

TIDSWELL INVESTMENT PLAN  
POOLED MORTGAGE MANAGED INVESTMENT SCHEME  
DIRECT MORTGAGE MANAGED INVESTMENT SCHEME

# PRODUCT DISCLOSURE STATEMENT

29 September 2017

## IMPORTANT INFORMATION

This Product Disclosure Statement (**PDS**) is issued by Tidswell Financial Services Ltd (**Tidswell, our, we or us**) ABN 55 010 810 607, AFSL 237628, and incorporates the Tidswell Investment Plan ARSN 093 115 685 (**TIP**), the Pooled Mortgage Managed Investment Scheme ARSN 095 540 597 (**PMMIS**) and the Direct Mortgage Managed Investment Scheme ARSN 095 540 659 (**DMMIS**). Tidswell is the Responsible Entity and fund manager of the TIP, PMMIS and DMMIS, which are registered managed investment schemes under the Corporations Act 2001 (**Corporations Act**) and regulated by the Australian Securities and Investments Commission (**ASIC**).

This PDS is a summary of significant information about investing in the TIP, PMMIS and DMMIS. It contains a number of references to important information contained in the Investment Guide which forms part of this PDS. You should consider that information before making a decision about investing in the TIP, PMMIS and/or DMMIS. The PDS should be read in conjunction with the Investment Guide which contains additional information about the investment options available through the TIP, including the PMMIS and DMMIS. You can access a copy of the PDS and Investment Guide from our website at [www.tidswell.com.au](http://www.tidswell.com.au). Alternatively you can request a copy of the PDS and Investment Guide free of charge by contacting Tidswell.

Information in this PDS is current as at its issue date and may change from time to time. Where changes are not materially adverse the information may be updated on our website at [www.tidswell.com.au](http://www.tidswell.com.au). If information changes that is materially adverse, Tidswell will issue a supplementary or replacement PDS.

The assets of the TIP are held by the Custodian, Australian Executor Trustees (SA) Limited (**AET**). AET has not withdrawn its consent to be named in this PDS as Custodian in the form and context in which it is named. AET does not make, or purport to make, any statement that is included in this PDS. To the maximum extent permitted by law, AET expressly disclaims and takes no responsibility for any part of this PDS other than the references to its name. AET does not guarantee the repayment of capital or any particular rate of income or capital return.

Neither Tidswell, the fund managers of the underlying investment options available through the TIP, nor any associated entities of Tidswell and the fund managers, guarantee the performance of investments in the TIP, including the PMMIS and DMMIS, or any particular rate of income or capital return. The TIP, PMMIS and DMMIS are subject to investment and other risks which could involve delays in repayment and loss of income or capital invested. The fund managers do not endorse or otherwise recommend the TIP, PMMIS or DMMIS, or guarantee or warrant the performance of Tidswell.

An investment in the TIP does not entitle an investor to a direct interest in the selected investment options managed by the fund managers.

Tidswell is not acting as an agent for any fund manager. The only relationship created between an investor of the TIP (**a Participant**) is the relationship between Tidswell, as Responsible Entity of the TIP, and the Participant. An investment in the TIP does not represent a deposit or liability with Tidswell, the fund managers, nor any associated entities of Tidswell or the fund managers.

All dollar amounts are in Australian dollars unless otherwise indicated. This PDS does not constitute an offer or invitation in any jurisdiction other than in Australia. Applications from outside Australia will not be accepted through this PDS.

The information in this PDS is of a general nature only. It does not take into account your individual objectives, financial situation or needs and should not be used as a substitute for financial advice. You should consult with a licensed financial adviser prior to investing in the TIP, PMMIS and/or DMMIS.

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# 1. TIDSWELL INVESTMENT PLAN

## About the Tidswell Investment Plan

### Key features

The Tidswell Investment Plan (**TIP**) is an administration platform that allows you to access a wide range of investment options. It provides the ability to tailor your investment portfolio to suit your individual needs and risk tolerance and is designed to bring together all the administration, reporting and communications to help you keep track of your investments.

The TIP is available for investment by individuals, self managed superannuation funds, trusts, companies and partnerships.

### Benefits of the TIP

By joining the TIP you will benefit from:

- access to a wide range of investment options, including managed funds, term deposits and listed securities;
- the ability to invest in our Pooled Mortgage Managed Investment Scheme (**PMMIS**) and Direct Mortgage Managed Investment Scheme (**DMMIS**);
- flexibility to adjust your investment strategy at any time.
- security as legal title of your assets in the TIP is held by our Custodian, Australian Executor Trustees (SA) Limited (**AET**), who is independent of Tidswell. In addition your interests in the TIP are insulated from the decisions of other investors;
- simplicity and ease of management through consolidated reporting of all your investments;
- personal contact with the people who actually service your account; and
- keeping you informed with quarterly and annual statements detailing your account information for the period.

### Investing in the TIP

#### Initial investment

You can make an investment in the TIP by completing the Application Form and providing the required identification documentation.

The minimum initial investment is \$10,000.

#### Additional investments

Additional investments can be made into an existing account at any time. The minimum additional investment is \$1,000. To make additional investments to the TIP you will need to complete an Additional Investment Form.

We may accept initial and additional investment applications for smaller amounts at our discretion. The processing of applications for lower amounts may be delayed while approval is sought for the lower application amount. We may also reject applications at our discretion.

#### Payment methods

Investments can be made to the TIP by cheque or electronic funds transfer (**EFT**). Further details are provided on page 25.

### Cooling-off period

A 14 day 'cooling-off period' will apply to your initial investment in the TIP. If, during the cooling-off period, you decide that the investment does not meet your needs you should advise Tidswell in writing immediately.

The cooling-off period begins on the earlier of the following dates:

- when we send you confirmation of your investment; or
- the end of the fifth business day after the day your investments were issued to you.

If you exercise your cooling-off right as described above, we will refund your initial investment with adjustments for any market movements which may reduce or increase your investment, as well as any tax or duty paid or payable and reasonable transaction and administration costs associated with the acquisition and withdrawal of investments.

For any subsequent investments the cooling-off period does not apply.

### What are the investment options?

You have the ability to tailor your investment portfolio from a wide range of investment options, including managed funds, term deposits and listed securities. These investment options cover all the major asset classes including cash, fixed interest, mortgages, property, Australian shares and international shares.

When you first join the TIP you must select your investment option(s). You can select as many options as you like from the investments offered.

In addition to selecting from professionally managed investment options that invest within specific asset classes, referred to as Sector options, the TIP also offers a selection of investment options that invest across the asset classes to deliver a particular investment strategy and these are referred to as Multi-sector options.

When choosing the investment options in which to invest or switch some, or all, of your investment, you should consider the level of risk, likely investment return and your investment timeframe.

We regularly undertake a review of the investment options available through the TIP and may change, add, close or terminate an investment option at any time.

### Mortgage investments

Tidswell offers participants in the TIP exclusive access to our first mortgage investments through the PMMIS and DMMIS. Information about investing in the PMMIS and DMMIS is provided on pages 6 to 8 of this PDS.

If you wish to invest in the PMMIS or DMMIS you must nominate them in the *Investment instructions* section on the Application Form.

You should read the important information about the investment options available through the TIP before making a decision. Go to the Investment Guide available at [www.tidswell.com.au](http://www.tidswell.com.au).

The material relating to the investment options available through the TIP may change between the time when you read this PDS and the day when you acquire the product.

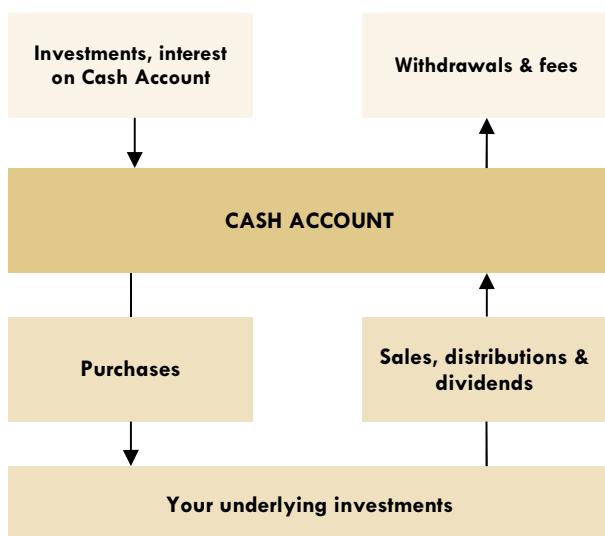
## How does the TIP work?

### Cash Account

When you join the TIP, an account will be opened in your name. The account holds all your underlying investments and includes a Cash Account, which operates in a similar way to a bank account.

All transactions will pass through your Cash Account, including your initial and subsequent investments and any withdrawals you make. Investment distributions and dividends will be credited to your Cash Account and invested or distributed in accordance with your instructions. Provisions for items such as fees, charges and tax may be held in your Cash Account pending payment. If there are insufficient funds held in your Cash Account to meet your requirements, investments may be sold down at Tidswell's discretion to meet those obligations.

The following diagram illustrates the function of the Cash Account within the TIP:



### Earnings on your Cash Account

The balance held in your Cash Account will accrue interest, which is calculated daily and allocated to your Cash Account each month.

### Negative Cash Account balance

If your Cash Account has a negative balance at any time, interest will be charged on the negative balance at the same rate as the interest paid on a positive balance.

### Withdrawals

The minimum withdrawal amount is \$1,000.

You may make a withdrawal request at any time provided your account balance does not fall below \$1,000.

Withdrawals will be drawn initially from your Cash Account. If there are insufficient funds in your Cash Account to pay the withdrawal amount, then underlying investments will need to be sold to fund the withdrawal.

Withdrawals from your account will normally be processed no later than 90 days from the date of the request; however, under normal circumstances withdrawal amounts should be available within seven days. There is an exception to this requirement where redemption restrictions are imposed on certain investments due to their illiquidity.

If the investments cannot be realised in 180 days, then Tidswell may transfer specific investments to you 'in specie'. This means you will own the investments directly and not as part of the TIP.

