TERM	MEANING
AFSL	Australian Financial Services Licence.
ARSN	Australian Registered Scheme Number.
Application Form	The form for application as a Member of the Fund.
ASIC	The Australian Securities and Investments Commission.
Asset	All the property, investments, rights and income of the Trust from time to time.
Asset Value	At any time means the value of all Assets in the Trust Fund at that time, as most recently calculated in accordance with the Constitution.
Australian Accounting Standards	(a) The accounting standards from time to time approved under the Corporations Act 2001; (b) The requirements of the Corporations Act 2001 in relation to the preparation and contents of accounts; (c) Generally accepted accounting principles and practices in Australia consistently applied, except those principles and practices which are inconsistent with the standards or requirements referred to in (a) or (b).
Authorised Borrowing	All amounts borrowed by SMI as Responsible Entity for the Fund as authorised by the Constitution.
Authorised Investments	One or more or all of the following as modified from time to time in accordance with the Constitution: (a) Government issued or guaranteed securities; (b) Interest bearing investments (including deposits at call) in any Australian bank, building society, credit union or other financial institution; (c) Certificates of deposit or commercial bills of exchange issued or accepted by an Australian bank subject to the maturity date of any bills of exchange not exceeding 30 days as at the date of acquisition; (d) Units, sub-units, shares, debentures, or other interests in any scheme approved under the Corporations Act 2001 in respect of which the principal investments are Authorised Investments, including but not limited to mortgage trusts and cash management trusts; (e) Loans made by SMI, repayment of which is secured by mortgage of Property; (f) Land or personal property which comes into the possession of or under the control of SMI by virtue of the exercise of any rights vested in it as mortgagee pursuant to any mortgage loan; and (g) An assignment to SMI of any Authorised Investment.
Benchmark Report	SMI's current ASIC Benchmark and Disclosure Principle Report located at www.stacksfinance.com.au .

Business Day	A day other than a Sunday, Saturday, public holiday or Bank holiday in Sydney NSW.
Complaint	An expression of dissatisfaction made to or about an organization, related to its products, services, staff or the handling of a complaint, where a response or resolution is explicitly or implicitly expected or legally required.
Compliance Plan	Sets out the measures SMI applies in operating the Fund, to ensure compliance with the Corporations Act 2001 and the Constitution.
Constitution	The Trust Deed dated 31 August 1999 (as amended) entered into by SMI on behalf of the Members from time to time setting out the rights and obligations of each party. All Members are bound by the Constitution and any amendments made thereto.
Custodian	Means the custodian appointed by the Responsible Entity from time to time to hold all or part of the Fund's assets on behalf of the Fund.
Distribution Date	The first of March, June, September or December as the case requires.
Expenses	For each Quarter: 1 The Expenses of the Fund will be determined in accordance with applicable Australian Accounting Standards; and 2 Provisions or other transfers to or from reserves may be made in relation to such items as SMI considers appropriate in accordance with applicable Australian Accounting Standards.
Fund	The managed investment scheme known as The Mortgage Fund ARSN 088 928 081.
Fund Assets	All the property, investments, rights and income of the Trust from time to time.
Fund Value	Fund Value at any time, means the aggregate of the following at that time as calculated by the Trustee. (a) The gross Asset Value; or (b) The amount of money held in the Trust Fund (to the extent not included in paragraph (a)); or (c) The gross value of any other assets (to the extent not included in paragraphs (a) or (b)).
Land	Includes any interest in land whether vested or contingent, freehold or leasehold, and whether at law or in equity and includes shares in a Company which has been formed to provide rights of occupation for shareholders (otherwise known as Company Title).

Liabilities	At any time, means the aggregate of the following at that time as calculated by SMI: 1. Each liability of SMI in respect of the Fund or, where appropriate, a proper provision, in accordance with Australian Accounting Standards in respect of that liability. 2. All unpaid amounts due and payable to investors and unpaid fees and expenses payable to SMI; 3. Each other amount payable out of the Trust Fund, or, where appropriate, a proper provision in accordance with Australian Accounting Standards in respect of that liability. 4. Other appropriate provisions in accordance with Australia Accounting Standards.
LVR	The loan-to-valuation ratio, which is determined by dividing the loan amount by the value of the security as a percentage.
Member	A person, persons or other legal entity that applies for and is registered as a Unit holder of the Fund.
Mortgage Manager	Stacks Financial Services Pty Ltd ABN 44 103 732 154.
Net Accounting Income	Is determined for each Quarter by applying against the income of the Trust for that Quarter: 1 The Expenses, provisions and reserve transfers, subject to any other prudent adjustments in accordance with applicable Australian Accounting Standards; and 2 Any Net Accounting Loss (as defined below in this clause) carried forward from a previous Quarter. The balance of the income of the Trust for the Quarter remaining after those applications will constitute Net Accounting Income for that Quarter, except where the amount is negative, in which case it will be the <i>Net Accounting Loss</i> for that Quarter.
Net Fund Value	The Fund Value less it's Liabilities.
PDS	This Product Disclosure Statement.
Property	Property of any description and includes Land or personal property and any estate or interest in property and any debt or chose in action or any other right or interest and any permit, licence or authority or any patent, copyright, design, trade mark or other form of intellectual property, and any stock, plant and equipment and goodwill.
Quarter	The period of 3 calendar months ending on the 1 st of March, June, September and December in each year.

Responsible Entity	Stacks Managed Investments Limited ABN 81 085 843 125.
SFS	Stacks Financial Services Pty Ltd ABN 44 103 732 154.
SMI	Stacks Managed Investments Limited ABN 81 085 843 125.
Target Market	The class of retail clients described in the Target Market Determination for the Fund.
Target Market Determination	SMI's current Target Market Determination located at www.stacksfinance.com.au
The Mortgage Fund	The managed investment scheme known as The Mortgage Fund ARSN 088 928 081.
Trust	The managed investment scheme known as The Mortgage Fund ARSN 088 928 081.
Trust Fund	The settled sum and all other Assets of the Trust (including money paid to the Trustee for the issue of any Units).
Trustee	Stacks Managed Investments Limited ABN 81 085 843 125.
Unit	A unit created under the Constitution and for the time being held by Members.
Units on Issue	The total number of Units issued which have not been redeemed.
Valuation Time	Means any time the Net Fund Value is determined.
Website	www.stacksfinance.com.au
Withdrawal Date	The date, which shall be a date within twelve months from the date of receipt of a withdrawal request, upon which SMI elects to pay that withdrawal request.
Withdrawal Form	The form used for applying to redeem Units in the Fund.