

# Ares Diversified Credit Fund

## Information Memorandum

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**Information Memorandum**  
12 August 2021

**Ares Diversified Credit Fund**  
ARSN 644 797 599  
APIR HOW7354AU

**Responsible Entity**  
Fidante Partners Limited  
ABN 94 002 835 592  
AFSL 234668

**Investment Manager**  
Ares Australia Management Pty Limited  
ABN 51 636 490 732

**Sub-Adviser**  
Ares Management LLC

# IMPORTANT INFORMATION

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## About this Information Memorandum

This information memorandum dated 12 August 2021 (**Memorandum**) is issued and made available by Fidante Partners Limited (ABN 94 002 835 592, AFSL 234668) (**Fidante Partners, we, our, us, Responsible Entity**) as responsible entity of the Ares Diversified Credit Fund (**Fund**) in relation to the offer by Fidante Partners of units in the Fund.

Our ultimate parent is Challenger Limited (ABN 85 106 842 371). We have appointed Ares Australia Management Pty Limited (ABN 51 636 490 732) (**AAM, Ares Australia Management, or the Manager**) as the investment manager of the Fund. AAM is a corporate authorised representative of Fidante Partners (Authorised Representative Number 001280423). Ares Management LLC (**Ares** or the **Sub-Adviser**) has been appointed as sub-adviser of the Fund.

This Memorandum is a summary of significant information regarding your investment in the Fund. You should consider this information before making a decision about the Fund. All information presented in this Memorandum is believed to be accurate as at the issue date. References in this Memorandum to the Ares Diversified Credit Fund or the Fund are to the Ares Diversified Credit Fund (ARSN 644 797 599). No other Fund is offered in this Memorandum.

This Memorandum does not purport to be complete or to contain all of the information that a prospective investor may require in evaluating an investment in the Fund. The information provided in this Memorandum is general information only and has been prepared without taking account of any person's objectives, financial situation or needs. Any person receiving the information in this Memorandum should consider the appropriateness of this information, in light of their own objectives, financial situation and needs before acting on the information.

Investors in the Fund are not entitled to cooling off rights under the Corporations Act or otherwise. Fidante Partners is not obliged to accept applications and reserves absolute discretion in limiting or refusing any application.

No person other than Fidante Partners has caused or authorised the issue of this Memorandum or takes any responsibility for the preparation of the Memorandum or the establishment of the Fund. Neither Fidante Partners, nor any related entity, nor AAM, nor Ares, nor the Fund guarantees the repayment of your capital or the rate of return from the Fund, the performance of your investment or any particular taxation consequences of investing. Your investment does not represent deposits or other liabilities of Fidante Partners nor any of its respective related bodies corporates, associates or employees. Your investment can be subject to investment risk, including possible delays in repayment and loss of income and principal invested, and Fidante Partners does not in any way stand behind the capital value and/or investment performance of the Fund. Further information in relation to the risks associated with an investment in the Fund are contained in the section 'Risk factors' on page 19. Unless identified to the contrary, all references to monetary amounts are to Australian dollars.

The information in this Memorandum is up-to-date at the time of preparation and some information in this Memorandum, as well as the terms and conditions of the offer, may change from time to time.

Fidante Partners may change this Memorandum from time to time without notice and does not have any obligation to update the contents of the Memorandum. If a change is considered materially adverse to investors, Fidante Partners will issue a replacement Memorandum and notify investors of the change occurring. For updated or other information about the Fund (such as performance), please call Fidante Partners Investor Services team on 13 51 53. Fidante Partners will send you a copy of the updated information on

request, free of charge. Paper copies of this Memorandum are also available, free of charge, on request, by calling the Fidante Partners Investor Services team or by emailing [info@fidante.com.au](mailto:info@fidante.com.au). None of Fidante Partners, AAM or Ares or their related entities, any of their directors, employees or agents, accept any liability for any loss or damage arising out of the use of all or part or, or any omission, inadequacy or inaccuracy in, the information presented in this Memorandum.

Information contained in this Memorandum is confidential proprietary information to Fidante Partners, AAM and Ares and may not be copied, reproduced or redistributed, directly or indirectly, in whole or in part, to any other person in any manner. Use of any information in this Memorandum for a purpose other than assessing the making, or the making of an investment with Fidante Partners is not permitted. Fidante Partners, AAM and Ares reserves all rights to take action in connection with any breach of this restriction.

Any forward-looking statements in this Memorandum are made as of the date of such statements and are subject to numerous assumptions, risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Therefore, such forward-looking statements included in this Memorandum may prove to be inaccurate and should not be relied upon as indicative of future matters.

### The offer

This Memorandum is only made available to 'wholesale clients' (as defined in the Corporations Act) receiving this Memorandum in Australia and where any offer of an investment in the Fund would not require disclosure under Part 6D.2 or Part 7.9 of the Corporations Act. The offer to subscribe for units in the Fund does not constitute an offer to any retail client (as defined in the Corporations Act). The Memorandum is not a prospectus or product disclosure document under the Corporations Act and is not required to be, and has not been, lodged with the Australian Securities and Investments Commission (**ASIC**) under the Corporations Act. The Memorandum does not constitute an offer or invitation in any place or to any person in or outside of Australia where it would be unlawful to make such an offer or invitation. The distribution of this Memorandum outside Australia may be restricted by the laws of places where it is distributed and therefore persons into whose possession this Memorandum comes should seek advice on and observe those restrictions. Failure to comply with relevant restrictions may violate those laws. The offer or invitation to subscribe for units is subject to the terms and conditions in this Memorandum.

Investments in the Fund are governed by the constitution for the Fund and associated documents (each as amended, varied, updated, supplemented or replaced from time to time) and nothing in this Memorandum limits or qualifies the powers and discretions conferred upon Fidante Partners or AAM under those documents. Prospective investors should refer to the complete legal documentation for the Fund, available on request by calling the Fidante Partners Investor Services team on 13 51 53 or by emailing [info@fidante.com.au](mailto:info@fidante.com.au).

### Consent

Each of AAM and Ares has provided consent to the statements about them in the form and context in which they are included. Ares and their related entities were not otherwise involved in the preparation and distribution of this Memorandum and are not responsible for the issue of this Memorandum, nor are they responsible for any particular part of this Memorandum other than those parts that refer to them. AAM and Ares have not withdrawn their consent before the date of this Memorandum.

# TABLE OF CONTENTS

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IMPORTANT INFORMATION .....	2
TABLE OF CONTENTS .....	3
SUMMARY OF KEY TERMS.....	4
ABOUT THE RESPONSIBLE ENTITY, THE MANAGER AND THE SUB-ADVISER.....	9
ABOUT THE FUND AND THE UNDERLYING FUND .....	11
ADDITIONAL INFORMATION ABOUT THE FUND AND THE UNDERLYING FUND .....	16
RISK FACTORS .....	19
FEES AND COSTS .....	24
INVESTING IN THE FUND .....	26
TAXATION INFORMATION .....	32
ADDITIONAL INFORMATION .....	34
GLOSSARY .....	37
CORPORATE DIRECTORY .....	39

# SUMMARY OF KEY TERMS

The following information is intended to be a summary only and should be read in conjunction with the more detailed information appearing elsewhere in this Memorandum. This Memorandum should be read in full before making any decision to apply for Units.

Information	Summary	For more information
<b>Fund Structure</b>		
Name	Ares Diversified Credit Fund (ARSN 644 797 599) (APIR HOW7354AU)	
Type	An unlisted open-ended unit trust which is registered as a managed investment scheme under the Corporations Act. Units will be offered on a continual basis under the terms of this Memorandum.	Section 'Additional Information About the Fund and Underlying Fund'
Responsible Entity	Fidante Partners Limited (ABN 94 002 835 592, AFSL 234668)	Section 'About the Responsible Entity, the Manager and the Sub-Adviser'
Manager	Ares Australia Management Pty Limited (ABN 51 636 490 732) ( <b>AAM</b> )	Section 'About the Responsible Entity, the Manager and the Sub-Adviser'
Sub Adviser	Ares Management LLC ( <b>Ares</b> )	Section 'About the Responsible Entity, the Manager and the Sub-Adviser'
Underlying Fund	<p>The Fund gains its investment exposure by investing in the CION Ares Diversified Credit Fund (<b>Underlying Fund</b>), cash and foreign currency exchange hedging instruments. In this Memorandum, where we refer to the Fund's investments we generally do so on a 'look through' basis; that is, we are referring to the underlying assets that the Fund is exposed to through its investment in the Underlying Fund.</p> <p>The Underlying Fund is a U.S. Delaware statutory trust that is registered under the Investment Company Act of 1940, as a diversified, closed-end management investment company (Regulated Investment Company). The Underlying Fund is a continuously offered unlisted closed-end interval fund. The Underlying Fund is managed by CION Ares Management LLC (<b>CAM</b>), an investment adviser registered with the U.S. Securities and Exchange Commission and majority-owned by an affiliate of AAM and Ares.</p>	Section 'About the Fund and the Underlying Fund'
<b>Fund Overview</b>		
Investment Objective	The Fund aims to provide superior risk adjusted returns across various market cycles by investing in a diversified portfolio of liquid and illiquid asset classes throughout the global credit spectrum.	Section 'About the Fund and the Underlying Fund'

Information	Summary	For more information
Investment Strategy and Universe	<p>The Fund, via its investment in the Underlying Fund, employs an opportunistic, dynamic and unconstrained global credit investments strategy based on absolute and relative value considerations and its analysis of credit markets. It seeks risk-adjusted returns over full market cycles by creating and managing a portfolio with balanced exposures to multiple industry sectors and geographic regions, systematically allocating capital across multiple segments of the global fixed-income markets, including U.S. and non-U.S. credit instruments.</p> <p>The Fund, through its exposure to the Underlying Fund, will invest primarily in a portfolio of directly originated loans, secured floating and fixed rate syndicated loans, corporate bonds, asset-backed securities, commercial real estate loans and other types of credit instruments, which, under normal circumstances, will represent at least 80% of the Underlying Fund's Managed Assets. Other "credit instruments" may include commercial real estate mezzanine loans, real estate mortgages, distressed securities, notes, bills, debentures, bank loans, convertible and preferred securities, government and municipal obligations. The Underlying Fund may also invest in foreign instruments and illiquid and restricted securities.</p> <p>The Underlying Fund may utilise a number of investment strategies, including using leverage and taking short positions.</p>	Section 'About the Fund and the Underlying Fund'
Currency strategy	The Fund aims to fully hedge any foreign currency exposure back to the Australian dollar.	Sections 'Additional Information About the Fund and the Underlying Fund', and 'Risk factors'

## Fund Details

### Minimum transaction and balance requirements.

The Fund is only available to wholesale clients (as defined in section 761G of the Corporations Act), including institutional and sophisticated investors, and is not available to retail clients (as defined in the Corporations Act).

Initial investment	\$100,000	Section 'Investing In the Fund'
Additional investment	\$10,000	
Minimum withdrawal	\$10,000	
Minimum balance	\$100,000	

### Transaction details and frequency

Applications	Generally, you can invest daily subject to certain limits in the Fund's constitution and this Memorandum.	Section 'Investing In the Fund'
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Information	Summary	For more information
Withdrawals	<p>Generally, you can withdraw quarterly, in line with the quarterly repurchase offer of the Underlying Fund outlined below.</p> <p>The Underlying Fund offers a share repurchase program whereby it makes quarterly offers to repurchase between 5% and 25% of its outstanding shares at NAV (<b>Repurchase Offer</b>). In connection with any given Repurchase Offer, we expect the Underlying Fund will offer to repurchase only the minimum amount of 5% of its outstanding shares. Repurchase Offers by the Underlying Fund occur in the months of March, June, September and December.</p> <p>As a result, the Fund's withdrawal requests are generally processed quarterly (<b>Withdrawal Period</b>). Withdrawal requests must be received by the Responsible Entity no later than 3.00pm (Sydney time) on the last NSW business day of a quarter for processing in the next quarter (<b>Withdrawal Request Deadline</b>).</p> <p>The date on which a withdrawal (or a portion of the withdrawal) will be accepted or rejected (<b>Withdrawal Effective Date</b>) will be determined by the Responsible Entity by reference to the date of the relevant Repurchase Offer. As a result, the Withdrawal Effective Date can vary from quarter to quarter but is generally expected to occur on or around the 15th NSW business day of the first month of each calendar quarter.</p> <p>For each Withdrawal Period, the Responsible Entity may determine a maximum amount of withdrawal proceeds available from the Fund (<b>Maximum Amount</b>).</p> <p>If the aggregate amount of withdrawal requests in a Withdrawal Period exceeds the Maximum Amount, the Responsible Entity will accept (and subsequently process) withdrawal requests on a pro-rata basis. In this instance, you will receive a pro-rata amount referable to your percentage of the Maximum Amount. Any unmet portion of an investor's withdrawal request will be cancelled and the investor will be required to submit a withdrawal request in the following Withdrawal Period if they wish to withdraw the unmet portion (<b>New Withdrawal Request</b>). The New Withdrawal Request will be processed in accordance with the usual withdrawal processes for that Withdrawal Period.</p> <p>Under the Fund's constitution, the Responsible Entity has the discretion to accept or reject a withdrawal request and, if the request is accepted, it has a maximum period of 3.5 years from the Withdrawal Effective Date of the relevant withdrawal request to process that withdrawal. Under the Fund's constitution, the Responsible Entity must pay withdrawal proceeds within 21 days after the date on which the withdrawal request is processed.</p> <p>These withdrawal provisions will apply while the Fund is liquid as defined in the Corporations Act. If the Fund at any time is not liquid, you may only withdraw when we make an offer to withdraw to all investors, as required by the Corporations Act. Please see 'Withdrawal risk' in the section 'Risk factors' for more information.</p>	Section 'Investing In the Fund'
Application transaction cut-off times	Valid requests must be received by us prior to 3:00pm (Sydney time) on a NSW business day to be processed that day.	Section 'Investing In the Fund'
Withdrawal transaction cut-off times	Valid withdrawal requests received by us prior to 3:00pm (Sydney time) on the last NSW business day of the quarter ( <b>Withdrawal Request Deadline</b> ) will be accepted or rejected on the relevant Withdrawal Effective Date.	Section 'Investing In the Fund'

Information	Summary	For more information
<b>Distribution payments</b>		
Frequency	The Fund generally pays distributions monthly; however, there may be periods in which reduced or no distributions are paid and we do not guarantee any level of distributions.	Section 'Additional Information'
Payment Methods	Distributions may be reinvested into the Fund as additional units or paid to your nominated account.	Section 'Additional Information'
<b>Valuations and pricing</b>		
Valuing the Fund's assets	<p>The Fund's assets are usually valued each NSW business day.</p> <p>The assets of the Fund are valued by Fidante Partners. The net asset value (<b>NAV</b>) of the Fund is calculated on each business day in accordance with the constitution of the Fund.</p> <p>The NAV is the value of all the Fund's assets, which will incorporate the last available NAV of the Underlying Fund and the value of any directly held investments (e.g. cash and FX instruments), less any liabilities of the Fund.</p> <p>The NAV per unit is calculated by dividing the NAV of the Fund by the number of units on issue in the Fund.</p>	Section 'Additional Information'
Unit pricing	<p>Unit prices are based on the NAV of the Fund, which is adjusted by any applicable transaction costs, and that amount is divided by the number of units on issue in the Fund.</p> <p>Unit prices are usually calculated each NSW business day.</p>	Section 'Additional Information'
<b>Investor reporting</b>		
Transaction confirmations	We generally send transaction confirmations for investments and withdrawals.	
Regular reporting	We send quarterly periodic statements as at 31 March, 30 June, 30 September and 31 December with details of transactions and any income distributions.	
Annual tax reporting	We send an annual tax statement.	Section 'Taxation Information'
<b>Fees, costs and expenses</b>		
Contribution or entry fee	Nil	Section 'Fees and Costs'
Management fees	<p>Fund: Nil</p> <p>Underlying Fund: 1.25% p.a. of the average daily value of the Underlying Fund's Managed Assets. The management fee is calculated and payable monthly in arrears. Managed Assets means the total assets of the Underlying Fund (including any assets attributable to any preferred shares that may be issued or to indebtedness) minus the Underlying Fund's liabilities other than liabilities relating to indebtedness.</p> <p>The Underlying Fund's management fee will be reflected in the share price of the Underlying Fund.</p>	Section 'Fees and Costs'