To make a withdrawal, you will need to mail, fax or email a completed Withdrawal Form, which can be obtained from Tidswell or your financial adviser.

### Payment method

Withdrawal payments will be made by direct credit to your nominated bank account.

### Closing your account

You may close your account in the TIP at any time. A period of 30 days should be allowed for the processing of termination payments.

If your account balance falls below \$1,000 at any time you will be deemed to have requested your account be closed and Tidswell has discretion as to whether it will act upon this.

Tidswell may close your account in the TIP by giving you 15 days' written notice.

### Investment instructions

Investment instructions can be made via phone, fax or email. In the absence of any investment instructions funds will accumulate in the Cash Account.

### Switching investment options

To switch investment options you will need to notify Tidswell with your instructions. Please ensure you have read the Investment Guide and the relevant investment option PDS (if applicable) before making your switch.

You should be aware that switching investment options may have tax implications and we recommended you seek advice from a professional tax agent before switching investment options.

In circumstances where an investment option is illiquid, suspended or unavailable, switches may be delayed.

### Corporate actions

From time to time there may be corporate actions associated with listed securities. Examples of corporate actions include, but are not limited to, rights issues, share splits and buy-backs. You may participate in any corporate actions that are notified to us. We will contact you to obtain your instructions in relation to any corporate actions.

### Income

All income including distributions, dividends, franking credits, capital gains and interest from your investments will be allocated to your account. These amounts must be included in your annual tax return and Tidswell will provide an annual tax statement for this purpose at the end of each financial year.

## Reporting

Tidswell offers regular reporting of your investments, which will help you keep track of their performance.

### Quarterly statement

Tidswell will provide you with a statement at the end of each quarter for 30 September, 31 December and 31 March.

The quarterly statement will contain the following information for the relevant period:

- Earning rate of your account for the quarter.
- Portfolio summary detailing any income earned, expenses incurred and a list of your investments with their value.
- Transaction summary of your Cash Account for the quarter.

The quarterly statement is a consolidated report of all investments acquired through or held under the TIP, including any interests in either the PMMIS or DMMIS.

### Annual statement

The annual statement sets out all the information required for the quarterly statements as described above and will be issued within three months from the end of the financial year for the 12 month period to 30 June.

### Tax statement

An annual tax statement is provided for your TIP which details your taxable income, any realised capital gains and losses and tax-deductible expenses.

### Audit report

An annual audit report is provided for the TIP with information current as at 30 June for that financial year.

### Annual investment report

An annual investment report is provided covering details of all investment options available through the TIP during the preceding financial year.

## What risks apply to the TIP?

All investments carry some level of risk and it is important to understand what these risks are.

Before investing you should consider the level of risk involved with a particular investment option and whether the potential returns justify those risks.

The table below provides a summary of the four main investment risks that should be considered before deciding to invest through the TIP.

### Market risk

Economic, technological, political and legal factors and market sentiment can change. These changes may affect the value of investment markets and your investments.

### Inflation risk

The risk that inflation may exceed the return on your investment, reducing the purchasing power of your money.

### Interest rate risk

The impact that changes in interest rates may have on your investments.

### Liquidity risk

The ease at which an investment can be traded in the market place. An investment with liquidity risk may be more difficult to trade and it may take longer to realise the full value.

### Timing risk

The risk that buying or selling of an investment is done at an unfavourable point in the investment cycle, resulting in a poor investment return.

### Currency risk

For international investments there is a risk that the value of other currencies may change in relation to the Australian dollar and reduce the value of your investments.

### Credit risk

The risk of suffering a loss due to another party defaulting on their financial obligations.

### Fund manager risk

The risk that a particular fund manager will underperform. This could be caused by a number of factors such as loss of key personnel, economic conditions that do not favour a particular style of investing, new competition, increased costs, etc.

### Legislative risk

The risk that changes in laws or regulations may impact the value of your investments.

### Derivatives risk

The risk related to the use of derivatives in the investment portfolio.

When considering your investment it is also important to understand that:

- the value of your TIP will vary;
- returns are not guaranteed and you may lose some of your money;
- the level of returns will vary and past performance is not an indication of future performance; and
- your TIP may be affected by changes to legislation.

The level of risk that is acceptable to you will vary depending on a range of factors, including your age, investment timeframe, your risk tolerance and what other investments you hold.

All investment products are generally subject to some or all of the risks described above. Your financial adviser can help you establish an appropriate risk profile in order to manage these risks.

### Standard Risk Measure

When determining the risk level of each of the investment options available through the TIP, Tidswell has adopted the Standard Risk Measure approach.

The Standard Risk Measure is based on industry guidance to allow you to compare investment options that are expected to deliver a similar number of negative annual returns over any 20 year period.

The Standard Risk Measure is not a complete assessment of all forms of investment risk. For instance it does not detail what the size of a negative return could be or the potential for a positive return to be less than an investor may require to meet their objectives. Furthermore it does not take into account the impact of administration fees and tax on the likelihood of a negative return. You should still ensure you are comfortable with the risks and potential losses associated with your chosen investment options. A table is provided in the Investment Guide that illustrates how the Standard Risk Measure is determined.

## 2. POOLED MORTGAGE MANAGED INVESTMENT SCHEME

### About the PMMIS

#### Key features

The Pooled Mortgage Managed Investment Scheme (PMMIS) is a registered managed investment scheme. Investors' money is pooled together and invested in a portfolio of loans secured by registered first mortgages that are chosen and managed by Tidswell. We will accept as security for loans predominantly retail, commercial, residential and/or industrial properties.

The PMMIS portfolio is designed to spread exposure and reduce risk by diversifying across many borrowers and different sectors and geographic locations. The PMMIS also holds investments in cash and cash equivalent assets and may, from time to time, invest in other unlisted mortgage schemes.

Investor's interests in the PMMIS are a proportionate interest in the whole portfolio. No investor has a specific interest in any particular part of the portfolio or in any asset of the portfolio.

#### Benefits of the PMMIS

By investing in the PMMIS you will benefit from:

- regular quarterly income distributions that can be paid into your nominated bank account or reinvested;
- capital stability through conservative lending criteria aimed at reducing the risk of capital loss;
- competitive income returns; and
- access to investment in registered first mortgages which are typically not accessible to you as an individual investor.

#### Investment objective

To provide regular income and capital stability from a diversified range of first mortgage loans.

#### Investment cost

0.949% pa

#### How can I invest?

To invest in the PMMIS you must first become a participant in the TIP. An investment in the PMMIS can be nominated in the *Investments instructions* section of the Application Form.

#### Income distributions

Income distributions are paid on a quarterly basis as at 31 March, 30 June, 30 September and 31 December.

You can choose to have your income distributed to your nominated bank account, reinvested or accumulate in the Cash Account of your TIP. If no method of income distribution is selected then income will automatically accumulate in the Cash Account.

Where income distributions are paid to your bank account or reinvested, an amount will be retained in the Cash Account to cover your TIP's previous three month's administration fees. Accordingly, the distribution amount that you receive or reinvest will be less than the actual income earned.

Income is calculated on your daily balance and paid on the 15th day of each month following the end of the quarterly distribution period. If the 15th falls on a weekend or a public holiday, the distribution will be made on the last business day preceding the 15th.

#### Investment term

Your initial investment and each subsequent investment in the PMMIS must be made for a minimum 12 month period unless Tidswell agrees to a shorter period.

#### Withdrawals

The PMMIS is considered an illiquid investment within the meaning of the Corporations Act and investors should not expect to be able to withdraw early.

You are able to withdraw from the PMMIS by providing Tidswell with a withdrawal request. The maximum timeframe for withdrawal payments is 90 days. While Tidswell is not required to satisfy a withdrawal request within a shorter time period, our practice is to make payments within a few days of request, depending on liquidity.

If the PMMIS is not liquid, then investors will have limited ability to withdraw (if any).

#### What risks apply to the PMMIS?

It is important to understand the specific risks that may apply when investing in the PMMIS. Whilst we cannot eliminate all risks we analyse, manage and aim to reduce risk through carefully considered investment policies and procedures.

The table below provides a summary of significant risks that should be considered before deciding to invest in the PMMIS.

#### Credit risk

The risk that a borrower defaults on their loan and Tidswell is unable to recover the loan amount. Any shortfall not covered by the sale of the security property may result in a loss of income or capital for investors.

#### Concentration risk

The risk associated with loans in the PMMIS portfolio being highly concentrated to particular types of commercial activities, locations or borrowers.

#### Valuation risk

The risk that the valuation of the secured property obtained by Tidswell is not reflective of current market property values. If the valuation is overstated, the property value at time of sale may not fully cover the amount borrowed. Valuations are fundamental to determining how much Tidswell may lend.

#### Counterparty default risk

The risk of counterparties (i.e. brokers, custodians, mortgage service providers, etc) failing to perform as contracted.

#### Interest rate risk

Changes in interest rates will have a positive or negative impact directly or indirectly on investment values, returns and consequently the level of income paid to investors.

#### Liquidity risk

The risk that the PMMIS may not have sufficient cash flows to meet its withdrawal requests or other payments on a timely basis.

#### Fund risk

The risk that the PMMIS could be terminated, the fees and costs could change, Tidswell could be replaced as the Responsible Entity or key personnel could change.

#### Regulatory risk

The risk that a change in laws or regulations (including taxation) may have an adverse impact on the PMMIS. Tidswell cannot predict the outcome of any of these risks but they may negatively impact the operation and performance of the PMMIS.

#### Track record and experience of senior management

Tidswell has been managing the PMMIS since its inception in 2001. The PMMIS has always met its objective of providing regular income and capital stability from a diversified range of first mortgage loans. At the date of this PDS, no investor has ever incurred a capital loss and the PMMIS has always paid its quarterly income distribution.

Tidswell has always met redemption requests within the timeframes disclosed in this PDS. During the Global Financial Crisis when many other mortgage funds were frozen or limited access was available

for investors to withdraw funds, the PMMIS was able to meet all withdrawal requests.

