

# PRODUCT DISCLOSURE STATEMENT

**SCHRODERS RF SELECT CREDIT FUND  
ARSN 090 994 326**

Schroders RF Limited  
ABN 54 089 265 270 AFSL 238546

| October 2024

Responsible Entity and Issuer  
Schroders RF Limited  
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AFSL 238546

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# | Disclaimers

## Important information

This Product Disclosure Statement (**PDS**) is dated 1 October 2024 and is issued by Schroders RF Limited ABN 54 089 265 270, AFS Licence 238546 (**Schroders RF** or **Responsible Entity**) in its capacity as the responsible entity of the Schroders RF Select Credit Fund ARSN 090 994 326 (**Fund**). The Fund is a managed investment scheme registered with the Australian Securities and Investments Commission (**ASIC**).

## This document

The purpose of this PDS is to provide information to prospective investors to assist them in deciding whether they wish to invest in the Fund. No other fund, trust or class of units is offered in this PDS. This PDS has not been lodged with ASIC and is not required by the Corporations Act to be lodged with ASIC. Schroders RF will notify ASIC that this PDS is in use in accordance with section 1015D of the Corporations Act.

ASIC takes no responsibility for the contents of this PDS and expresses no view regarding the merits of the investment set out in this PDS. You should read this PDS in full before deciding whether to invest in the Fund. If you have any doubt as to whether an investment in the Fund is appropriate for you, you should consult your financial adviser or other professional advisers.

## Interpretation

In this PDS, a reference to 'we', 'our' and 'us' are references to Schroders RF, and 'you' and 'your' are references to a potential (or existing) investor in the Fund (**Investor**). Capitalised terms used in this PDS which have been given a specific meaning are defined in the glossary contained in Section 12. Unless otherwise specified or implied, in this PDS references to currency are to Australian currency, references to times are to the relevant time in Sydney, New South Wales, references to years are to financial years and references to days are to calendar days unless otherwise specified as Business Days. All data contained in charts, graphs and tables within this PDS are based on information available as at the date of this PDS, unless otherwise stated.

## Eligibility To Invest

The Offer made in this PDS is available only to those persons receiving this PDS (electronically or otherwise) within Australia. No action has been taken to register the Offer or otherwise permit a public offering in any jurisdiction other than Australia. This PDS does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make the Offer. The distribution of this PDS in jurisdictions outside Australia may be restricted by law and persons who come into possession of this PDS who are not in Australia should seek advice on and observe any restrictions in relation to the distribution or possession of this PDS.

## Not Investment Advice

The information contained in this PDS is not financial product advice or a recommendation to invest in the Fund. The information contained in this PDS is general information only and does not take into account your investment objectives, financial situation and particular needs. It is important you read this PDS in full before deciding whether to invest in the Fund and take into consideration your investment objectives, financial situation and particular needs. If you have any doubt as to whether an investment in the Fund is appropriate for you, you should consult your financial adviser or other professional adviser.

## Forward Looking Statements

Forward looking statements are identified by words such as 'aim', 'anticipate', 'assume', 'believes', 'could', 'expects', 'intends', 'may', 'plan', 'predict', 'potential', 'positioned', 'should', 'target', 'will', 'would', and other similar words that involve risks and uncertainties.

Investors should note that these statements are inherently subject to uncertainties in that they may be affected by a variety of known and unknown risks, variables, and other factors which could cause actual values or results, performance or achievements to differ materially from anticipated results, implied values, performance or achievements expressed, projected or implied in the statements. Past performance is not a reliable indicator of future performance and may not be repeated.

## Authorised Information

No person is authorised by Schroders RF to give any information or make any representation in connection with the Offer that is not contained in this PDS. Any information or representation that is not contained in this PDS may not be relied on as having been authorised by Schroders RF, its directors or any other person that may have liability for the content of this PDS.

This PDS supersedes all preliminary information and other previous communications in connection with the Fund. All such preliminary information and previous communication should be disregarded.

## No Guarantee

An investment in the Fund is not an investment in, or a deposit with or other liability of Schroders RF or any of its related bodies corporate, affiliates, associates or officers. None of the Fund, Schroders RF, Schroders, RF Group or any of their respective directors, officers or associates give any guarantee or assurance as to the performance of the Fund or the underlying assets of the Fund, repayment of capital investment or any particular rate of capital or income return from the Fund.

## Risk

As with all investments, an investment in the Fund is subject to risks (including those described in Section 6 – Risks). You should carefully consider the risks and read this PDS in full before deciding whether to invest in the Fund. If you have any doubt as to whether an investment in the Fund is appropriate for you, you should consult your financial adviser or other professional adviser.

## Updated Information

Information in this PDS may change from time to time. Information that has changed in relation to the Fund that is not materially adverse but which Schroders RF wishes to provide to Investors, will be made available on the website [www.schrodersrf.com](http://www.schrodersrf.com) (**Fund Website**). Schroders RF may issue a supplementary product disclosure statement to supplement any relevant information not contained in this PDS, in accordance with its obligations under the Corporations Act.

Any supplementary product disclosure statement and updated information should be read together with this PDS. A copy of any supplementary product disclosure statement and other information regarding the Fund will be made available on the Fund Website and a printed copy will be available free of charge upon request by contacting Schroders RF (see contact details in Section 13 – Corporate Directory).

## Consents

Each of Perpetual Corporate Trust Limited ABN 99 000 341 533 (**Perpetual**), PKF(NS) Audit and Assurance Limited ABN 91 850 861 839 (**PKF**) and Hall & Wilcox ABN 58 041 376 985 (**Hall & Wilcox**) have provided written consent to being named and the statements about them in the form and context in which they are included in this PDS. Perpetual and PKF were not otherwise involved in the preparation and distribution of this PDS, are not responsible for, and did not cause, the issue of this PDS, are not responsible for any particular part of this PDS or for the accuracy or completeness of any information included in it. None of Perpetual, PKF or Hall & Wilcox guarantee the success or performance of the Fund or the repayment of capital or any particular rate of return, or have withdrawn their consent before the date of this PDS.

## PDS Availability

This PDS may be viewed online by accessing the Fund Website. If you access the electronic version of this PDS, then you should ensure that you download and read this PDS in full. A paper copy of this PDS is available free of charge to any person in Australia by calling us on +61 2 9544 2211 or emailing [investor@schrodersrf.com](mailto:investor@schrodersrf.com)

# | About Schroders RF

Schroders RF is a mortgage manager and non-bank lender to the small and medium sectors of the real estate market, specialising in investment, development and construction financing across residential, commercial, retail and industrial property. The business, established in 1999 and formerly known as RF Eclipse Limited, has capabilities across loan origination, loan execution, loan management and funds management. From 2016, Schroders RF was under the control of the RF Group, the family office of Andrew Roberts. Andrew's family were previously the founders and major shareholders in the Multiplex Group, and Andrew was previously CEO of this international property, construction and funds management firm.

On 30 June 2021, Schroders acquired a 50.1% interest in Schroders RF. Schroders and the RF Group each have equal board representation in the joint venture, maximising the respective strengths of both organisations in bringing commercial real estate debt solutions to investors. Schroders RF remains a standalone business, leveraging the investment management expertise of Schroders, together with the deep real estate pedigree of the RF Group.



**Simon Doyle**

Non-Executive Chairman

Simon was appointed a Director of Schroders RF in June 2023. Simon is the CEO of Schroders Australia and was appointed to this role in June 2023, alongside his role as CIO. Simon has served as CIO since February 2022. Simon has 36 years of investment management experience, having started his career at AMP Capital before moving to Schroders in 2003 where he held the roles of Head of Strategy and Head of Fixed Income and Multi-Asset, which included responsibility for Schroders' Australian Multi-Asset and Private Debt capabilities.



**Rob Rayner**

Non-Executive Director

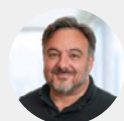
Rob was appointed a Director of Schroders RF in April 2021. Rob is a founder and CEO of RF CorVal and has overall responsibility for the CorVal business, including investment decisions, capital management and the establishment of property investment vehicles. Rob has over 35 years of experience in the Australian financial services and property industry, with wide-ranging involvement in the establishment, re-structuring and on-going management of various property funds on behalf of both retail and private wholesale investors, family offices and institutional mandates.



**Nicole Kidd**

Managing Director

Nicole was appointed a Non-Executive Director of Schroders RF in October 2022 and became Managing Director in August 2023. Nicole is also the Head of Private Debt, APAC at Schroders Capital, a position she has held since September 2020. Nicole has worked in the finance industry for the past 29 years, most recently as Managing Director and Head of Corporate Banking Australia and Institutional Client Management Asia-Pacific at RBC Capital Markets. Prior to joining RBC, Nicole was a Portfolio Manager at AMP Capital Investors. She spent the first ten years of her career at National Australia Bank.



**George Kostas**

Non-Executive Director,  
Credit Committee Member

George was appointed a Director of Schroders RF in June 2016. George is the co-founder and Managing Partner of Farrer Property with projects spanning residential, commercial, industrial, retail and hospitality across Australia and a non-executive director of the Roberts Co Group, a tier one commercial contractor with operations across Australia. Before joining RF Group, George was Chief Executive of the largest privately held real estate group in the Middle East and North Africa region, Majid Al Futtaim Properties based in Dubai. Prior to this George held various executive roles at Multiplex Group culminating in his appointment as Managing Director of the residential development business Multiplex Living and completing his tenure as Managing Director for Multiplex Construction and Development Australasia and a member of the global executive team.



## | Section 1: Key Features

The following table summarises the key features of an investment in the Fund and provides section references for further information.

You should read this PDS in full before deciding whether to invest in the Fund. If you have any doubt as to whether an investment in the Fund is appropriate for you, you should consult with your financial adviser or other professional adviser.

