

# Challenger Howard Wholesale Mortgage Fund

**Product Disclosure Statement (PDS)**

Dated 30 November 2008

**Challenger Howard Wholesale Mortgage Fund**

(ARSN 093 720 159)

**Responsible Entity**

Challenger Managed Investments Limited

(ABN 94 002 835 592)

(AFSL 234668)



## **About this Product Disclosure Statement (PDS)**

This document provides information to help investors and their advisers assess the merits of investing in the Challenger Howard Wholesale Mortgage Fund (ARSN 093 720 159) (**the Fund**) and to compare this Fund with other investment opportunities on offer. Please note that whilst this PDS is for the Challenger Howard Wholesale Mortgage Fund, as an investor you will not necessarily be a wholesale client for the purposes of the Corporations Act. We strongly encourage you to read this document in full before making an investment decision.

In preparing this PDS we did not take into account your particular investment objectives, financial situation or needs. As investors' needs and aspirations differ, you should consider whether investing in the Fund is appropriate for you in light of your particular needs, objectives and financial circumstances. You may also wish to obtain independent advice, particularly about such individual matters as taxation, retirement planning and investment risk tolerance.

Additional information about this Fund can be found in the Benchmark Report. The PDS may refer you to particular sections of the Benchmark Report for further information associated with this Fund. We recommend that you also obtain and read the Benchmark Report before making an investment decision. The Benchmark Report is publicly available on our website at [www.challenger.com.au/download/mortgagefunds\\_ASICBenchmark.pdf](http://www.challenger.com.au/download/mortgagefunds_ASICBenchmark.pdf) and may be obtained on request, free of charge, by contacting our Investor Services team.

## **Updated information**

The information in this PDS is up to date at the time of preparation. However, some information and terms (see below) can change from time to time. If a change is considered materially adverse we will issue a supplementary or replacement PDS. For updated or other information about the Fund (such as performance), please consult your financial planner, call our Investor Services team or visit our website [www.challenger.com.au](http://www.challenger.com.au). We will also send you a copy of the updated information free of charge upon request.

## **Important notices**

This PDS relating to the Fund is dated 30 November 2008 and is issued by Challenger Managed Investments Limited (ABN 94 002 835 592) (AFSL 234668) (**Challenger** or **CMIL**, also referred to as **we, us, our, the manager** or **the responsible entity**).

The Fund is managed by CMIL, which is the responsible entity and issuer of this PDS and whose ultimate parent is Challenger Financial Services Group Limited (ABN 85 106 842 371) (**the Challenger Group**).

Neither CMIL nor any member of the Challenger Financial Services group of companies guarantees the repayment of your capital or the performance of your investment or any particular taxation consequences of investing.

By investing in the Fund you confirm you have received a copy of the current PDS to which this investment relates, that you have read it and agree to the terms contained in it, and that you agree to be bound by the terms of the relevant current PDS and current constitution (each as amended from time to time).

The offer or invitation to subscribe for units in the Fund under this PDS is only available to persons receiving this PDS in Australia and is subject to the terms and conditions described in this PDS. CMIL reserves the right to change these terms and conditions with, in the case of an increase in fees, 30 days notice, otherwise notice will be provided before or as soon as practicable after the change occurs. We reserve the right to withdraw the offer or invitation to subscribe for units and withdraw this PDS.

All fees and costs quoted in this PDS, unless otherwise stated, are quoted inclusive of any Goods and Services Tax (**GST**) and net of Reduced Input Tax Credits (**RITCs**) of 75% GST paid, which effectively reduces the GST payable from 10% to 2.5%.

## **Consents**

Challenger Commercial Lending Limited (**CCL**) has provided its consent to the statements about it in the form and context in which they are included. It was not involved in the preparation and distribution of this PDS and is not responsible for the issue of this PDS, nor is it responsible for any particular part of this PDS, other than those parts that refer to it. It has not withdrawn its consent before the date of this PDS.