Please note that past performance of the PMMIS is not an indication of future performance, and past withdrawal timeframes are not an indication of future withdrawal timeframes.

Tidswell's team of professionals has considerable experience in the areas of financial services, funds management and mortgage lending. Collectively the mortgage team have over 100 years of

lending experience, which includes positions with a major bank and combined experience of over 60 years managing mortgages at Tidswell.

Tidswell's board members are involved in the PMMIS by approving all loans in excess of \$1 million.

Education and qualifications of senior management and the board are varied and include degrees and/or post graduate studies in business, science, superannuation, financial planning, law, etc.

### 3. DIRECT MORTGAGE MANAGED INVESTMENT SCHEME

#### About the DMMIS

##### Key features

The Direct Mortgage Managed Investment Scheme (DMMIS) is a registered managed investment scheme. Investors can choose to invest in a specific loan secured by a registered first mortgage that is chosen and managed by Tidswell. We will accept as security for loans predominantly residential, commercial, industrial and/or rural properties.

You are not required to fund the full loan amount. To make up the total loan amount Tidswell may syndicate the direct mortgage investment on offer with other investors. The members of the syndicate become the beneficial owners of the direct mortgage investment and income distributions will be in proportion to their respective investments.

Once a suitable direct mortgage investment has been identified a Supplementary Product Disclosure Statement (SPDS) will be issued to you. The SPDS contains full details of the specific loan on offer including the borrower, the interest rate, term of the investment, secured property, etc. You should consider both the information in this PDS and in the SPDS before deciding to invest in a direct mortgage investment through the DMMIS.

##### Benefits of the DMMIS

By investing in the DMMIS you will benefit from:

- regular fixed quarterly income distributions that can be paid into your nominated bank account;
- an interest guarantee that ensures you continue to receive income distributions for up to six months in the event a borrower defaults on their loan;
- capital stability through conservative lending criteria aimed at reducing the risk of capital loss;
- competitive income returns; and
- access to investment in a specific registered first mortgage which is typically not accessible to you as an individual investor.

##### Investment objective

To provide regular fixed income over a fixed term and capital stability from a specific first mortgage loan.

##### Investment cost

0.50% pa

##### How can I invest?

To invest in the DMMIS you must first become a participant in the TIP. An investment in the DMMIS can be nominated in the *Investment instructions* section of the Application Form.

##### Income distributions

Income distributions are paid on a quarterly basis as at 31 March, 30 June, 30 September and 31 December.

You can choose to have your income distributed to your nominated bank account, invested in the PMMIS or accumulate in the Cash Account of your TIP. If no method of income distribution is selected then income will automatically accumulate in the Cash Account.

Where income distributions are paid to your bank account or invested in the PMMIS, an amount will be retained in the Cash Account to cover your TIP's previous three month's administration fees. Accordingly, the distribution amount that you receive or invest in the PMMIS will be less than the actual income earned.

Income is calculated on your daily balance and paid on the 15th day of each month following the end of the quarterly distribution period. If the 15th falls on a weekend or a public holiday, the distribution will be made on the last business day preceding the 15th.

##### Investment term

Direct mortgage investments through the DMMIS are generally made for 12 months; however, the term may be shorter or longer depending on the direct mortgage investment on offer.

## Withdrawals

The DMMIS is considered an illiquid investment within the meaning of the Corporations Act and you cannot withdraw early from a direct mortgage investment. Tidswell may (but is not obliged to) facilitate the transfer of a direct mortgage investment to another substitute investor.

If a loan is in default you cannot withdraw from your direct mortgage investment.

## What happens at maturity?

At the end of the loan term your direct mortgage investment will be discharged and the proceeds will be paid in accordance with your instructions. You can nominate to have funds paid into the Cash Account of your TIP or invested in the PMMIS.

A borrower may request a renewal of their loan beyond the original term. Loan renewals are generally only provided where the borrower has performed satisfactorily. Approval for a renewal and any amendments to the terms and conditions of the loan must be obtained from all investors.

A borrower has the right to pay out their loan early subject to the payment of any penalties to Tidswell.

## Interest guarantee

An interest guarantee is provided for all direct mortgage investments through the DMMIS. Should the loan go into default, Tidswell will guarantee the interest payments for a period of 6 months from the date the loan goes into default.

## What risks apply to the DMMIS?

It is important to understand the specific risks that may apply when investing in the DMMIS. Whilst we cannot eliminate all risks, we analyse, manage and aim to reduce risk through carefully considered investment policies and procedures.

The table below provides a summary of the significant risks that should be considered before deciding to invest in the DMMIS.

### Credit risk

The risk that a borrower defaults on their loan and Tidswell is unable to recover the loan amount. Any shortfall not covered by the sale of the security property may result in a loss of income or capital for investors.

### Valuation risk

The risk that the valuation of the secured property obtained by Tidswell is not reflective of current market property values. If the valuation is overstated, the property value at time of sale may not fully cover the amount borrowed. Valuations are fundamental to determining how much Tidswell may lend.

### Counterparty default risk

The risk of counterparties (i.e. brokers, custodians, mortgage service providers, etc) failing to perform as contracted.

### Interest rate risk

Changes in interest rates will have a positive or negative impact directly or indirectly on investment values, returns and consequently the level of income paid to investors.

### Liquidity risk

The risk that an investor requires access to their funds prior to the maturity of the loan.

### Fund risk

The risk that the DMMIS could be terminated, the fees and costs could change, Tidswell could be replaced as the Responsible Entity or key personnel could change.

### Regulatory risk

The risk that a change in laws or regulations (including taxation) may have an adverse impact on the DMMIS. Tidswell cannot

predict the outcome of any of these risks but they may negatively impact the operation and performance of the DMMIS.

## Track record and experience of senior management

Tidswell has been managing the DMMIS since its inception in 2001. The DMMIS has always met its objective of providing regular fixed income over a fixed term and capital stability from a specific first mortgage loan. At the date of this PDS, no investor has ever incurred a capital loss and the DMMIS has always paid its quarterly income distribution.

The DMMIS is illiquid; therefore, investors cannot withdraw early from a direct mortgage investment unless a substitute investor is available and willing to take over the loan.

Please note that past performance of the DMMIS is not an indication of future performance.

Tidswell's team of professionals has considerable experience in the areas of financial services, funds management and mortgage lending. Collectively the mortgage team have over 100 years of lending experience, which includes positions with a major bank and combined experience of over 60 years managing mortgages at Tidswell.

Tidswell's board members are involved in the DMMIS by approving all loans in excess of \$1 million.

Education and qualifications of senior management and the board are varied and include degrees and/or post graduate studies in business, science, superannuation, financial planning, law, etc.



## 4. ASIC BENCHMARKS AND DISCLOSURE PRINCIPLES

If you intend to invest in the PMMIS or the DMMIS you should read this section.

The Australian Securities and Investments Commission (**ASIC**) have developed eight benchmarks and eight disclosure principles for unlisted mortgage schemes to help investors understand the risks, assess the rewards being offered and decide whether such investments are suitable for them. These benchmarks and disclosure principles are set out in ASIC Regulatory Guide 45 (**RG 45**).

The benchmarks and disclosure principles, including how the PMMIS and DMMIS measure against them as at the date of this PDS, are set out in this section. Where a benchmark or disclosure principle does not apply to the PMMIS or DMMIS, a statement is made to that effect.

Current information about these benchmarks and disclosure principles as they apply to the PMMIS and DMMIS is provided in the Continuous Disclosure Notice, which is updated each quarter. You can access a copy of the latest Continuous Disclosure Notice from our website at [www.tidswell.com.au](http://www.tidswell.com.au). Alternatively you can request a copy free of charge by contacting Tidswell on (08) 8223 1676.

### Benchmarks

ASIC Benchmark	Compliance with Benchmark	Explanation	Disclosure Principles
<b>BENCHMARK 1: LIQUIDITY RG 45.34</b>			
<p><b>For a pooled mortgage scheme, the responsible entity has cash flow estimates for the scheme that:</b></p> <p>(a) demonstrate the scheme's capacity to meet its expenses, liabilities and other cash flow needs for the next 12 months;</p> <p>(b) are updated at least every three months and reflect any material changes; and</p> <p>(c) are approved by the directors for the responsible entity at least every three months.</p>	<p>Benchmark met for the PMMIS.</p> <p>Benchmark does not apply to the DMMIS.</p>	<p>(a) Cash flow estimates for the PMMIS are prepared for the next 12 month period which account for all known transactions including distributions, withdrawals, investments, discharges and other payments. In preparing these cash flow estimates Tidswell takes into account the historical performance of the PMMIS, market conditions at the time, possible changes in the operational requirements of the PMMIS and any other material factors which may be relevant to the performance of the PMMIS.</p> <p>(b) Cash flow estimates are updated on a monthly basis.</p> <p>(c) Cash flow estimates are approved by the Tidswell directors on a quarterly basis.</p>	<p>Refer to Disclosure Principle 1 for additional disclosure relevant to this benchmark.</p>
<b>BENCHMARK 2: SCHEME BORROWING RG 45.42</b>			
<p>The responsible entity does not have current borrowings and does not intend to borrow on behalf of the scheme.</p>	<p>Benchmark not met for the PMMIS.</p> <p>Benchmark does not apply to the DMMIS.</p>	<p>Although Tidswell does not have any current borrowings and does not currently intend to borrow on behalf of the PMMIS, it is permitted to borrow in accordance with the PMMIS constitution. The PMMIS has a loan facility available, which it may use in the future to manage its short term cash flow requirements. Any borrowings from the loan facility must first be approved by the Board of Tidswell.</p>	<p>Refer to Disclosure Principle 2 for additional disclosure relevant to this benchmark.</p>