KEY FEATURES		
		Details At
<b>Fund</b>	Schroders RF Select Credit Fund ( <b>Fund</b> ) is a contributory mortgage scheme that offers investors the opportunity to choose the Mortgage Investment in which they invest. The Fund is an unlisted Australian managed investment scheme established in 1999.	PDS, Fund Website
<b>Management of the Fund</b>	Schroders RF Limited (ACN 089 265 270) is the responsible entity and manager of the Fund. Schroders RF holds an Australian financial services licence ( <b>AFSL</b> ) (No. 238546).	PDS, Fund Website
<b>Investment Objective and Strategy</b>	The Fund aims to provide investors with the opportunity to invest in loans of their own choosing secured by a registered mortgage, with no obligation to invest in any specific Mortgage Investment. The Fund (or an entity controlled by the Fund) lends money to borrowers on the security of a registered mortgage over legal interests in real property in Australia.	SECTION 3.1
<b>Features of the Fund</b>	The Fund provides Members the opportunity to diversify their investment portfolio by gaining exposure to a selection of Mortgage Investments, each secured by a registered mortgage. Members have the flexibility to select investments without any obligation to commit to any specific Mortgage Investment.	SECTION 3.1
<b>Minimum Investment</b>	\$20,000 with additional investments in increments of \$10,000. Schroders RF may vary the above amount at its discretion from time to time and may accept investments that are less than the above amount.	SECTION 4.3
<b>Withdrawals and Liquidity</b>	Members may withdraw Holding Moneys upon 10 days' notice to Schroders RF. If a Member has committed to invest in a specific Mortgage Investment, those moneys are committed to that Syndicate for 60 days. Syndicate Members have no right to withdraw from a Syndicate until the Mortgage Investment has been repaid.	SECTION 5.3
<b>Investment Timeframe</b>	6 months - 3 years. The duration of each Mortgage Investment is set out in the relevant Syndicate PDS.	SECTION 3.8

<b>Distribution Payments</b>	Holding Moneys: monthly distributions. Syndicate Members' income: monthly, unless otherwise disclosed in the Syndicate PDS.	SECTION 5.1
<b>Disclosure Documents</b>	This PDS is the first part of a two-part disclosure process. As a Member you will be provided with a Syndicate PDS which will provide you with information about the specific Mortgage Investment.	SECTION 4.1
<b>Target Market Determination</b>	A Target Market Determination ( <b>TMD</b> ) has been prepared for the Fund. The TMD sets out the class of consumers for whom the Fund and associated Mortgage Investments available through the Fund would likely be consistent with the consumer's likely objectives, financial situation and needs.	SECTION 4.2
<b>How to Apply</b>	To apply to become a Member you should read this PDS in its entirety. An application can be made either: <ul style="list-style-type: none"> <li>– <b>By scanning the QR Code in this PDS</b> to complete an electronic Application Form; or</li> <li>– <b>Via email or post</b> using the Application Form (see contact details in Section 13 – Corporate Directory).</li> </ul>	SECTION 11.1
<b>Fees and Costs</b>	The management fees and costs of the Fund are as follows: <ul style="list-style-type: none"> <li>– Holding Money management fee: 0.35% p.a.</li> <li>– Mortgage Investment management fee: 0.95% p.a.</li> </ul>	SECTION 7.1
<b>Cooling-Off</b>	There is no cooling-off period.	SECTION 4.9
<b>Handling Complaints</b>	Schroders RF has a complaints handling procedure and is also a member of an external dispute resolution body.	SECTION 10.2
<b>Risks</b>	As with all investments, an investment in the Fund is subject to risks. You should read this PDS in full before deciding to invest in the Fund. You should also read the relevant Syndicate PDS before deciding to participate in the Syndicate for a particular Mortgage Investment. If you have any doubts as to whether an investment in the Fund is appropriate for you, you should consult your financial adviser or other professional advisers. Repayment of capital investment or any particular rate of capital or income return is not guaranteed.	SECTION 6.1
<b>Transfer of Interests in Mortgage Investments</b>	Your interest in a Mortgage Investment may be transferred to another Member with Schroders RF's approval. A transfer fee will apply, and transfers are at the discretion of Schroders RF. Transfers are not permitted if the Mortgage Investment is in default.	SECTION 4.15

## | Section 2: ASIC RG45 Benchmarks For The Fund

### 2.1 ASIC Benchmarks

ASIC Regulatory Guide 45 *Mortgage schemes: Improving disclosure for retail investors* (**RG45**) contains the benchmarks and disclosure principles currently recommended by ASIC that can help investors understand the benefits and risks associated with unlisted mortgage schemes, such as the Fund, before making a decision to invest in those schemes. This PDS incorporates these benchmarks and disclosure principles and describes how Schroders RF will meet these obligations. RG45 requires responsible entities to disclose whether the benchmarks are met.

The following table provides a summary of the benchmarks and disclosure principles contained in RG45. The table confirms whether Schroders RF and the Fund comply with them and refers to relevant sections in this PDS where you can access some further information.

Detailed information as to the benchmarks and disclosure principles, and how Schroders RF and the Fund comply with them, is contained in the 'RG45 Benchmark and Disclosure Principles Report' (**RG45 Report**) document, which is available on the Fund Website. A printed copy of the document may be obtained from Schroders RF, upon request, at no charge (see contact details in Section 13 – Corporate Directory). You should read a copy of the most recent version of this document in conjunction with this PDS prior to making a decision to invest in the Fund.

Schroders RF will release an updated RG45 disclosure document on the Fund Website at least every six months.

BENCHMARKS AND DISCLOSURE PRINCIPLES	DOES THE FUND / SCHRODERS RF COMPLY?	DETAILS AT
<b>Liquidity</b> <b>(Benchmark 1, Disclosure Principle 1)</b> This Benchmark does not apply to the Fund	N/A	N/A
<b>Scheme borrowing</b> <b>(Benchmark 2, Disclosure Principle 2)</b> The Fund does not have any borrowings at the date of this PDS and does not intend to borrow on behalf of the Fund.	YES	RG45 Report, Fund Website
<b>Loan Portfolio and Diversification</b> <b>(Benchmark 3, Disclosure Principle 3)</b> This benchmark does not apply to the Fund.	N/A	N/A
<b>Related Party Transactions</b> <b>(Benchmark 4, Disclosure Principle 4)</b> Schroders RF maintains and complies with a written policy on related party transactions, which detail the assessment and approval processes for such transactions and arrangements to manage conflicts of interest.	YES	SECTION 10.4



<b>Valuation Policy (Benchmark 5)</b> Schroders RF may not obtain a new valuation on the extension of a Mortgage Investment with a further term of 12 months or less. Each renewal is assessed on a case-by-case basis and Schroders RF will order an updated valuation if: <ul style="list-style-type: none"> <li>– the latest valuation was obtained more than two years ago;</li> <li>– there is a decline in the market that may impact on the value of the Security Property and the LVR (including but not limited to where this may have caused a material breach of a loan covenant); or</li> <li>– a new Member enters the new Syndicate.</li> </ul>	NO	SECTION 3.5
<b>Valuation policy (Disclosure Principle 5)</b> Schroders RF maintains and complies with a written Valuation Policy that accords with RG45.	YES	SECTION 3.5
<b>Lending Principles – Loan to Valuation Ratios (Benchmark 6)</b> Mortgage Investments are held by the Syndicate Members in each Syndicate, rather than by the Fund itself. Schroders RF complies with the Fund's Constitution and Valuation Policy which accords with RG45.	YES	SECTION 3.6
<b>Lending Principles – Loan to Valuation Ratios (Disclosure Principle 6)</b> Mortgage Investments are held by the Syndicate Members in each Syndicate, rather than by the Fund itself. The LVR for a Mortgage Investment is provided in the Syndicate PDS.	YES	SECTION 3.6
<b>Distribution Practices (Benchmark 7, Disclosure Principle 7)</b> Cash distributions are derived from received interest Syndicate distributions are made from interest and other moneys paid by borrowers in respect of the associated Syndicate and distributed to Syndicate Members in their respective proportions.	YES	SECTION 5.1
<b>Withdrawal Arrangements (Benchmark 8, Disclosure Principle 8)</b> Members may redeem their uncommitted Holding Moneys upon 10 days' notice. Members may not redeem their committed Holding Moneys prior to 60 days from the date of their commitment to a Syndicate. Syndicate Members may not redeem their investment in a Syndicate until the Mortgage Investment has been repaid.	NO	SECTION 5.3

## | Section 3: Lending Processes and Principles

### 3.1 Investment Philosophy And Overview

Schroders RF aims to provide Members with stable and reliable income returns by investing in commercial real estate loans secured by registered mortgages over select types of real property. The Fund's investment philosophy centres on rigorous risk assessment, which includes a thorough examination of the transaction's fundamentals, the proposed Security Property, the borrower's profile, and prevailing market conditions.

Members can participate in one or more Mortgage Investments by accepting the terms in the Syndicate PDS for the relevant Mortgage Investment. This structure enables members to tailor their Mortgage Investments to align with their individual risk appetites and financial goals. Detailed information about each Mortgage Investment is provided in the Syndicate PDS.

Members will be presented with loan opportunities and have complete autonomy to choose any Mortgage Investment presented to them based on their investment preferences.

### 3.2 Credit Assessment And Loan Approval Process

The Credit Committee is responsible for guiding the credit and investment governance of the Fund. It operates under a charter that tasks the Credit Committee with evaluating loan applications and ongoing monitoring of the credit portfolio, including oversight of any loans in default.

The Credit Committee is comprised of experienced members, each possessing specialised real estate, construction and credit expertise from extensive industry experience.

When assessing a Mortgage Investment application, the Credit Committee examines potential risks associated with the loan and its compliance with the Fund's lending criteria. This assessment encompasses various factors including but not limited to:

- analysing the type, quality and value of the proposed Security Property, supported by a panel valuer's valuation report;
- verifying a loan's compliance with Schroders RF's Credit Policy;
- assessing the borrower's capacity to meet loan obligations;
- assessing and deciding on loan proposals, extensions or variations; and
- monitoring Mortgage Investment performance and the borrower's compliance with loan conditions.

Schroders RF has an independent second line of defence credit function which undertakes the assessment and evaluation of loan applications and is involved in the structuring of loans, alongside the origination team. This function possesses specific delegations to approve loan applications without the need to consult the Credit Committee and conducts the same thorough assessment that the Credit Committee performs.

In accordance with the Credit Committee Charter:

- the credit function has delegation to approve:
  - \* new loan applications up to \$10 million which are fully compliant with Schroders RF's Credit Policy; and
  - \* any loan renewal which is fully compliant with Schroders RF's Credit Policy; and
- any applications falling outside the scope of the credit function's delegation must be referred to the Credit Committee for assessment and decision.

### 3.3 Origination Team

The origination team is responsible for sourcing, assessing and originating loans. The team is also responsible for day-to-day loan management and actively and regularly monitors the performance of loans.

### 3.4 Purpose of Loans

Loans may be advanced for various reasons, including:

- investment in residential properties;
- acquisition of commercial, retail or industrial premises for use or investment;
- buying vacant land, with or without development approval, for potential future development;
- refinancing existing real estate debts; and
- releasing equity for business or investment.

The specific purpose of each loan will be detailed in the Syndicate PDS.

The Fund will not make any loans which are regulated by the National Credit Code.

### 3.5 Valuations

Schroders RF maintains a panel of independent valuers. Each valuer for a property must be independent of both the borrower and Schroders RF, properly qualified, and have not less than five years' experience in valuing properties similar to the Security Property.

A written valuation must be provided by a panel valuer for all property that provides security for a Mortgage Investment and be no more than 6 months old at the time of settlement. The specifics of the valuation will be set out in the Syndicate PDS for each Mortgage Investment.

