

Australian Unity Select Income Fund

Overview

The Australian Unity Select Income Fund ('the Fund') is a contributory mortgage scheme that lets you choose and invest in a variety of registered first-mortgage loans ('Syndicate-Funds'). These loans are carefully managed and selected by our experienced mortgage team.

The Fund includes a Cash Account and a range of Syndicate-Funds. All investments start in the Fund's Cash Account, and interest payments are paid on a pro-rata basis where applicable.

Fund objective

The Fund's objective is to provide you with regular income through a selection of investments in Syndicate-Funds.

Interest is paid to you after the Cash Account and relevant Syndicate-Fund's distribution period, generally monthly. You can choose to reinvest your interest into the Cash Account or have it paid directly to your bank account at an Australian financial institution.

The Fund is likely to be suitable for you if you're looking to receive regular income from your investments. We recommend you seek personal financial advice before investing in the Fund to ensure your investment meets your financial objectives.

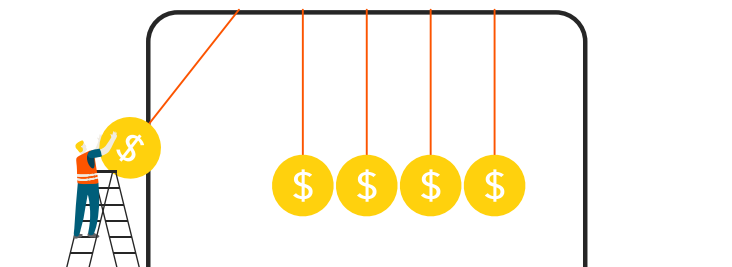
What the Fund doesn't offer

Capital Growth

If you're seeking capital growth, this Fund is not suitable for you. The value of your investment in the Syndicate-Funds and Cash Account does not appreciate.

Capital Preservation

The Fund isn't designed for investors seeking capital preservation. While Syndicate-Funds are typically stable, the Fund is suited for those with a high or very high-risk profile. There is a chance you could lose some or all your investment. Your risk of capital loss is limited to the specific Syndicate-Fund(s) you invest in. We recommend you seek personal financial advice in relation to diversification to ensure your investment takes into account your personal circumstances, objectives and risks.



What are the risks when investing in this Fund?

Investing always comes with risk, in relation to a potential investment in the Fund, this includes:

- capital loss – a decrease in the value of the investment; and/or
- a decrease or loss of income generated from the investment; and/or
- loan repayment delays (e.g. your investment is not repaid for longer than anticipated)

Here are some key risks to be aware of:

- 1. Construction and Development Loan Risks:** These loans carry extra risk that the borrower may not complete the project or meet sales targets. We minimise this risk by actively managing loans and ensuring independent quantity surveyors certify the value of work done and the cost to complete projects, aiming for undrawn loan portions to exceed completion costs.
- 2. Liquidity Risk:** Registered first-mortgage loans are not actively traded and may not be easily converted to cash. Syndicate-Funds generally do not permit withdrawals; your funds will be returned to the Cash Account and will be available for withdrawal once the borrower repays the loan.
- 3. Default Risk:** If a borrower defaults, you could lose some or all of your capital and expected interest payments. Recovery action can take time and may result in losses. Importantly, losses are isolated to the Syndicate-Fund where the default occurred.

