

# Australian Unity Pooled Mortgage Fund

## Continuous Disclosure Notice 18 February 2022

The Australian Securities & Investments Commission (ASIC) has issued a set of benchmarks and disclosure principles, contained in ASIC Regulatory Guide 45 – Mortgage schemes: Improving disclosure for retail investors ('RG45'), to help investors understand and assess unlisted mortgage schemes, such as the Australian Unity Pooled Mortgage Fund ('Fund') ARSN 121 895 690. Information relevant in the benchmarks, including how the Fund measures against them, is set out in the Benchmarks Section. Information relevant to the disclosure principles is set out in the Disclosure Principles Section.

The Fund has exposure to mortgage assets directly and through the Australian Unity Select Income Fund ARSN 091 886 789 (the 'Underlying Fund'). The information relating to the Fund's mortgage assets set out in this document is presented on a consolidated basis.

The financial information in this document is extracted from the Fund's accounting and management records as at 31 December 2021 and is based on unaudited financial records unless stated otherwise.

This document has been prepared by Australian Unity Funds Management Limited ('AUFM') ABN 60 071 497 115, AFS Licence No. 234454 as the Responsible Entity of the Fund and has been provided to keep you informed and to assist you in better understanding the nature of this investment.

### Benchmarks Section

ASIC Benchmark	Compliance with the Benchmark	Explanation	Disclosure Principles
<p><b>Benchmark 1: Liquidity RG 45.34</b></p> <p>For a pooled mortgage scheme, the responsible entity has cash flow estimates for the scheme that:</p> <p>(a) demonstrate the scheme's capacity to meet its expenses, liabilities and other cash flow needs for the next 12 months;</p> <p>(b) are updated at least every three months and reflect any material changes; and</p> <p>(c) are approved by the directors of the responsible entity at least every three months.</p>	Benchmark met.	<p>(a) We anticipate that the Fund will have the capacity to meet its expenses, liabilities, and other cash flow needs for the next 12 months.</p> <p>(b) Cash flow forecasts are updated monthly.</p> <p>(c) Cash flow estimates will be approved by the AUFM directors on a quarterly basis. Due to the Fund being closed for new investment, cash flows will be managed in accordance with this assumption.</p>	Refer to Disclosure Principle 1 for additional disclosures.
<p><b>Benchmark 2: Scheme borrowing RG 45.42</b></p> <p>The responsible entity does not have current borrowings and does not intend to borrow on behalf of the scheme.</p>	Benchmark met.	The Fund is permitted to borrow for the purposes of the Fund. However, the Fund has not entered into and currently does not intend to enter into any future direct borrowing arrangements.	Disclosure Principle 2 is not applicable as we do not borrow nor intend to borrow.