Information	Summary	For more information
Performance/ incentive fees	<p>Fund: Nil</p> <p>Underlying Fund: The Underlying Fund's incentive fee is calculated and payable quarterly in arrears based upon 'pre-incentive fee net investment income' attributable to each class of the Underlying Fund's common shares for the immediately preceding fiscal quarter, and is subject to a hurdle rate, expressed as a rate of return based on each class' 'average daily net asset value, equal to 1.50% per quarter (or an annualised hurdle rate of 6.00%), subject to a "catch-up" feature. The "catch-up" feature provides the Underlying Fund's Adviser with an incentive fee of 15% on each class' 'pre-incentive fee net investment income' when that class' pre-incentive fee net investment income reaches 1.765% of the class' average daily net asset value in any fiscal quarter.</p> <p>The Underlying Fund's incentive fee will be reflected in the share price of the Underlying Fund.</p>	Section 'Fees and Costs'
Expenses	<p>Fund: We estimate the recoverable expenses of the Fund will be 0.05% p.a. of the net asset value of the Fund. We may recover any normal operating expenses and abnormal expenses from the Fund.</p> <p>Underlying Fund: Expenses for the Underlying Fund are estimated to be 0.66% p.a. of the projected average net assets of the Underlying Fund. Expenses of the Underlying Fund may vary each year.</p> <p>The Underlying Fund's expenses will be reflected in the share price of the Underlying Fund.</p>	Section 'Fees and Costs'
Buy/sell spread	<p>Fund: +0.20%/Nil. This amount may change if the estimate of the underlying transaction costs changes or if a buy/sell spread is applied at the Underlying Fund.</p> <p>Underlying Fund: Nil.</p>	Section 'Fees and Costs'
Exit fee	Nil	Section 'Fees and Costs'



# ABOUT THE RESPONSIBLE ENTITY, THE MANAGER AND THE SUB-ADVISER

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## About the Manager

Ares Australia Management Pty Limited (**AAM**) is an alternative investment manager formed through a strategic joint venture between related entities of Ares Management LLC (**Ares**) and Fidante Partners Limited (**Fidante Partners**) to provide Australian and New Zealand investors with access to Ares' expertise in Credit, Private Equity, Real Estate and Strategic Initiatives with the goal of delivering attractive, diversified returns for investors' portfolios. AAM has delegated the investment management of the Fund to Ares as its sub-adviser and will monitor Ares' performance of the investment management of the Fund.

## About the Sub-Adviser

Ares has been appointed by AAM as the sub-adviser of the Fund. Ares is a leading global alternative investment manager operating integrated businesses across Credit, Private Equity, Real Estate, Strategic Initiatives and Secondaries. Ares is registered with the U.S. Securities and Exchange Commission (**SEC**). Ares is a wholly owned subsidiary of Ares Management Corporation (**Ares Management**), which is listed on the New York Stock Exchange and one of the largest global alternative asset managers. Ares investment groups collaborate with the goal of delivering innovative investment solutions and consistent and attractive investment returns for investors throughout market cycles. Ares has been appointed sub-adviser and will perform the investment management of the Fund.

The portfolio managers of the Fund are Mr. Mitch Goldstein and Mr. Greg Margolies. Mr. Goldstein and Mr. Margolies are also the portfolio managers of the Underlying Fund. Further information on the portfolio managers is available in the 'About the Advisers of the Underlying Fund' section.

## About the Advisers of the Underlying Fund

The investment adviser to the Underlying Fund is CION Ares Management LLC (**CAM**), an investment adviser registered with the SEC under the Investment Advisers Act of 1940 (U.S.). CAM is a joint venture that is majority owned and controlled by affiliates of Ares.

The investment sub-adviser to the Underlying Fund is Ares Capital Management II LLC (**Ares Capital**), an investment adviser registered with the SEC under the Advisers Act of 1940 (U.S.).

CAM oversees the management of the Underlying Fund's activities and is responsible for making investment decisions for the Underlying Fund's portfolio, with recommendations and support from Ares Capital (together, the **Advisers**).

## About the Responsible Entity

Fidante Partners is the Responsible Entity of the Fund. As Responsible Entity, we issue units in the Fund and are legally responsible to the unitholders of the Fund for its operation.

Fidante Partners forms long-term alliances with talented investment teams to support and grow specialist investment management businesses. We have appointed AAM as the investment manager of the Fund. We provide back office, marketing, distribution, administration, and compliance support services to AAM, allowing AAM and Ares the freedom to focus on investing and managing the assets of the Fund.

A related entity of Fidante Partners has a partial equity stake in AAM. Neither we, nor any of our related entities, nor AAM, nor Ares, guarantee the repayment of your capital or the performance of your investment or any particular taxation consequences of investing.



## Investment Team

The Underlying Fund is primarily the responsibility of two portfolio managers, Mr. Mitch Goldstein and Mr. Greg Margolies. Mr. Goldstein and Mr. Margolies are employees of CAM and Ares Capital. In managing the Underlying Fund's portfolio, the portfolio managers employ two principal inputs, a quantitative allocation model and the investment sub-adviser's Allocation Committee comprised of portfolio managers and investment officers from each underlying credit discipline.



### **Mitch Goldstein**

Mr. Goldstein is a Partner and Co-Head of the Ares Credit Group and a member of the Management Committee of Ares Management. He additionally serves as Co-President of Ares Capital Corporation, a listed management investment company, and Vice President and Interested Trustee of the Underlying Fund. He is a member of the Ares Credit Group's U.S. Direct Lending and Commercial Finance Investment Committees and the Ivy Hill Asset Management Investment Committee.

Prior to joining Ares Management in May 2005, Mr. Goldstein worked at Credit Suisse First Boston (**CSFB**), where he was a Managing Director in the Financial Sponsors Group. At CSFB, Mr. Goldstein was responsible for providing investment banking services to private equity funds and hedge funds with a focus on M&A and restructurings as well as capital raisings, including high yield, bank debt, mezzanine debt, and initial public offerings. Mr. Goldstein joined CSFB in 2000 at the completion of the merger with Donaldson, Lufkin & Jenrette. From 1998 to 2000, Mr. Goldstein was at Indosuez Capital, where he was a member of the Investment Committee and a Principal, responsible for originating, structuring and executing leveraged transactions across a broad range of products and asset classes. From 1993 to 1998, Mr. Goldstein worked at Bankers Trust. Mr. Goldstein graduated summa cum laude from the State University of New York at Binghamton with a B.S. in Accounting, received an M.B.A. from Columbia University's Graduate School of Business and is a Certified Public Accountant.



### **Greg Margolies**

Mr. Margolies is a Partner in the Ares Credit Group, the Head of Markets for Ares, a member of the Management Committee of Ares Management and is Vice President of the Underlying Fund. Additionally, Mr. Margolies serves as a member of the Ares Credit Group's Alternative Credit Investment Committee, the Ares Dynamic Credit Allocation Fund Investment Committee and the Ares Private Equity Group's Special Opportunities Investment Committee. Prior to joining Ares in 2009, Mr. Margolies served as a Managing Director and Global Head of Leveraged Finance and Capital Commitments at Merrill Lynch & Co. and was a member of the Executive Committee for Merrill Lynch's Global Investment Banking Group. Previously, Mr. Margolies was Co-Head of the DB Capital Mezzanine Fund. Mr. Margolies serves on the Board of Directors for the International Organization for Women and Development, the Advisory Council for University of Michigan's Life Science Institute and the Board of Trustees for The Juilliard School. Mr. Margolies holds a B.A. from the University of Michigan in International Economics and Finance and an M.B.A. from the University of Pennsylvania Wharton School of Business.

For additional information on the investment process and Allocation Committee please refer to 'About the Fund'.

# ABOUT THE FUND AND THE UNDERLYING FUND

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## Investment objective and approach

The Fund's investment objective is to provide superior risk adjusted returns across various market cycles by investing in a diversified portfolio of liquid and illiquid asset classes throughout the global credit spectrum.

The Fund gains its investment exposure primarily by investing in the CION Ares Diversified Credit Fund (**Underlying Fund**). The Fund also invests in cash and foreign exchange hedging instruments. The Fund seeks to be as fully invested in the Underlying Fund as possible. The Fund aims to fully hedge its foreign currency exposures, primarily its exposure to the Underlying Fund, through the use of currency exchange forwards. Refer to 'Currency Strategy' for additional information on the Fund's currency strategy and objective. Cash balances may be maintained to meet commitments of the Fund.

The Underlying Fund's investment objective is to provide superior risk-adjusted returns across various market cycles by investing in a diversified portfolio of liquid and illiquid asset classes. The Underlying Fund seeks to capitalise on market inefficiencies and relative value opportunities throughout the entire global credit spectrum. The Underlying Fund seeks to achieve its investment objective by employing an opportunistic, dynamic and unconstrained global credit investments strategy based on absolute and relative value considerations and its analysis of credit markets. It seeks risk-adjusted returns over full market cycles by creating and managing a portfolio with balanced exposures to multiple industry sectors and geographic regions, systematically allocating capital across multiple segments of the global fixed-income markets, including U.S. and non-U.S. credit instruments.

## Investment opportunities and strategies of the Underlying Fund

The Underlying Fund invests primarily in a portfolio of directly originated loans, secured floating and fixed rate syndicated loans, corporate bonds, asset-backed securities, commercial real estate loans and other types of credit instruments, which, under normal circumstances, will represent at least 80% of the Underlying Fund's managed assets. Other "credit instruments" may include commercial real estate mezzanine loans, real estate mortgages, distressed securities, notes, bills, debentures, bank loans, convertible and preferred securities, government and municipal obligations. The Underlying Fund may also invest in foreign instruments and illiquid and restricted securities.

The Underlying Fund invests primarily in those countries where creditors' rights are protected by law, such as countries in North America and Western Europe, although in select situations the Underlying Fund may invest in securities of issuers domiciled elsewhere. The geographic areas of focus are subject to change from time to time and may be changed without notice. There is no minimum or maximum limit on the amount of the Underlying Fund's assets that may be invested in non-U.S. securities.

The key features of the investment strategy include:

### **Opportunistic, Flexible, Unconstrained Credit Investments Strategy:**

The Advisers intend to employ an opportunistic, flexible and unconstrained global credit investments strategy based on absolute and relative value considerations and their analysis of the credit markets. The Advisers seek risk-adjusted returns over full market cycles by creating and managing a portfolio with balanced exposures to multiple industry sectors and geographic regions. The Advisers will make tactical allocations of assets across multiple segments of the global fixed-income markets, including U.S. and non-U.S. credit instruments. It is anticipated that most of the Underlying Fund's investments will be rated below investment grade or would be rated below investment grade if they were rated. Non-investment grade fixed income securities are considered speculative. Some of the credit instruments will have no credit rating at all. The Underlying Fund is unconstrained to benchmark-specific guidelines, thereby providing the Advisers with significant latitude to invest where they see opportunities and to reduce exposure to areas where they see less value or heightened downside risks.

**Relative Value Focus:** A primary driver of the Underlying Fund's investment strategy will be a relative value focus whereby the Advisers seek to identify market dislocations caused by, among other factors, (i) significant corporate transactional events, such as spinoffs, mergers and acquisitions, industry consolidations, liquidations, reorganisations, bankruptcies, recapitalisations and share buybacks and other extraordinary corporate transactions; (ii) market inefficiencies resulting from the misunderstanding by the broader investment community of a particular company or industry, which misunderstanding results in the income of such investment reflecting a higher risk premium or the market price of such investment reflecting a lower value than is deemed warranted by the Advisers; (iii) companies experiencing financial stress resulting in a mispricing of their securities either because such securities pay higher income due to perceived risk or trade at a significant discount to fair value whereby the underlying asset values limit downside risk and offer meaningful upside potential; and (iv) sell-offs in one or more of the relevant credit markets.

**Access to Ares Transaction Flow:** The Advisers intend to benefit from the market presence, scale, infrastructure and demonstrated investment experience of Ares to gain access to transaction flow and a broad set of investment opportunities across the non-investment grade credit spectrum. Unlike many other alternative investment managers, Ares operates in a fully integrated manner and encourages frequent collaboration among its investment professionals. This unique approach allows Ares to draw from the collective market insight, industry expertise, contacts and experience of its approximately 400 investment professionals around the world.

The Underlying Fund intends to focus on what the Advisers believe are the broader Ares platform's most attractive investment ideas and allocate investments sourced



from Ares's multi-billion dollar credit platform to achieve its investment objective. As such, the Advisers have the flexibility to invest where they see opportunities, based on their extensive credit research expertise and analysis of the relevant credit markets, in a variety of credit instruments with varying yield and risk profiles. Many investment vehicles available for investors do not include certain asset classes that the Underlying Fund will invest in such as private asset-backed investments and directly originated loans, and therefore the Underlying Fund offers a differentiated investment opportunity.

#### **Active Monitoring and Investing, with Bottom-Up and Top-Down Credit Analysis by Deep and Experienced Team:**

The Advisers will actively construct and manage a portfolio of credit investments and, as necessary, periodically rebalance the Underlying Fund's allocation of assets among different types of credit investments utilising the Advisers' strategies to seek to optimise the Underlying Fund's allocation to achieve the Underlying Fund's investment objective under the market conditions existing at such time.

With respect to each investment opportunity, the Advisers intend to take a bottom-up and top-down approach to their credit analysis that will focus on each individual investment as well as global macroeconomic factors and the industry in which the subject entity operates. The Advisers' investment process will be rigorous, proactive and continuous, and will emphasise team management. Close monitoring of each investment in the portfolio provides the basis for making buy, sell and hold decisions. In managing the Underlying Fund's portfolio, the Advisers will utilise their and the broader Ares platform's deep and experienced teams of credit specialists to analyse investments and engage in regular and periodic monitoring of credit risk with a goal toward the early identification, and sale, of credit instruments and other investments with potential credit problems. This monitoring process may include reviewing (i) an issuer's financial resources and operating history; (ii) a comparison of an issuer's current operating results with the Advisers' initial investment thesis for the investment and initial expectations for the performance of the obligation; (iii) an issuer's sensitivity to economic conditions; (iv) the performance of an issuer's management; (v) an issuer's debt maturities and borrowing requirements; (vi) an issuer's interest and asset coverage; and (vii) the relative value of an investment based on an issuer's anticipated cash flow or where other comparable assets are trading in the market.