ASIC Benchmark	Compliance with Benchmark	Explanation	Disclosure Principles
<b>BENCHMARK 3: LOAN PORTFOLIO AND DIVERSIFICATION RG 45.44</b>			
<p><b>For a pooled mortgage scheme:</b></p> <p>(a) the scheme holds a portfolio of assets diversified by size, borrower, class of borrower activity and geographic region;</p> <p>(b) the scheme has no single asset in the scheme portfolio that exceeds 5% of the total scheme assets;</p> <p>(c) the scheme has no single borrower who exceeds 5% of the scheme assets; and</p> <p>(d) all loans made by the scheme are secured by first mortgages over real property (including registered leasehold title).</p>	<p>Benchmark not met for the PMMIS.</p> <p>Benchmark does not apply to the DMMIS.</p>	<p>(a) The portfolio of assets in the PMMIS is diversified by size, borrower, class of borrower activity and geographic region.</p> <p>(b) The PMMIS currently has 4 assets that each account for more than 5% of the total assets by value.</p> <p>(c) The PMMIS currently has 5 borrowers who each account for more than 5% of total assets by value.</p> <p>(d) All loans made by the PMMIS are secured by registered first mortgages over properties of the borrowers.</p>	<p>Refer to Disclosure Principle 3 for additional disclosure relevant to this benchmark.</p>
<b>BENCHMARK 4: RELATED PARTY TRANSACTIONS RG 45.47</b>			
<p><b>The responsible entity does not lend to related parties of the responsible entity or to the scheme's investment manager.</b></p>	<p>Benchmark met for the PMMIS.</p> <p>Benchmark met for the DMMIS.</p>	<p>We do not lend to related parties of Tidswell or the scheme's investment manager.</p>	<p>Refer to Disclosure Principle 4 for additional disclosure relevant to this benchmark.</p>

ASIC Benchmark	Compliance with Benchmark	Explanation	Disclosure Principles
<b>BENCHMARK 5: VALUATION POLICY RG 45.50</b>			
<p><b>In relation to valuations for the scheme's mortgage assets and their security property, the board of the responsible entity requires:</b></p> <ul style="list-style-type: none"> <li>(a) a valuer to be a member of an appropriate professional body in the jurisdiction in which the relevant property is located;</li> <li>(b) a valuer to be independent;</li> <li>(c) procedures to be followed for dealing with any conflict of interest;</li> <li>(d) the rotation and diversity of valuers;</li> <li>(e) in relation to security property for a loan, an independent valuation to be obtained: <ul style="list-style-type: none"> <li>(i) before the issue of a loan and on renewal: <ul style="list-style-type: none"> <li>(A) for development property, on both an 'as is' and 'as if complete' basis; and</li> <li>(B) for all other property, on an 'as is' basis; and</li> </ul> </li> <li>(ii) within two months after the directors form a view that there is a likelihood that a decrease in the value of security property may have caused a material breach of a loan covenant.</li> </ul> </li> </ul>	<p>Benchmark not met for the PMMIS.</p> <p>Benchmark not met for the DMMIS.</p>	<ul style="list-style-type: none"> <li>(a) Tidswell has a panel of valuers in each State and Territory that we use. The valuers used are members of an appropriate professional body in the jurisdiction in which they perform valuations and are registered or licenced by the relevant government agency in their State or Territory.</li> <li>(b) All valuers are independent of Tidswell, the schemes and assets of the schemes.</li> <li>(c) To ensure there is no conflict of interest Tidswell requires all valuers to sign a Statutory Declaration declaring that they hold no ownership or interest in Tidswell, the schemes or the assets of the schemes.</li> <li>(d) No valuer undertakes more than two consecutive valuations on a security property. Our panel of valuers are reviewed annually and from time to time we remove and add new firms.</li> <li>(e) Independent valuations on an 'as is' basis are obtained before the issue of a new loan and on renewal of an existing loan. For property development loans, valuations on an 'as if complete' basis are also obtained. Where the loan-to-valuation ratio (<b>LVR</b>) of the security property is 25% or less (as evidenced by the most recent Valuer General valuation) Tidswell has discretion to waive the requirement for a valuation and, under these circumstances, it does not meet this benchmark. Independent valuations are also obtained within two months after the directors form a view that there is a likelihood that a decrease in the value of security property may have caused a material breach of a loan covenant.</li> </ul>	<p>Refer to Disclosure Principle 5 for additional disclosure relevant to this benchmark.</p>

ASIC Benchmark	Compliance with Benchmark	Explanation	Disclosure Principles
<b>BENCHMARK 6: LENDING PRINCIPLES – LOAN-TO-VALUATION RATIOS RG 45.56</b>			
<p><b>If the scheme directly holds mortgage assets:</b></p> <p>(a) where the loan relates to property development – funds are provided to the borrower in stages based on independent evidence of the progress of the development;</p> <p>(b) where the loan relates to property development – the scheme does not lend more than 70% on the basis of the latest 'as if complete' valuation of property over which security is provided; and</p> <p>(c) in all other cases – the scheme does not lend more than 80% on the basis of the latest market valuation of property over which security is provided.</p>	<p>Benchmark met for the PMMIS.</p> <p>Benchmark met for the DMMIS.</p>	<p>(a) Where a loan relates to property development Tidswell only releases funds in stages as construction work is completed to our satisfaction and inspection, unless written certification from a quantity surveyor or approved valuer is required.</p> <p>(b) Where a loan relates to property development Tidswell does not lend more than 70% on the basis of the latest 'as if complete' valuation of the security property.</p> <p>(c) In all other cases Tidswell does not lend more than 80% on the basis of the latest market valuation of property over which security is provided.</p>	<p>Refer to Disclosure Principle 6 for additional disclosure relevant to this benchmark.</p>
<b>BENCHMARK 7: DISTRIBUTION PRACTICES RG 45.61</b>			
<p>The responsible entity will not pay current distributions from scheme borrowings.</p>	<p>Benchmark met for the PMMIS.</p> <p>Benchmark met for the DMMIS.</p>	<p>All distributions are sourced from income received in the relevant period.</p>	<p>Refer to Disclosure Principle 7 for additional disclosure relevant to this benchmark.</p>
<b>BENCHMARK 8: WITHDRAWAL ARRANGEMENTS</b>			
<p><b>RG45.64 Liquid schemes</b></p> <p><b>For liquid schemes:</b></p> <p>(a) the maximum period allowed for in the constitution for the payment of withdrawal requests is 90 days or less;</p> <p>(b) the responsible entity will pay withdrawal requests within the period allowed for in the constitution; and</p> <p>(c) the responsible entity only permits members to withdraw at any time on request if at least 80% (by value) of the scheme property is:</p> <p>(i) money in an account or on deposit with a bank and is available for withdrawal immediately, or otherwise on expiry of a fixed term not exceeding 90 days, during the normal business hours of the bank; or</p> <p>(ii) assets that the responsible entity can reasonably expect to realise for market value within 10 business days.</p>	<p>Benchmark not met for the PMMIS.</p> <p>Benchmark does not apply to the DMMIS.</p>	<p>Under the definition of 'liquid assets' in the Corporations Act 2001, the PMMIS is considered a liquid scheme.</p> <p>(a) Maximum period allowed for in the constitution for the payment of withdrawals is 180 days;</p> <p>(b) the responsible entity will pay withdrawal requests within the period allowed for in the constitution; and</p> <p>(c) the responsible entity only permits members to withdraw at any time on request if the responsible entity reasonably believes that at least 80% (by value) of the scheme property can be realised for its market value within 90 days.</p>	<p>Refer to Disclosure Principle 8 for additional disclosure relevant to this benchmark.</p>
<p><b>RG 45.65 Non-liquid schemes</b></p> <p><b>For non-liquid schemes, the responsible entity intends to make withdrawal offers at least quarterly.</b></p>	<p>Benchmark does not apply for the PMMIS.</p> <p>Benchmark not met for the DMMIS.</p>	<p>Under the definition of 'liquid assets' in the Corporations Act 2001, the DMMIS is considered non-liquid.</p> <p>Funds cannot be withdrawn from the DMMIS until the loan is repaid by the borrower, unless a replacement investor can be found.</p>	<p>Refer to Disclosure Principle 8 for additional disclosure relevant to this benchmark.</p>

## Disclosure Principles

### Disclosure Principle 1: Liquidity

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

(a) the current and future prospects of liquidity of the scheme;

As at the date of reporting the PMMIS had liquidity as defined under the ASIC benchmark (i.e. cash or cash equivalents) of \$5,396,319 or 8.35% of total assets. The composition and level of liquidity may change over time.

The cash flow estimates enable Tidswell to ensure the PMMIS has sufficient cash or cash equivalents to meet its projected cash flow needs over the next 12 months. The PMMIS has never been in a position where the projected cash flow estimates have not been sufficient to meet its projected cash flow needs.

(b) any significant risk factors that may affect the liquidity of the scheme; and

There are many risk factors that may affect the liquidity of the PMMIS including:

- insufficient equity in the mortgage assets of the scheme to repay investor's capital;
- an increase in withdrawal requests (in a short period) to an amount greater than the level of cash or cash equivalents available in the scheme;
- a decline in the Australian property market making it difficult to sell the underlying securities;
- a significant increase in the number of defaults within the loan portfolio;
- Tidswell forms the view that the scheme is unable to fulfil its objectives; and/or
- Government intervention and regulation changes resulting in the scheme being unable to fulfil its objectives.

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

The PMMIS does not have any liabilities with a maturity date; therefore, this disclosure principle does not apply.

The DMMIS is a contributory mortgage scheme; therefore, this disclosure principle does not apply. Funds cannot be withdrawn from the DMMIS until the loan is repaid by the borrower, unless a replacement investor can be found.

### Disclosure Principle 2: Scheme borrowing

The PMMIS has a loan facility with a limit of \$5 million or 10% of the net assets of the PMMIS, whichever is the lesser.

As at the date of reporting the amount owing on the loan facility is \$0.

The loan facility is maintained in order to fund short term cash flow requirements of the PMMIS. This 'at call' loan facility is with a related party and is reviewed annually, therefore, does not have a maturity date. The interest paid on the loan facility is the base lending rate as determined from time to time. The current rate is 8.75% pa. These funds and, amounts owing to other creditors of the PMMIS, are ranked before the investor's interests in the PMMIS. We are not and, have never been, in default of any loan agreement with any lender in relation to the loan facility.