ASIC Benchmark	Compliance with the Benchmark	Explanation	Disclosure Principles
<p><b>Benchmark 3: Loan portfolio and diversification RG 45.44</b></p> <p>For a pooled mortgage scheme:</p> <ul style="list-style-type: none"> <li>(a) the scheme holds a portfolio of assets diversified by size, borrower, class of borrower activity and geographic region;</li> <li>(b) the scheme has no single asset in the scheme portfolio that exceeds 5% of the total scheme assets;</li> <li>(c) the scheme has no single borrower who exceeds 5% of the scheme assets; and</li> <li>(d) all loans made by the scheme are secured by first mortgages over real property (including registered leasehold title).</li> </ul>	<p>Benchmark not met.</p>	<ul style="list-style-type: none"> <li>(a) The portfolio of assets in the Fund and Underlying Fund is diversified by size, borrower and geographic region.</li> <li>(b) The Fund currently has four assets that account for more than 5% of total assets by value.</li> <li>(c) The Fund currently has four borrowers that account for more than 5% of assets by value.</li> <li>(d) All loans made by the Fund and Underlying Fund are secured by registered first mortgages over relevant properties of borrowers.</li> </ul>	<p>Refer to Disclosure Principle 3 for additional disclosures.</p>
<p><b>Benchmark 4: Related party transactions RG 45.47</b></p> <p>The responsible entity does not lend to related parties of the responsible entity or to the scheme's investment manager.</p>	<p>Benchmark met.</p>	<p>The Fund and Underlying Fund do not lend to related parties of AUFM or the Fund's investment manager.</p>	<p>Refer to Disclosure Principle 4 for additional disclosures.</p>
<p><b>Benchmark 5: Valuation policy RG 45.50</b></p> <p>In relation to valuations for the scheme's mortgage assets and their security property, the board of the responsible entity requires:</p> <ul style="list-style-type: none"> <li>(a) a valuer to be a member of an appropriate professional body in the jurisdiction in which the relevant property is located;</li> <li>(b) a valuer to be independent;</li> <li>(c) procedures to be followed for dealing with any conflict of interest;</li> <li>(d) the rotation and diversity of valuers;</li> <li>(e) in relation to security property for a loan, an independent valuation to be obtained: <ul style="list-style-type: none"> <li>(i) before the issue of a loan and on renewal: <ul style="list-style-type: none"> <li>(A) for development property, on both an 'as is' and 'as if complete' basis; and</li> <li>(B) for all other property, on an 'as is' basis; and</li> </ul> </li> <li>(ii) within two months after the directors form a view that there is a likelihood that a decrease in the value of security property may have caused a material breach of a loan covenant.</li> </ul> </li> </ul>	<p>Benchmark met.</p>	<ul style="list-style-type: none"> <li>(a) We have a panel of valuers in each State. The valuers used are members of an appropriate professional body in the jurisdiction in which they perform valuations.</li> <li>(b) The valuers are independent.</li> <li>(c) AUFM complies with the Australian Unity Group Conflicts of Interest Policy.</li> <li>(d) Our valuation policy states that no panel valuer undertakes more than two consecutive valuations. Furthermore, our panel of valuers are reviewed annually, and from time to time we remove and add new firms.</li> <li>(e) Independent valuations on an 'as is' basis are obtained before the issue of a new loan and on renewal of an existing loan. Independent valuations are also obtained within two months after the directors form a view that there is likelihood that a decrease in the value of security property may have caused a material breach of a loan covenant. The "as is" component of the development project valuation is relied upon to ensure that our initial advance against the unimproved value of the development site remains within an acceptable LVR. The "as if complete" component of the development valuation is relied upon, and read in conjunction with the quantity surveyor's report, to ensure that, upon completion of the project, the sum of all advances made (including interest capitalised) remains within an acceptable LVR.</li> </ul>	<p>Refer to Disclosure Principle 5 for additional disclosures.</p>

ASIC Benchmark	Compliance with the Benchmark	Explanation	Disclosure Principles
<p><b>Benchmark 6: Lending principles – Loan-to-valuation- ratios RG 45.56</b></p> <p><i>If the scheme directly holds mortgage assets:</i></p> <p>(a) <i>where the loan relates to property development—funds are provided to the borrower in stages based on independent evidence of the progress of the development;</i></p> <p>(b) <i>where the loan relates to property development—the scheme does not lend more than 70% on the basis of the latest ‘as if complete’ valuation of property over which security is provided; and</i></p> <p>(c) <i>in all other cases—the scheme does not lend more than 80% on the basis of the latest market valuation of property over which security is provided.</i></p>	<p>Benchmark met.</p>	<p>Our policy for property development loans is set out in the Underlying Fund’s Product Disclosure Statement (‘PDS’). Please note the Fund is closed to new investors. Where the loan relates to property development:</p> <p>(a) We minimise such risk by adopting additional procedures for such loans involving the use of an independent quantity surveyor who certifies the value of all work and certifies the cost to complete of such construction. Funds are provided to the borrower in stages based on independent evidence of the progress of the development.</p> <p>(b) We aim to ensure that the facility limit of the loan is no more than 70% on the basis of the latest ‘as if complete’ valuation of property over which security is provided.</p> <p>(c) Generally, our maximum loan to valuation ratio is 75% on the basis of the latest market valuation over which security is provided.</p>	<p>Refer to Disclosure Principle 6 for additional disclosures.</p>
<p><b>Benchmark 7: Distribution practices RG 45.61</b></p> <p><i>The responsible entity will not pay current distributions from scheme borrowings.</i></p>	<p>Benchmark met.</p>	<p>Generally, all distributions are sourced from income. No distributions will be paid from borrowings.</p>	<p>Refer to Disclosure Principle 7 for additional disclosures.</p>
<p><b>Benchmark 8: Withdrawal arrangements RG 45.64 – Liquid Schemes</b></p> <p><i>The ASIC Benchmark distinguishes between liquid and non-liquid schemes, to reflect the differences to an investor’s ability to withdraw.</i></p> <p><b>RG 45.64 Liquid Schemes</b></p> <p><i>A liquid scheme is required to disclose whether it facilitates payment of withdrawal requests within 90 days.</i></p> <p><b>RG45.65 Non-liquid Schemes</b></p> <p><i>For non-liquid schemes, the responsible entity intends to make withdrawal offers to investors at least quarterly.</i></p>	<p>Not applicable to the Fund.</p> <p>Benchmark not met.</p>	<p>Not applicable. The Fund itself is not a liquid scheme.</p> <p>It is currently the strategy of AUFM to make withdrawal opportunities to investors, subject to the Fund’s cash position at the time. The making of withdrawal offers is at the discretion of AUFM, subject to the financial capacity of the Fund and there is no obligation to make these offers.</p>	<p>Refer to Disclosure Principle 8 for additional disclosures.</p>