The Credit Committee may, in its discretion, request an updated property valuation during the term of a Mortgage Investment in specific instances, such as where there is a significant value decline which could result in a breach of loan terms or if there are suspected variations to the Security Property.

Where Schroders RF proposes to extend the term of a Mortgage Investment, Schroders RF may not seek a new valuation for Mortgage Investment extensions of 12 months or less, as the cost may be unjustifiable in some circumstances. Each extension is assessed on a case-by-case basis. An updated valuation will be obtained where the latest valuation for the Mortgage Investment is more than two years old, market downturns could potentially result in a security devaluation, or a new Member enters the Syndicate.

A valuation will be obtained for any increase to an existing Mortgage Investment if the latest valuation is more than six months old.

The Valuation Policy is available at [www.schrodersrf.com](http://www.schrodersrf.com)

### 3.6 Loan to Valuation Ratios

The LVR for each Mortgage Investment is determined by Schroders RF and is influenced by factors such as market conditions, security type, and location. LVRs vary between Mortgage Investments and the LVR for each Mortgage Investment is detailed in the Syndicate PDS. The maximum LVR for a Mortgage Investment is as follows:

SECURITY TYPE	MAXIMUM LVR (NET OF GST)
First registered mortgage	70% of 'as is' value
Second registered mortgage	80% when taken with the amount advanced on the first registered mortgage and any equal ranking securities

### 3.7 Loan Diversification

The Fund's Mortgage Investments are loans secured by registered mortgages over Australian real estate but seeks diversification through geographic location, loan and interest rate type. Various classes of property are accepted as security, including residential, commercial, industrial, strata, retail and vacant land (with or without development approval), primarily within metropolitan capital cities and major regional areas. Specialty properties such as caravan parks and churches are not accepted. As of the date of this PDS, Mortgage Investments will exclude construction and/or development projects (such as multi-residential dwelling construction, land sub-division or construction of commercial and industrial properties).

The loan type and security are set out in the relevant Syndicate PDS.

Portfolio diversification details are updated biannually in the RG45 Report available at [www.schrodersrf.com](http://www.schrodersrf.com)

### 3.8 Mortgage Investment Term

Loan terms range from 6 to 36 months. Loan terms are specific to the Mortgage Investment being financed with appropriate buffers for unforeseen circumstances. The term of the Mortgage Investment will be set out in the Syndicate PDS.



## 3.9 Borrower Analysis

Schroders RF implements a comprehensive borrower analysis procedure which involves a detailed screening of each borrower, together with an assessment of their liquidity and capacity to service and repay the debt.

Borrowers may be individuals, partnerships, companies or trusts, with details provided in the Syndicate PDS.

## 3.10 Interest Rates

Interest rates set by Schroders RF are influenced by market conditions, loan purpose, security type and location, and specific loan terms. Interest rates vary between Mortgage Investments and will be set out in the Syndicate PDS.

## 3.11 Mortgage Investment Management

Each Syndicate Member appoints and authorises Schroders RF to manage their interest in the Mortgage Investment. That appointment cannot be revoked by the Syndicate Member and will cease on termination of the Syndicate.

Schroders RF must manage the Syndicate in accordance with the requirements of the Fund Constitution, this PDS, the Syndicate PDS and the Corporations Act. For further information, see Section 3.13 – Loan monitoring and default management.

## 3.12 Property Insurance

Each borrower must demonstrate that the Security Property is adequately insured and, depending on the security type, note Schroders RF as an interested party. Schroders RF routinely monitors the insurance status.

While property insurance is obligatory for borrowers, mortgage insurance is not.

## 3.13 Loan Monitoring And Default Management

For each Mortgage Investment, Schroders RF actively monitors loan performance to ensure prompt payments and compliance with loan terms. If a borrower fails to make an interest or principal payment on the due date, Schroders RF will take enforcement action, which may include (depending on the circumstances):

- for any payment delays of more than seven days, the borrower will be contacted to arrange collection of the arrears;
- after 30 days without payment, the account enters default and enforcement actions may commence;
- all recovery actions for loans in arrears are to be approved by the Credit Committee or credit function delegation; and
- as part of the enforcement proceedings, Schroders RF may consider appointing a receiver, insolvency practitioner or other professional.

Schroders RF retains the discretion to take other enforcement action if it considers it to be appropriate and in the best interests of Syndicate Members. Schroders RF also retains discretion whether the higher rate of interest (payable in the event of a default) is to apply.

Syndicate Members will be kept informed about the default status and management strategies.

Loan default information is updated semi-annually and disclosed in the RG45 Report, available at [www.schrodersrf.com](http://www.schrodersrf.com)

As each Syndicate is separate from any other Syndicate, the default of one Mortgage Investment is borne by the relevant Syndicate Members and is not shared by the Members of any other Syndicate.



### 3.14 Enforcement Of Mortgage Investments

When an enforcement right of a Mortgage Investment becomes exercisable, Syndicate Members are entitled to exercise that right subject to the general power of management that has been conferred on Schroders RF by each Syndicate Member.

Schroders RF may convene a meeting to discuss enforcement actions, where the Syndicate Members can direct Schroders RF by special resolution to exercise its power in a particular manner. Should a specific action be mandated, Schroders RF reserves the right to be indemnified against potential losses or liabilities which may arise from complying with that mandate.

If, after the sale of the Security Property, any capital or interest remains unpaid, Schroders RF is not obligated to finance or engage in additional recovery efforts. Schroders RF will consult Syndicate Members to assess their interest in voluntarily funding further recovery pursuits. Should these efforts yield additional funds, those funds will be distributed according to each Syndicate Member's proportionate financial contribution.

### 3.15 Priority Of Debts

Upon partial loan repayment or post-default sale of the Security Property, Schroders RF will distribute funds received in accordance with the following order of priority:

1. liabilities legally prioritised, such as municipal rates, GST and, if relevant, liquidator's fees;
2. Schroders RF fees, charges and other expenses incurred in the proper performance of its duties;
3. funds invested by Syndicate Members; and
4. distribution of interest income, starting with interest paid at the lower interest rate, followed by interest paid at the higher rate (payable as a consequence of default) if applicable.

GST payable on property sales may reduce the amount available for distribution to Syndicate Members. For second mortgage investments, all senior debts, including first mortgages, must be settled before any disbursement to second mortgage investors.





### 3.16 Environmental, Social And Governance Considerations

Schroders RF will consider risks around issues such as health and safety, modern slavery, corruption, labour standards, phoenix activity and environmental issues as part of the overall considerations in the assessment of Mortgage Investments where these matters may affect investment value or performance.

Borrowers are required to represent that they comply with all relevant laws and regulations outlined in their loan documentation and Schroders RF's due diligence process includes background screenings and checks against databases for sanctions, corruption and criminal records. Valuation reports often consider environmental factors such as contamination, conservation and bushfire and flood risk.

The extent to which Schroders RF takes into account labour, environmental, social and governance considerations is limited to its assessment of the risks of Mortgage Investments, which is focused on how these factors might impact the borrower's ability to repay the loan.

The Fund is not designed for investors whose primary objectives include consideration of environmental, social or governance (**ESG**) factors or meeting specific ESG goals and the Fund is not marketed as an ESG product.

## | Section 4: Investment Processes Principles

### 4.1 Disclosure Documents

This PDS is the first part of a two-part disclosure process. Upon becoming a Member of the Fund, you will be provided with a Syndicate PDS. The Syndicate PDS supplements this PDS and provides information regarding specific Mortgage Investments.

### 4.2 Target Market Determinations

Schroders RF has determined an appropriate target market for the Fund and the Mortgage Investments offered through the Fund in accordance with its obligations under Part 7.8A of the Corporations Act (**DDO Regime**). These considerations are detailed in the Target Market Determination (**TMD**), which sets out the likely class of consumer whose objectives, financial situation and needs align with the Fund and the Mortgage Investments available to Members through the Fund.

The TMD is accessible free of charge at [www.schrodersrf.com](http://www.schrodersrf.com) or by contacting us (see contact details in Section 13 – Corporate Directory). Copies of historical TMDs are also available upon request.

Schroders RF may periodically request information from individual investors to ensure that the Fund and the Mortgage Investments are distributed in accordance with the TMD or to otherwise to fulfil our obligations under the DDO Regime. Failure to provide the requested information or complete any assessment may result in your application to become a Member of the Fund or Syndicate Member for a particular Mortgage Investment being declined, or in you ceasing to be a Member of the Fund.

It is important to note that a TMD is not a product disclosure statement and does not replace the need to consider your own personal financial objectives, needs and situation.

### 4.3 Participation In The Fund

To participate in the Fund, you must:

- first apply to become a Member of the Fund; and
- then, become a Syndicate Member of each Mortgage Investment you wish to participate in.

To become a Member, you must invest an initial minimum amount of \$20,000 in the Fund. Additional investments must be in increments of \$10,000. Schroders RF may vary this amount from time to time and may accept investments that are less than the above amount in its discretion.

Details of how to apply to become a Member of the Fund are set out in Section 11 – How to Invest.

### 4.4 Acceptance Of Application

Once your application is approved, you will become a Member of the Fund. Your application moneys will be placed in the Fund Account and known as Holding Moneys. If the Fund earns any interest on your Holding Moneys, you will receive a monthly income distribution from the Fund representing your share of the interest it has earned, net of applicable fees (as explained in Section 7 - Fees and other costs). For further information see Section 4.5 – Investment of Holding Moneys and Section 5.1 – Income and Distributions.

If we receive an incomplete application, we will hold your application moneys for 30 Business Days. If we cannot process your application within this timeframe, including completing the applicable customer identification procedures, your funds will be returned. No interest will accrue on the application moneys during this period.

## 4.5 Investment Of Holding Moneys

If your Holdings Moneys are not promptly allocated to a Mortgage Investment, Schroders RF will deposit them into the Fund Account, and you will receive income distributions representing your share of the interest earned, net of applicable fees. For further information see Section 7 – Fees and other costs and Section 5 – Distributions and Withdrawals.

## 4.6 Allocation Of Holding Moneys To A Syndicate

Schroders RF has adopted an Allocation Policy to ensure that all Members are treated fairly and equitably.

After your application is accepted and you become a Member of the Fund, Schroders RF will invite you to participate in Mortgage Investments as they become available.

An opportunity flyer containing key details about each Mortgage Investment will be emailed to all Members. This flyer will include the following information:

- borrower, mortgagor and guarantor details;
- proposed loan amount;
- description of the security property including the maximum LRV;
- term of loan;
- rate of interest payable by the borrower, including the higher rate of interest payable on default (if applicable);
- amount of income expected to be payable to you;
- fees and charges payable to Schroders RF; and
- any specific features or additional risks that may apply to the Mortgage Investment.