## **Portfolio composition**

The Underlying Fund's portfolio will consist of a combination of the following types of investments:

### **Direct Lending**

The Underlying Fund may invest in first lien senior secured loans (including "unitranche" loans, which are loans that combine both senior and mezzanine debt, generally in a first lien position), second lien senior secured loans and mezzanine debt, which in some cases includes an equity

component, of U.S. and European middle-market companies, where the Advisers believe the supply of primary capital is limited and the investment opportunities are most attractive. These investments are typically made to companies with annual EBITDA between \$10 million and \$250 million. As used herein, EBITDA represents net income before net interest expense, income tax expense, depreciation and amortisation.

### **Syndicated Loans**

Senior, secured corporate loans (**Syndicated Loans**) generally benefit from liens on collateral, are rated below-investment grade and typically pay interest at rates that are determined periodically on the basis of a floating base lending rate, primarily the London-Interbank Offered Rate (**LIBOR**), plus a spread. Syndicated Loans are typically made to U.S. and, to a lesser extent, non-U.S. corporations, partnerships, limited liability companies and other business entities (together with issuers of Corporate Bonds (as defined below) and other debt securities, (**Borrowers**) which operate in various industries and geographical regions. Borrowers may obtain Syndicated Loans, among other reasons, to refinance existing debt, engage in acquisitions, pay dividends, recapitalise, complete leveraged buyouts and for general corporate purposes. Syndicated Loans rated below investment grade are sometimes referred to as "leveraged loans". The Underlying Fund may invest in Syndicated Loans through assignments of or, to a lesser extent, participations in Syndicated Loans. The Underlying Fund may utilise various types of derivative instruments (**Derivatives**), including total return swaps for the purpose of gaining exposure to Syndicated Loans.

### **Corporate Bonds**

An issuer of high-yield corporate bonds (**Corporate Bonds**) typically pays the investor a fixed rate of interest and must repay the amount borrowed on or before maturity. The investment return of Corporate Bonds reflects interest on the security and changes in the market value of the security. The market value of a Corporate Bond generally may be expected to rise and fall inversely with interest rates. The value of intermediate - and longer-term Corporate Bonds normally fluctuates more in response to changes in interest rates than does the value of shorter-term Corporate Bonds. The market value of a Corporate Bond also may be affected by investors' perceptions of the creditworthiness of the issuer, the issuer's performance and perceptions of the issuer in the market place. There is a risk that the issuers of Corporate Bonds may not be able to meet their obligations on interest or principal payments at the time called for by an instrument. The Underlying Fund may utilise various types of Derivatives, including swaps, for the purpose of gaining exposure to Corporate Bonds.

### **Structured Credit**

The Underlying Fund may invest in asset-backed opportunities across broad sectors such as consumer and commercial specialty finance and corporate credit. The Underlying Fund will target investment opportunities that are directly originated and privately negotiated that may include (i) financings secured by pools of consumer loans,

commercial loans or real estate assets; (ii) the outright purchase of pools of consumer loans, commercial loans or real estate assets; and (iii) debt and equity investments in U.S.-dollar-denominated collateralised loan obligations (**CLOs**) that are primarily backed by corporate leveraged loans issued to primarily U.S. obligors (**U.S. CLOs**), as well as Euro-denominated CLOs that are backed primarily by corporate leveraged loans issued to primarily European obligors (**European CLOs**). The investments in the “equity” of structured credit products (including CLOs) refers to the junior-most or residual debt tranche of such structured credit products (i.e., the tranche whose rights to payment are not senior to any other tranche, which does not typically receive a credit rating and is typically not secured (and is also typically referred to as subordinated notes, income notes, preferred shares or preferred securities, or, more generally, as “equity”)) (the **Residual Tranche**).

The CLO equity tranches (or other similar junior tranches) and privately issued asset-backed securities in which the Underlying Fund invests may be highly leveraged, which magnifies the Underlying Fund’s risk of loss on such investments.

#### **Stressed Investments**

The Underlying Fund may invest in Syndicated Loans and Corporate Bonds and other obligations of companies, referred to herein as “Stressed Issuers,” that may be in some level of financial or business distress, including companies involved in, or that have recently completed, bankruptcy or other reorganisation and liquidation proceedings. These investments may include (i) corporate debt instruments relating to stressed and distressed industries or issuers; (ii) rescue-capital opportunities; (iii) public and private stock issued in connection with restructurings and reorganizations or otherwise (**post-reorganisation securities**); and (iv) other opportunistic investments resulting from periods of market dislocation.

#### **Commercial Real Estate Loans**

**Senior Mortgage Loans:** These mortgage loans are typically secured by first liens on commercial properties, including the following property types: office, multifamily, retail, industrial, hospitality and mixed-use. In some cases, first lien mortgages may be divided into an A-Note and a B-Note. The A-Note is typically a privately negotiated loan that is secured by a first mortgage on a commercial property or group of related properties that is senior to a B-Note secured by the same first mortgage property or group.

**Subordinated Debt:** These loans may include structurally subordinated first mortgage loans and junior participations in first mortgage loans or participations in these types of assets. As noted above, a B-Note is typically a privately negotiated loan that is secured by a first mortgage on a commercial property or group of related properties and is subordinated to an A-Note secured by the same first

mortgage property or group. The subordination of a B-Note or junior participation typically is evidenced by participations or intercreditor agreements with other holders of interests in the note. B-Notes are subject to more credit risk with respect to the underlying mortgage collateral than the corresponding A-Note.

**Preferred Equity:** Real estate preferred equity investments are subordinate to first mortgage loans and are not collateralised by the property underlying the investment. As a holder of preferred equity, the Underlying Fund seeks to enhance its position with covenants that limit the activities of the entity in which the Underlying Fund has an interest and protect the Underlying Fund’s equity by obtaining an exclusive right to control the underlying property after an event of default, should such a default occur on the Underlying Fund’s investment.

**Mezzanine Loans:** Like B-Notes, these loans are also subordinated, but are usually secured by a pledge of the borrower’s equity ownership in the entity that owns the property or by a second lien mortgage on the property. In a liquidation, these loans are generally junior to any mortgage liens on the underlying property, but senior to any preferred equity or common equity interests in the entity that owns the property. Investor rights are usually governed by intercreditor agreements.

#### **Other Investment Strategies**

The Underlying Fund may also invest in commercial real estate mezzanine loans, real estate mortgages, distressed securities, notes, bills, debentures, bank loans, convertible and preferred securities, government and municipal obligations and other credit instruments with similar economic characteristics. In addition, from time to time, the Underlying Fund may invest in or hold common stock and other equity securities incidental to the purchase or ownership of a Syndicated Loan or Corporate Bond or in connection with a reorganization of a borrower. The Underlying Fund may engage in short sales. The Underlying Fund may also use Derivatives to gain investment exposure to credit instruments, to provide downside protection and to dampen volatility. Derivatives may allow the Underlying Fund to increase or decrease the level of risk to which the Underlying Fund is exposed more quickly and efficiently than transactions in other types of instruments. The Underlying Fund may invest in securities of other investment companies, including exchange traded funds, to the extent that these investments are consistent with the Underlying Fund’s investment objective, strategies and policies and permissible under the 1940 Act or any applicable exemption therefrom. The Underlying Fund may invest in other investment companies to gain broad market or sector exposure, including during periods when it has large amounts of uninvested cash or when the Advisers believe share prices of other investment companies offer attractive values.

## Other Characteristics

**Below Investment Grade Credit Instruments:** Most of the credit instruments in which the Underlying Fund may invest will be rated below investment grade. Securities rated below investment grade are those that, at the time of investment, are rated Ba1 or lower by Moody's Investors Service, Inc. (**Moody's**), or BB+ or lower by Standard & Poor's Corporation Ratings Group (**S&P**) or Fitch Ratings, Inc. (**Fitch**), or if unrated are determined by the Advisers to be of comparable quality. Below investment grade securities often are regarded as having predominately speculative characteristics with respect to an issuer's capacity to pay interest and repay principal. In addition, lower quality debt securities tend to be more sensitive to general economic conditions. Although many of the Underlying Fund's investments may consist of securities rated below investment grade, the Underlying Fund reserves the right to invest in credit instruments of any credit quality, maturity and duration.

**Foreign Instruments:** The Underlying Fund may make investments in non-U.S. entities, including issuers in emerging markets. Emerging market countries are countries that major international financial institutions, such as the World Bank, generally consider to be less economically mature than developed nations, such as the United States or most nations in Western Europe. Emerging market countries can include every nation in the world except the United States, Canada, Japan, Australia, New Zealand and most countries located in Western Europe. The Underlying Fund expects that its investment in non-U.S. issuers will be made primarily in U.S. dollar denominated securities, but it reserves the right to purchase securities that are foreign currency denominated. Some non-U.S. securities may be less liquid and more volatile than securities of comparable U.S. issuers.

**Illiquid and Restricted Securities:** The Underlying Fund may invest in instruments that, at the time of investment, are illiquid (generally, those securities that cannot be disposed of within seven days in the ordinary course of business at approximately the value at which the Underlying Fund has valued the securities). Although the Underlying Fund may invest in such instruments without limitation, pursuant to the requirements of the 1940 Act, the Board of Trustees (the **Board**) has adopted, and the Underlying Fund follows, procedures designed to ensure that the Underlying Fund maintains sufficient liquidity to meet its periodic repurchase obligations as an interval fund. The Underlying Fund may also invest, without limit, in securities that are unregistered (but are eligible for purchase and sale by certain qualified institutional buyers) or are held by control persons of the issuer and securities that are subject to contractual restrictions on their resale.

The Underlying Fund may invest its cash balances in money market instruments, U.S. government securities, commercial paper, certificates of deposit, repurchase agreements and other high-quality debt instruments maturing in one year or less, among other instruments. In addition, and in response

to adverse market, economic or political conditions, the Underlying Fund may invest in high-quality fixed income securities, money market instruments and money market funds or may hold significant positions in cash or cash equivalents for defensive purposes.

## Investment Process

The Underlying Fund's portfolio is managed by CAM employees Mitch Goldstein and Greg Margolies, who are also employees of Ares Capital, where Mr. Goldstein is Co-Head of the Ares Credit Group and Mr. Margolies is a Partner. In managing the portfolio, they employ two principal inputs, a quantitative allocation model and the Sub-Adviser's Allocation Committee comprised of portfolio managers and investment officers from each underlying credit discipline.

The Ares model utilises a scoring system intended to quantify the following with a common scale:

- four risk factors for each asset class including:
  - volatility: variability of price for a given security;
  - liquidity: extent to which an asset or security can be purchased or sold within the context of its current quoted price;
  - loss probability: probability of realising a loss from default; and
  - control premium: premium to value associated with having a controlling position in structuring and originating debt instruments;
- three macroeconomic risk factors including correlation to equities, interest rate risk, and geographic/regional risk;
- relative value spread basis between different asset classes, based on standard deviations in price of each asset; and
- relative value of each asset class as compared to its own historical average measured by standard deviation.

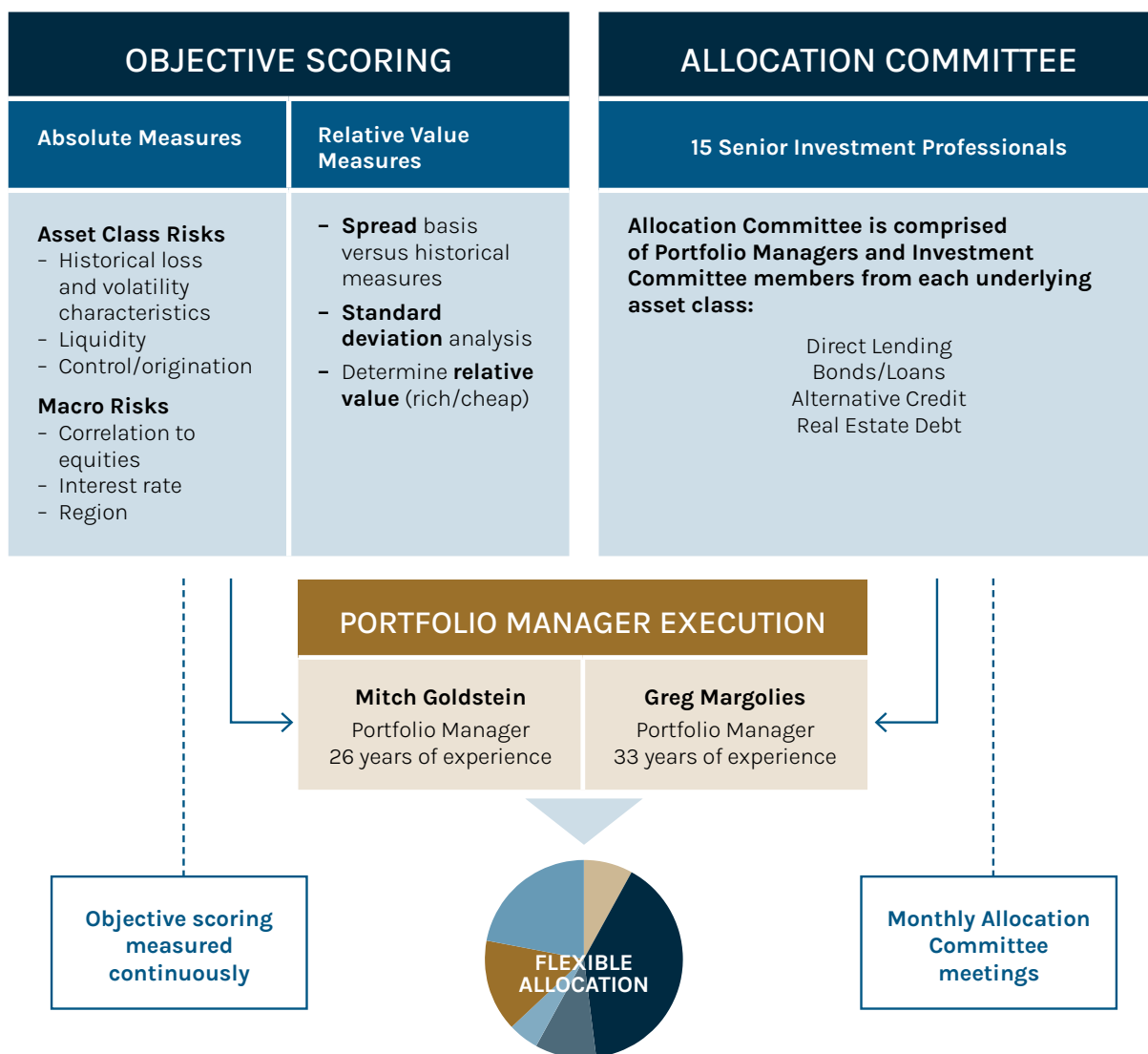
The Ares scoring for each asset class is then used to solve for an optimal allocation mix using a range of targeted returns. Minimum and maximum concentration and diversification limits may be applied. This output is meant as an objective measure of relative value, useful in guiding both Allocation Committee discussion and in advising Ares co-portfolio managers as to portfolio construction.

Allocation Committee meetings are held monthly and serve multiple ends. The forum is intended to facilitate a congress of expert opinions from across the credit spectrum. Members discuss macroeconomic trends, U.S. and global growth (or contraction), labour market trends, inflation trends, fiscal and monetary policy trends, asset valuations, liquidity conditions and investor sentiment. Each is addressed with respect to its potential effect on lending conditions and credit spreads across underlying asset classes. Consensus is not required; however, the agenda will tend to facilitate development of broad "house views" as to macroeconomic forecasts.