We have not made any disclosures regarding the risks associated with our borrowing and credit facility maturity profile and other information about breaches of loan covenants as these disclosures do not apply to this type of loan facility.

The DMMIS does not borrow funds as all loans are fully funded by the investor(s), therefore, this disclosure principle does not apply.

### Disclosure Principle 3: Loan portfolio and diversification

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

(a) by number and value:

(i) loans by class of activity

Asset class	No. of loans	Value (\$)
Residential	35	31,685,977
Commercial	5	2,618,000
Industrial	0	0
Rural	1	212,000
Construction & development	16	24,653,230
Land division	0	0
Other direct mortgage schemes	0	0
Other pooled mortgage schemes	0	0
<b>Total</b>	<b>57</b>	<b>59,169,207</b>

(i) loans by geographic region

Region	No. of loans	Value (\$)
<b>SA</b>		
Adelaide Hills	3	2,342,000
Barossa	1	187,000
Eyre & Western SA	2	4,100,000
Far North	1	33,000
Fleurieu & Kangaroo Island	3	1,403,000
Limestone Coast	0	0
Metropolitan Adelaide	39	40,307,650
Murray & Mallee	1	565,000
Yorke & Mid North	0	0
<b>Sub-total – SA</b>	<b>50</b>	<b>48,937,650</b>
<b>Interstate</b>		
NSW	5	5,349,934
QLD	2	4,881,623
VIC	0	0
WA	0	0
TAS	0	0
ACT	0	0
NT	0	0
<b>Sub-total – Interstate</b>	<b>7</b>	<b>10,231,557</b>
<b>Total</b>	<b>57</b>	<b>59,169,207</b>

- (ii) the proportion of loans that are in default or arrears for more than 30 days

Days in default/arrears	No. of loans	Value (\$)¹	Proportion (%)¹
31 -60 days	1	1,478,343	2.29
61-90 days	0	0	0
More than 90 days	7	12,083,250	18.71
<b>Total</b>	<b>8</b>	<b>13,561,593</b>	<b>21.00</b>

A loan is considered in default when interest is in arrears for more than 30 days.

Initially Tidswell will work with the borrower to manage loans that are in arrears to help rectify the arrears and agree on alternative payment arrangements.

In the event that a borrower goes into default there is a process to manage the default as quickly as possible. Where the borrower is unable to remedy the default within 60 days, Tidswell generally takes legal action to take possession of the security property in order to recover the loan amount outstanding. Third party service providers may also assist in the recovery process.

- (iii) the nature of the security for loans made by the scheme

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

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

As at the date of reporting, the PMMIS had 20 loans totalling \$21,358,770 approved but not yet advanced, which include:

- existing loans with funds still to be drawn on a progressive basis of \$11,353,770; and
- loans approved but not yet settled of \$10,005,000.

Undrawn loan commitments are funded from available cash in the PMMIS.

- (v) the maturity profile of all loans in increments of not more than 12 months

Maturity profile	No. of loans	Value (\$)
1 year or less	56	58,629,207
1 to 2 years	1	540,000
<b>Total</b>	<b>57</b>	<b>59,169,207</b>

- (vi) loan-to-valuation for loans, in percentage ranges

Loan-to-valuation ratio (%)	No. of loans	Value (\$)
0-19.99%	2	525,000
20-39.99%	16	15,248,583
40-59.99%	16	18,703,874
60-74.99%	20	15,461,500
75-100%	3	9,230,250
<b>Total</b>	<b>57</b>	<b>59,169,207</b>

- (vii) interest rates on loans, in percentage ranges

Interest rates (%)	No. of loans	Value (\$)
0-7.99%	3	6,606,250
8-9.99%	36	30,454,500
10-11.99%	15	17,947,457
12-13.99%	3	4,161,000
14-15.99%	0	0
<b>Total</b>	<b>57</b>	<b>59,169,207</b>

- (viii) loans where interest has been capitalised

	No. of loans	Value (\$)
Capitalised interest	21	26,302,928

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

	Value (\$)	Proportion (%)
Largest borrower	6,600,000	10.22%
10 largest borrowers <sup>2</sup>	30,687,189	47.50%

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

There are no loans in the PMMIS secured by second-ranking mortgages.

- (d) The use of derivatives (if any)

Tidswell does not use derivatives to manage risk in the PMMIS; therefore, this disclosure principle does not apply.

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

The current non-mortgage assets of the PMMIS include cash and cash equivalent investments to the value of \$5,396,319.

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

The PMMIS is authorised to lend in all Australian States and Territories but does not have a diversification policy. Each loan application received by Tidswell is unique and is assessed in accordance with our lending policies and procedures.

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

- (a) the maximum loan amount for any one borrower

The maximum loan amount for any one borrower is generally 10% of the assets in the PMMIS; however, loans in excess of 10% may be made in exceptional circumstances, e.g. multiple projects and multiple titles.

The maximum amount lent is \$1 million before full board approval is required.

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

The capacity to service the loans is assessed on financial information provided by the borrower for at least the previous financial period. Borrowers are generally required to meet a minimum interest coverage ratio of 1.0 times plus a \$5,000 per annum surplus.

<sup>1</sup> Includes principal and interest.

<sup>2</sup> Includes the largest borrower.

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

Before rolling over or renewing an existing loan the security property is revalued by one of Tidswell's panel of approved valuers.

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

All loans are secured by a registered first mortgage. Tidswell will accept as security for loans, predominantly income producing residential, commercial, industrial or retail, properties. We may accept other forms of property as acceptable security for loans, which are not income-producing, e.g. owner occupied property, security property for construction loans or rural property. Tidswell will not take security over high risk, highly specialised properties such as hotels (pubs), nursing homes, fuel depots, etc., without full Board approval.

Tidswell uses a risk-based approach towards the loan portfolio. For example, there is no limit on the PMMIS exposure to residential property. We endeavour to minimise exposure to property sectors which are considered to have excessive risk at any given time.

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

The approval of investment in other unlisted mortgage schemes is subject to the same policy requirements as our own loans. It is Tidswell's intention to give preference to sourcing, assessing, approving and managing our own loans.

Tidswell will seek confirmation from other unlisted mortgage schemes the PMMIS invests into that these schemes meet ASIC's benchmarks and apply the disclosure principles on an "if not, why not" basis. Where these schemes do not meet the relevant benchmarks and disclosure principles, Tidswell will assess the reasons why and will take this into account in determining whether the relevant scheme is an appropriate investment for the PMMIS. Generally, we will only invest PMMIS funds in other unlisted mortgage schemes which comply with ASIC's benchmarks and apply the disclosure principles.

#### **Disclosure Principle 4: Related party transactions**

The schemes do not lend to Tidswell or related parties of Tidswell or the scheme's investment manager, therefore, this disclosure principle does not apply.

Some of the directors of Tidswell or their family have or may have holdings in the schemes as investors and may perform legal work for the schemes or Tidswell. Any fees charged for such work will be on normal commercial terms and arm's length basis.

#### **Disclosure Principle 5: Valuation policy**

**RG 45.91 The responsible entity should disclose:**

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

The scheme's valuation policies are contained within the constitution. A copy of the constitution is available from Tidswell free of charge on request.

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

Tidswell uses a range of processes to form a view on the value of a security property including:

- obtaining an independent valuer's opinion both on a market basis and forced sale basis;
- obtaining an independent licenced real estate agents opinion;
- obtaining the Valuer General's opinion;
- obtaining the opinion of a representative of Tidswell having inspected the property; and
- the borrower's opinion of the value of the property.

Tidswell considers each of the above valuation methods, as applicable, when forming its decision to lend.

- (c) the frequency of valuations of security property

Tidswell requires an updated valuation in circumstances where:

- a loan is being rolled over or renewed;
- the current valuation is more than 3 years old;
- the existing valuer will not provide current insurance details;
- Tidswell has formed the view that the value of the underlying security property has decreased to such an extent as to create a material breach of a loan covenant;
- the security property is to be sold by Tidswell as mortgagee in possession; or
- at such times that Tidswell considers necessary.

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

As at the date of reporting, Tidswell is not aware of any material inconsistencies between any current valuation over security property and the scheme's valuation policy.

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

All investors in the DMMIS are provided with a copy of the valuation of the property securing a loan in which they have or are being offered an interest.

**Disclosure Principle 6: Lending principles – Loan-to-valuation ratios**

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

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

	% as at date of reporting
Maximum LVR	Residential 75% Commercial/Industrial 67% Rural 55%
Weighted average LVR <sup>3</sup>	54.20%

During the life of the loan portfolio, revaluations may be required (for reasons such as defaults). As a result of the revaluation, there may be times when the portfolio holds loans with an LVR greater than 80%. In these circumstances, Tidswell may:

- contact the borrower and require a principal reduction to bring the LVR into line with our requirements; and/or
- contact the borrower and require additional security to bring the LVR into line with our requirements; and/or
- place the loan in default and commence recovery actions; and/or
- continue with the loan at the higher LVR.

As at the date of reporting, the PMMIS had 2 loans totalling \$4,831,500 with an LVR greater than 80%.

- (b) where funds are lent for property development:
  - (i) the criteria against which the funds are drawn down

Where a loan relates to property development Tidswell only releases funds to the borrower in stages based on the following criteria:

- As construction work is completed to our satisfaction and inspection, unless written certification from a quantity surveyor or approved valuer is required. Written certification may include:
  - the value of the existing works at each instalment stage;
  - the amount that has been outlaid on construction of the proposed security property;
  - the value of the works of the particular development yet to be completed; and
  - the amount to be retained to enable completion of the property (the retention monies).
- Retention monies will, at all times, be invested in an interest bearing deposit account and held as additional security. All interest accrued on such money will be assigned to the benefit of the borrower.
- On completion of the development project, when the loan is fully advanced, the LVR will not exceed 75% of the "on completion" value of a residential security property and 67% of a commercial or industrial security property.
  - (ii) the percentage (by value) of the completion of any property that is under development as at the date of reporting; and
  - (iii) the loan-to-cost ratio of each property development loan as at the date of reporting.