## Disclosure Principles Section

ASIC’s disclosure principles for mortgage schemes require disclosure of certain information relevant to each principle. The principles are intended to help investors understand the risks and potential rewards associated with these investments. Each disclosure principle is set out below.

### Liquidity

#### Disclosure Principle 1 – Liquidity

RG 45.72 For pooled mortgage schemes, the responsible entity should disclose information about:

- (a) *the current and future prospects of liquidity of the scheme:*

We maintain cash flow estimates for the next 12 months. We monitor historical cash inflows and outflows and regularly revise our cash flow estimates based on historical data. It is currently the strategy of the Responsible Entity to make withdrawal opportunities to investors, subject to the Fund’s cash position at the time. The making of withdrawal offers is at the discretion of AUFM, subject to the financial capacity of the Fund and there is no obligation to make these offers.

- (b) *any significant risk factors that may affect the liquidity of the scheme.*

We expect the Fund will have capacity to meet its expenses and liabilities for the next 12 months.

Significant risk factors that may affect the liquidity of the scheme may include a default of a mortgage asset. We aim to mitigate liquidity risk through active management of the Fund’s mortgage assets.

- (c) *the policy of the scheme on balancing the maturity of its assets with the maturity of its liabilities.*

The Responsible Entity manages the maturity of cash and cash equivalent assets within agreed guidelines to ensure a sufficient amount of cash is available to meet the short-term payment obligations of the Fund. These include a restriction that cash and cash equivalent assets do not have a maturity date of more than 366 days. Our policy is to maintain a minimum liquidity level of 10% to meet future withdrawal requests.

Liquidity measures the ability of the Fund to meet its short-term financial commitments from its short-term assets. It is an indicator of the Fund’s cash and cash equivalent position as a proportion of its short-term liabilities.

### Fund borrowing

#### Disclosure Principle 2– Fund borrowing

*The responsible entity does not have current borrowings and does not intend to borrow on behalf of the scheme.*

The Fund does not currently have any direct borrowings or direct borrowing costs. The Fund does not currently intend to enter into any future direct borrowing arrangements. Therefore, Disclosure Principles 2 RG 45.75 to RG 45.79 do not apply.

## Portfolio diversification

### Disclosure Principle 3 – Loan portfolio and diversification

RG 45.80 For pooled mortgage schemes, the responsible entity should disclose the nature of the scheme’s investment portfolio, including:

- (a) *by number and value:*

- i. *by class of activity*

Asset class	No. of accounts	Value (\$m)
Residential Construction	15	5.52
Residential Investment	3	0.40
Residential Land	3	0.02
Office Construction	2	0.23
Industrial	0	0.00
Retail	0	0.00
<b>Total</b>	<b>23</b>	<b>5.82</b>

- ii. *by geographic region*

State	No. of accounts	Value (\$m)
VIC	15	5.55
NSW	2	0.06
QLD	6	0.20
<b>Total</b>	<b>23</b>	<b>8.82</b>

- iii. *the proportion of loans that are in default or arrears for more than 30 days*

Days in arrears/default	No. of accounts	Value (\$m)
0 – 60 days	1	0.01
61 – 90 days	0	0.00
>90 days	1	0.18

At 31 December 2021 there were no direct loans in default, and two investments in the Underlying Fund were past maturity.