The terms outlined in the opportunity flyer are indicative only and may be subject to change. The final terms of the Mortgage Investment will be provided in the Syndicate PDS (as explained in section 4.8 below).

You will be invited to express your interest to participate in the Mortgage Investment and to indicate the amount of Holding Moneys you wish to allocate to that Mortgage Investment. Allocations to the Mortgage Investment will be made on a 'first-in, first-served' basis until the Mortgage Investment is fully subscribed.

Schroders RF reserves the right to adjust allocations if necessary and in some cases the amount allocated to a Member for participation in the Syndicate may be less than the amount they requested.

To maintain manageable Syndicate sizes, Schroders RF may set a minimum investment amount for certain Mortgage Investments, which will be disclosed in the opportunity flyer if applicable.

Receiving an invitation from Schroders RF to participate in a Mortgage Investment does not obligate you to become a Syndicate Member or guarantee your participation. Your participation as a Syndicate Member is only confirmed upon processing of your Syndicate PDS Acceptance Form (as explained in section 4.7 below).

Where, at the end of the term, Schroders RF proposes to renew the loan for a particular Mortgage Investment:

- each Syndicate Member will be given the opportunity to continue to participate in respect of their pro rata share of the Mortgage Investment; and
- to the extent that not all Syndicate Members elect to continue to participate in the Mortgage Investment, Schroders RF may invite existing Syndicate Members to increase their contribution and/or seek contributions from new Syndicate Members, in its discretion.

## 4.7 How To Become A Syndicate Member

Once you have expressed your interest in a Mortgage Investment and nominated the amount of Holding Moneys you wish to allocate, Schroders RF will offer you an interest in the Syndicate and send you a Syndicate PDS and Syndicate Application Form.

To accept the offer and become a Syndicate Member, you will need to:

1. review the Syndicate PDS: ensure you understand the terms and seek advice as needed; and
2. complete and return the Syndicate PDS Acceptance Form.

You will have 5 Business Days to complete and return the Syndicate PDS Acceptance Form to Schroders RF. If your acceptance is not received within this timeframe, Schroders RF reserves the right to invite another Member to apply for the interest in the Syndicate which was offered to you at its discretion.

Following settlement of the Mortgage Investment, you will be sent a transaction confirmation of your investment. If disclosed in the relevant Syndicate PDS, you may obtain your interest through a transfer from Schroders RF (or an affiliated entity), which initially held interests in the Syndicate to assist with settlement of the Mortgage Investment. In these instances, Schroders RF may, at its discretion, consider your application for a Syndicate interest as a request for Schroders RF to transfer a portion or all of its interest to you.

The Syndicate will not admit new Syndicate Members if the borrower is in default for that Mortgage Investment.

## **4.8 Details In A Syndicate PDS**

Each Syndicate PDS is issued as a supplement to this PDS and contains key details of its specific Mortgage Investment, including:

- borrower, mortgagor and guarantor details;
- loan amount;
- description of the Security Property including property valuation and LVR;
- risk profile;
- term of loan;
- rate of interest payable by the borrower, including the higher rate of interest payable on default (if applicable);
- amount of income expected to be payable to you;
- fees and charges payable to Schroders RF; and
- any specific features or additional risks that may apply to the Mortgage Investment.

## **4.9 Cooling Off Rights**

The Fund operates as a non-liquid managed investment scheme and there is no cooling off period.

## **4.10 Syndicate Members Relationship**

Each Mortgage Investment is beneficially owned by the Syndicate Members who hold a proportional beneficial interest based on the amount of Holding Moneys they have contributed to the Syndicate. Each Mortgage Investment is separate from all other Mortgage Investments in the Fund. If the borrower in respect of a Mortgage Investment is in default, only the Members of that particular Syndicate will be impacted. Syndicate Members of other Syndicates will not be affected.

## **4.11 Co-Mortgagee arrangements with other Managed Funds**

In addition to the Fund, Schroders RF has been appointed as the investment manager for other managed funds. In certain circumstances, a Mortgage Investment may be shared between the Syndicate and another fund managed by Schroders RF, with both acting as co-mortgagees as tenants in common in their respective shares. Details of any such arrangement, including the proportion of the investment held by the respective fund and Syndicate, will be disclosed in the Syndicate PDS.

Upon repayment of the Mortgage Investment, the proceeds will be distributed to the respective mortgagees on a pari passu basis, ensuring that each party receives its proportional share of the repayment.

## 4.12 Extension Or Variation Of Mortgage Investment Term

A borrower may request to extend or vary the terms of their loan. This request will be assessed in accordance with Schroders RF's Credit Policy. If the request is approved, we will send you a new Syndicate PDS relating to the Mortgage Investment for your review and decision. You are not required to consent to the amended terms and you may withdraw your investment from a Syndicate. If you withdraw, your funds will be reallocated to the Fund Account or as you otherwise direct, subject to Schroders RF receiving the commitment of a Substitute Syndicate Member or the repayment of the Mortgage Investment by the borrower.

Should the borrower's extension or variation request be declined by Schroders RF, the borrower will be required to repay the principal on the maturity date.

Schroders RF has a discretion to extend a loan past its maturity date if Schroders RF believes it is in the Syndicate Members' best interests. An extension may be required to provide borrowers with extra time to complete the loan renewal process, finalise the refinance or repayment of the loan or the sale of the Security Property. We will notify you immediately upon exercising this discretion and, where we exercise this discretion, Syndicate Members may not withdraw from the Syndicate.

Schroders RF also has a discretion to waive the higher rate of interest payable upon a default event after considering the best interests of the Syndicate Members.

## 4.13 Termination Of Syndicates

Other than with the Syndicate Members' consent, a Syndicate is terminated after the borrower has made full repayment and met all other obligations under the Mortgage Investment and the net proceeds have been distributed to the Syndicate Members. If a Syndicate you have participated in is terminated, you will cease to be a Syndicate Member.

On the termination of the Syndicate, your proportionate share of the net proceeds distributed to Syndicate Members will be reallocated to the Fund Account as Holding Moneys or as you otherwise direct Schroders RF.

You have the option to request a withdrawal of these Holding Moneys, as outlined in Section 5.3 – Withdrawing your Investment.

## 4.14 Availability Of Syndicates

There may be times where there are no Syndicates available, and Schroders RF has no obligation to ensure the availability of any Syndicate or Mortgage Investment.

## 4.15 Transfer Of An Interest In A Mortgage Investment

You can transfer your interest in a Mortgage Investment or Holding Moneys to another Member with Schroders RF's approval. Transfers are recognised once registration of the transfer has been recorded in the Fund's records.

Schroders RF retains the discretion to decline any transfer of interests without justification.

A transfer fee will apply for transferring interests in a Mortgage Investment, as detailed in Section 7.1 – Fees and Costs Summary. No fee is charged for transferring Holding Moneys. All transfer requests must be submitted by contacting us (see contact details in Section 13 – Corporate Directory).

If you transfer your interest in a Mortgage Investment in full to another Member, then you will cease to be a Syndicate Member of the relevant Syndicate.

Transfers are not permitted if the borrower under the loan for that Mortgage Investment is in default.

## | Section 5: Distributions and Withdrawals

### 5.1 Income And Distributions

Holding Moneys will be deposited in the Fund Account to generate interest. The interest rate payable with respect to Holding Moneys may fluctuate based on prevailing official rates. The Fund will receive the interest earned on Holding Moneys and, after deduction of applicable fees, pay monthly income distributions to Members, typically around the tenth day of the month.

For Mortgage Investments, borrowers make interest payments according to the terms specified in the Syndicate PDS. Typically, net interest income (after deduction of applicable fees) is distributed to Syndicate Members monthly, around the tenth day of the month. While interest is calculated monthly by default, Schroders RF retains the right to modify the calculation method to a daily basis if needed. Any change in the calculation method will be disclosed in the Syndicate PDS or to existing Syndicate Members in accordance with Schroders RF's continuous disclosure obligations (as applicable).

Schroders RF may secure prepaid interest from borrowers, with details and distributions of such payments provided in the Syndicate PDS. Income distributions will be paid to your nominated account.

### 5.2 Additional Interest Collected

When a borrower is in default under a Mortgage Investment, the borrower may be required to pay a higher rate of interest, as outlined in the Syndicate PDS. A borrower may also need to pay additional interest for early termination or early repayment of the principal under the Mortgage Investment. Any additional interest income will be promptly distributed to Syndicate Members after receipt.

Schroders RF has discretion to waive its right to recover from the borrower at higher default interest rates, in whole or in part, where it considers it to be in the best interests of Syndicate Members.

### 5.3 Withdrawing your Investment

You may request the return of any Holding Moneys that have not been committed to a Mortgage Investment at any time. Funds will be returned within 10 days of request.

Upon your Syndicate Acceptance Form being processed, your funds are committed to that Syndicate's Mortgage Investment for the period ending 60 days from the issue date of the Syndicate PDS. You have no right to redeem your committed funds during this period. If after 60 days from the issue date of the Syndicate PDS the Mortgage Investment has not settled, you may request for your funds to:

- continue to be allocated to the Mortgage Investment;
- be allocated to a different Mortgage Investment (provided you have received and read the applicable Syndicate PDS and completed the relevant Syndicate Acceptance Form); or
- be withdrawn from the Fund.

If the Mortgage Investment has not been finalised within the 60-day period, yet there is a reasonable expectation of an imminent settlement, Schroders RF reserves the option to extend the commitment period. To facilitate this extension, the borrower may be required to pay a commitment fee, with any commitment fee collected to be distributed to Syndicate Members in their respective proportions. Any commitment fee paid is in addition to the interest earned on the Holding Moneys. You can choose whether you wish to remain allocated to the Mortgage Investment or you may request allocation to a different Mortgage Investment (in which case you must obtain and read the applicable Syndicate PDS and complete the relevant Syndicate Acceptance Form).

Once your investment has been used to fund a Mortgage Investment, you may not withdraw your investment from that Syndicate until the Mortgage Investment has been repaid, the Syndicate is terminated, and the net proceeds have been distributed to Syndicate Members.



Schroders RF may, at its discretion, consider an early withdrawal request by a Syndicate Member due to unforeseen and exceptional circumstances if a Substitute Syndicate Member can be located. Schroders RF may charge a transfer fee. For further information, see Sections 4.15 – Transfer of an Interest in a Mortgage Investment and 7.1 – Fees and Costs Summary.

## 5.4 Return of Holding Moneys

Schroders RF reserves the right to return your Holding Moneys at any time, at its discretion, without prior notice or explanation. If your funds have been held as Holding Moneys for over 6 months without active participation in any Syndicate opportunities, Schroders RF may return the money to you. Any returned funds will be credited to your nominated bank account.