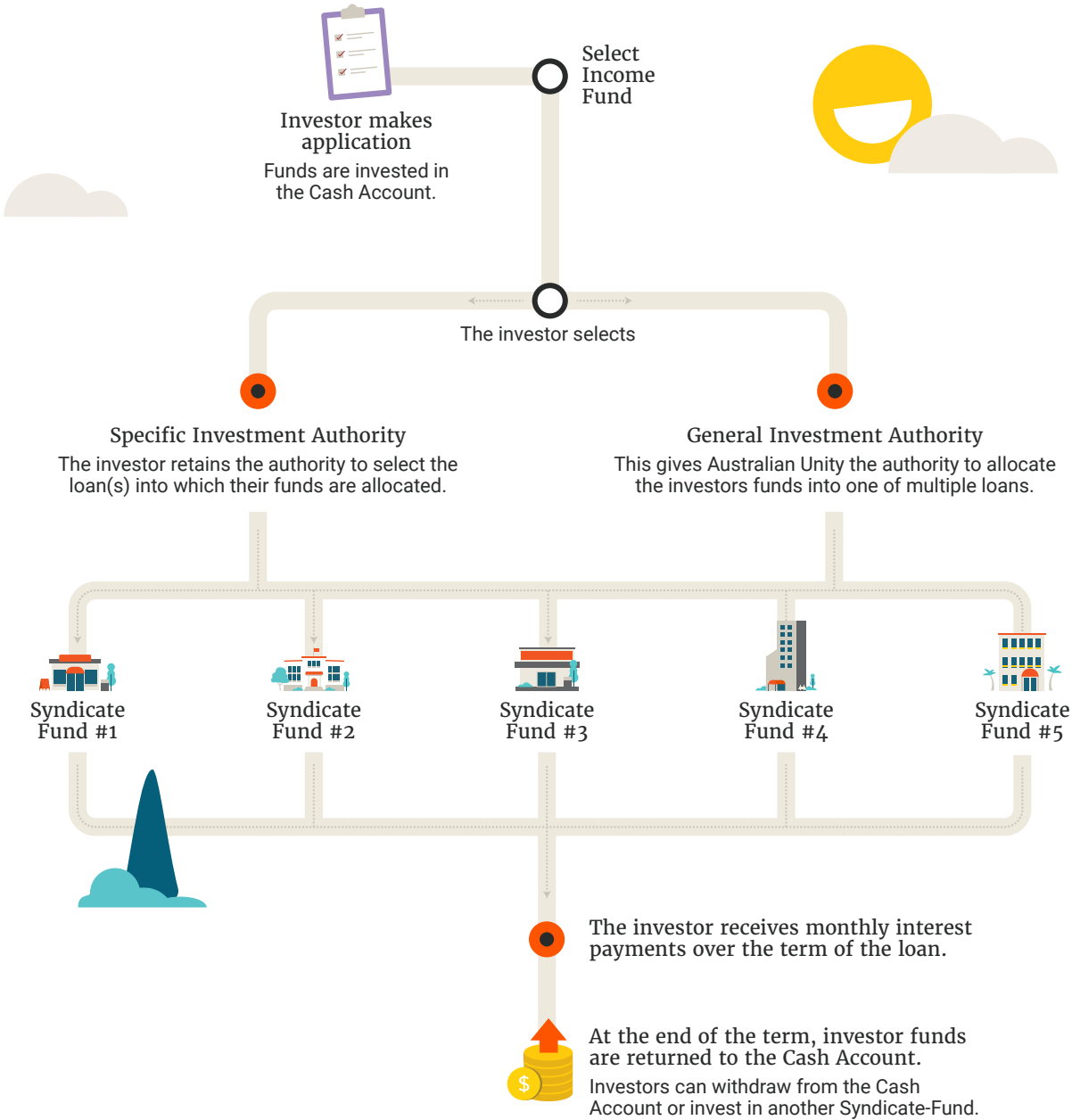
For more details, refer to the [Product Disclosure Statement \(PDS\)](#).

Fund key facts

Select Income Fund	
Minimum investment amount	\$5,000
Recommended minimum investment period	12 months. The typical duration of a Syndicate-Fund is 12 to 24 months, however the investment term may be shorter or longer in some instances. You may choose to reinvest in subsequent Syndicate-Funds, the Fund may also be appropriate for customers who have a longer investment timeframe.
Recommended portfolio allocation	Satellite allocation of up to 10% of total investment portfolio. An investment in a Syndicate-Fund, or several Syndicate-Funds, provides very low diversification by asset class and has a 'high' or 'very high' risk profile. You should consider an investment in a Syndicate-Fund or selection of Syndicate Funds in the context of diversification across an overall investment portfolio.
Management fees and costs	Generally, nil paid by investors. All management fees and costs are paid first by the relevant Syndicate-Fund borrower either directly or indirectly through loan capitalisation. In the event of a default, management fees and costs may become payable from the relevant Syndicate-Fund's assets. Refer to the PDS for a full explanation of fees and other costs.

How it works

There is no guarantee of the repayment of capital or income to any investor. There is a risk that you may lose some or all the funds that you invest in the Fund.



Features

Cash Account

Your contributions to the Fund go into the Cash Account before being allocated to a Syndicate-Fund. Available funds will be returned to the Cash Account when the Syndicate-Fund matures (the registered first-mortgage loan is repaid partially or in full by the borrower). Interest will be paid on balances held in the Cash Account on a pro-rata basis where applicable. Sometimes, depending on the interest rate environment, there may be periods where no interest is paid on balances held in the Cash Account.

Whilst invested in the Cash Account, you have the right to withdraw your funds at any time provided the Cash Account is liquid as defined in the Corporations Act 2001. Under the Fund’s Constitution, we’re required to satisfy withdrawal requests from the Cash Account within 90 days of receipt, but we generally pay withdrawals within two business days.

You may also choose to reinvest your funds into an available Syndicate-Fund(s) via the Cash Account. Before doing so, you should consider whether the Fund remains suitable for you. We recommend you seek personal financial advice before reinvesting to ensure your investment continues to meet your financial objectives.