<sup>3</sup> Weighted by the value of the loans in the PMMIS.

Loan number	% complete by value	Loan-to-cost ratio <sup>4</sup>
494	86.90	74.73
515	73.02	77.69
516	90.53	67.04
526	96.65	63.49
528	81.06	53.14
530	80.82	42.43
531	89.82	53.10
537	56.82	72.00
539	92.77	68.50
540	73.97	67.35
550	57.28	83.91
546	68.22	59.59
541	67.05	66.64
542	53.83	79.97
544	74.95	57.99
548	51.67	72.49

**RG 45.95** The responsible entity should also disclose the percentage of the scheme's assets that are property development loans. If property development loans exceed 20% of the scheme's assets, the responsible entity should identify the scheme as one that invests a significant component of funds in property development loans. If the loan-to-cost ratio of any property development exceeds 75%, this should also be highlighted.

As at the date of reporting, the PMMIS had property development loans (includes construction and development, and land division loans) totalling 66.32% of the scheme's assets. Accordingly, the PMMIS invests a significant component of funds in property development loans.

The PMMIS also had 3 property development loans totalling \$6,846,000 with a loan-to-cost ratio exceeding 75%. As at the date of reporting a total of \$3,216,789 has been drawn from these loans.

<sup>4</sup> The ratio of the loan amount to the total cost of the development project, including the cost of land.



## Disclosure Principle 7: Distribution practices

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

- (a) the source of the current and forecast distributions

Distributions are sourced from income received in the relevant distribution period, which includes interest payments on loans and interest earned on the cash and cash equivalents component of the PMMIS portfolio.

Tidswell does not forecast distribution amounts to investors nor does it promote a particular return on investment.

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

All distributions are sourced from income received in the relevant distribution period; therefore, this disclosure principle does not apply.

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

All distributions are sourced from income received in the relevant distribution period; therefore, this disclosure principle does not apply.

- (d) when the responsible entity will pay distributions and the frequency of payment of distributions

Distributions are payable quarterly on the 15<sup>th</sup> day of April, July, October and January each year.

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

The PMMIS does not promote a particular return on investment; therefore, this disclosure principle does not apply.

Investors in the DMMS receive a Supplementary Product Disclosure Statement (SPDS) which includes a particular return on investment being the interest rate on the loan. Details of the circumstances in which a lower return may be payable together with details of how that lower return will be determined are disclosed in the SPDS.

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

The Schemes do not make distribution forecasts; therefore, this disclosure principle does not apply.

## Disclosure Principle 8: Withdrawal arrangements

**RG 45.104** The responsible entity should disclose:

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

Provided the PMMIS has sufficient liquidity and withdrawals have not been suspended, Tidswell exercises its discretion to pay withdrawal requests within the period allowed for in the constitution.

Tidswell may resolve to change its policy in relation to withdrawal requests at any time.

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

Provided the PMMIS has sufficient liquidity withdrawal requests are generally processed within a few days of being received.

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

Investors have limited (if any) ability to withdraw from the PMMIS when it is non-liquid.

In the event that the PMMIS is 'frozen' (in whole or in part) investors will not be permitted to withdraw from the scheme until such time a withdrawal offer is made. Tidswell has full discretion as to the timing and payment of withdrawal offers and may refuse or suspend withdrawal requests until such time that a withdrawal offer is made.

In poor economic conditions it may be difficult to realise loans in the scheme or sell underlying securities to repay investor's capital.

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

There are many risk factors that may affect the ability of investors to withdraw from the PMMIS including:

- insufficient equity in the mortgage assets of the scheme to repay investor's capital;
  - an increase in withdrawal requests (in a short period) to an amount greater than the level of cash or cash equivalents available in the scheme;
  - a decline in the Australian property market making it difficult to sell the underlying securities;
  - a significant increase in the number of defaults within the loan portfolio;
  - Tidswell forms the view that the scheme is unable to fulfil its objectives; and/or
  - Government intervention and regulation changes resulting in the scheme being unable to fulfil its objectives.
- (e) how investors can exercise their withdrawal rights, including any conditions in exercising these rights

Investors can submit a withdrawal form for the PMMIS at any time to Tidswell. Provided the PMMIS has sufficient liquidity the payment of a withdrawal request will be made within a few days of being received.

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

Investments in the PMMIS are not automatically rolled over or renewed. There is no specified investment term; however, investments in the PMMIS should be made with the intention of being invested for a minimum 12 month period.

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

The PMMIS has an 'at call' loan facility with a limit of \$5 million or 10% of the net assets of the PMMIS, whichever is the lesser.

This loan facility is maintained in order to fund short term cash flow requirements

Tidswell may suspend or cancel this loan facility at any time.

For more details on the loan facility please refer to Benchmark and Disclosure Principle 2.

The DMMIS does not borrow funds as all loans are fully funded by the investor(s), therefore, this disclosure principle does not apply.

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

Under the PMMIS constitution the maximum withdrawal period that applies to the payment of withdrawal requests when the scheme has liquidity is 90 days.

- (i) any rights the responsible entity has to refuse or suspend withdrawal requests

Tidswell may refuse or suspend withdrawal requests at any time.

- (j) the policy of the scheme on balancing the maturity of its assets with the maturity of its liabilities and the ability of its members to withdraw

The PMMIS does not have any liabilities with a maturity date; therefore, this disclosure principle does not apply.

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

- (a) the grounds (which must be verifiable) for the statement;
- (b) the supporting assumptions (which must not be hypothetical only) for the statement;
- (c) the basis for the statement (which must not be based on the opinion of the directors of the responsible entity if there are no objective grounds to support that opinion); and
- (d) any significant risk factors that mean that the withdrawal requests might not be satisfied within the expected period.

Tidswell makes no representations to investors about their ability to withdraw from the PMMIS

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

The PDS for the PMMIS does not contain statements that, historically, withdrawal requests have been satisfied within a particular period; therefore, this disclosure principle does not apply.

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

Neither the PMMIS or DMMIS promote a fixed unit price for investments; therefore, this disclosure principle does not apply.

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

The DMMIS is a contributory mortgage scheme. Funds cannot be withdrawn from the DMMIS until the loan is repaid by the borrower, unless a replacement investor can be found.

## 5. FEES AND 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 account 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 contribution fees and management costs where applicable. 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)** website ([www.moneysmart.gov.au](http://www.moneysmart.gov.au)) has a managed funds fee calculator to help you check out different fee options.

### Fees and other costs

This document shows fees and other costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from the assets of the managed investment scheme as a whole. The total fees and charges you will pay include the costs of this service as well as the costs of any investment options you choose. It is important that you understand the fees of any investment options you choose and that those fees are in addition to the fees Tidswell charges.

Fees and costs of particular investment options are set out in the Investment Guide and in the product disclosure statement of the relevant investment option.

Taxes are set out in another part of this document.

All fees shown are inclusive of Goods and Services Tax (**GST**), Reduced Input Tax Credits (**RITC**) and stamp duty unless otherwise stated.

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

### Fees and other costs of the TIP

Type of fee or cost	Amount	How and when paid
FEES WHEN YOUR MONEY MOVES IN OR OUT OF THE TIP		
<b>Establishment fee</b> The fee to set up your initial investment in the TIP	Nil	Not applicable
<b>Contribution fee</b> The fee for the initial and every subsequent investment you make to the TIP.	Up to 4.0% (\$0 to \$40 per \$1,000) of each contribution amount.  The Constitution allows for a maximum contribution fee of 7% (\$70 per \$1,000); however, Tidswell has no intention to increase the contribution fee offered under this PDS.	The contribution fee is negotiated with your financial adviser and is deducted from each contribution made to the TIP when received by Tidswell.
<b>Withdrawal fee</b> The fee for each withdrawal you make from the TIP.	Nil	Not applicable
<b>Exit fee</b> The fee to close your account in the TIP.	Nil	Not applicable

Type of fee or cost	Amount	How and when paid
<b>MANAGEMENT COSTS – the fees and costs of managing your account in the TIP</b>		
<b>Administration fee</b>	<p>1.56% pa of your account balance up to \$2,068,000<sup>5</sup> (\$15.60 per \$1,000)</p> <p>AND</p> <p>0.78% pa of your account balance over \$2,068,000<sup>5</sup> (\$7.80 per \$1,000)</p> <p>The Constitution allows for a maximum administration fee of 2.88% (\$28.80 per \$1,000); however, Tidswell has no intention to increase the administration fee offered under this PDS.</p>	The administration fee is deducted from your Cash Account monthly and is calculated based on your total account balance as at the last day of each month.
<b>Investment costs<sup>6</sup></b> The fees and costs for managing your underlying investment options.	<p>In respect of the PMMIS and DMMIS, the investment costs are 0.949% pa and 0.50% pa respectively.</p> <p>Refer to the Investment Guide or the relevant investment option PDS for further information about investment costs for the other investment options.</p>	Investment costs are calculated as a percentage of the amount you have invested in each underlying investment option and charged by the individual fund managers. This fee is reflected in the unit price and/or distributions of each investment option and is not a direct charge to you.
<b>Performance-related fees</b> This fee is in addition to the investment cost and is calculated as a percentage of the value by which an underlying investment option outperforms a specific benchmark.	<p>No performance-related fee is applicable to the DMMIS or PMMIS.</p> <p>Refer to the relevant investment option PDS for details on how this amount is calculated (if applicable).</p>	<p>No performance-related fee is applicable to the DMMIS or PMMIS.</p> <p>Refer to the relevant investment option PDS for details on how this amount is calculated (if applicable).</p>
<b>SERVICE FEES</b>		
<b>Switching fee</b> The fee for changing investment options. <sup>7</sup>	Nil	Not applicable

<sup>5</sup> Indexed against the Consumer Price Index (CPI) on 1 July each year as measured by the Australian Bureau of Statistics.

<sup>6</sup> Also see the tables in *Examples of annual fees and costs* on page 21 for an example of how investment costs might apply to your investment.

<sup>7</sup> Although you may incur a buy/sell spread when switching between investment options. See Additional service fees on page 23 for more information.