## | Section 6: Risks

### 6.1 What are the Risks of Investing?

Investments are subject to many risks, not all of which can be predicted or foreseen. The table below lists the significant risks associated with investing in the Fund. The risk factors set out below are not exhaustive, nor a complete explanation of all the risks involved in an investment in the Fund. Other unidentified risks may arise that could impact the Fund's financial performance or the performance of a Mortgage Investment. Past performance of the Fund, a Mortgage Investment or any investment vehicle managed by Schroders RF or any of its affiliates is not a reliable indicator of future performance.

There is no guarantee of capital or distribution payments in terms of amount or timing. You may lose all or a portion of the amount you invest in the Fund or you may receive distributions from the Fund or an overall return from your investment that are less than the expected returns disclosed in the Syndicate PDS. Before investing in the Fund, you are recommended to consult a licensed financial adviser about the risks involved in investing in the Fund.

TYPE OF RISK	EXPLANATION
<b>General Mortgage Lending Risks</b>	
<b>Credit Risk or Borrower Default Risk</b>	The risk that a borrower is unable to meet its ongoing interest and principal payments. In the event of default, there may be delays in recovering funds, and also the possibility that, after selling the Security Property, the proceeds are insufficient to discharge all liabilities in respect of the Mortgage Investment.
<b>Credit Assessment Risk</b>	The risk that Schroders RF may not identify as part of its due diligence process all risks associated with the Mortgage Investment and/or borrower and its related parties.
<b>Illiquid Nature of the Underlying Asset</b>	The security for each Mortgage Investment is real property, which is inherently illiquid. In the event of default, the process to sell the Security Property can lead to significant delays in recoveries by the Syndicate, impacting both distributions and capital repayments. If a borrower contests the sale of a Security Property, these delays will likely further increase. During such times, while Schroders RF will be entitled to charge higher interest, such interest will accrue but it might not be available for distribution to Syndicate Members.
<b>Mortgage Insurance Risk</b>	Mortgage Investments are not mortgage insured and there is no insurance coverage for interest shortfall or unpaid loan principal.
<b>Litigation Risk</b>	If Schroders RF declares a default under a Mortgage Investment, seeks to exercise its rights during a subsisting default (such as charge higher interest) and/or takes enforcement action, a borrower may successfully counter any of these actions (either before or after sale of the Security Property). Courts are vested with wide discretionary powers, and these may be exercised in favour of a borrower. It should be noted that if the Security Property is sold, Schroders RF is not required to pursue any further recovery action after selling the Security Property.
<b>Fraud Risk</b>	A borrower may submit falsified documents for loan applications. Despite rigorous procedures to identify fraud, the possibility of fraudulent activity cannot be entirely eliminated.

<b>National Credit Code</b>	Schroders RF does not intend to make loans that are covered by the National Credit Code. However, unforeseen judicial decisions could classify a loan as a National Credit Code loan which may cap default interest rates, complicate and prolong the enforcement action and mandate adjustments of the terms of the Mortgage Investment for borrowers facing financial hardship.
<b>External Dispute Resolution (EDR)</b>	As a member of the Australian Financial Complaints Authority (EDR scheme), there is a risk that borrower complaints may defer or suspend enforcement actions, including the sale of the Security Property.
<b>General Investment Risks</b>	
<b>Market Risk</b>	The value of investments (including each Mortgage Investment) can be affected by changes in legislation, economic policy, political events, technology change, changes in global economic conditions (e.g. growth and inflation) and pandemics or health crises.
<b>Interest Rate Risk</b>	<p>While the method used to calculate the interest rate remains unchanged for the duration of a Mortgage Investment, increases in interest rates in the market (such as the Reserve Bank (<b>RBA</b>) cash rate target) may result in borrowers being unable to service payments due on other funding obligations the borrower may have.</p> <p>Additionally, the borrower's ability to arrange a refinance at the end of the term for each Mortgage Investment may be limited due to underlying interest rates and/or the overall cost of a refinance.</p>
<b>Fund Risks</b>	
<b>Illiquid Nature of Fund</b>	Interests in Mortgage Investments and interests in the Fund held by Members may be difficult or impossible to sell as there is no public trading market for such interests.
<b>Responsible Entity Risk</b>	Schroders RF may be removed as responsible entity by a resolution of the Members or adversely affected by Personnel Risk (see below).
<b>Consultancy and Third Party Services</b>	Schroders RF relies on external consultants such as panel valuers. The accuracy and availability of such consultants cannot be assured and may be influenced by factors beyond Schroders RF's control.
<b>Personnel Risk</b>	As with all businesses, there is a risk that key personnel may leave Schroders RF.
<b>Operational Risk</b>	Operational risk encompasses fraud, system failures, regulatory demands, documentation errors, legal challenges and unexpected events.
<b>Legal And Regulatory Risk</b>	<p>Changes in legislation and other rules, case law and administrative guidance regarding these laws, including those dealing with taxation, accounting and investments, may adversely impact the Fund or a Mortgage Investment.</p> <p>Changes to tax positions can also impact Members' returns. In addition, if any of the Fund's or Schroders RF's regulatory approvals are cancelled or suspended, the Fund (and therefore Members) may be adversely affected.</p>
<b>Technology, Privacy and Cyber-Attacks</b>	Schroders RF employs diverse technologies to safeguard against cyber threats, including system hacks, fraud, identity theft, and data breaches. Despite these measures, successful cyber-attacks could lead to significant service disruptions, unauthorised access to Members' personal information and criminal activity.

## Risks of being a Syndicate Member in a Mortgage Investment

<b>Illiquid Nature of a Syndicate</b>	Syndicate Members have no right to withdraw from a Syndicate until the Mortgage Investment has been repaid in full. Any factor that delays full repayment of a Mortgage Investment and termination of a Syndicate may affect the liquidity for a Syndicate Member due to funds being unavailable for a longer period than expected.
<b>Property Price Depreciation / Overstated Valuation Risk</b>	<p>The proceeds from the sale of a Security Property could be lower than anticipated and may be insufficient to repay the outstanding amount owing under the Mortgage Investment in full.</p> <p>There is also a risk of insurers denying liability for negligent or flawed valuations or reports of other third parties.</p>
<b>Environmental and Planning Risk</b>	Environmental risks, such as land subsidence, soil contamination or impacts from climate change, as well as changes in zoning or planning regulations or instances of resumption impacting the Security Property, might not be apparent or identifiable at the time of the entry into a Mortgage Investment. These risks could emerge later and potentially lead to a decrease in the value of the Security Property and/or result in the delay in sale of the Security Property and/or full repayment under the Mortgage Investment. Additionally, in cases of land subsidence or soil contamination, significant remediation expenses could be incurred, which may reduce the funds ultimately available for distribution to Syndicate Members.
<b>Settlement Risk</b>	Committed funds are bound to the Syndicate for 60 days from the Syndicate PDS issue date with no withdrawal rights whatsoever. Loan settlement may be delayed or may not occur. During this period, committed funds will earn interest at the Holding Monies interest rate, which is lower than the Mortgage Investment interest rate.
<b>Pre-Paid Interest Risk</b>	Interest may be 'pre-paid' within the approved LVR, allowing Schroders RF to manage payments without relying on the borrower's cash flow. There is a risk that proceeds from the sale of the Security Property may not cover the total outstanding balance owing with respect to a Mortgage Investment, including both the principal loan amount and interest. Pre-paid interest could diminish Schroders RF's visibility into the borrower's ongoing cash flow over the loan term.
<b>Development Site Loans</b>	Some Mortgage Investments could be development site loans. Development site loans are secured against vacant land with development approval, with the expectation that the borrower will refinance with another lender to a construction loan to carry out the approved works. If the development approvals lapse, the value of the Security Property may decline, making refinancing more difficult. The specific nature of the approved works could limit the number of potential buyers, potentially affecting the borrower's ability to fully repay the loan.
<b>Non-Income Generating Properties</b>	In the event of default, the absence of income generation from the Security Property to meet interest payments can exacerbate financial losses.
<b>Inadequate Insurance Risk</b>	Insurance may be inadequate to cover or compensate for damage to, or loss of income from, the Security Property.
<b>Documentation Risk</b>	Inaccuracies in documentation, such as mortgage documents, could impair Schroders RF's ability to recover against the borrower on behalf of the Syndicate Members.



<b>Early Repayment Risk</b>	A borrower may repay their Mortgage Investment early, shortening the investment term stated in the Syndicate PDS. If interest rates in the market (such as the RBA cash rate target) decline, borrowers may be more inclined to repay the Mortgage Investment early and refinance at lower interest rates. This could reduce the returns that Syndicate Members receive from the Mortgage Investment.
<b>Second Mortgage Risk</b>	Mortgage Investments which involve second mortgage loans expose the Syndicate Members to a greater risk of a diminished return due to the first mortgagee's prioritised repayment and enforcement rights. Typically, second mortgages carry higher interest rates to reflect this greater risk.
<b>PEXA</b>	Using PEXA, the electronic settlement platform, poses the risk of inadvertent registration of dealings in Security Property without Schroders RF's consent, such as second mortgages. This could cause potential delays in the receipt of settlement proceeds, which could result in delays in the distribution of net proceeds to the Syndicate Members.
<b>Additional or Specific Risks Associated with a Particular Mortgage Investment</b>	Any risks which are specific to a particular Mortgage Investment will be disclosed in the Syndicate PDS.



## | Section 7: Fees and Other Costs

### DID YOU KNOW?

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

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

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

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

### TO FIND OUT MORE

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

## 7.1 Fees and Costs Summary

This section shows fees and other costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from the assets of the Fund as a whole. See Section 7.3 – Additional explanation of fees and costs for further information.

Taxation information is set out in Section 8 of this PDS, however it is of a general nature and is not, nor is it intended to be tax advice and cannot be relied upon as such.

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

FEES AND COSTS SUMMARY		
Type of fee or cost	Amount	How and when paid
Ongoing annual fees and costs		
<b>Management fees and costs</b> The fees and costs for managing your investment	<b>Holding Moneys management fee</b> 0.35% per annum <sup>1</sup>	This fee is calculated and accrued daily, generally payable from the Fund Account monthly in arrears and is deducted from the interest earned on the Holding Moneys.  This fee will be charged only for the period while Holding Moneys are held in the Fund Account.