If a direct borrower goes into default there is a process to manage the default as quickly as possible.

Where the borrower is unable to remedy the default, AUFM may take action to take possession of the security in order to recover the loan amount outstanding. Third party service providers may also assist in the recovery process.

- iv. *the nature of the security for loans made by the scheme*

All loans are secured by a registered first mortgage over the properties of the borrowers.

- v. *loans that have been approved but have funds that have yet to be advanced and the funding arrangements in place for any of these undrawn loan commitments*

There are no loans that have been approved by the Fund which have yet to be advanced. If this occurred, funds would be advanced from the cash portion of the Fund's assets if called upon by the borrower.

vi. *the maturity profile of all loans in increments of not more than 12 months*

Maturity	No. of loans	Value (\$m)
Past maturity	2	0.19
0 to 6 months	8	1.43
6 months to 0.99 years	7	1.69
1 year to 2 years	6	2.50
2 years to 3 years	0	0.00
3 years to 4 years	0	0.00
4 years to 5 years	0	0.00
5 years +	0	0.00
<b>Total</b>	<b>23</b>	<b>5.82</b>

vii. *loan-to-valuation for loans, in percentage ranges*

Loan-to-value ratios (%)	No. of loans	Value (\$m)
0 – 50	1	0.05
50.01 – 60	5	0.27
60.01 – 65	7	0.85
65.01 – 70	10	4.65
70.01 – 75	0	0.00
75.01 - 80	0	0.00
80.01+	0	0.00
<b>Total</b>	<b>23</b>	<b>5.82</b>

viii. *interest rates on loans, in percentage ranges*

Interest rates (%)	No. of loans	Value (\$m)
Less 6.50	4	0.06
6.50 – 6.99	3	0.17
7.00 – 7.99	5	2.33
8.00 – 8.99	4	2.95
9.00 – 9.99	6	0.13
10.00 – 10.99	0	0.00
11.00 – 11.99	0	0.00
12.00 – 12.99	0	0.00
13.00 – 13.99	0	0.00
14.00+	1	0.18
<b>Total</b>	<b>23</b>	<b>5.82</b>

The Fund is not permitted to use hedging to implement interest rate risk strategies and to manage the Fund's interest rate exposures.

ix. *loans where interest has been capitalised*

	No. of loans	Value (\$m)
Interest not capitalised	0	0.00
Interest capitalised	23	5.82
<b>Total</b>	<b>23</b>	<b>5.82</b>

(b) *the proportion of the total loan money that has been lent to the largest borrower, and the 10 largest borrowers.*

	Proportion of total loan money (%)	Value (\$m)
Largest borrower / asset	27.42	1.59
Second largest borrower / asset	22.42	1.30
10 largest borrowers	98.20	5.71

(c) *the percentage of loans (by value) that are secured by second-ranking mortgages.*

There are no loans secured by second-ranking mortgages.

(d) *the use of derivatives (if any).*

The use of derivatives is not allowed.

(e) *a clear description of the non-mortgage assets of the scheme, including the value of such assets.*

The current non-loan assets of the Fund include cash and other liquid investments valued at \$1.09 million as at 31 December 2021 and a \$0.94 million investment into the Underlying Fund's Cash Account.

(f) *the scheme's diversification policy and how the assets correlate with that policy.*

The Fund's diversification policy is to maintain a portfolio of mortgage assets that are diversified by size, borrower and geographic region, while maintaining a 10% allocation to cash. Generally, the maximum loan amount for any one borrower is 5% of funds under management of the Fund at the time that the loan is taken out, however, currently there are four loans in the Underlying Fund totalling 85.83% of funds under management of the Fund.

Information on the Fund's current diversification is detailed above.

RG 45.81 *The responsible entity should disclose its policy on the above matters and on how the scheme will lend funds generally.*

(a) *the maximum loan amount for any one borrower.*

Generally, the maximum loan amount for any one direct borrower is 5% of funds under management of the Fund at the time that the loan is taken out, however, currently there are four loans in the Underlying Fund totalling 85.83% of funds under management.