## Examples of annual fees and costs

The following tables (for the TIP, Perpetual Wholesale Balanced Growth Fund option, the PMMIS and DMMIS respectively) each give an example of how the fees and costs for the TIP as well as the costs of any investment options you choose can affect your investment over a one year period.

You should use these tables to compare this product with other managed investment products.

<b>EXAMPLE: TIP</b>		<b>Balance of \$50,000 with a contribution of \$5,000 during year</b>
Contribution fee	0.0% to 4.0%	For every additional \$5,000 you put in, you will be charged between \$0 and \$200.
<b>PLUS</b> Management costs	Administration Fee: 1.56% pa <sup>8</sup>	<b>AND</b> , for every \$50,000 you have invested in the TIP, you will be charged \$78 in administration fees each year.
<b>EQUALS</b> Cost of the TIP		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 between: \$78 to \$278 <sup>9</sup> <b>What it costs you will depend on the investment option(s) you choose and the fees you negotiate.</b>

The above example assumes that no other transactions take place during the year and ignores the effect of contributions, earnings, tax and other deductions on the account balance during the year. In practice, your investment balance will vary, as will related management costs.

In the case of the TIP, Management Costs consist of the administration fee. The actual expenses recovered may increase or decrease over time.

\* *Additional fees may apply*

<b>EXAMPLE: Perpetual Wholesale Balanced Growth Fund</b>		<b>Balance of \$50,000 with a contribution of \$5,000 during year</b>
Contribution fee	0.0% to 4.0%	For every additional \$5,000 you put in, you will be charged between \$0 and \$200.
<b>PLUS</b> Management costs	Administration Fee: 1.56% pa <sup>8</sup> Investment Cost: 1.10% pa <sup>8</sup>	<b>AND</b> , for every \$50,000 you have invested in the Perpetual Wholesale Balanced Growth Fund through the TIP, you will be charged \$780 in administration fees and \$550 in investment costs each year.
<b>EQUALS</b> Cost of the Perpetual Wholesale Balanced Growth Fund		If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged fees between: \$1,330 to \$1,530 <sup>9</sup> <b>What it costs you will depend on the investment option(s) you choose and the fees you negotiate.</b>

The above example assumes that no other transactions take place during the year and ignores the effect of contributions, earnings, tax and other deductions on the account balance during the year. In practice, your investment balance will vary, as will related management costs. Also note that a performance-related fee may apply in some circumstances (please see the PDS for the underlying investment option). This example does not take into account the buy/sell spread. For example, for every \$5,000 you contribute you could be charged \$0.00 as a buy/sell spread.

Management Costs consist of the administration fee and investment cost (representing the actual expenses charged to the TIP). The actual expenses recovered may increase or decrease over time.

<sup>8</sup> For account balances of \$2,068,000 or less the administration fee will be calculated on the basis of 1.56% pa and then 0.78% pa for balances over \$2,068,000.

<sup>9</sup> Additional fees may apply.

<b>EXAMPLE: Pooled Mortgage Managed Investment Scheme (PMMIS)</b>		<b>Balance of \$50,000 with a contribution of \$5,000 during year</b>
Contribution fee	[0.0% to 4.0%]	For every additional \$5,000 you put in, you will be charged between \$0 and \$200.
<b>PLUS</b> Management costs	Administration Fee: 1.56% pa <sup>10</sup> Investment Cost: 0.949% pa <sup>11</sup>	<b>AND</b> , for every \$50,000 you have invested in the PMMIS through the TIP, you will be charged \$780 in administration fees and \$474.50 in investment costs each year.
<b>EQUALS</b> Cost of the PMMIS		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 between: \$1,254.50 to \$1,454.50 <sup>12</sup>  <b>What it costs you will depend on the investment option(s) you choose and the fees you negotiate.</b>

The above example assumes that no other transactions take place during the year and ignores the effect of contributions, earnings, tax and other deductions on the account balance during the year. In practice, your investment balance will vary, as will related management costs.

Management Costs consist of the administration fee and investment cost (representing the actual expenses charged to the TIP). The actual expenses recovered may increase or decrease over time.

<b>EXAMPLE: Direct Mortgage Managed Investment Scheme (DMMIS)</b>		<b>Balance of \$50,000 with a contribution of \$5,000 during year</b>
Contribution fee	[0.0% to 4.0%]	For every additional \$5,000 you put in, you will be charged between \$0 and \$200.
<b>PLUS</b> Management costs	Administration Fee: 1.56% pa <sup>10</sup> Investment Cost: 0.50% pa <sup>13</sup>	<b>AND</b> , for every \$50,000 you have invested in the DMMIS through the TIP, you will be charged \$780 in administration fees and \$400 in investment costs each year.
<b>EQUALS</b> Cost of the DMMIS		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 between: \$1,180 to \$1,380 <sup>12</sup>  <b>What it costs you will depend on the investment option(s) you choose and the fees you negotiate.</b>

The above example assumes that no other transactions take place during the year and ignores the effect of contributions, earnings, tax and other deductions on the account balance during the year. In practice, your investment balance will vary, as will related management costs.

Management Costs consist of the administration fee and investment cost (representing the actual expenses charged to the TIP). The actual expenses recovered may increase or decrease over time.

## Additional explanation of fees and costs

<sup>10</sup> For account balances of \$2,068,000 or less the administration fee will be calculated on the basis of 1.56% pa and then 0.78% pa for balances over \$2,068,000.

<sup>11</sup> This is the investment cost for the PMMIS.

<sup>12</sup> Additional fees may apply.

<sup>13</sup> This is the investment cost for the DMMIS.

## Management costs

### Administration fee

Administration fees are the fees for managing your investments through the TIP.

### Investment costs

Investment costs vary depending on the investment option(s) you have chosen. For the PMMIS and DMMIS please refer to the tables on the previous page and for the other investment options please refer to the Investment Guide or the relevant investment option PDS for further information about investment costs. These costs are not deducted from your account balance and are not a direct cost to you. They have been allowed for in the calculation of the unit price or investment performance of the relevant investment option.

The investment cost for specific investment options is made up of the underlying fund manager's Indirect Cost Ratio (ICR) as shown in the Investment Guide for all investment options (other than the PMMIS and DMMIS – see immediately below for these investment options), and may include a performance-related fee (if applicable). For more detailed information, please refer to the relevant investment option PDS.

Indirect costs are any amount that have reduced or will reduce (whether directly or indirectly) the return on your investments through the TIP, or reduce the amount or value of the income or property attributable to an interposed vehicle in or through which the property attributable to the TIP is invested, and that are not charged as a fee.

**Warning:** the indirect costs information included is based on information available (and, if applicable, estimates as at the date of issue of the PDS. You should refer to our website for any updates which are not materially adverse from time to time.

### Pooled Mortgage Managed Investment Scheme

The investment cost for the PMMIS is 0.949% pa. This fee is deducted prior to distributions from the PMMIS being made and is not a direct cost to you.

### Direct Mortgage Managed Investment Scheme

The investment cost for the DMMIS is 0.50% pa. This fee is deducted prior to distributions from the DMMIS being made and is not a direct cost to you.

### Performance-related fees

Performance-related fees charged by interposed vehicles, or by investment managers under mandate based on returns achieved from assets they manage, form part of indirect costs, and therefore are calculated in the same way as indirect costs and form part of management costs.

The underlying fund manager's fee may also include a performance-related fee, which is a fee paid to fund managers for performance over agreed benchmarks. The amount of performance-related fees paid will vary from year to year.

There are a number of investments within the TIP where the underlying fund manager applies a performance fee. Please refer to the Investment Guide and relevant investment option PDS. [There is no performance-related fee in relation to either the PMMIS or DMMIS.]

## Additional service fees and other costs

### Adviser fees

The Fund does not pay adviser fees. If you consult a financial adviser, then you may pay additional fees to your adviser pursuant to your arrangement with them. If your adviser provides personal advice for your circumstances, then the statement of advice provided to you by your adviser should include details of the fees charged by your adviser.]

### Transactional and operational costs

Transactional costs are those incurred when investors apply for or withdraw from a product through the TIP or when transactions

occur to manage the product's investment strategy, and include brokerage, a buy-sell spread (see below), settlement costs, clearing costs and stamp duty. Implicit transaction costs are calculated by reference to the price at which a fund asset is acquired or disposed of and the asset's true value.

Whether incurred directly or through an interposed vehicle, transactional costs are not indirect costs and therefore do not form part of management costs.

In respect of the PMMIS and DMMIS, [an estimate of total transactional costs for the current financial year based on the financial year ending 30 June 2017 is Nil pa and Nil pa respectively. For example, on a balance of \$50,000, we expect the total transactional costs for the current financial year to be \$Nil for the PMMIS and \$Nil for the DMMIS.

For the remaining investment options, please refer to the Investment Guide or relevant investment option PDS.

Please note that these costs are an additional cost to you.

### Buy/sell spreads

Fund managers may impose different buying and selling prices in respect of the investments they manage. This is not a fee or cost charged by Tidswell. The buy/sell spread is the difference between the buying and selling price of a unit. Its purpose is to recover costs associated with the buying and selling of investments and may vary depending on the investments you select. The buy/sell spreads for each managed investment option available through the TIP are detailed in the Investment Guide. Neither PMMIS nor DMMIS have a buy/sell spread.

The buy/sell spread is applied to the unit price on each transaction and reflects the estimated transactional costs incurred in the buying and selling of the relevant product's assets to meet investor flows. It is charged to recover transaction costs on a sale and purchase of assets of the entity, and only relates to transaction costs incurred by the trustee (i.e. not in interposed vehicles). Buy/sell spread costs do not have to be disclosed as an investment fee or indirect cost.

Please note that these costs are an additional cost to you.

### Brokerage

When purchasing or selling listed securities brokerage is charged by the broker. Brokerage is included as part of the transaction costs.

The current brokerage charged by the TIP's broker for listed securities on the Australian Stock Exchange (ASX) is \$33 or 0.15%, whichever is greater.

Brokerage costs may be subject to change. Please contact Tidswell or your financial adviser for details on current brokerage rates.