## FEES AND COSTS SUMMARY

Type of fee or cost	Amount	How and when paid
<b>Ongoing annual fees and costs</b>		
	<b>Mortgage Investment management fee</b> 0.95% per annum <sup>1,2</sup>	This fee is deducted from the interest received by the Member in the manner provided in the Syndicate PDS. The fee will be disclosed in the Syndicate PDS. The amount of this fee may be negotiated by wholesale clients. <sup>2</sup>
<b>Performance fees</b> Amounts deducted from your investment in relation to the performance of the product	Nil	Not applicable
<b>Transaction costs</b> The costs incurred by the scheme when buying or selling assets	Nil	Not applicable
<b>Member activity related fees and costs (fees for services or when your money moves in or out of the scheme)</b>		
<b>Establishment fee</b> The fee to open your investment.	Nil	Not applicable
<b>Contribution fee</b> The fee on each amount contributed to your investment.	Nil	Not applicable
<b>Buy-sell spread</b> An amount deducted from your investment representing costs incurred in transactions by the scheme	Nil	Not applicable
<b>Withdrawal fee</b> The fee on each amount you take out of your investment	Nil	Not applicable
<b>Exit fee</b> The fee to close your investment.	Nil	Not applicable
<b>Switching fee</b> The fee for changing investment options	Nil	Not applicable

<sup>1</sup> All fees are shown as inclusive of GST, less any input tax credits, including reduced input tax credits that are expected to be available to the Fund, and are shown without any other adjustment in relation to any tax deduction available to Schroders RF.

<sup>2</sup> For certain wholesale clients (as defined in the Corporations Act), Schroders RF may, at its discretion and in accordance with ASIC Policy and the Corporations Act, negotiate, rebate or waive part or all of Schroders RF's management fee. Please refer to section 7.3.3 – Differential Fees for further details.

## Fees when you transfer an interest in a Mortgage Investment (note that transfers are only available in very limited circumstances)

<b>Transfer fee</b> The fee for a Syndicate Member to transfer their interest in a Mortgage Investment to another Member.	\$990 <sup>‡</sup>	This fee is payable by the transferor Syndicate Member before the transfer is registered by Schroders RF.
<b>Valuation cost</b> The cost to obtain a current valuation report of the Security Property to facilitate the transfer by a Syndicate Member of their interest in a Mortgage Investment to another Member.	The cost of the valuation will vary depending on the location and value of the Security Property. A reasonable estimate of the cost of the valuation would be between \$880 <sup>‡</sup> and \$5,500 <sup>‡</sup> . This amount is an estimate only.	This cost is payable by the transferor Syndicate Member before the transfer is registered by Schroders RF.

<sup>‡</sup> All fees are shown as inclusive of GST, less any input tax credits, including reduced input tax credits that are expected to be available to the Fund, and are shown without any other adjustment in relation to any tax deduction available to Schroders RF.

## 7.2 Example of Annual Fees and Costs

These two tables give examples (for Holding Moneys and Mortgage Investments) of how the ongoing annual fees and costs of this managed investment product can affect your investment over a one-year period. You should use this table to compare this product with other products offered by managed investment schemes.

### A. Holding Moneys management fee

EXAMPLE – HOLDING MONEYS		BALANCE OF \$50,000 WITH A CONTRIBUTION OF \$5,000 DURING THE YEAR
Contribution fee	Nil	For every additional \$5,000 you put in, you will be charged \$0.
<b>PLUS</b> Management fees and costs	0.35% <sup>‡</sup>	<b>And</b> , for every \$50,000 you have in the Fund you will be charged or have deducted from your investment \$175 each year.
<b>PLUS</b> Performance Fees	Nil	<b>And</b> , you will be charged or have deducted from your investment \$0 in performance fees each year
<b>PLUS</b> Transaction Costs	Nil	<b>And</b> , you will be charged or have deducted from your investment \$0 in transaction costs
<b>EQUALS</b> Costs of Holding Moneys in the Fund	0.35% <sup>‡</sup>	<p>If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged fees and costs in the range of:</p> <p><b>\$175 to \$192.50<sup>1, 2</sup></b></p> <p><b>What it costs will depend on the investment option you choose and the fees you negotiate.</b></p>

<sup>‡</sup> All fees are shown as inclusive of GST, less any input tax credits, including reduced input tax credits that are expected to be available to the Fund, and are shown without any other adjustment in relation to any tax deduction available to Schroders RF.

<sup>1</sup> The fees charged to Members will vary based on the duration that the Member's funds are held in the Fund Account.

<sup>2</sup> This example does not include any additional fees that your financial adviser may charge you.

## B. Mortgage Investment management fee

EXAMPLE – MORTGAGE INVESTMENT MANAGEMENT FEE		BALANCE OF \$50,000 WITH A CONTRIBUTION OF \$5,000 DURING THE YEAR
Contribution fee	Nil	For every additional \$5,000 you put in, you will be charged \$0.
<b>PLUS</b> Management fees and costs	As set out in each Syndicate PDS but not to exceed 0.95% <sup>‡</sup> of your investment	<b>And</b> , for every \$50,000 you have in the Fund you will be charged or have deducted from your investment \$475 each year.
<b>PLUS</b> Performance Fees	Nil	<b>And</b> , you will be charged or have deducted from your investment \$0 in performance fees each year
<b>PLUS</b> Transaction Costs	Nil	<b>And</b> , you will be charged or have deducted from your investment \$0 in transaction costs
<b>EQUALS</b> Costs of Mortgage Investments in the Fund	0.95% <sup>‡</sup>	If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged fees and costs in the range of: <b>\$475 to \$522.50<sup>1,2</sup></b>  <b>What it costs will depend on the investment option you choose and the fees you negotiate.</b>

<sup>‡</sup> All fees are shown as inclusive of GST, less any input tax credits, including reduced input tax credits that are expected to be available to the Fund, and are shown without any other adjustment in relation to any tax deduction available to Schroders RF.

<sup>1</sup> The fees charged to Members will vary based on the duration that the Member's funds are invested in a Mortgage Investment. As each Mortgage Investment is different, the Syndicate PDS will contain a breakdown of the Management fees and costs for that particular Mortgage Investment. The fee will not exceed the amount disclosed in the Syndicate PDS and is calculated monthly in arrears.

<sup>2</sup> This example does not include any additional fees that your financial adviser may charge you.

## 7.3 Additional Explanation of Fees and Costs

### 7.3.1 MANAGEMENT FEES AND COSTS

Schroders RF must disclose the management fees and costs of the Fund. These include:

- ongoing fees payable by Members;
- fees for administering the Fund, including the annual fee that is payable and indirect costs; and
- other expenses and reimbursements met from the assets of the Fund in relation the Fund.

### 7.3.2 ONGOING FEES AND INDIRECT COSTS

#### A. Holding Moneys management fee payable by Members

This is the fee Schroders RF charges for holding funds in the Fund Account before or after investing in a Mortgage Investment. Schroders RF may also charge up to 16.5% (inclusive of GST, net of input tax credits) of any interest earned and credited to the Fund Account. As of the date of this PDS, Schroders RF does not impose this fee.

#### B. Mortgage Investment management fee payable by Members

This is the fee Schroders RF charges for moneys invested in a Mortgage Investment.

### **C. Indirect Costs payable by Borrowers**

Indirect costs include any amount that reduces the return of the Fund or the income of the Member, either directly or indirectly. These costs encompass fees and charges that Schroders RF collects from borrowers and retains for its own benefit. Details of these costs for specific Mortgage Investments can be found in the Syndicate PDS. Schroders RF estimates the Fund's indirect costs to be 1.3% of the Fund's net asset value for FY24. Indirect costs are paid from the Fund's assets when the cost is incurred. Indirect costs are not directly payable by you.

#### **7.3.3 DIFFERENTIAL FEES**

For certain wholesale clients as defined by the Corporations Act, Schroders RF may, at its discretion and in compliance with relevant regulations, negotiate, rebate or waive part or all of the Mortgage Investment management fee.

#### **7.3.4 EXPENSES PAYABLE BY SCHRODERS RF**

Schroders RF meets all of the Fund expenses from its own resources unless otherwise specified in the Syndicate PDS.

All expenses incurred by Schroders RF in connection with a Mortgage Investment are payable or reimbursable out of the proceeds of the realisation of the Mortgage Investment.

#### **7.3.5 EXPENSES PAYABLE TO SCHRODERS RF IN THE EVENT OF A MORTGAGE INVESTMENT DEFAULT**

If a borrower under a Mortgage Investment defaults and there is insufficient money received from the sale of the Security Property or refinancing of the loan, all associated costs incurred by Schroders RF are to be paid prior to payment of interest and repayment of principal to Syndicate Members.

These costs may include valuation fees, agent commissions, taxes and legal fees.

#### **7.3.6 CAN FEES CHANGE?**

All fees are subject to change. A 30-day written notice will be provided for any proposed fee increases, and Schroders RF cannot charge more than the Fund Constitution allows. Such changes will not affect any fees charged in respect of a Syndicate Member, as stated in the Syndicate PDS for an existing Mortgage Investment.

#### **7.3.7 ADVISER PAYMENTS**

Payments to financial advisers are covered by the Future of Financial Advice (FoFA) legislation and are paid (if at all) by Schroders RF, not the Member. Advisers may charge you separate fees for their services, and details will be provided in the financial services guide and statement of advice provided to you by your adviser. These fees are payable separately by you and are not paid out of the Fund. Always discuss fees with your financial adviser.

#### **7.3.8 GOODS AND SERVICES TAX**

Unless specified otherwise, all fees are shown as inclusive of GST, less any input tax credits, including reduced input tax credits that are expected to be available to the Fund, and are shown without any other adjustment in relation to any tax deduction available to Schroders RF. These costs are calculated based on the current GST rate (10%) and available input tax credits but may vary due to factors like fee types and changes in GST rates. Refer to section 8.3 – Goods and Services Tax for more information.

#### **7.3.9 MAXIMUM FEES**

The maximum fees that Schroders RF may charge are as follows:

- Holding Moneys management fee: up to 1.10% per annum of the Holding Moneys accepted by Schroders RF; and
- Mortgage Investment management fee: up to 1.10% per annum of the moneys in a Mortgage Investment.

## | Section 8: Taxation and Accounting

Any reference to taxation legislation is to the Income Tax Assessment Act 1997 (Cth), unless otherwise stated. The information in this section is of a general nature for Australian resident investors who hold their investment on capital account for income tax purposes and is not, nor is it intended, to be tax advice, and cannot be relied upon as such. Tax law may change over time and tax treatment may vary according to individual circumstances. Investors are therefore advised to seek their own independent tax advice in respect of this investment in the Fund from a qualified tax adviser. Tax liabilities are the responsibility of each individual investor and Schroders RF is not responsible for taxation or penalties incurred by investors.

### 8.1 Taxation of the Trust

The Fund has been established as an Australian resident trust for tax purposes. Generally, trusts do not pay tax on their own account or on behalf of its investors, and the investors will be assessed for tax on their share of any income generated by the Fund. The Fund is required to determine its net income (taxable income) each financial year and investors will be assessed for tax on their share of the net income of the Fund that accords to the proportion of the Fund's income to which they are presently entitled. Where investors are presently entitled to all of the trust income, no taxation liability will arise for the Fund.