Specific focus is given to the subject of valuation, and whether each credit asset class is priced attractively relative to its fundamental (absolute) risk and also by comparison to other credit assets. Healthy disagreement on this topic is encouraged, and particular consideration given to the spreads at which most recent loans or bonds have been underwritten by the investment teams of each asset class. The end objective is to determine which asset classes appear cheaply valued and most attractive relative to the risks inherent to each asset class.

The process culminates as Mr. Goldstein and Mr. Margolies determine portfolio positioning and will decide how much of the Underlying Fund's portfolio is invested in each credit asset class. The composition and construction of each underlying asset category is then determined by the portfolio managers specific to that asset category. To the extent possible, such portfolio managers are the same as would

be employed in managing a standalone fund within that underlying asset class and the pool of investment ideas from which the underlying asset category is populated would similarly be the same. All investments are either sourced from third parties or by Ares directly, but the Underlying Fund expects the majority of the Underlying Fund's investments to be directly originated by the Ares investment teams. While each underlying investment team employs its own distinct investment process tailored to that asset class, all portfolio investments undergo intensive screening, due diligence, and credit analyses focused on principal preservation and long-term value creation in market leading businesses. This ensures integrity of process down to the selection of specific companies and credits and is intended to maximise "best ideas" capture across the platform. As the allocation between various asset classes change, underlying portfolio managers are directed to monetise assets or increase their investments to raise liquidity or deploy additional investment capital.



# ADDITIONAL INFORMATION ABOUT THE FUND AND THE UNDERLYING FUND

## Structure of the Fund

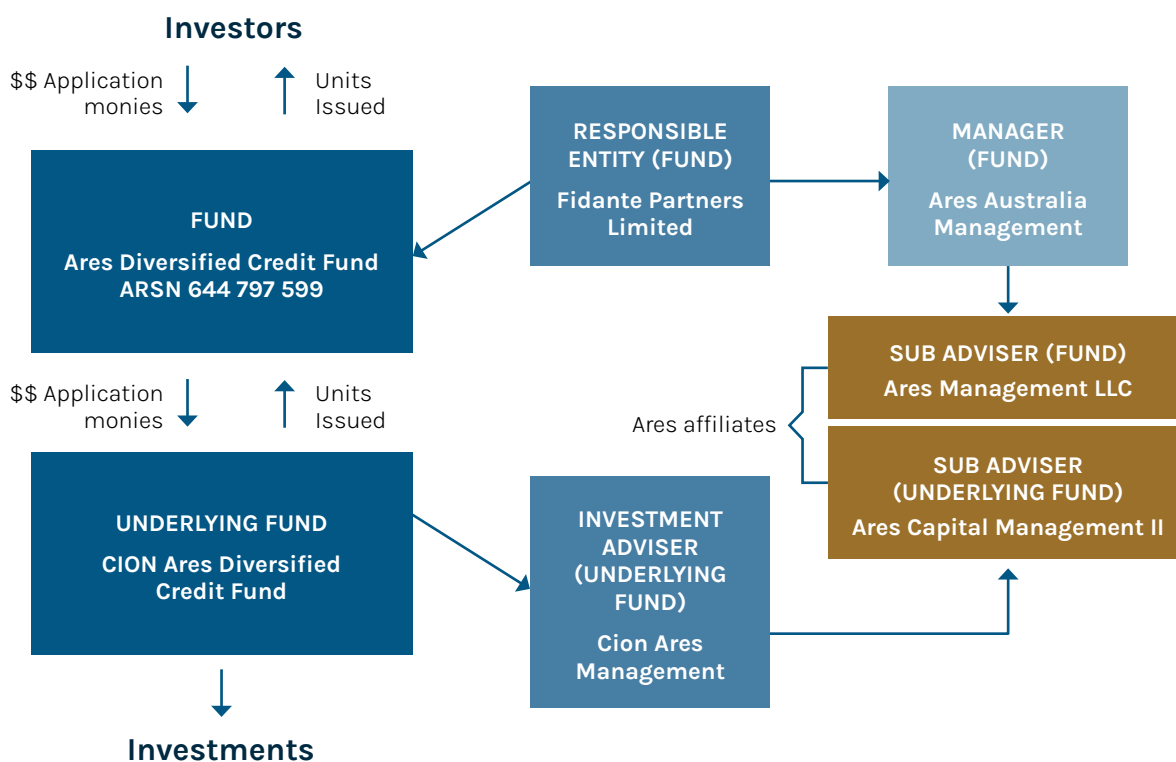
The Fund is an unlisted open-ended unit trust registered as a managed investment scheme under the Corporations Act. The offer for units in the Fund is only available to wholesale clients (as that term is defined in the Corporations Act).

Your money will be invested into the Fund and used to purchase assets in line with the Fund's investment objectives. In particular, the Fund gains its investment exposure by investing in the Underlying Fund, cash and foreign exchange hedging instruments. When you invest in the Fund, you will purchase units in the Fund (rather than

purchasing the assets directly), which represents a share of the value of the Fund's collective asset pool. Certain rights are attached to the units and these rights are exercisable by the person who owns these units (referred to as **you, your, investor, or unitholder** throughout this Memorandum).

## Structure of the Underlying Fund

The Underlying Fund is a U.S. Delaware statutory trust registered under the Investment Company Act of 1940, as a diversified, closed-end management investment company (Regulated Investment Company). The Underlying Fund is a continuously-offered unlisted closed-end interval fund.





## Currency strategy

### Hedging arrangements

The Fund intends to implement a currency hedging strategy to minimise the effects of foreign currency on both the income and capital value of the Fund. The Fund may use currency exchange forwards to implement the hedge strategy in order to hedge the impact between the Australian Dollar and the U.S. Dollar.

In respect of the income and capital value of the Fund, it is intended that hedges will be implemented on a staggered basis with varying maturity dates.

Commitments arising from the hedging strategy will aim to be met through redeeming shares in the Underlying Fund or available cash. If required, the settlement of losses may be deferred by capitalising and rolling the loss into another hedge.

It is proposed that the hedging arrangements will be entered into on behalf of the Fund by Ares in its capacity as sub-adviser of the Fund as part of its investment management services provided to the Fund.

We or Ares may determine to change the hedging strategy from time to time.

The Fund's currency strategy may expose the Fund to certain risks. Please refer to 'Currency risk', 'Derivative risk' for more information.

### Security arrangements

In connection with the hedging strategy, the Fund may grant a security interest to relevant trading counterparties, over the underlying assets (including shares in the Underlying Fund) and cash of the Fund instead of posting daily margins.

## Authorised investments and asset allocation ranges

The Fund is authorised to hold shares in the Underlying Fund, cash and foreign currency exchange hedging instruments.

The Fund gains exposure to various investment markets and asset classes by investing into the Underlying Fund.

## Borrowings of the Fund

The Fund's constitution allows for borrowing. AAM will generally not borrow on behalf of the Fund to invest, except for the purposes of satisfying margining requirements or funding obligations in connection with its use of derivatives for foreign exchange hedging purposes. It is expected that any borrowing arrangements will not exceed more than 20% of the overall size of the net asset value of the Fund when entered into. The Fund may also borrow from time to time to cover short-term cash flow needs or if emergency or extraordinary situations arise. Borrowings may be from a variety of sources, including related entities. Where funds are borrowed from related entities, the terms are set on a

commercial and arm's length basis and will be for reasonable remuneration.

The availability and terms of borrowings are subject to the market for borrowings (including market conditions in debt and other markets) and therefore borrowings may not always be available. Lenders may refuse to provide borrowings, renew an existing borrowing facility or refuse to renew on commercially acceptable terms. This may be for reasons specific to the Fund or due to market-wide events.

We or AAM may change the lending financial institution (if any) from time to time and may also seek to vary the terms of any borrowing facility where it is believed it would be in the best interests of unitholders.

The Underlying Fund may borrow for investment and other general corporate purposes. Refer to 'Gearing and Leverage' below for more information.

## Allocation of investments

Because of the size of the Ares investment management business some investment opportunities may not be large enough to provide for an allocation across all Ares portfolios. To the extent an investment opportunity is limited, Ares has no obligation to allocate all or any portion of such opportunity to the Underlying Fund before allocating to itself or any other client of Ares.

However, Ares must adhere to its allocations policy when allocating investments and divestments of the Underlying Fund.

## How the Fund and Underlying Fund use derivatives

The term 'derivative' is used to describe any financial product that has a value that is derived from another security, liability, or index.

The Fund and the Underlying Fund may at times invest in or obtain exposure to derivatives, such as futures and options, foreign exchange forwards and swaps. The Fund will primarily use derivatives to hedge currency exposures. The use of derivatives may expose the Fund to certain risks. Please refer to 'Currency strategy', 'Derivative risk' and 'Currency risk' for more information.

Derivatives may be used to implement investment decisions (including hedging), managing the duration of the Fund, and as a risk management tool (such as managing the effect of interest rates or foreign currency movements). They may also be used to adjust or implement investment decisions and to gain, or avoid, exposure to a particular market rather than purchasing physical assets.

The Underlying Fund will use derivatives in seeking to achieve its investment objective or for other reasons, such as cash management, financing activities or to hedge its positions. Accordingly, derivatives may be used in limited instances as

a form of leverage or to seek to enhanced returns, including speculation on changes in credit spreads, interest rates or other characteristics of the market, individual securities or groups of securities. The use of derivatives may cause the nominal investment exposure of the Underlying Fund to exceed 100% of the value of assets. Refer to 'Gearing and Leverage' below for more information.

## Gearing and leverage of the Underlying Fund

While AAM will not generally borrow on behalf of the Fund to invest, the Fund may enter into borrowing arrangements for the purposes of satisfying margining requirements or funding obligations in connection with its use of derivatives for foreign exchange hedging purposes. The borrowing arrangement will be utilised to fund any hedging costs that cannot be satisfied while awaiting withdrawal proceeds from the Underlying Fund. It is expected that any borrowing arrangement will not exceed more than 20% of the overall size of the net asset value of the Fund when entered into.

The Underlying Fund's use of borrowing and derivatives may cause the nominal investment exposure of the Underlying Fund to exceed 100% of the value of the Underlying Fund's assets. Under the terms of the Underlying Fund, leverage is restricted to 33.33% of the market value of the Underlying Fund's total assets.

The Underlying Fund may obtain leverage by issuing preferred shares and/or notes and it may also borrow funds from banks and other financial institutions.

The leverage in the Underlying Fund is continually monitored by its Advisers to ensure it is in accordance with the Underlying Fund's investment objective and within the prescribed threshold.

## Changes to investment policy

The constitution of the Fund permits a wide range of investments and gives us, as Responsible Entity, broad investment powers. We may change the investment manager and/or vary the investment objectives, strategies, benchmarks, asset allocation ranges and processes of the Fund without your consent. We will notify unitholders of any material variation or changes which we believe they would not have reasonably expected.

We note that as the Fund invests through the Underlying Fund, the Underlying Fund may change its investment objective, strategies, benchmarks, asset allocation ranges and processes at any time without prior notice and without our consent.

## Labour standards or environmental, social or ethical considerations

The Responsible Entity has delegated the investment management of the Fund to AAM under an investment management deed. AAM has sub-delegated investment decisions for the purposes of selecting, retaining or realising

investments for the Fund to Ares who operates the Fund in accordance with the Sub-Adviser Deed. For more information on the Sub-Adviser Deed, refer to the section 'Material Contracts'. Fidante Partners' parent Challenger Limited is a member of The PRI Association (**PRI**), a leading promoter of responsible investment practices supported by the United Nations.

Fidante Partners incorporates consideration of environmental, social and governance (**ESG**) considerations when selecting, appointing and monitoring investment managers. Fidante Partners does not adhere to any particular set of labour standards or environmental, social and ethical considerations

### Sub-adviser of the Fund

AAM has delegated the investment management for the Fund to Ares who operates the Fund in accordance with the Sub-Adviser Deed. This delegation includes how ESG considerations are incorporated in the Fund's investment process.

In recognition of the importance of considering environmental, social and governance ("ESG") factors in its investment process, in 2012 Ares Management adopted a Responsible Investment Policy to guide its ESG integration activities across the investment platform and had updated its policy as its practices evolved. Ares takes into account labour standards and environmental, social and ethical considerations when selecting, retaining or realising investments. Ares does not adhere to a particular set of standards and nor does Ares have a predetermined view as to what constitutes a labour standard or an, environmental, social or ethical consideration but is supportive of the United Nations-backed Principles of Responsible Investment framework. Ares' believes that integrating environmental, social, and governance factors into the investment and portfolio management processes across our platform not only enable us to generate attractive and differentiated risk adjusted returns across our investment strategies but drive positive change in our local communities and the world at large. Ares will consider general factors such as (but not limited to) labour relations, workplace health and safety, climate change, water scarcity, energy security, ageing demographics, potential environmental impacts, quality of environmental management systems.

Ares monitors its investments on an ongoing basis, however the timeframe for monitoring and reviewing investments is not fixed. Ares maintains a strong sell discipline in relation to investments that no longer meet its investment criteria, which includes consideration of ESG factors.

Ares' Responsible Investment Policy conveys our objectives for integrating ESG factors, the principles behind our approach, the governance framework to ensure continuous improvement, and the implementation steps that bring our approach to life throughout the investment lifecycle. Ares' Responsible Investment Policy is publicly available on our website at: [www.aresmgmt.com/about-ares-management-corporation/esg](http://www.aresmgmt.com/about-ares-management-corporation/esg).

## RISK FACTORS

It is important to understand that there are inherent risks in any investment. All investments carry risk, including the potential for loss of income or capital, a less than expected rate of return or a delay in payment.

While Fidante Partners is not able to eliminate the risks associated with an investment in the Fund, Fidante Partners will employ a range of investment and risk management strategies to identify, evaluate and manage these risks.

The purpose of this section is to inform a potential investor of the types of risks that may apply to an investment in the Fund (and subsequently the Underlying Fund). This section is a summary of what Fidante Partners considers to be the significant risks that should be considered before deciding to invest in the Fund. This section does not purport to be a comprehensive summary of all of the risks and there may be other risks that adversely affect the Fund.