### Investment charge

An investment charge is a charge for carrying out extraordinary investment requests that are in addition to managing your account in the TIP.

If charged, the investment charge would be negotiated with Tidswell and deducted from your account by mutual agreement.

The Constitution allows for a maximum investment charge of 3.0% pa (\$30 per \$1,000) of the value of the investments, however, Tidswell has not made an investment charge since the TIP commenced and it does not intend on making an investment charge unless you are otherwise notified.

### Changes to fees and charges

Subject to the TIP's Constitution and the law, Tidswell may change the fees charged without a participant's consent; however, it will not increase the fees detailed in this section without providing at least 30 days' written notice to participants, except in the case of Government fees and charges and transaction costs associated with the daily management of the TIP's investments.

We will consider during and towards the end of each financial year whether the fee and cost amounts require updating to more accurately reflect estimated fees and costs (including indirect costs) in future years, including where new information has come to light in relation to fees and costs. If we consider that the updated fees and costs information is not materially adverse, we will post an update on our website, otherwise we will issue a supplementary or replacement PDS in accordance with the Corporations Act.

## 6. TAXATION

The taxation implications of investing, switching and receiving distributions will depend on your personal situation. Taxation is complex and we recommended you seek professional tax advice before making an investment decision.

### Who pays tax?

Generally, the TIP will not pay tax on the income or gains made by the TIP, provided all the income of the TIP is distributed to resident investors each financial year. You may pay tax depending on your level of taxable income. This is the case regardless of whether the money is actually paid to you or reinvested. Any tax you pay depends on what makes up the distributions. Distributions could comprise:

- income (such as dividends and interest);
- net capital gains (from the sale of the investment options); and
- tax credits (such as franking credits attached to dividend income and credits for tax paid on foreign income).

## Capital gains tax

If you dispose of your investment in the TIP, any taxable capital gain arising from the disposal may form part of your assessable income. Depending on the type of taxpayer you are defined as and how long you have held your investments, you may be entitled to a capital gains tax concession which can reduce the assessable gain by up to 50% if you are an individual or trust, or 33.33% if the investment is held by a complying superannuation fund.

### Providing your Tax File Number

You can decide whether you wish to provide your Tax File Number (TFN) on the Application Form. If we do not receive your TFN or appropriate exemption information, we must withhold tax at the highest marginal tax rate (plus the Medicare levy) from income distributions paid to you. You may be eligible for an exemption from quoting your TFN, in which case you will need to provide an exemption code and state the reason in the Application Form in the space provided.

## 7. ADDITIONAL INFORMATION

### Constitutions governing the TIP, PMMIS and DMMIS

The TIP, the PMMIS and DMMIS are registered managed investment schemes and are governed by the provisions of their respective Constitutions together with the provisions of the Corporations Act. The statements in this PDS only provide a summary of some of the provisions of their Constitutions. You can inspect a copy of the Constitutions for the TIP, the PMMIS and DMMIS by contacting Tidswell.

### Role of the custodian

The custodian is an organisation which is appointed by the Responsible Entity as its agent to hold the assets of the TIP pursuant to the Constitution.

Tidswell does not hold the assets of the TIP. Legal title of all assets is held by AET as the TIP's Custodian. AET was appointed as Custodian of the TIP pursuant to a Custodian Agreement, which took effect on the registration of the TIP as a managed investment scheme.

AET is also the Custodian of the PMMIS and DMMIS. Apart from this role, AET is not involved in the management of the TIP, nor the PMMIS or DMMIS.

### Related party transactions

To access taxation, investment and other administrative efficiencies applicable from the pooling of assets, Tidswell may invest funds in the TIP, the PMMIS and/or the DMMIS.

Tidswell advises that under the law, where the TIP invests money in any associated entity, it must deal with the other party to the investment transaction on arm's length terms. Tidswell undertakes that it will not deal with service providers to the TIP, who are associates of Tidswell, more favourably than it would deal with any other independent service providers.



## Your privacy

Tidswell is required to notify you of certain matters relating to the collection and handling of your personal information by us. More details about our privacy practices and procedures are set out in our Privacy Policy document. You can access a copy of the Privacy Policy from our website at [www.tidswell.com.au](http://www.tidswell.com.au). Alternatively you can request a copy free of charge by contacting Tidswell.

The purpose for which your personal information is collected is to:

- send you information that you request;
- issue you with your investment (including assessing your application and identifying you);
- manage and administer your investment in accordance with your instructions;
- deal with any inquiries or complaints you may have; and
- meet auditing and compliance requirements.

If we do not collect your personal information we may not be able to process your application or manage and administer your account.

We will generally only use or disclose your personal information for the purpose for which we collected it, and for related purposes we consider will be within your reasonable expectations. Otherwise, we will seek your consent prior to using or disclosing your personal information for another purpose, unless we are required or permitted by law to do so without seeking your permission.

We may also disclose your personal information to any individuals or organisations which you have authorised.

## Inquiries and complaints procedures

Most queries can be resolved relatively quickly over the telephone. However, if your inquiry or complaint cannot be resolved immediately, you may be asked to put it in writing to:

Inquiries & Complaints Officer  
Tidswell Financial Services Ltd  
50 Hindmarsh Square  
ADELAIDE SA 5000

Phone: (08) 8223 1676  
Fax: (08) 8232 1675  
Email: [mail@tidswell.com.au](mailto:mail@tidswell.com.au)

All inquiries and complaints are considered as soon as practicable with the inquiry process conducted and completed within 90 days from the date of the receipt of the inquiry or complaint.

Tidswell always seeks to resolve inquiries and complaints as quickly as possible, to the satisfaction of all concerned and in the best interests of all participants in the TIP.

If you are not satisfied with our handling of your complaint or our decision, you may contact the Financial Ombudsman Service (FOS). FOS is an independent body set up by the Federal Government to assist members or beneficiaries to resolve certain complaints. If FOS accepts your complaint, it will attempt to resolve the matter through conciliation, which involves assisting you and the TIP to come to a mutual agreement.

You can contact FOS, for the cost of a local call, from anywhere in Australia on 1300 780 808 or by visiting their website at [www.fos.org.au](http://www.fos.org.au).

## 8. HOW TO APPLY

### Completing an Application Form

An Application Form is available from our website at [www.tidswell.com.au](http://www.tidswell.com.au).

When making your initial investment in the TIP, please complete all sections of the Application Form that are relevant to the type of investor you are.

The Application Form also includes information about the identification documentation we are required to collect from you before we can accept your initial investment.

Please complete your Application Form and mail it, together with original certified copies of the required identification documentation, to Tidswell at:

Tidswell Financial  
50 Hindmarsh Square  
ADELAIDE SA 5000

Please note that we are unable to accept an Application Form for an initial investment by fax or email.

### Additional investments

You can make an additional investment into an existing account in the TIP at any time without completing the Application Form or providing further copies of identification documents.

To make an additional investment, you need to complete the Additional Investment Form available from our website at [www.tidswell.com.au](http://www.tidswell.com.au) and return it to Tidswell via mail, fax or email.

### Payment of application funds

We can accept payment of your application funds by cheque or electronic funds transfer (EFT).

If you wish to pay by cheque, please make your cheque payable to the entity set out below, and mail the cheque with your Application Form or Additional Investment Form.

Cheque	AET (SA) Ltd ACF Tidswell Investment Plan
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EFT payments can be made directly to the TIP bank account as follows:

Bank:	Bank of South Australia
BSB:	105-067
Account number:	025 235 340
Account name:	AET (SA) Ltd ACF Tidswell Investment Plan

Please include your participant number or the name of the account under which you are investing in the reference field of your EFT payment to assist us in matching the funds against your Application Form or Additional Investment Form.

## Anti-money laundering and counter terrorism financing (AML/CTF)

Australia's AML/CTF laws require us to adopt and maintain an AML/CTF program. A fundamental part of the AML/CTF program is that we know certain information about investors in the TIP. To meet this legal requirement, we need to collect certain identification information and documentation from you if you are a new investor. If you are an existing investor you may also be asked to provide certain information as part of a re-identification process to comply with the AML/CTF laws. Processing of applications may be delayed or refused if you do not provide the necessary documentation.

Under the AML/CTF laws, we may be required to submit reports to the Australian Transaction Reports and Analysis Centre (**AUSTRAC**). This may include the disclosure of your personal information. We may not be able to tell you when this occurs and, as a result, AUSTRAC may require us to deny you (on a temporary or permanent basis) access to your investment.

This could result in loss of the capital invested, or you may experience significant delays when you wish to transact on your investment. We are not liable for any loss you may suffer because of compliance with the AML/CTF laws.

## 9. DIRECTORY

### Responsible entity

Tidswell Financial Services Ltd

ABN 55 010 810 607

AFSL 237628

50 Hindmarsh Square

ADELAIDE SA 5000

Phone: (08) 8223 1676

Fax: (08) 8232 1675

Email: [mail@tidswell.com.au](mailto:mail@tidswell.com.au)

Web: [www.tidswell.com.au](http://www.tidswell.com.au)

### Custodian

Australian Executor Trustees (SA) Limited

ABN 23 007 870 644

Level 22, 207 Kent Street

SYDNEY NSW 2000

Phone: (02) 9028 5900

Fax: (02) 9028 5942

Web: [www.aetlimited.com.au](http://www.aetlimited.com.au)

### Auditor

Grant Thornton Audit Pty Ltd

ABN 91 130 913 594

Level 1, 67 Greenhill Road

WAYVILLE SA 5034

Phone: (08) 8372 6666

Fax: (08) 8372 6677

Email: [info.sa@au.gt.com](mailto:info.sa@au.gt.com)

Web: [www.grantthornton.com.au](http://www.grantthornton.com.au)

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**Contact details**

Tidswell Financial  
50 Hindmarsh Square  
ADELAIDE SA 5000

**T** (08) 8223 1676

**F** (08) 8232 1675

**E** [mail@tidswell.com.au](mailto:mail@tidswell.com.au)

**[www.tidswell.com.au](http://www.tidswell.com.au)**

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