The Australian Government has enacted a regime for the taxation of managed investment trusts (such as the Fund), referred to as the Attribution Managed Investment Trust (**AMIT**) rules. Where the Fund is subject to the AMIT rules, the taxable income of the Fund is attributed to the investors on a fair and reasonable basis and in accordance with the Fund Constitution. In order for the AMIT rules to apply to the Fund, Schroders RF and the Fund must make an irrevocable election. Schroders RF and the Fund have not currently made an election to apply the AMIT rules, but may do so in the future and, should this occur, Members will be notified.

### 8.2 Taxation of the Trust

It is the intention of Schroders RF and the Fund that the interest income generated by the Fund will be taxed at the level of the individual investor, not at the Fund itself. Investors are directly responsible for any tax liabilities arising from their investment earnings. In the context of Mortgage Investments, investors are treated as direct lenders for tax purposes, receiving interest income directly from the Mortgage Investment. This arrangement excludes the application of trust beneficiary tax rules to these investments.

Mortgage Investments are considered under the Taxation of Financial Arrangement (**TOFA**) provisions in Australian tax law. For investors subject to TOFA, or those who elect for its application, gains and losses on financial arrangements are recognised on an accruals basis, potentially leading to tax liabilities before the actual receipt of investment income or the realisation of the investment. For investors not under the TOFA regime, taxation on interest from each Mortgage Investment loan occurs upon receipt, without the application of accruals taxation provisions, assuming there is no deferred interest or inherent discount or premium in the investment.

Upon the termination of a Mortgage Investment, Syndicate Members might face tax obligations or deductions based on any losses incurred, though certain types of losses may result in a capital loss instead.

### 8.3 Goods And Services Tax (GST)

No GST obligations arise for investors on the application or withdrawal of interests in the Fund. Distributions made by the Fund will also not be subject to GST.

Fees and expenses for acquisitions by the Fund will generally be subject to GST. Given the nature of the Fund's activities, the Fund will generally not be entitled to claim input tax credits for the full amount of the GST incurred. However, a reduced input tax credit may be available for the GST paid on prescribed expenses incurred by the Fund.



## **8.4 Tax File Number (TFN) or Australian Business Number (ABN) Notification**

It is not compulsory for you to quote your TFN or ABN. However, unless an exemption applies, failure by an investor to quote a TFN or an ABN may result in tax being withheld on distributions paid to the investor at the highest marginal tax rate plus applicable levies.

By quoting their TFN or ABN on its Application Form for the Fund, the investor authorises the Fund to apply it to all the investor's investment with the Fund, including disclosing it to the Australian Taxation Office (ATO). Collection of TFN or ABN information is authorised, and its use and disclosure is strictly regulated by the tax laws and under privacy legislation.

## **8.5 Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standards (CRS)**

Under FATCA, the Fund is required to collect and report financial account information about United States (**US**) tax residents or certain entities that have US-controlling persons to the ATO. The Tax Information included with the Application Form must be completed by all investors and requires self-certification of an investor's tax status under US law. This information may be forwarded by the ATO onto the US Internal Revenue Service.

Under the CRS, the Fund is also required to separately collect and report financial account information for all non-resident Members and certain entities with non-resident controlling persons to the ATO. The ATO may exchange this information with the participating foreign tax authorities of those non-residents.

To assist in complying with these obligations, Schroders RF may request certain information from you.

## **8.6 Government Benefits and Transfer Payments**

Investing in the Fund may affect your entitlement to various government benefits and transfer payments. If you require specific advice, please contact Centrelink, Veterans Affairs or your professional adviser.



## | Section 9: Fund Documents

The Corporations Act, general law and the Fund Constitution set out the rights and interests of Members and Syndicates and also the rights, duties and obligations of Schroders RF as the responsible entity of the Fund.

### 9.1 Fund Constitution

The Fund Constitution governs the way in which the Fund operates and the rights, responsibilities and duties of Schroders RF and the Members. The Fund Constitution is a legally enforceable document, and a copy has been lodged with ASIC. You can inspect a copy of the Fund Constitution at our office or you can request a copy by contacting us (see contact details in Section 13 – Corporate Directory).

A number of the provisions of the Fund Constitution have been dealt with elsewhere in this PDS. The Fund Constitution defines and details:

- your rights as a Member;
- how you hold an interest as a Member of the Syndicate and your rights as a Syndicate Member;
- the procedures for the application for interests in the Fund and Syndicates;
- the making, management, enforcement and realisation of Mortgage Investments;
- a Member's withdrawal rights, including that there is no right to withdraw from a Syndicate;
- the powers and responsibilities of Schroders RF to manage and administer the Fund and the Fund's assets;
- the right for Schroders RF to claim indemnity from the Fund and the right to charge certain fees and expenses to the Fund which are detailed in this PDS;
- the right for Schroders RF to alter the Fund Constitution if it reasonably considers the amendments will not adversely affect Member's rights, otherwise it must obtain Member approval at a meeting of Members;
- Members' entitlement to receive notices of a general meeting;
- related parties of Schroders RF may apply to be Members and Syndicate Members;
- Schroders RF and its related body corporates may contract with itself in another capacity, for example as trustee of another fund, and may contract with related entities for the provision of services to the Fund, such as investment management services, paid for by the Fund; and
- how and when the Fund may be wound up and the actions Schroders RF must take, including to realise any Mortgage Investments and pay the proceeds to the Syndicate Members.



## 9.2 Compliance Plan

In accordance with the Corporations Act, a Compliance Plan has been prepared for the Fund and lodged with ASIC. The Compliance Plan sets out the measures that Schroders RF will apply to ensure that the Fund is operated in accordance with its AFSL, the Fund Constitution and the Corporations Act.

The Compliance Plan is audited annually by an independent auditor and a copy of the auditor's report is lodged with ASIC.

A Compliance Committee, with a majority of external members, monitors Schroders RF's adherence to the Compliance Plan.

## 9.3 Document Custodian

Schroders RF has appointed Perpetual Corporate Trust Limited ABN 99 000 341 533 (**Perpetual**) to provide custodial services for the safekeeping and secure storage of the mortgage and security documentation.

Perpetual's disclaimer:

Perpetual's role is limited to safekeeping documents in relation to the assets of the Fund as agent for Schroders RF. Perpetual has no supervisory role in relation to the operation of the Fund and is not responsible for protecting your interests and has no liability or responsibility to you for any act done or omission made in accordance with the terms of the custody agreement.

## 9.4 Fund Structure

Schroders RF may from time to time review the corporate structure of the Fund and its related entities with the intention of maintaining a structure that is appropriate for the Members, the making of Mortgage Investments and the governance of the Fund.

If there are any changes to the Fund structure, the details will be notified to Members.

## 9.5 Custodian Appointment

The Fund Constitution authorises Schroders RF to appoint an external independent agent as custodian to hold all or part of the Fund's assets on behalf of the Fund and the Members. At the date of this PDS, an external independent agent has not been appointed as a custodian and the role of Perpetual is limited to the safekeeping and secure storage of the mortgage and security documentation. If an external independent agent is appointed as custodian, the details of the custodian will be notified to Members. That custodian would hold the Fund Account as agent of Schroders RF and the Mortgage Investments as nominee of the Syndicate Members.

## | Section 10: Additional Information

### 10.1 AML/CTF Program

To comply with the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth) and rules made under that legislation (**AML/CTF Law**), Schroders RF requires investors and, where the investor is an entity, any beneficial owners to provide personal information and documentation to verify their identity when investing in the Fund. Further details on information you need to provide is included in the 'Application Form' available on [www.schrodersrf.com](http://www.schrodersrf.com) or by contacting us (see contact details in Section 13 – Corporate Directory).

Schroders RF engages First AML for client onboarding and verification of identification documents. This process entails sharing your personal information with First AML to facilitate their collection of required identification documents.

By applying to invest in the Fund you warrant that:

- You comply and will continue to comply with any AML/CTF Law;
- The moneys used to fund your investment in the Fund have not been or will not be derived from or related to any money laundering, terrorism financing or similar activities illegal under applicable laws or regulations or otherwise prohibited under any international convention or agreement (**illegal activity**);
- The proceeds of your investment in the Fund will not be used to finance any illegal activity;
- You will provide us with all additional information and assistance that we may request for us to comply with any AML/CTF Law; and
- You have disclosed to us if you are a politically exposed person or organisation for the purposes of any AML/CTF Law.

You acknowledge that Schroders RF may, in its sole and absolute discretion but otherwise in accordance with the law, vary the terms of this PDS or alter the arrangements in respect of the Fund, where Schroders RF is required to do so due to changes in AML/CTF Law.

By applying to invest in the Fund, you also acknowledge that we may decide to delay or refuse any request or transaction, including membership to the Fund, without incurring any liability to you. Circumstances that may warrant delay or refusal include where we are concerned that the request or transaction may breach any obligation of, or cause us to commit or participate in an offence under, any AML/CTF Law. You further acknowledge that Schroders RF is under no obligation to inform you of its intention to do any of the above, or the fact that it has done any of the above, nor is Schroders RF obliged to provide you with its reason for any such actions.

You will be required to reverify your identity every three years after initially becoming a Member.

#### Politically Exposed Person (PEPs)

A Politically Exposed Person (**PEP**) is an individual who holds or has held a prominent public function, such as a government position, making them potentially higher risk for involvement in corruption or bribery. This category includes not only the individuals themselves, but also their close family members and associates.

Schroders RF requires you to disclose whether you are or have an association with a PEP. Should you identify as a PEP or have connections with one, we may require further information from you.

## 10.2 Complaints

Schroders RF has procedures in place to address your complaint. You can make a complaint by contacting us as follows:

Complaints Handling Officer  
Schroders RF Limited  
Level 20, 123 Pitt Street  
SYDNEY NSW 2000

By phone: +61 2 9954 2211

By email: [complaints@schrodersrf.com](mailto:complaints@schrodersrf.com)

We will seek to acknowledge receipt of your complaint in writing as soon as reasonably practicable and in any event within 1 Business Day from receipt, and address your complaint within 30 days.

If Schroders RF has not addressed your complaint, or if you are not satisfied with our resolution of your complaint, or if your complaint remains unresolved, you can refer your complaint to the independent complaints resolution body, the Australian Financial Complaints Authority (**AFCA**) at [info@afca.org.au](mailto:info@afca.org.au) or 1800 931 678. Claims determined by AFCA are subject to maximum limits on the total value of the remedy that can be awarded. Please see the terms of reference for AFCA found at [www.afca.org.au](http://www.afca.org.au). Time limits may apply to complain to AFCA and so you should act promptly or otherwise consult the AFCA website to find out if or when the time limit relevant to your circumstances expires.