Risk	Explanation
Collateral risk	The Fund and the Underlying Fund enters into derivatives arrangements that require it to deliver (or 'post') collateral to the derivative counterparty or clearer. As a result, the Fund may be exposed to certain risks in respect of that collateral including the credit risk of the counterparty or clearer.
Counterparty risk	The Fund and the Underlying Fund are, to a certain extent, reliant on external providers in connection with its operation and investment activities. There is a risk with these arrangements that the other party to a contract (such as derivatives contract, physical security or foreign exchange contract trade) may fail to perform its contractual obligations either in whole or part (refer to 'Credit risk' for more information). In such circumstances, any collateral lodged with counterparties related to these derivatives may also be at risk. This may result in the investment activities of the Fund being adversely affected.
Credit risk	<p>The risk that the issuer of the fixed interest security (i.e. direct loan, asset backed security, corporate debt, corporate loan or derivative counterparty) is unable or unwilling to make interest and/or capital repayments in full and/or on time, or may not meet other financial obligations. Fixed income securities are subject to legal, political, macro-economic, industry and business risks which may lead to a loss of capital or interest payments.</p> <p>Losses may be complete or partial and may occur at any time depending on the extent of financial deterioration, the position of the fixed income security in the capital structure of the issuer or whether the fixed income security has security of assets in the case of default.</p> <p>Fixed income securities may be assigned a credit rating from rating agencies such as Standard and Poor's or Moody's Investor Services. A credit rating is only an opinion of creditworthiness that is subject to change. Credit risk is generally considered to be lower with investment grade credit quality fixed income securities and moves increasingly higher, the further down the credit quality spectrum.</p> <p>Deterioration in the creditworthiness of an issuer is likely to lead to volatility in the fixed income security secondary market price. A downgrade in credit rating may impact the spread causing the value of a fixed income security to fall.</p>

Risk	Explanation
Currency and currency hedging risks	<p>Some investments held by the Fund and the Underlying Fund may be denominated in a currency different to Australian Dollars. The value of these investments may fluctuate in Australian dollar terms because of fluctuations in currency exchange rates.</p> <p>As an example, a rise in the Australian dollar relative to other currencies may negatively impact investment value or returns. Conversely, a decline in the Australian dollar relative to other currencies may positively impact investment returns.</p> <p>Ares on behalf of the Fund adopts currency hedging strategies in an aim to reduce, or remove completely, the impact of these currency movements on the value of the investment. However, it should be noted that such hedging strategies could also reduce the potential for increased gains where the value of that currency increases relative to the Australian dollar. Further, there is also a risk that if the hedging is not implemented accurately or effectively, the Fund could be exposed to currency fluctuations. There can be no assurance that the Fund will be hedged at all times or that Ares will be successful at employing the hedging strategies.</p> <p>Given that Repurchase Offers are only made on a quarterly basis, there is a risk that the proposed currency hedging strategy, whereby a counterparty takes shares as collateral or security in respect of shares of the Underlying Fund for a hedge, could cause a delay in the processing of withdrawal requests at the Fund level as it subject to the withdrawal regime of the Underlying Fund.</p> <p>There is also a risk that under these arrangements, the counterparty may be provided by way of security with a contractual right to take control of the Fund's bank accounts and exercise discretion on the redemption and sale of the shares in the Underlying Fund that are held by the Fund if there is an unremedied default. An example of an unremedied default would be the non-payment of amounts due to the counterparty which we consider would be unlikely to occur.</p> <p>Please refer to 'Currency strategy' under 'Additional Information about the Fund and the Underlying Fund' for information on Ares' currency management strategy.</p>
Derivative risk	<p>The Fund and/or the Underlying Fund may use derivatives, directly or indirectly, for hedging purposes and/or for investment purposes. The value of a derivative is linked to the value of an underlying asset and can be volatile. While the use of derivatives offers the opportunity for higher gains, it can also magnify losses to the Fund and the Underlying Fund. A risk associated with using derivatives might include the derivative failing to move in line with that of the underlying asset. Therefore, the derivative positions cannot be expected to perfectly hedge the risk of the underlying asset. Other risks associated with derivatives may include potential illiquidity of the derivative, the Fund or the Underlying Fund not being able to meet payment obligations as they arise, the potential for leverage risk (at the Underlying Fund level) or the risk that the other party with whom the derivative contract is held will fail to perform its contractual obligations (refer to 'Counterparty risk' and 'Collateral risk').</p> <p>The Fund and the Underlying Fund may also use derivatives in limited instances as a form of leverage or to seek to enhance returns, including speculation on changes in credit spreads, interest rates or other characteristics of the market, individual securities or groups of securities. Ares aims to keep derivative risk to a minimum by:</p> <ul style="list-style-type: none"> <li>• constantly monitoring the Fund and Underlying Fund's use of derivatives;</li> <li>• aiming to ensure that the Fund and the Underlying Fund keeps sufficient liquid assets to meet all obligations, costs, liabilities and potential losses associated with derivatives; and</li> <li>• entering into derivative contracts with reputable counterparties.</li> </ul> <p>However, neither Fidante Partners, Ares nor AAM can guarantee that the Fund's and/or the Underlying Fund's derivatives strategy will be successful.</p> <p>Refer to 'How the Fund and Underlying Fund uses derivatives' for further information on how derivatives are used.</p>

Risk	Explanation
Fixed income security risk	<p>A fund investing in fixed income securities may experience a decline in income where market interest rates are falling and securities are reinvested at a lower yield. The impact of interest rate risk will largely depend on the term to maturity of the security. Refer to 'Interest rate risk' for further information.</p> <p>There are a number of additional risks which can result in significant variability in investment returns and a loss of income or capital value, including market risk and credit risk. The level of credit risk will generally depend on the creditworthiness of the security issuer. Refer to 'Credit risk' for further information.</p> <p>Investors are also exposed to risks associated with the terms and conditions of the individual financial security.</p>
Foreign investment risk	<p>The Fund invests in a collective investment vehicle located offshore and that is governed by foreign law. It is therefore subject to certain risks that are not prevalent if investing in markets directly. Such risks include:</p> <ul style="list-style-type: none"> <li>• various investment laws and regulations imposed by the foreign jurisdiction of the Underlying Fund that limit the use of certain securities and investment techniques that might improve performance;</li> <li>• Shares in the Underlying Fund not being actively traded, meaning the only option for liquidity is generally redemption which may be subject to delays; and/or</li> <li>• risk that taxation or other applicable laws may change in Australia that may affect the operation of the Fund, including how distributions are paid from the Fund, or in the United States which may affect the operation of the Underlying Fund.</li> </ul>
Fund risk	<p>Fund risk refers to specific risks associated with the Fund, such as termination, changes to fees and expenses and government policies. 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 notice to unitholders.</p> <p>Your investment in the Fund is governed by the terms of the constitution and the Memorandum of the Fund (each as amended from time to time), the Corporations Act, 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 trading or investment strategy may also be adversely affected by changes in government policies (including taxation), 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 greater than usual levels of withdrawals, which could have adverse effects on the Fund.</p> <p>There is also a risk that investing in the Fund may give different results from holding the underlying assets of the Fund (i.e. shares in the Underlying Fund) directly because of (but not limited to):</p> <ul style="list-style-type: none"> <li>• income or capital gains accrued in the Fund at the time of investing;</li> <li>• 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 would potentially realise income and/or capital gains; and</li> <li>• the currency hedging strategies implemented by the Fund.</li> </ul> <p>We aim to manage these risks by monitoring the Fund and by acting in investors' best interests. In the event of winding up the Fund, we will realise all the Fund's assets, which will generally result in the crystallisation of tax positions (both income and capital) at that time.</p>
Underlying Fund risk	<p>Underlying Fund risk refers to specific risks associated with the Underlying Fund, such as termination, changes to fees and expenses and government policies. The Underlying Fund may be closed to further investments and/or be terminated.</p> <p>The Underlying Fund is governed by the terms of its constituent documents, offer document and other laws. The Underlying Fund, its underlying assets and/or its investment strategy and objective may be may also be adversely affected by changes in government policies (including taxation), regulations and laws.</p>

Risk	Explanation
Gearing risk	<p>The use of borrowed money or gearing within the Underlying Fund will increase investment exposure and can magnify the potential gains and losses from investments and increase the volatility of the Underlying Fund's total return. Gearing also increases the risk of the Underlying Fund not meeting the financial obligations of the borrowing, including but not limited to the cost of the borrowing and refinancing risk.</p>
Interest rate risk	<p>The market price of fixed interest securities (such as bonds) can be affected by movements in interest rates. For example, when interest rates rise, the capital value of the bond tends to fall and vice versa.</p> <p>Generally, the longer the maturity (or duration) of the bond, the greater the impact that a given change in interest rates will have on the value of that bond. Interest rate changes can be sudden and unpredictable, and the Fund may lose money as a result of movements in interest rates. The Fund may not be able to hedge against changes in interest rates or may choose not to do so for cost or other reasons. In addition, any hedges may not work as intended.</p>
Liquidity risk	<p>Liquidity risk is the risk that the Fund will not have adequate cash resources to meet its short-term financial commitments as they fall due (including meeting the Fund's objective and investors' expectations for payment of withdrawals).</p> <p>Liquidity risk may also occur due to the absence of an established market or a shortage of buyers for an investment which can result in a loss if the holder of the investment needs to sell it within a particular timeframe.</p> <p>Liquidity risk can also occur due to pandemics and other widespread public health emergencies such as the outbreak of COVID-19 which may cause volatility and declines in markets for financial assets (refer to 'Market risk' below) which in turn may impact the liquidity of the Fund.</p> <p>Different securities may be typically less liquid than other securities or pose a higher risk of becoming illiquid during times of market stress. The less liquid the security, the more difficult it may be to sell the security when it is desirable to do so or to realise what the manager perceives to be fair value in the event of a sale.</p> <p>If an investor or a group of investors in a Fund with exposure to less liquid assets seek to make large withdrawals, then selling assets to meet those withdrawals may result in a detrimental impact on the price we receive for those assets. In certain circumstances, we may be required to suspend withdrawals (refer to 'Withdrawal risk') to allow sufficient time for a more orderly liquidation of assets to meet the withdrawals.</p> <p>The liquidity risk factors above have been considered in designing the application and withdrawal provisions specific to the Fund.</p> <p>Due to the Underlying Fund's investments in the less liquid private lending market, the Fund offers quarterly withdrawals with a minimum notice period and on a 'best endeavours' basis. Please see 'Additional information about withdrawing' in the 'Investing in the Fund' section for more information.</p>
Market risk	<p>The Fund may experience investment losses due to factors that result in market volatility and disruption and affect the overall performance of the financial markets. These events may include changes in spreads, macro-economic, regulatory, social and political conditions, weather events, terrorism, changes in technology, the environment and market sentiment and pandemics and other widespread public health emergencies including outbreaks of infectious diseases such as COVID-19.</p> <p>Often assets from less developed regions or markets display higher levels of volatility of investment return than assets in mature markets.</p>



Risk	Explanation
Operational risk	<p>The day to day operations of the Fund and the Underlying Fund may be adversely affected by circumstances beyond our reasonable control, such as a failure of technology or infrastructure, pandemics and other widespread public health emergencies including outbreaks of infectious diseases such as COVID-19 or natural disasters. A breakdown of administrative procedures and risk control measures implemented by us or by any of our service providers, including with respect to cyber-security, may also adversely affect the operation and performance of the Fund and the Underlying Fund.</p>
Service provider risk	<p>The Fund and the Underlying Fund may be reliant on external service providers in connection with their operation, such as the custodian and any sub-advisory managers appointed in respect of the Fund and Underlying Fund. There is a risk with these arrangements that the service providers may default in the performance of their obligations or seek to terminate the services with the result that the Fund and the Underlying Fund may be required to seek an alternative supplier and, in the interim, investment activities and other functions of the Fund and the Underlying Fund may be affected.</p> <p>In addition to the general service provider risk above, there are also certain risks associated with Ares as sub-adviser of the Fund. Ares, its respective partners, controlling persons, employees, agents, representatives and advisers are not in any way prohibited from spending substantial business time in connection with other businesses and activities (and receiving compensation in connection therewith), including without limitation managing investments other than the Fund and the Underlying Fund. There is a risk that any advice or other actions taken for other funds may have a material impact (positive or negative) on the holdings of the Fund and the Underlying Fund. The investment policies, fee arrangements and other circumstances relevant to the Fund may also be similar to or vary significantly from such arrangements for other clients of AAM or Ares.</p> <p>AAM and Ares have policies designed to manage conflicts of interest, and must adhere to these policies when performing the investment management function of the Fund.</p>
Withdrawal risk	<p>If a situation occurs where the assets that the Fund invests in are no longer able to be readily bought and sold, or market events reduce the liquidity of a security or asset class, there is a risk that the generally applicable timeframe for meeting withdrawal requests may not be able to be met. This is because it may take longer to sell these types of investments at an acceptable price. In this case, withdrawals from the Fund may take significantly longer than the generally applicable timeframe and may need to be suspended (see 'Suspending withdrawals' for more information).</p> <p>Due to the Fund's investments, via its investment in the Underlying Fund, in the less liquid private lending market, where assets are traded less frequently, the Fund offers quarterly withdrawals with a minimum notice period and on a 'best endeavours' basis. However, given the illiquid nature of the assets, investors in the Fund must be aware that it may take significantly longer to receive the withdrawal proceeds than the generally applicable timeframe specified above in the 'Investing in the Fund' section.</p> <p>In addition, withdrawals from the Fund will also be subject to the availability of withdrawals from the Underlying Fund. Please see 'Additional information about withdrawing' in the 'Investing in the Fund' section for more information.</p> <p>The maximum timeframe in which we, as Responsible Entity, have to meet a withdrawal request is set out in the constitution of the Fund. Where the Fund is not liquid (as defined in the Corporations Act), you may only withdraw when we make an offer to withdraw to all investors, as required by the Corporations Act. Please refer to 'Additional information about withdrawing' for further information about an investor's ability to withdraw when the Fund is liquid, including the timeframes, and an investor's ability to withdraw if the Fund is not liquid.</p>

## FEES AND COSTS

The fees detailed below are for an investment in the Fund. Fees stated may be rounded to two decimal places. Whilst the constitution of the Fund permits us as Responsible Entity to charge fees above the amounts set out in this Memorandum, it is not our current intention to charge fees in excess of the amounts set out in this Memorandum. We will provide investors with prior written notice of any proposed increase in fees.

Unless otherwise stated or in relation to fees of the Underlying Fund, all fees and costs are quoted inclusive of any Goods and Services Tax (GST) and net of any input tax credits (ITCs) or reduced input tax credits (RITCs) as applicable. Where available, the prescribed RITC rate is currently 55% or 75%, depending on the nature of the fee or cost incurred. Due to the impact of GST, ITC and RITC calculations, actual fees may vary slightly from those stated, which may be rounded to two decimal places. Please refer to 'Taxation Information' for more details.

### Management fees

#### THE FUND

The Fund does not currently charge a management fee.

#### THE UNDERLYING FUND

The Underlying Fund's management fee is calculated and payable monthly in arrears at the annual rate of 1.25% of the average daily value of the Underlying Fund's Managed Assets. Managed Assets means the total assets of the Underlying Fund (including any assets attributable to any preferred shares that may be issued or to indebtedness) minus the Underlying Fund's liabilities other than liabilities relating to indebtedness. The Underlying Fund's management fee is deducted from the assets of the Underlying Fund, accrued in the Underlying Fund's net asset value, and then paid periodically.

For additional details on the management fee charged by the Underlying Fund, please contact the Fidante Partners Investor Services team on 13 51 53 or email [info@fidante.com.au](mailto:info@fidante.com.au).

### Performance/incentive fees

#### THE FUND

The Fund does not currently charge a performance fee.

#### THE UNDERLYING FUND

The Underlying Fund's incentive fee is calculated and payable quarterly in arrears based upon the "pre-incentive fee net investment income" attributable to each class of the Underlying Fund's common shares for the immediately preceding fiscal quarter, and is subject to a hurdle rate, expressed as a rate of return based on each class' average daily net asset value, equal to 1.50% per quarter (or an annualised hurdle rate of 6.00%), subject to a "catch-up"

feature. The "catch-up" feature provides the Underlying Fund's Adviser with an incentive fee of 15% on each class' 'pre-incentive fee net investment income' when that class' pre-incentive fee net investment income reaches 1.765% of the class' average daily net asset value in any fiscal quarter.