Syndicate-Funds

The Fund offers exposure to a selection of registered first-mortgage loans, each managed separately through a Syndicate-Fund. This is not a “pooled fund”. Investment outcomes, including the rate of return, investment duration, and capital security, are isolated to each Syndicate-Fund. All investments into Syndicate-Funds are made through the Cash Account.

Interest Payments

Each Syndicate-Fund Supplementary PDS (SPDS) will specify the applicable interest rate. While interest rates are generally fixed for the life of a Syndicate-Fund, they can change. If an interest rate changes, we will notify you. Interest paid by Syndicate-Funds is calculated on a pro-rata basis. Interest can be reinvested into the Cash Account or paid to an Australian financial institution. Our loans generally allow for potential rate increases if comparable lending rates have increased. This means that interest rates will not generally fall during the term of the loan and may increase if comparable lending rates have increased.

If the borrower of a Syndicate-Fund defaults or fails to meet certain conditions specified in the relevant Syndicate-Fund SPDS, a higher interest rate may become payable to investors. Refer to the PDS for further information. Borrowers generally have the right to repay the loan early or make partial repayments to reduce the loan. If this happens, we are permitted to charge the borrower an early repayment fee to cover the costs associated with making an early repayment from a Syndicate-Fund to investors. This early repayment fee may be passed on to Syndicate-Fund investors, at our discretion.

Frequently asked questions (FAQs)

What is a registered first-mortgage loan?

A registered first-mortgage is security over real property where the lender ranks first before other creditors in claims or entitlements over the property.

Each registered first-mortgage loan is a stand-alone investment called a ‘Syndicate-Fund’.

How does Australian Unity choose mortgages?

Our team of experienced mortgage investment professionals source registered first-mortgage loans with a lending approach that is based on protecting capital while aiming to provide a stable return.

Our mortgage team has extensive skills and experience in sourcing commercial mortgages, assessing credit worthiness of borrowers and approving, structuring and managing loans.

Prior to approving a loan, the team conducts a full assessment of the borrower’s capacity to repay the loan, including meetings with the borrower, independent valuations and site visits.

What types of mortgage investments (Syndicate-Funds) do we offer?

The Select Income Fund lends to developers across the entire property development lifecycle from land acquisition, planning to development/ construction and residual stock loan facilities.

The mortgage investments offered are primarily quality, medium-density residential property developments in established urban areas.

How can I track my investment?

You can access your account online. Once you invest into the Fund you will be invited to register and will have access to manage your account, including current statements, progress information and details of new investment opportunities.

I’m an Adviser, how can I track my client’s investment?

You can access your client’s account online. Once your client has invested into the Fund, you will be invited to register and will have access to the account, including key information about the investment, current statements, progress information and details of new investment opportunities

Can I make additional investments to my account?

Additional investments can be made by bank transfer or completing an ‘Additional Investment Direct Debit form’. You will be given online access to your account where you can find this form, along with your statements and current information about your investments.



Our team



Roy Prasad

General Manager – Mortgages

Roy joined Australian Unity in 1998 and has responsibility for the management of the Australian Unity Select Income Fund.

Roy also started Australian Unity's Mortgage Income Trust in 1998 and the High Yield Mortgage Trust in 2005.

Before joining Australian Unity, Roy worked for Colonial Investment Management Limited for over 10 years, where he was responsible for the management of various mortgage portfolios, including credit risk management, portfolio construction and managing originator relationships.

Roy is a member of the Australian Unity Commercial Property Lending Committee.



Terry Manoleras

Business Development Manager

Terry joined Australian Unity in 2019 as a Senior Investor Services Associate managing existing Select Income Fund (SIF) investor relationships and the Investor Services Team. In January 2023, Terry embarked into a Business Development Manager role engaging with new investors into SIF and maintaining on-going relationships of the existing investor portfolio.

Terry has over 10 years' financial services experience and prior to joining Australian Unity, Terry worked in the Financial Planning and Private Wealth Management division in Commonwealth Bank.

Terry Manoleras

SIF Business Development Manager
Wealth & Capital Markets

M 0447 157 273

E TManoleras@australianunity.com.au



Heidi Fawcett

Business Development Manager

Heidi is responsible for providing investor and adviser support, as part of the Select Income Fund team. Heidi has 15 years' experience within financial services.

Prior to joining Australian Unity in 2022, Heidi was a Senior Business Development Manager at Macquarie Investments, where she was responsible for managing metropolitan Melbourne, regional Victoria and Tasmanian key accounts and boutiques. She has also held Business Development roles at Perpetual Investments, Schroders and Treasury Corporation of Victoria.

Heidi Fawcett

SIF Business Development Manager
Wealth & Capital Markets

M 0447 906 237

E HFawcett@australianunity.com.au

For further information about the Australian Unity Select Income Fund

Visit australianunity.com.au/wealth/sif

email us at investorservices@australianunity.com.au

or call 1300 412 356.

Disclaimer

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