AFCA's contact details are as follows:

By phone: 1800 931 678 (free call)

By email: [info@afca.org.au](mailto:info@afca.org.au)

By writing: Australian Financial Complaints Authority  
GPO Box 3  
Melbourne VIC 3001

By visiting: [www.afca.org.au](http://www.afca.org.au)

## 10.3 Privacy and Personal Information

Schroders RF must comply with the Privacy Act and the Australian Privacy Principles (**APPs**). The Privacy Act and APPs generally regulate the collection, storage, quality, use and disclosure of personal information. Schroders RF may collect personal information from you to provide its products and services. The Corporations Act, AML/CTF Act and DDO Regime may require Schroders RF to collect some personal information about you. In accordance with Schroders RF's Privacy Policy, in most cases, you have rights to access your personal information. Schroders RF can use your personal information to assess your application and to manage your investment in the Fund. You may nominate on the Application Form if you do not want us to use your personal information for direct marketing purposes.

Schroders RF may disclose your personal information to anyone you have authorised or any adviser, consultant, broker or dealer group advising you or acting on your behalf, government departments or agencies as well as any related entities of Schroders and anyone acting on Schroders RF and/or the adviser/consultant/broker/dealer group's behalf such as external service suppliers who supply administrative, financial or other services to assist Schroders RF and/or the adviser/consultant/broker/dealer group in providing financial services.

If we are not able to collect all the personal information we require, we may not be able to assess your application for the Fund. Schroders RF or its external services providers may be required to transfer your personal information to entities located outside of Australia where it may not receive the level of protection afforded under Australian law.

Please note that if you provide personal information to Schroders RF about another person, you warrant that you are authorised by that person to do so and that you have informed that person of the information in this Privacy section.



Further information on how Schroders RF handles personal and sensitive information can be found in the Privacy Policy available on [www.schrodersrf.com](http://www.schrodersrf.com). A copy of this Privacy Policy may be obtained free of charge upon request (see contact details in Section 13 – Corporate Directory). The Privacy Policy also contains information about how you can access and correct the information about you that is held by Schroders RF.

Schroders RF is subject to mandatory data breach reporting obligations. If an eligible data breach occurs, we will notify the Office of the Australian Information Commissioner and any affected individuals of the event where required under these obligations.

## 10.4 Related Parties and Conflicts of Interest

Schroders RF may seek professional services for the Fund from qualified service providers, including from related parties. Where we enter into such arrangements, they will be based on arm's length commercial terms or as otherwise permissible under the law. Schroders RF maintains and complies with a written policy on related party transactions, including the assessment and approval process for such transactions and arrangements to manage conflicts of interest. Under this policy, Schroders RF may be required to disclose conflicts of interest to Members and to ensure that its disclosure is meaningful and contains sufficient detail to understand and assess the potential impact on the service provided by Schroders RF.

For further information on Schroders RF's policy on related party transactions, including the key elements of the policy, refer to the RG45 Benchmark and Disclosure Principles Report, which is available at the Fund Website or by requesting a copy from Schroders RF at no charge (see contact details in Section 13 – Corporate Directory).

## 10.5 Disclosure and Reporting

The Fund is an unlisted disclosing entity and is subject to regular reporting and disclosure obligations under the Corporations Act. We will meet our continuous disclosure obligations by publishing material information on the Fund Website which complies with ASIC's good practice guidance in ASIC Regulatory Guide 198 *Unlisted disclosing entities: Continuous disclosure obligations*.

Copies of documents lodged with ASIC in relation to the Fund may be obtained from ASIC. Members have a right to obtain a copy of the following documents from us at no charge:

- The Fund's annual financial report most recently lodged with ASIC;
- Any half-yearly report lodged with ASIC after lodgement of the latest annual report; and
- Any continuous disclosure notices for the Fund given to ASIC.

The reports Schroders RF will make available to Members will include the following:

- Distribution statements or transaction summaries;
- Fund investment and withdrawal statements;
- Mortgage Investment transaction confirmations;
- Annual tax statement; and
- Other information that may be shared with you via post or electronically.

## | Section 11: How to Invest

### 11.1 Application Instructions

You can apply to be a Member of the Fund by scanning the QR code below or by completing and submitting the Application Form on [www.schrodersrf.com](http://www.schrodersrf.com).

Submitting an application using the QR code below or completing the online application on the Fund Website allows First AML Pty Limited (**First AML**) to automatically conduct electronic verification of your identity to eliminate the need to send in certified identification documents via mail. First AML is an external service provider which Schroders RF has engaged to assist with verifying the identity of applicants

By submitting an application, you are confirming that you have received and read this PDS.

Upon submitting an application you will receive an email confirming your application and payment details to finalise your investment.

We highly recommend applying through the QR code below or via the application link on the Fund Website. However, should you wish to complete a hard copy of the Application Form please contact Schroders RF – Investor Relations on +61 2 9954 2211 or email [investor@schrodersrf.com](mailto:investor@schrodersrf.com). The Application Form clearly outlines all the necessary documents required to complete your application.



### 11.2 Further Information

If you need help with your application, please contact Investor Relations between 8.30am and 5.00pm (Sydney time) (see contact details in Section 13 – Corporate Directory).



## | Section 12: Glossary

TERM	DEFINITION
<b>Acceptance Form</b>	The form accompanying the Syndicate PDS to accept the terms of the Mortgage Investment.
<b>Application Form</b>	The application form attached to this PDS or the electronic equivalent on the Fund Website <a href="http://www.schrodersrf.com">www.schrodersrf.com</a> .
<b>AFSL</b>	Australian financial services licence.
<b>Business Day</b>	Any day excluding a Saturday or Sunday on which banks are open for business in Sydney.
<b>Compliance Committee</b>	Appointed by the Board to ensure Schroders RF complies with the requirements of the Corporations Act, the Fund Constitution and the Fund's Compliance Plan. A majority of the Compliance Committee members are external to Schroders RF.
<b>Compliance Plan</b>	The compliance plan sets out the measures that Schroders RF applies in operating the Fund to ensure compliance with the law and the Fund Constitution.
<b>Corporations Act</b>	<i>Corporations Act 2001</i> (Cth).
<b>Credit Committee</b>	Constituted as a sub-committee of the Board to review, assess and approve loan applications and oversee management of all lending activities.
<b>Credit Policy</b>	The Credit Policy sets out the principles on which the Credit Committee determines who the Fund will lend money to and its approach to confining risk by its evaluation of each proposed Mortgage Investment.
<b>Disclosure Principles</b>	Information about the Fund required by ASIC in order to improve the disclosure of information about unlisted mortgage schemes.
<b>DDO Regime</b>	The design and distribution obligations and requirements of Part 7.8A of the Corporations Act (including as interpreted by ASIC in its published guidance).
<b>Fund</b>	The registered managed investment scheme known as Schroders RF Select Credit Fund ARSN 090 994 326 as described in this PDS.
<b>Fund Account</b>	The bank account in which Holding Moneys are held.
<b>Fund Constitution</b>	The constitution of the Fund, being at the date of this PDS.
<b>Fund Website</b>	<a href="http://www.schrodersrf.com">www.schrodersrf.com</a>
<b>Holding Moneys</b>	All moneys excluding application moneys that are held in the Fund Account.
<b>LVR</b>	The 'loan-to-valuation' ratio, calculated as the total amount approved for a loan as a percentage of the value of the Security Property.
<b>Member</b>	A person or other legal entity that applies to be and is accepted as a legal member of the Fund, insofar as their investment activities are concerned.

<b>Mortgage Investment</b>	Each individual mortgage secured loan facility.
<b>National Credit Code</b>	The <i>National Consumer Credit Protection Act 2009</i> (Cth) and Regulations that regulate consumer lending.
<b>Offer</b>	The offer made in this PDS.
<b>PDS</b>	This product disclosure statement which describes the operation of the Fund. This PDS contains the Application Form which is required to be fully completed for registration as a Member in the Fund.
<b>RF Group</b>	RF Capital Pty Limited ACN 608 892 806 and any entities that control, are controlled by or are under common ownership or control of RF Capital Pty Limited.
<b>Schroders</b>	Schroder Private Assets Holdings Limited Company No. 10708573 and any entities that control, are controlled by or are under common ownership or control of Schroder Private Assets Holdings Limited.
<b>Schroders RF</b>	Schroders RF Limited ABN 54 089 265 270 holder of Australian Financial Services Licence No. 238546 and the responsible entity of the Fund.
<b>Security Property</b>	The land the fixtures or structures built upon the land that is the security for the Mortgage Investment and secured by a registered mortgage.
<b>Substitute Syndicate Member</b>	If you do not agree to an extension or variation of a Mortgage Investment, or you request to withdraw your investment early, a 'Substitute Syndicate Member' must be found to take your place in the Syndicate. Schroders RF is under no obligation to agree to approve your request for an early withdrawal.
<b>Syndicate Members or Members of a Syndicate</b>	Member(s) who have an interest in a Mortgage Investment by way of investment through a Syndicate PDS.
<b>Syndicate</b>	Made up of Members who elect to invest in a Mortgage Investment through the relevant Syndicate PDS.
<b>Syndicate PDS</b>	A supplementary product disclosure statement which contains information relevant to the specific Mortgage Investment.
<b>Target Market Determination</b>	A Target Market Determination (or TMD) describes the key features and attributes of a product that affect whether it is likely to be consistent with the objectives, financial situation and needs of consumers in the target market. Schroders RF is required to have a TMD for the Fund under the DDO Regime.
<b>Valuation Policy</b>	The Valuation Policy sets out the principles, policies and guidelines for valuing Security Property.

## | Section 13: Corporate Directory

DESCRIPTION	CONTACT DETAILS
<b>Responsible Entity</b>	<b>Schroders RF Limited</b> ABN 54 089 265 270 AFSL 238546 Level 20, 123 Pitt Street Sydney, NSW 2000  PO BOX R1297 Royal Exchange, NSW 1225  <b>T</b> +61 2 9954 2211 <b>E</b> investor@schrodersrf.com
<b>Auditor of the Fund, Responsible Entity and Compliance Plan</b>	<b>PKF(NS) Audit and Assurance Limited</b> ABN 91 850 861 839 Level 8, 1 O'Connell Street Sydney, NSW 2000
<b>Legal and Tax Adviser</b>	<b>Hall &amp; Wilcox</b> ABN 58 041 376 985 Level 18, 240 Queen Street Brisbane, QLD 4000





**Schroders RF Limited**

PO BOX RI297, Royal Exchange, NSW 1225

**P** +61 2 9954 2211

**[schrodersrf.com](https://schrodersrf.com)**