The calculation of the Underlying Fund's incentive fee for each fiscal quarter is as follows:

- No incentive fee is payable in any fiscal quarter in which the applicable pre-incentive fee net investment income attributable to the applicable share class does not exceed the quarterly hurdle rate of 1.50% of such class's average daily net assets (calculated in accordance with GAAP), or 6.00% annualised;
- 100% of the pre-incentive fee net investment income attributable to the applicable share class, if any, that exceeds the hurdle rate but is less than or equal to 1.765% of such class's average daily net asset value (calculated in accordance with GAAP) in any fiscal quarter (7.06% annualised) is payable to the Adviser; and
- 15% of the pre-incentive fee net investment income attributable to the applicable share class, if any, that exceeds 1.765% of such class's average daily net assets (calculated in accordance with GAAP) in any fiscal quarter (7.06% annualised) is payable to the Adviser (i.e. once the hurdle rate is reached and the catch-up is achieved).

Pre-incentive fee net investment income means interest income, dividend income and any other income accrued during the fiscal quarter, minus the Underlying Fund's operating expenses for the quarter (including management fees).

The incentive fee is deducted from the assets of the Underlying Fund, accrued in the Underlying Fund's net asset value, and then paid periodically.

For additional details on the incentive fee charged by the Underlying Fund, please contact the Fidante Partners Investor Services team on 13 51 53 or email [info@fidante.com.au](mailto:info@fidante.com.au).

### Recoverable expenses

#### THE FUND

##### Normal operating expenses

Under the constitution of the Fund, we are entitled to recover costs incurred in the performance of our duties as Responsible Entity of the Fund and in the administration and management of the Fund. Normal operating expenses that may be recovered from the Fund include responsible entity fees, administration fees, custody fees, audit fees, accounting fees, legal and regulatory fees. The constitution does not place any limit on the amount of expenses that can be paid from the Fund.

Normal operating expenses are estimated to be 0.05% p.a. of the Fund's net asset value. Normal operating expenses may vary each year.



### Abnormal expenses

We may recover abnormal expenses (such as costs of unitholder meetings, changes to the Fund's constitution and defending or pursuing legal proceedings) from the Fund. Whilst it is not possible to estimate such expenses with certainty, we anticipate that the events that give rise to such expenses will not occur regularly. In circumstances where such events do occur, we may decide not to recover these abnormal expenses from the Fund.

### THE UNDERLYING FUND

The Advisers to the Underlying Fund bear all of their own costs incurred in providing investment advisory and sub-advisory services to the Underlying Fund. The Underlying Fund bears all other expenses incurred in the business and operation of the Fund, including reimbursements associated with the Underlying Fund's launch.

Expenses for the Underlying Fund are estimated to be 0.66% of average net assets of the Underlying Fund. Expenses of the Underlying Fund may vary each year.

For additional details on the expenses charged by the Underlying Fund, please contact the Fidante Partners Investor Services team on 13 51 53 or email [info@fidante.com.au](mailto:info@fidante.com.au).

### Entry and exit fees

There is no entry fee charged on the application of units in the Fund or exit fee charged on withdrawing from the Fund.

### Buy/Sell spreads

The buy/sell spread is the difference between the investment unit price and the withdrawal unit price and is stated as a percentage of the net asset value of the Fund. The buy/sell spread is not a fee paid to us. It is reflected in the unit price and is therefore an additional cost to you.

The current buy/sell spread for the Fund is +0.20%/Nil. This may vary from time to time, including when the Underlying Fund charges transaction costs. The Underlying Fund does not currently charge any transaction costs including a buy/sell spread.

We have discretion to waive or reduce the transaction costs, such as a buy/sell spread on investments or withdrawals where no or reduced costs are incurred. We will provide notification to unitholders of any changes to buy/sell spread transaction costs on the Fidante Partners website.

### Can fees change?

All fees can change. Reasons for this might include changing economic conditions and changes in regulation. We cannot charge more than the Fund's constitution allows. If we wish to raise fees above the amount allowed for in the Fund's constitution, we would first need to obtain the approval of unitholders. We also reserve the right to waive or reduce any of the fees and costs described in this Memorandum without prior notice.

### Benefits to Fidante Partners and AAM

As the Fund's management fee is currently nil, the Responsible Entity does not receive fees from the Fund in connection with the services it provides in relation to the Fund.

Pursuant to the Fee Deed, Ares and/or CAM will pay certain fees to Fidante Partners (in its personal capacity) in connection with establishing and promoting the Fund in Australia. Fidante Partners (in its personal capacity) will separately also pay a fee to the Manager in connection with the distribution of the Fund under the Fee Deed. In addition, the Responsible Entity will pay a fee to the Manager as remuneration for services provided under the Investment Management Deed.

# INVESTING IN THE FUND

The Fund is only open to wholesale clients (as defined in the Corporations Act). Units will be offered on a continual basis under the terms of this Memorandum.

## Additional information about making an investment

### INITIAL INVESTMENTS

The minimum initial investment amount is \$100,000. We may vary or waive the minimum investment amount at any time.

All individual or joint investors in the Fund must be at least 18 years of age. Third party payments into or out of the Fund are not permitted. All investments and withdrawals must be paid from/to an account held in your name.

To make your initial investment please complete the following:

- complete and sign the relevant Application Form;
- complete the relevant identity verification requirements (depending on what investor type you are) and include all required customer identity verification documents;
- if making your investment via direct debit, you will need to complete the direct debit request section of the relevant Application Form. All direct debits are subject to the Direct Debit Request Service Agreement available on our website;
- if making your investment via cheque, make the cheque payable to 'Fidante Partners Limited Application Account <name of investor(s)>' and attach it to your Application Form;
- if making your investment via EFT, please transfer funds with your investor name as a reference at the same time as posting your application. Payment details are outlined below:

**Account name:** FPL Wholesale Application Account

**BSB:** 032 006

**Account number:** 304845

**Payment reference:** <<Investor name>>

### ADDITIONAL ONE-OFF INVESTMENTS

You can make additional investments into the Fund. The minimum additional investment amount is \$10,000. We may vary or waive the additional minimum investment amount at any time.

If you wish to make additional investments into the Fund, please keep a copy of the current Memorandum and any information that updates it for future reference.

A copy of the current Memorandum and any supplements to the Memorandum are available free of charge by calling the Fidante Partners Investors Services team on 13 51 53 or by emailing [info@fidante.com.au](mailto:info@fidante.com.au).

Third party payments into or out of the Fund are not permitted. All investments and withdrawals must be paid from/to an account held in your name.

To make a one-off additional investment please complete the following:

- complete and sign the relevant Additional Investment Form;
- if making your additional investment via direct debit, you will need to complete the direct debit request section of the Additional Investment Form. All direct debits are subject to the Direct Debit Request Service Agreement available on our website;
- if making your additional investment via cheque, make the cheque payable to 'Fidante Partners Limited Application Account <name of investor(s)>' and attach it to your Additional Investment Form;
- if making your additional investment via EFT, please transfer funds with your investor name as a reference at the same time as posting your Additional Investment Form. Payment details are outlined below:

**Account name:** FPL Wholesale Application Account

**BSB:** 032 006

**Account number:** 304845

**Payment reference:** <<Investor name>>

### INCOMPLETE OR REJECTED APPLICATION FORMS

Under the Fund's constitution, we can accept or reject any application for units and are not required to give any reason or grounds for such a refusal.

Monies from incomplete applications will generally be held on trust for a maximum period of 30 days in a non-interest bearing account commencing on the day we receive the monies. After this period, your funds will be returned to the source of payment.

Once we receive your completed Application Form/Additional Investment Form, the monies held will be divided by the next determined unit price to calculate the number of units that will be allocated to you.

### CUSTOMER IDENTIFICATION PROGRAM

To address money laundering and terrorism risks, verification of each customer's identity is a prerequisite for all new customers starting an investment. The requirements to verify each customer's identity will depend on what type of investor you are, e.g. individual or company etc.

You will be required to provide certified copies of your identity verification documents directly to us (refer to 'Who can certify' for a list of who can certify these documents). If the Application Form is signed under Power of Attorney we will also require a certified copy of the Power of Attorney document and a specimen signature of the attorney.

Under relevant laws, we may be required to ask you for additional identity verification documents and/or information about you, anyone acting on your behalf, or any related persons that are beneficial owners in relation to your investment, either when we are processing your investment request or at some stage after we have issued units in the Fund. We may pass any information we collect and hold about you or your investment to the relevant government authority.

### IDENTITY VERIFICATION DOCUMENTS

You will be required to provide valid identity verification documentation when you invest. The actual documentation required will depend on whether you are an individual investor or a non-individual investor such as a superannuation fund, a trust or a company.

We have outlined the specific documentation required in the relevant Application Form. If any documentation you provide is not in English, it must be accompanied by an original copy of an English translation prepared by an accredited translator. If we do not receive all required valid customer identity verification documents with your application, we will not be able to commence your investment. We will contact you as soon as possible if we require more information. We may also seek to re-verify your identity or collect additional information at any time after your investment has commenced.

### WHO CAN CERTIFY

You must ensure that each page of the relevant identity verification document(s) is certified. The person certifying must state in writing:

- their capacity (from the list provided); and
- on each page of the document 'this document is a true and correct copy of the original' or words to that effect.

An identity verification document may be certified as a true and correct copy of an original document by one of the following persons:

- an officer with, or authorised representative of, a holder of an Australian Financial Services Licence, having two or more continuous years of service with one or more licensees, i.e. a financial adviser;
- a Justice of the Peace;
- a person who is enrolled on the role of the Supreme Court of a State or Territory, or the High Court of Australia, as a legal practitioner (however described), i.e. an Australian lawyer;
- a member of the Institute of Chartered Accountants in Australia, CPA Australia or the National Institute of Accountants, i.e. an accountant;
- an agent of the Australian Postal Corporation who is in charge of an office supplying postal services to the public;
- a permanent employee of the Australian Postal Corporation with two or more years of continuous service who is employed in an office supplying postal services to the public; or
- a police officer.

Other persons may also be qualified to certify documents. For a full list of eligible persons, please contact us.

### WHOLESALE CERTIFICATES

The Responsible Entity will only issue Units to investors who are wholesale clients (as defined in the Corporations Act) and have provided sufficient evidence of their wholesale client status.

## Additional information about withdrawing

### HOW TO MAKE A WITHDRAWAL

The minimum withdrawal amount in the Fund is \$10,000, subject to maintaining a minimum of \$100,000 in the Fund. We may vary or waive the minimum withdrawal amount at any time. Should an investor's unit holding fall below \$100,000 after a withdrawal request, the entire holding may be withdrawn. A withdrawal request, either in whole or in part, once received by us may not be withdrawn without our agreement.

Direct Investors can request a withdrawal by telephone or fax (refer to 'Telephone and fax instructions' in this document) or in writing. Withdrawals can only be made to a bank account held in your name. If you make your withdrawal request by telephone or fax, we can make your withdrawal payment to a previously nominated bank account we have on file.

Third party payments into or out of the Fund are not permitted. All investments and withdrawals must be paid from/to an account held in your name.

If you provide us with an appropriately signed, original written request, then in addition to the payment methods set out above, we can also make payments by direct credit to another bank account in your name.

We will require the following information when you make your withdrawal request:

- your account number;
- the full name(s) in which your investment account is held;
- the amount (dollar or units) you wish to withdraw;
- method of payment; and
- a daytime telephone number.

Please ensure that the appropriate signatories sign all written withdrawal instructions, including those forwarded by fax.

If you originally invested via direct debit and you make a withdrawal within the first three months of making your investment, we will only pay the withdrawal proceeds to the account that was debited when making your initial investment.

### PROCESSING YOUR WITHDRAWAL

Under the Fund's constitution, the Responsible Entity has the discretion to accept or reject a withdrawal request, and if it accepts the request, it has a maximum period of three and a half years from the date on which it accepts a withdrawal request (**Withdrawal Effective Date**) to process

withdrawals and a maximum of 21 days from the date on which the withdrawal is processed to pay the withdrawal proceeds. However, the Responsible Entity intends to process withdrawals quarterly (**Withdrawal Period**). The Withdrawal Effective Date will be determined quarterly and is expected to be on or around the 15th business day of the first month of each calendar quarter. The Withdrawal Effective Date is based on the date on which the Fund's request to withdraw from the Underlying Fund is processed and is subject to change. For further information about the Underlying Fund's withdrawal details refer to the 'Withdrawals from the Underlying Fund' section below.

Valid withdrawal requests received in our Sydney office before 3:00pm (Sydney time) on the last NSW business day of the quarter (**Withdrawal Request Deadline**) will usually be accepted or rejected on the Withdrawal Effective Date of the relevant Withdrawal Period. Generally, the Withdrawal Effective Dates will be on or around the 15th NSW business day of January, April, July, and October (as applicable to the relevant Withdrawal Period).

For each Withdrawal Period, the Responsible Entity may determine a maximum amount of withdrawal proceeds available from the Fund (**Maximum Amount**). The Maximum Amount in any Withdrawal Period will be based on the amount of withdrawal proceeds that are available to the Fund from the Underlying Fund, along with any other commitments of the Fund. The Responsible Entity will seek to accept (and subsequently process) withdrawals on a best endeavours' basis.

If the aggregate amount of withdrawal requests exceeds the Maximum Amount for the relevant Withdrawal Period, the Responsible Entity will accept (and subsequently process) withdrawal requests on a pro-rata basis. In this instance, you will receive a pro-rata amount referable to your percentage of the Maximum Amount for that Withdrawal Period. Any unmet portion of an investor's withdrawal request will be cancelled and the investor will be required to submit another withdrawal request in the following Withdrawal Period if they wish to withdraw the unmet portion (**New Withdrawal Request**). The New Withdrawal Request will be processed in accordance with the usual withdrawal process for that Withdrawal Period.

Valid withdrawal requests will usually be processed using the unit price determined as at the applicable Withdrawal Effective Date.

For Direct Investors, we can pay withdrawal proceeds by direct credit to your nominated account. You agree that if the type of payment you request results in bank fees being charged, we may deduct those fees from your withdrawal proceeds before remitting the net amount to you.

Generally, if the payment for your withdrawal proceeds is returned to us and remains outstanding for 1 month, we may reinvest the proceeds in the Fund. Any reinvestment of a

withdrawal amount will be processed using the investment unit price current at the time of the reinvestment transaction. For more information on unit prices, refer to 'How unit prices are calculated' below.

We may determine that some or all of the withdrawal amount consists of income (which may include net capital gains), rather than capital of the Fund. We will advise you when this is the case as soon as practicable after the end of the financial year in which the withdrawal occurred.

We have the discretion to transfer assets of the Fund to you (instead of cash) in payment (partly or fully) of the proceeds of your withdrawal request less any costs for the transfer.

We have the right to compulsorily redeem units in issue, if we give at least 30 days prior written notice to affected investors.

#### WITHDRAWALS FROM THE UNDERLYING FUND

The Fund's investment in the Underlying Fund will be by way of a shareholding in the Underlying Fund and is therefore subject to the withdrawal regime of the Underlying Fund.

The Underlying Fund offers a share repurchase program whereby it makes quarterly offers to repurchase between 5% and 25% of its outstanding shares at NAV (**Repurchase Offer**).

In connection with any given Repurchase Offer, we expect that the Underlying Fund will offer to repurchase only the minimum amount of 5% of its outstanding shares. Quarterly Repurchase Offers occur in the months of March, June, September and December. The Repurchase Offer program is a fundamental policy of the Underlying Fund that may not be changed without the vote of the holders of a majority of the Underlying Fund's outstanding voting securities.

Written notification of each quarterly Repurchase Offer is sent to shareholders of the Underlying Fund at least 21 calendar days before the repurchase request deadline (i.e., the date by which shareholders can tender their shares in response to a Repurchase Offer). The Underlying Fund expects to determine the NAV applicable to repurchases on the repurchase request deadline.