(b) *the method of assessing borrowers' capacity to service loans.*

The capacity to service the debt is assessed on financial information provided by the borrower and/or guarantor for at least two financial periods. Borrowers are generally required to meet a minimum interest coverage ratio of 1.25 times.

- (c) *the responsible entity's policy on revaluing security properties when a loan is rolled over or renewed.*

For each loan a professional valuation is obtained from a qualified independent valuer to ensure that an accurate value of the property is provided.

- (d) *the responsible entity's approach to taking security on lending by the scheme.*

All the mortgage assets in the Fund are secured by a registered first mortgage over land in the Commonwealth of Australia. The preference is for income producing real estate as security, but owner occupied real estate is also considered.

RG 45.82 *If an unlisted pooled mortgage scheme invests in, or may invest in, other unlisted mortgage schemes (whether registered or unregistered) the responsible entity must disclose its policy on investing in those schemes, including the extent to which the responsible entity requires those schemes to meet the benchmarks and apply the disclosure principles.*

The Fund gains additional exposure to mortgage investments through the Underlying Fund. The responsible entity expects the Underlying Fund to meet the benchmarks and apply the disclosure principles where relevant. The Underlying Fund prepares Continuous Disclosure Notices in accordance with RG45.

## Related parties

### Disclosure Principle 4 – Related party transactions

RG 45.88 *If the responsible entity enters into related party transactions, the responsible entity should disclose details of these transactions including:*

- (a) *the value of the financial benefit.*

As at 31 December 2021 related parties held interests in the Fund of \$1.88 million (27.24%) based on net assets and the Fund had invested \$6.76 million into the Underlying Fund and \$0.04 million into the Australian Unity Wholesale Cash Fund.

- (b) *the nature of the relationship.*

AUFM is the Responsible Entity of the Underlying Fund. AUFM may engage other related parties to provide services to assist in management of the Fund's portfolio.

- (c) *whether the arrangement is on arm's length terms, is reasonable remuneration, some other Ch. 2E exception apply or ASIC has granted relief.*

The arrangements described in (b) were made on commercial terms and conditions and on an arm's length basis.

- (d) *whether member approval for the transaction has been sought and, if so, when.*

Investor approval is not required for the arrangement described in (b) as it is made on commercial terms and conditions and on an arm's length basis.

*the risks associated with the related party arrangements.*

Related party arrangements carry a risk that they could be assessed and reviewed less rigorously than arrangements with other parties.

- (e) *the policies and procedures that the responsible entity has in place for entering into related party transactions, and how compliance with these policies and procedures is monitored.*

Australian Unity has policies and guidelines in place to manage the risk of any actual or perceived conflict of interest as a result of a related party transaction. Related party transactions between Australian Unity Group entities are undertaken and monitored in accordance with the Australian Unity Group Conflicts of Interest Policy.

For further information about the Conflict of Interest Policy please contact us. The latest Annual Report can be found on our website [australianunity.com.au/wealth](http://australianunity.com.au/wealth). Alternatively, we can send you a free copy if you call us on 13 29 39.

## Valuation policy

### Disclosure Principle 5 – Valuation policy

RG 45.91 *The responsible entity should disclose:*

- (a) *where investors may access the scheme's valuation policy.*

Investors can email [investments@australianunity.com.au](mailto:investments@australianunity.com.au) or call 13 29 39 to request a copy of the AUFM's Valuation Policy.

- (b) *the process that the directors employ to form a view on the value of the security property.*

On a quarterly basis the General Manager of Mortgages attests to the directors of AUFM that appropriate valuations are in place for each of the security properties. Management review the independent valuations for the top 10 properties by size in each mortgage portfolio.

- (c) *the frequency of valuations of security property.*

Independent external valuations of properties forming security for mortgage loans are obtained:

- at the time the loan amount is approved, on an 'as is' and on completion basis for all security property;
- for existing loan accounts where formal renewal terms are approved and offered, at the time when the existing loan account is renewed ; or
- as soon as practicable, but no later than within two months, after AUFM reasonably considers that the security property value may have caused a material breach of a loan covenant.

- (d) *any material inconsistencies between any current valuation over the security property and the scheme's valuation policy.*

There are no material inconsistencies.