If shareholders tender for repurchase more than the Underlying Fund offers to repurchase for a given Repurchase Offer (expected to be 5%), the Underlying Fund may, but is not required to, repurchase an additional amount of shares (**Additional Amount**) and such Additional Amount must not exceed 2.00% of the outstanding shares of the Underlying Fund on the repurchase request deadline. The Underlying Fund will repurchase tendered shares on a pro rata basis if the amount tendered exceeds the aggregate of the Repurchase Offer amount and the Additional Amount (if any). The unsatisfied portion of a pro-rated repurchase request will be cancelled and shareholders can tender for repurchase at subsequent Repurchase Offers. The Underlying Fund may accept all shares tendered for repurchase by shareholders who own less than one hundred shares and who tender all of their shares, before prorating other amounts tendered.

### **DELAY OF WITHDRAWAL PAYMENTS FROM THE FUND**

Withdrawals from the Fund are normally processed and paid within seven NSW business days of processing a valid withdrawal request; however, we do not guarantee this timeframe and we may take significantly longer to pay withdrawals in certain circumstances.

Withdrawals may be delayed in the following circumstances:

- under the Fund's constitution, we have up to 1,458 days from the Withdrawal Effective Date to satisfy a withdrawal request, being the period of three and a half years together with a period of 180 days during which we can suspend withdrawals (refer to 'Suspending withdrawals' below);
- we can also spread withdrawal payments, generally over four quarters (refer to 'Spreading withdrawals' below); or
- if the Fund becomes illiquid, we are not required to pay withdrawals unless we offer to do so (refer to 'If the Fund becomes illiquid' below).

Where multiple delays are applicable, timeframes may apply cumulatively.

Additionally, if we did not receive all required identity verification documents (as outlined in the relevant Application Form) at the time of investment or your withdrawal request is incomplete, we may not process your withdrawal request until these documents are received or further requirements are met.

### **SUSPENDING WITHDRAWALS**

We may suspend withdrawal requests for up to 180 days where:

- it is impracticable for us to calculate the Fund's net asset value (and hence unit prices);
- we reasonably estimate that we must sell 5% or more (by value) of all the Fund's assets to meet withdrawals;
- any fund or other investment vehicle or arrangement that the Fund invests in as part of the Fund's assets (including the Underlying Fund) has suspended or otherwise restricted and/or delayed suspensions or withdrawals of such investment;
- there have been, or we anticipate there will be, withdrawal requests that will require us to realise a significant amount of the Fund's assets and we consider that if those requests are met immediately, this may either place a disproportionate expense or capital gains tax burden on remaining investors or meeting the requests would impact negatively on the price we would achieve in selling the Fund's assets or otherwise disadvantage remaining investors;
- we reasonably consider it to be in the interests of investors to do so; or
- the law otherwise permits.

Any withdrawal requests received during a period of suspension, or for which a unit price has not been calculated or confirmed prior to the commencement of a period of suspension, will be deemed to have been received immediately after the end of the suspension period.

### **SPREADING WITHDRAWALS**

Under the Fund's constitution, we may, if we consider it to be fair to all unitholders, spread the withdrawal of some or all of the relevant units across more than one withdrawal date.

Generally, we may spread a withdrawal request where:

- we receive a withdrawal request for the value of 5% or more of the number of units on issue;
- we receive, on any business day, withdrawal requests that in total represent 10% or more of the number of units on issue;
- there have been, or we anticipate that there will be, withdrawal requests for 10% or more of the total units on issue in the Fund and we consider that if those requests are met immediately this may either place a disproportionate expense or capital gains tax burden on remaining investors or meeting the requests would impact negatively on the price we could achieve in selling Fund assets or otherwise disadvantage remaining investors.

When we spread withdrawals, we may determine that a withdrawal request is four separate requests, each for a quarter (or as close to a quarter as we determine) of the total number of units in the original withdrawal request.

Each of the four (deemed) withdrawal requests will be deemed to be received by us on the same business day of the month (or next business day, if not a business day or if that day does not occur in that month) in each of the four succeeding months following the original withdrawal request.

### **IF THE FUND BECOMES ILLIQUID**

If the Fund is not liquid (as defined in the Corporations Act), unitholders will only be able to withdraw from the Fund if we make an offer of withdrawal to unitholders. If we do make such an offer, unitholders may only be able to withdraw part of their investment. There is no obligation for us to make withdrawal offers.

Under the Corporations Act, the 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 of the kind prescribed under the Corporations Act.

## **Additional information about transactions**

### **TRANSFERRING OWNERSHIP**

You can generally transfer some or all of your investment to another person in such a manner and subject to such conditions as required by law and that we, from time to time, prescribe. We are 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. We recommend that you obtain your own professional advice regarding your position before transferring some or all of your investment, as tax and social security laws are complex and subject to change, and investors' individual circumstances vary.



Please contact us for further information about transferring units.

## TRANSACTION CUT-OFF TIMES

### Application transaction cut-off time

Valid application requests received in our Sydney office before 3:00pm (Sydney time) on a NSW business day, (referred to as the **application transaction cut-off time**), will usually be processed using the unit price determined as at the close of business on that day. If valid requests are received after the application transaction cut-off time, or on a non-business day, it will usually be processed using the applicable unit price calculated as at the close of business on the next business day.

### Withdrawal Request Deadline

Valid withdrawal requests received in our Sydney office before 3:00pm (Sydney time) on the last NSW business day of the quarter (**Withdrawal Request Deadline**) will usually be processed using the unit price determined as at the close of business on the applicable Withdrawal Effective Date. The Withdrawal Effective Date will be determined based on the withdrawal date of the Underlying Fund, and will generally be on or around the 15th NSW business day of the first month of each calendar quarter. If a withdrawal request is received after the Withdrawal Request Deadline, the withdrawal request will be rejected, unless we determine otherwise.

## TELEPHONE AND FAX INSTRUCTIONS

You should understand that a person without your authority could telephone us or send us a fax and, by pretending to be you, withdraw funds from your account for their own benefit.

We take care when acting on instructions. In doing so, we perform security checks and have in place internal policies and procedures designed to reduce the risk that fraud is committed in relation to your account. In using the telephone and/or a fax facility, you agree that we are not responsible to you for any fraudulently completed communications and that we will not compensate you for any losses if we have complied with internal policies and procedures, and we have not been negligent, fraudulent or dishonest.

We will only act on completed communications that we receive. In the case of a fax, a transmission certificate from your fax machine is not sufficient evidence (unless we have otherwise agreed), that we received your fax. We will not be liable for any loss or delay resulting from the non-receipt of any transmission.

In the case of joint holdings, superannuation funds, trusts and companies, additional processes may apply and any investor or director who signs the relevant Application Form may request a telephone withdrawal.

If the details of the bank account quoted at the time of making a telephone or fax withdrawal do not match the nominated bank account we have on file, the withdrawal will not proceed. You must advise us via an original, signed, written request if you wish to change your previously nominated bank account details. If you do not want withdrawals to be able to be made from your account via a telephone or fax request, we must receive an original, signed, written request to cancel these withdrawal facilities. Cancellation will be effective from the end of the second business day after receipt of this written request.

We may cancel or vary these requirements by giving you notice in writing.

## CHANGES TO PERMITTED TRANSACTIONS

We can vary the minimum investment amounts for the Fund at any time and can also change the application cut-off time or Withdrawal Request Deadline. Under the Fund's constitution, we can refuse applications or withdrawals for any reason. In particular, where we consider it to be in the interests of unitholders (such as an inability to value the Fund), we may suspend application or withdrawal requests. Any application or withdrawal request received during the period of suspension, or for which a unit price has not been calculated or confirmed prior to the commencement of a period of suspension, will be deemed to have been received immediately after the end of the suspension period.

## Monitoring your investment

You can access your account information 24 hours a day, seven days a week through InvestorOnline, a secure online service which provides access to up-to-date information about your investments, including the latest unit prices, your account balance and transaction history.

We will also send you regular information about your investments, including:

- confirmation of the acceptance of your initial and one-off 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 unit and dollar value withdrawn;
- a quarterly statement; and
- a consolidated annual taxation statement.

At any time, you may request a transaction statement that 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 us or your financial adviser.

## **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. 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 certain information, the following may apply:

- Account details: we will not be able to pay withdrawal proceeds or income distributions to you.
- Tax residency information: we may not be able to process your request, or we may be required to notify the ATO.
- 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 will not be able to process your investment request.

For Australian resident investors, if you choose not to disclose your TFN, TFN exemption or ABN, we have to deduct tax at the highest marginal tax rate plus Medicare levy (and any other levies we are required to deduct, from time to time) from any amounts attributed or distributed to you (refer to 'Tax File Number' in 'How managed investment schemes are taxed').

## **UP-TO-DATE INFORMATION ABOUT THE FUND**

You can obtain up-to-date Fund performance, actual asset allocations and Fund size information by calling the Fidante Partners Investors Services team on 13 51 53 or emailing [info@fidante.com.au](mailto:info@fidante.com.au).

A paper copy of any updated information will be given to you, without charge, on request by contacting us.

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.

## **ADDITIONAL INFORMATION ABOUT MAKING A COMPLAINT**

As part of our commitment to providing quality service to our Investors, we endeavour to resolve all complaints quickly and fairly. Our policy is to acknowledge any complaint promptly after receiving it and investigate, properly consider, and decide what action (if any) to take and to provide a final response to you within 45 days (30 days in relation to privacy complaints).

### **Complaints Resolution Officer**

Fidante Partners  
Reply Paid 86049  
Sydney NSW 2001

# TAXATION INFORMATION

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The Australian tax commentary below is of a general nature and is based on our understanding of the Australian tax laws, as at the date of this document, as they relate to Australian resident individual taxpayers who hold their investment on capital account, unless specifically stated otherwise. Any information contained therein should be used as a guide only and does not constitute professional taxation advice as individual circumstances may differ. Fidante Partners is not a registered tax (financial) adviser and is not licensed or authorised to provide tax advice. 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.

## Taxation of the Fund

The Attribution Managed Investment Trust (**AMIT**) legislation applies to qualifying Managed Investment Trusts (**MITs**) that make an irrevocable election to become an AMIT. The Responsible Entity has determined that the Fund will elect to become an AMIT from the 2021 financial year.

An AMIT must attribute its taxable income to investors on a fair and reasonable basis, and investors are advised of their share of the taxable income via an AMIT Member Annual Statement (AMMA Statement). The Fund will generally not be liable to pay income tax on its taxable income on the basis that it will attribute all determined trust components (i.e. assessable income, exempt income and non-assessable non-exempt income) to members each year. If the Fund were to cease being an AMIT, it should also generally not be liable to pay income tax on the basis that unitholders are presently entitled to the Fund's distributable income.

Other key features of the AMIT regime include: income character retention; deemed fixed trust status; an ability for adjustments and errors at the trust level to be carried forward and dealt with in the year in which they are discovered; adjustments (upwards and downwards) made to investors' cost bases for CGT purposes, and their costs for revenue purposes, where there are differences between the amount distributed and the amount attributed on an AMMA statement; and clarification of the treatment of tax deferred distributions.

The Fund will be investing in the Underlying Fund, cash and hedging instruments. It is expected that the majority of the returns to the Fund will be ordinary income rather than capital gains.

If any tax losses are incurred by the Fund, they will remain in the Fund and can be applied to reduce the Fund's income in future years (subject to the Fund satisfying the specific provisions of the trust loss carry forward legislation).

## Tax position of Australian resident investors

You will generally be required to include in your assessable income your attributed income of the Fund. There may be instances where your attributed share of the taxable income of the Fund exceeds the distribution you receive from the Fund.

Where investors disagree with the allocation of taxable income in an AMMA Statement, they may give a 'member choice' to the Commissioner of Taxation. In the event investors make a member choice, the constitution provides that the investors will indemnify us for all costs and liabilities incurred as a result of the member choice.

The investment in the Underlying Fund should give rise to assessable distributions to the Fund. In certain circumstances, an Australian investor in an offshore fund can be attributed the income earned by the offshore fund and be assessable on such amounts irrespective of whether any amounts are distributed by that offshore fund. If these circumstances arise in respect of the Fund's investment in the Underlying Fund, investors in the Fund may be attributed on amounts greater than the cash distributions and tax offsets received.

CGT cost base reductions or uplifts may occur where taxable income attributed is either less than or greater than, respectively, the total of both cash distributed and tax offsets attributed for an income year. Where cost base reductions or uplifts occur, this will affect the CGT position of the investment. For those investors who have a zero cost base in their units, or where the total cost base reduction amount exceeds the cost base of their units, a capital gain may arise to these investors for that year.

Investors should maintain records of their cost base adjustments. You may also be entitled to foreign tax offsets attributed by the Fund. Provided investors satisfy certain provisions of the Tax Act, investors may be able to utilise these offsets against their tax liability on the taxable components of the distributions. In order to claim the amount of tax offsets, investors must include the amount of the offsets in their assessable income.

We will advise each investor of their share of tax offsets in the AMMA statement.

The disposal of units (for instance by withdrawal or transfer) may give rise to a capital gains tax liability or a capital loss. Investors who have held their units on capital account for more than 12 months may be entitled to a capital gains tax discount.



## Non-resident account holder reporting requirements

As a result of an increased international focus on account holder data exchange, a number of countries have legislated that financial institutions (which includes us) identify and report certain information about the financial accounts of investors. The regimes include the United States Foreign Account Tax Compliance Act (FATCA) and the OECD's Common Reporting Standard (CRS). To comply with our obligations under various reporting legislation we will provide to the ATO such data as required in respect of your investment with us. This will be required if you are a US citizen or a foreign tax resident of any jurisdiction outside of Australia. If we have attempted to confirm your tax status with you but have been unable to do so, we may still be required to notify the ATO.

## Goods and Services Tax (GST)

GST is not payable on the issue, withdrawal or transfer of units in the Fund, as these are input-taxed financial supplies for GST purposes. However, GST may be incurred on various acquisitions made by the Fund, including the acquisition of investment management services. In certain specified circumstances, the Fund may be entitled to input tax credits (ITCs), or reduced input tax credits (RITCs) at the prescribed percentage of 55% or 75% depending on the acquisition. Any available ITCs or RITCs effectively reduce the non-recoverable GST cost incurred.

## Tax File Number

On your Application Form you may provide us with your Tax File Number (TFN), or TFN exemption. 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 are required to deduct tax from your attributed or distributed amounts at the highest marginal tax rate plus the Medicare levy (and any other levies we are required to deduct, from time to time). The collection of TFNs is authorised, and their use is strictly regulated by tax and privacy laws. Non-residents are generally exempt from providing a TFN, however may be required to provide other information.

## ADDITIONAL INFORMATION

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### How unit prices are calculated

Unit prices are determined in accordance with the Fund's constitution and are usually calculated each NSW business day. The calculation of both the investment unit price and the withdrawal unit price is based on the net asset value (**NAV**) adjusted by any applicable transaction costs (including a buy/sell spread). For information on buy/sell spreads, refer to 'Buy/sell spreads' in Fees and other costs'.

For investment and withdrawal unit prices, the NAV is the value of all the Fund's assets attributed to the Fund less the value of the Fund's liabilities at the valuation time. When calculating the NAV, we must use the most recent valuations of the Fund's assets and the most recent determination of the liabilities.

The Fund's assets and liabilities are usually valued each NSW business day.