RG 45.92 *For a contributory mortgage scheme, the responsible entity only needs to provide an investor with information about the valuation of the property securing a loan in which the investor has, or is being offered, an interest.*

Not applicable. The Fund is not a contributory mortgage scheme.



## Lending principles

### Disclosure Principle 6 – Lending principles (LVR)

RG 45.94 If the scheme directly holds mortgage assets, the responsible entity should disclose:

- (a) the maximum and weighted average loan-to-valuation ratio for the scheme as at the date of reporting.

	% as at 31 December 2021
Maximum LVR	69.99
Weighted LVR <sup>1</sup>	62.04

1. Weighted by value of the direct loans of the Fund and other mortgage assets held in the Underlying Fund.

- (b) where funds are lent for property development:

- i. the criteria against which the funds are drawn down;

As at 31 December 2021 there were 23 loans with a total drawn value of \$5.82 million provided in relation to properties under development. Of these, 17 loans drawn to \$5.76 million have proceeded as construction loans. The remaining six loans have been drawn to \$0.06 million and are for non-construction purchases.

Where the loan relates to property development, we minimise such risk by adopting additional procedures for such loans involving the use of an independent quantity surveyor who certifies the value of all work and certifies the cost to complete of such construction. Funds are provided to the borrower in stages based on independent evidence of the progress of the development. We seek to ensure that the amount un-drawn of the loan is equal or more than the cost to complete as certified by our quantity surveyor.

- ii. the percentage (by value) of the completion of any property that is under development as at the date of reporting; and

As at 31 December 2021 there were 23 loans with a total drawn value of \$5.82 million provided in relation to properties under development within the Underlying Fund. Of these, 17 loans drawn to \$5.76 million have proceeded as construction loans. The remaining six loans have been drawn to \$0.06 million and are for non-construction purchases.

The percentage (by value) of completion of the properties currently under development is as follows:

Borrower	(%) by value of completion
Construction loan 1	85
Construction loan 2	60
Construction loan 3	0
Construction loan 4	75
Construction loan 5	100
Construction loan 6	48
Construction loan 7	100
Construction loan 8	11
Construction loan 9	88
Construction loan 10	37
Construction loan 11	8
Construction loan 12	30
Construction loan 13	3
Construction loan 14	0
Construction loan 15	79
Construction loan 16	3
Construction loan 17	0

- iii. The loan-to-cost ratio of each property development loan as at the date of reporting.

As at 31 December 2021 the loan cost ratio of each property development loan is provided in the table below:

Borrower	Loan balance available to-cost to complete ratio (%)
Construction loan 1 <sup>1</sup>	100
Construction loan 2 <sup>2</sup>	100
Construction loan 3	100
Construction loan 4	100
Construction loan 5 <sup>3</sup>	Completed
Construction loan 6 <sup>4</sup>	100
Construction loan 7 <sup>5</sup>	Completed
Construction loan 8	100
Construction loan 9	100
Construction loan 10	100
Construction loan 11	100
Construction loan 12	100
Construction loan 13	100
Construction loan 14	100
Construction loan 15	100
Construction loan 16	100
Construction loan 17 <sup>6</sup>	100

1. Borrower is currently funding the higher interest payments via equity.  
 2. Australian Unity is funding 75% while a 2<sup>nd</sup> ranking lender is providing the additional 25% funding.  
 3. Project is complete.  
 4. The Builder has gone into liquidation and the site has been shut down by the Borrower whilst they tender for a new builder.  
 5. Project is complete.  
 6. Australian Unity is funding 81% while a 2<sup>nd</sup> ranking lender is providing the additional 19% funding.

## Distribution practices

### Disclosure Principle 7 – Distribution practices

RG 45.99 *If a responsible entity is making, or forecasting, distributions to members, it should disclose:*

(a) *the source of the current and forecast distributions.*

All distributions are sourced from income received in the relevant distribution period. We do not forecast distributions.

(b) *if the distribution is not solely sourced from income received in the relevant distribution period, the reasons for making those distributions and the risks associated with such distributions.*

Not applicable. All distributions are sourced from income received in the relevant distribution period.

(c) *if the distribution is sourced other than from income, and whether this is sustainable over the next 12 months.*

Not applicable. All distributions are sourced from income received in the relevant distribution period.

(d) *when the responsible entity will pay distributions, and the frequency of payment of distributions.*

Distributions are calculated and paid monthly.

RG 45.100 *If the scheme promotes a particular return on investment, the responsible entity must clearly disclose details of the circumstances in which a lower return may be payable, together with details of how that lower return will be determined. For a contributory mortgage scheme, the responsible entity should, for a particular investor, disclose the above information to the investor for distributions or returns made, or forecasts to be made, to that investor.*

Not applicable. The Fund does not promote nor forecast a particular return on investment.

RG 45.101 *The responsible entity should include a table identifying up to five main factors that would have the most material impact on forecast distributions, the risks of changes to those factors on distributions and a sensitivity analysis based on changes to those factors. It must also explain how any excess returns actually earned by the scheme will be applied.*

Not applicable. The Fund does not make distribution forecasts.

## Withdrawal arrangements

### Disclosure Principle 8 – Withdrawal arrangements

RG 45.104 *The responsible entity should disclose:*

(a) *the scheme's withdrawal policy and any rights that the responsible entity has to change the policy;*

(b) *the ability of investors to withdraw from the scheme when it is liquid;*

(c) *the ability of investors to withdraw from the scheme when it is non-liquid;*

(d) *any significant risk factors or limitations that may affect the ability of investors to withdraw from the scheme;*

(e) *how investors can exercise their withdrawal rights, including any conditions on exercising these rights;*

(f) *the approach to rollovers and renewals, including whether the 'default' is that investments in the scheme are automatically rolled over or renewed;*

(g) *if the withdrawals from the scheme are to be funded from an external liquidity facility, the material terms of this facility, including any rights the provider has to suspend or cancel the facility;*

(h) *the maximum withdrawal period that applies to the payment of withdrawal requests when the scheme is liquid;*

(i) *any rights the responsible entity has to refuse or suspend withdrawal requests; and*

(j) *the policy of the scheme on balancing the maturity of its assets with the maturity of its liabilities and the ability of its members to withdraw (e.g. if a scheme has a policy of ensuring that sufficient assets are held in readily realisable investments to meet future withdrawal requests, the responsible entity should state this in its PDS, provide details of the source of the realisable investment and report against this in its ongoing disclosure).*

The scheme is currently non-liquid. It is currently the strategy of the Responsible Entity to make withdrawal opportunities to investors, subject to the Fund's cash position at the time. The making of withdrawal offers is at the discretion of AUFM, subject to the financial capacity of the Fund and there is no obligation to make these offers. There is a risk investors may not be able to withdraw during their investment time-frame. Where withdrawal offers are made available however, a cap on the amount available may mean that their request may be met on a pro-rata basis, and they may receive only part of their requested amount. The last Withdrawal Offer was made to investors in May 2021, see the website [australianunity.com.au/wealth](http://australianunity.com.au/wealth) for further details. We will notify investors in writing when withdrawal offers are made.

RG 45.105 *If the responsible entity makes representations to investors that they can withdraw from the scheme, there should be disclosure on:*

(a) *the grounds (which must be verifiable) for the statement;*

(b) *the supporting assumptions (which must not be hypothetical only) for the statement;*

(c) *the basis for the statement (which must not be based only on an opinion of the directors of the responsible entity if there are no objective grounds to support that opinion); and*

(d) *any significant risk factors that mean that withdrawal requests might not be satisfied within the expected period.*

RG 45.106 *If the PDS contains a statement to the effect that, historically, withdrawal requests have been satisfied within a particular period, this may suggest a link between historical withdrawal periods and withdrawal periods that are likely to apply in the future. The responsible entity should ensure the statement clarifies that investors should not conclude that there is such a link between the historical availability of withdrawals and their future availability.*



*RG 45.107 If the scheme promotes a fixed redemption unit price for investments (e.g. \$1 per unit), the responsible entity must clearly disclose details of the circumstances in which a lower amount may be payable, details of how that amount will be determined and the impact of a default under the scheme's mortgage assets on investors (e.g. on investor distributions and the unit price).*

*RG 45.108 A responsible entity of a contributory mortgage scheme should, for a particular investor, disclose the above information to the investor as it relates to the investor's ability to withdraw.*

RG 45.105 to RG 45.108 are not applicable.

### Important information

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