Generally, for unit pricing purposes, listed securities are valued using the last available market close price quoted on the relevant exchange. Other assets are generally valued at recoverable value. Any income entitlements, cash at bank, and any amount of Goods and Services Tax (GST) recoverable by the Fund from the Australian Taxation Office are also included in asset values used to calculate the investment and withdrawal unit prices.

Generally, for unit pricing purposes, liabilities are valued at cost. Liabilities also include an accrual for fees and for costs (if any) that an investor would ordinarily incur when investing in the Fund's underlying assets.

Where we receive a valid application request before the application transaction cut-off time, the unit price will generally be determined at the next valuation time after that transaction cut-off time. Similarly for withdrawals, where we receive a valid withdrawal request before the Withdrawal Request Deadline, the unit price will generally be determined at the next valuation time after the applicable Withdrawal Effective Date. This is typically referred to as 'forward pricing'.

In rare circumstances, we may suspend unit pricing where, acting in accordance with our Responsible Entity obligations to unitholders, we consider it impracticable to calculate a NAV.

We have a Unit Pricing Permitted Discretions Policy. The policy sets out how we will exercise any discretions in relation to unit pricing (such as, for example, how often we determine unit prices and valuation methodology). If we depart from our policy, we are also required to record details of this departure. You can obtain a copy of this policy or any recorded departures free of charge by calling us.

### Additional information about distributions

If we pay a distribution, you may choose to have your distribution reinvested in additional units in the Fund, or paid directly to your nominated account with an Australian financial institution. Unless you have indicated otherwise, we will reinvest your distributions.

The price of units issued on reinvestment of distributions is the investment price for units next determined after the close of business on the last day of the distribution period. There is no buy/sell spread reflected in this investment price. The amount of each distribution may vary. Your share of any distribution depends on how many units you hold at the end of the relevant period as a proportion of the total number of units in the relevant class on issue at that time and the amount of distributable income referable to those units and that class.

As distributable amounts are a component of the unit price, unit prices normally fall by the distribution amount following a distribution.

The amount of income distributed each year will generally be the distributable income received by the Fund, unless we decide to distribute a different amount. Any net capital gains derived by the Fund during the financial year are generally distributed in the June distribution period.

If you invest just prior to a distribution payment, you may receive some of your investment back immediately as income. Conversely, if you withdraw from the Fund just before a distribution, you might turn income into a capital gain or reduce your capital losses.

Under the constitution, we have the power to make reinvestment of distributions compulsory. At the date of this document, we have no intention of introducing compulsory distribution reinvestment. We have the discretion to transfer assets of the Fund to you (instead of cash) in payment (partly or fully) for a distribution amount.

Generally, if any distribution payments are returned to us and remain outstanding for 1 month, we may reinvest those distributions and amend your future distribution method to reinvest.

Any reinvestment of an unclaimed or returned distribution will be processed using the investment unit price current at the time of the reinvestment transaction.

If you wish to change your distribution payment instructions, please mail us an original, signed, written request.

## How the Fund is governed

The Fund's constitution, together with the Corporations Act and other laws, governs the way in which the Fund operates, including the rights, responsibilities and duties of the Responsible Entity and unitholders.

### THE CONSTITUTION

The constitution contains the rules relating to a number of issues including:

- unitholder rights;
- the process by which units are issued and redeemed;
- the calculation and distribution of income;
- the investment powers of the Responsible Entity;
- the Responsible Entity's right to claim indemnity from the Fund and charge fees and expenses to the Fund;
- the creation of other classes of units; and
- the termination of the Fund.

It is generally thought that unitholders' liabilities are limited to the value of their holding in the Fund. It is not expected that a unitholder would be under any obligation if a deficiency in the value of the Fund was to occur. However, this view has not been fully tested at law.

Unitholders can inspect a copy of the constitution at our head office or we will provide a copy free of charge, on request.

We may alter the constitution if we reasonably consider the amendments will not adversely affect unitholders' rights. Otherwise (subject to any exemption under the law), we must obtain unitholder approval at a meeting of unitholders. We may retire or be required to retire as Responsible Entity if unitholders pass a resolution approving our removal.

### TERMINATION

The constitution, together with the Corporations Act, governs how and when the Fund may be terminated. We may terminate the Fund at any time by written notice to unitholders. On termination, a unitholder is entitled to a share of the net proceeds of our realisation of the assets in proportion to the number of units they hold in the Fund.

### UNITHOLDER MEETINGS

The conduct of unitholder meetings and unitholders' rights to requisition, attend and vote at those meetings are subject to the Corporations Act and (to the extent applicable) the Fund's constitution.

### COMPLIANCE PLAN AND COMPLIANCE COMMITTEE

We have lodged the Fund's compliance plan with ASIC and established a compliance committee for the Fund with a majority of external members. The compliance plan sets out how we will ensure compliance with both the Corporations Act and the Fund's constitution.

The compliance committee's role is to monitor compliance with the compliance plan. It must also regularly assess the adequacy of the compliance plan and report any breaches of the Corporations Act or the Fund's constitution to us. If we do not take appropriate action to deal with the breach, the compliance committee must report the breach to ASIC.

The Fund and the compliance plan are required to be audited annually.

### OTHER PARTIES

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

The Fund has a registered company auditor. The auditor's role is to provide an audit of the financial statements of the Fund each year, as well as performing a half-yearly review (if required), and to provide an opinion on the financial statements.

### MATERIAL CONTRACTS

#### Investment management deed

Under the investment management deed (**Investment Management Deed**), Fidante Partners appoints AAM as the Manager to perform investment management services to the Fund. The Investment Management Deed sets out AAM's duties and powers (including the power to delegate any of its management powers under the Investment Management Deed), indemnities and any fees payable between Fidante Partners, AAM and Ares.

AAM will invest and manage, or appoint Ares as the sub-adviser to invest in and manage, the assets of the Fund in accordance with the investment instructions, objectives and asset allocations outlined in the Investment Management Deed. AAM may also perform certain audit, compliance and risk management functions and sales and marketing activities on behalf of the Fund. For performing the investment management services, AAM will be entitled to be paid certain fees, reimbursed for certain expenses and indemnified for costs, charges and expenses by Fidante Partners as set out in the Investment Management Deed. Ares as sub-adviser of the Fund is also entitled to be reimbursed for certain expenses by Fidante Partners under the Investment Management Deed.

AAM may terminate the Investment Management Deed by providing Fidante Partners no less than 20 business days written notice of the termination (or such lesser notice period as the parties agree). Fidante Partners may terminate the Investment Management Deed by providing no less than 20 business days written notice (or such lesser notice period as the parties agree) where AAM is unable to comply with the investment instructions given by Fidante Partners in accordance with the Investment Management Deed, where Fidante Partners is required to do so at any time or if Fidante

Partners considers it reasonably necessary to do so in order to ensure compliance with its duties and obligations under relevant law. Fidante Partners may also terminate the Investment Management Deed at any time by written notice to AAM as a result of default event by AAM (as outlined in the Investment Management Deed) or in circumstances where Ares ceases to hold any necessary licenses, authorisations or exemptions to perform investment management services.

### Sub-adviser deed

AAM has delegated the investment management of the Fund to Ares as its sub-adviser pursuant to the sub-advisory deed (**Sub-Adviser Deed**). The Sub-Adviser Deed sets out Ares' duties, powers and indemnities. Ares is not entitled to be paid any fees under the Sub-Adviser Deed for performing the investment management services but Ares' and/or its related entities may receive direct or indirect benefits in connection with Ares' provision of services under the Sub-Adviser Deed. Ares is entitled to be indemnified for costs, charges and expenses by AAM incurred in connection with the Sub-Adviser Deed.

Under the Sub-Adviser Deed, Ares may enter into financial markets transactions, including derivatives on behalf of Fund. Ares may also enter into borrowing arrangements on behalf of the Fund for the purposes of meeting FX hedging positions.

AAM may terminate the Sub-Adviser Deed at any time by giving Ares no less than 5 business days written notice of termination and may terminate by written notice immediately as a result of a default event by Ares (as outlined in the Sub-Adviser Deed). Ares may terminate the Sub-Adviser Deed by giving AAM no less than 20 business days written notice of termination (or such lesser notice period as the parties agree). The Sub-Adviser Deed will automatically terminate at the termination of the Investment Management Deed.

## Privacy

We collect, use and disclose personal information to:

- process your application;
- provide and administer your investment and send you information;
- improve and personalise our products and services;
- conduct product and market research;
- inform you about other products and services that may be useful to you; and
- comply with our obligations under the law, including with respect of anti-money laundering, financial services and taxation laws.

We collect personal information from you and, if relevant, from your financial adviser. We may take steps to verify the information collected. Where you provide us with personal information about someone else (for example, your power of attorney, or related persons including the beneficial owners connected with your investment) you must have their consent to provide their personal information to us.

If you decide not to provide certain information, we may not be able to process your investment or future withdrawal requests, or will have to deduct tax from any amounts attributed or distributed to you at the highest marginal tax rate plus the Medicare levy (and any other levies we are required to deduct, from time to time).

### Disclosing your information

We disclose your information to your financial adviser.

In addition, we may disclose information we hold about you:

- if you consent to the disclosure;
- if the disclosure is required or authorised by law;
- to organisations acting on our behalf (for example, sending your statements);
- to professional service firms that provide services to us such as legal and audit services, or data or information services;
- to related companies and/or the investment manager that may also provide you with a financial product or financial service;
- to electronic identity verification service providers, in order for identity information (about you or related persons connected with your investment) to be verified against relevant government and other databases, for the purpose of complying with anti-money laundering laws; or
- otherwise in accordance with our privacy policy.

We do not disclose personal information to recipients in foreign jurisdictions.

From time to time we or our related companies may contact you to tell you about other products and services that might be useful to you, including financial, superannuation, investment, insurance and funds management products and services. Please contact us (our details are noted in this Memorandum) if you do not want to receive any of this kind of marketing material.

For how you can correct or update the personal information we hold about you refer to 'Keeping us informed'. Our privacy policy also contains this information as well as further details about our handling of personal information and about how you can request access to it or lodge a complaint if you believe your personal information has been misused, and how we deal with complaints.

For more information regarding the collection and use of personal information, please refer to our 'Privacy Policy' available from the Fidante Partners website or by contacting the Investor Services team.

We do not normally receive any personal information about you when you invest in the Fund through an IDPS operator. For details on the collection, storage and use of personal information you should contact your IDPS operator. The information we collect and store from IDPS operators is used to establish and administer its investments. If we do receive any personal information we will deal with it in accordance with our privacy policy.

## GLOSSARY

Term	Meaning
<b>AAM</b>	Ares Australia Management Pty Limited
<b>Additional Amount</b>	An additional amount the Underlying Fund may, but is not required to, repurchase for a given Repurchase Offer
<b>Advisers</b>	The investment adviser and sub-adviser to the Underlying Fund
<b>AMIT</b>	Attribution Managed Investment Trust
<b>Application transaction cut-off time</b>	3.00pm (Sydney time) on a NSW business day
<b>Ares</b>	Ares Management LLC
<b>Ares Capital</b>	Ares Capital Management II LLC
<b>Ares Management</b>	Ares Management Corporation
<b>ASIC</b>	Australian Securities and Investments Commission
<b>CAM</b>	CION Ares Management LLC
<b>CLOs</b>	Collateralised loan obligations that are primarily backed by corporate leverage loans
<b>Corporate Bonds</b>	<p>An issuer of corporate bonds typically pays the investor a fixed rate of interest and must repay the amount borrowed on or before maturity.</p> <p>The investment return of Corporate Bonds reflects interest on the security and changes in the market value of the security. The market value of a Corporate Bond generally may be expected to rise and fall inversely with interest rates.</p> <p>The value of intermediate - and longer-term Corporate Bonds normally fluctuates more in response to changes in interest rates than does the value of shorter-term Corporate Bonds. The market value of a Corporate Bond also may be affected by investors' perceptions of the creditworthiness of the issuer, the issuer's performance and perceptions of the issuer in the market place.</p>
<b>Corporations Act</b>	Corporations Act 2001 (Cth)
<b>Derivatives</b>	A financial product that has a value derived from another security, liability or index
<b>EFT</b>	Electronic funds transfer
<b>Fee Deed</b>	The fee deed between Fidante Partners (in its personal capacity), AAM, Ares and CAM dated on or around 13 November 2020 as amended, updated, varied or replaced from time to time, for the payment of certain fees in connection with the establishment, promotion and distribution of the Fund
<b>Fidante Partners</b>	Fidante Partners Limited in its capacity as responsible entity of the Fund
<b>Fund</b>	Ares Diversified Credit Fund
<b>GAAP</b>	Generally accepted accounting principles
<b>GST</b>	Goods and Services Tax
<b>Intermediary</b>	Investment platforms

Term	Meaning
<b>Investment Management Deed</b>	The investment management deed between Fidante Partners and AAM dated on or around 13 November 2020 as amended, updated, varied or replaced from time to time, in relation to the provision of investment management services by AAM for the Fund.
<b>ITCs</b>	Input tax credits
<b>LIBOR</b>	London-Interbank Offered Rate
<b>Maximum Amount</b>	The maximum amount of withdrawal proceeds the Responsible Entity may determine to make available from the Fund each Withdrawal Period
<b>Memorandum</b>	Information Memorandum
<b>NAV</b>	Net asset value
<b>New Withdrawal Request</b>	Withdrawal requests lodged in subsequent Withdrawal Periods for any unmet portion of an investors withdrawal request
<b>Post-reorganisation securities</b>	Public and private stock issued in connection with restructurings and reorganisations or otherwise
<b>PRI</b>	The PRI Association
<b>Repurchase Offer</b>	The quarterly share repurchase program offered by the Underlying Fund
<b>Residual Tranche</b>	The “equity” of structured credit products (including CLOs) referring to the junior-most or residual debt tranche of such structured (i.e. the tranche whose rights to payment are not senior to any other tranche, which does not typically receive a credit rating and is typically not secured)
<b>RITCs</b>	Reduced input tax credits
<b>SEC</b>	The U.S. Securities and Exchange Commission
<b>Sub-Adviser Deed</b>	The sub-adviser deed between Ares and AAM dated on or around 13 November 2020 as amended, updated, varied or replaced from time to time, in relation to the provision of investment management services by Ares for the Fund.
<b>Syndicated Loans</b>	Senior, secured corporate loans generally benefit from liens on collateral, are typically rated below-investment grade and typically pay interest at rates that are determined periodically on the basis of a floating base lending rate, primarily LIBOR, plus a spread.
<b>Underlying Fund</b>	CION Ares Diversified Credit Fund
<b>Withdrawal Effective Date</b>	The date on which a withdrawal (or a portion of a withdrawal) will be accepted or rejected, generally expected to occur on or around the 15th NSW business day of the first month of each calendar quarter.
<b>Withdrawal Period</b>	Quarterly
<b>Withdrawal Request Deadline</b>	The date by which withdrawal requests must be received by the Responsible Entity, generally 3.00pm (Sydney time) on the last NSW business day of a quarter

# CORPORATE DIRECTORY

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## **Responsible Entity**

Fidante Partners Limited  
Level 2, 5 Martin Place  
SYDNEY NSW 2000

## **Manager**

Ares Australia Management Pty Limited ABN 51 636 490 732  
Level 2, 5 Martin Place  
SYDNEY 2000 NSW

## **Sub Adviser**

Ares Management LLC  
245 Park Avenue, 44th Floor  
New York, NY, 10167, United States