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## Contact details

<b>Website</b>	<a href="http://www.challenger.com.au">www.challenger.com.au</a>
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<b>By telephone</b>	Investor Services team 13 35 66 Adviser Services team 1800 621 009
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# About the Challenger Group



The Challenger Group is a diversified financial services company listed on the Australian Securities Exchange.

With a contemporary business model that aims to provide products and services to meet a broad range of financial needs, the Challenger Group manages activities that span mortgage management, funds management and annuities.

The Challenger Group offers significant depth and breadth of investment expertise, with an established team of in-house investment professionals as well as relationships with quality investment partners. This means that it can offer a range of products to help meet your investment needs, across not only a variety of asset classes, but also across different investment styles. The Challenger Group uses its extensive investment capability to provide clients with access to superior investment opportunities, whatever their life stage.

To find out more about how Challenger can help you, talk to your financial planner or call our Investor Services team on 13 35 66.

# Features at a glance

		PDS section
<b>Minimum transaction and balance requirements<sup>1</sup></b>		
Initial investment	\$10,000 or \$1,000 when a regular savings plan is established	'Making, withdrawing and monitoring your investment' on pages 14 to 17.
Additional investment	\$1,000	
Regular savings plan	\$100 per month	
Minimum withdrawal	\$1,000	
Minimum balance	\$10,000 or \$1,000 when a regular savings plan is established	
<b>Fees and other costs<sup>2</sup></b>		
Contribution fee	Nil	'Fees and other costs' on pages 10 to 13.
Management fee	1.00% p.a. of the Fund's net asset value.	
Withdrawal fee	Nil	
Operating expenses	We currently pay normal operating expenses from our management fee. We may, however, recover any abnormal expenses from the Fund, such as costs of unitholder meetings.	
Transaction costs – buy/sell spread	Nil	
<b>Risks of investing in the Fund</b>	All investments are subject to risk. The significant risks are described on pages 7 to 9.	'About the risks of investing' on pages 7 to 9.
<b>ASIC Benchmarks</b>	ASIC has developed eight benchmarks for mortgage funds that are aimed at assisting investors understand the risks of investing and whether such investments are suitable for them. The benchmarks deal with the Fund's liquidity, borrowings, portfolio diversification, related party transactions, valuation policy, lending principles, distribution practices and withdrawal arrangements. For more information on these benchmarks, please refer to page 6.	'About the Fund' on pages 4 and 5. Also refer to the Benchmark Report.
<b>Making and withdrawing your investment</b>		
Applications	Valid application requests with payment must be received prior to 3pm Sydney time to be processed that day (refer to pages 14 and 15).	'Making, withdrawing and monitoring your investment' on pages 14 to 17.
Withdrawals	Currently, you are only able to withdraw from the Fund if we make an offer of withdrawal. Whilst there is no obligation for us to make a withdrawal offer, our current intention is to make withdrawal offers on a quarterly basis. Our procedure for processing withdrawals is set out on pages 15 and 16.	
<b>Distribution payments</b>		
Frequency	Monthly, however, there may be periods in which no distributions are made.	'Distributions' on pages 18 to 19.
Payment methods	Reinvested into the Fund as additional units or paid to your nominated account.	
<b>Valuations and pricing</b>		
Valuing the Fund's assets	The Fund's assets are usually valued each NSW business day.	'Unit prices and valuing assets and liabilities' on page 18.
Unit pricing	Unit prices are usually calculated each NSW business day.	
<b>Investor reporting</b>		
Transaction confirmations	We generally send transaction confirmations for investments and withdrawals.	'Monitoring your investment' on page 17.
Regular reporting	We send quarterly periodic statements as at 31 March, 30 June, 30 September and 31 December.	
Annual tax reporting	We send consolidated annual tax statements.	

<sup>1</sup> We may, at our discretion, accept a lower investment amount, additional investment amount and minimum balance.

<sup>2</sup> For certain wholesale clients (as defined in the Corporations Act) we may, at our discretion, negotiate, rebate or waive all or part of our fees.

# About the Fund

<b>Suggested minimum investment timeframe</b>	At least one year
<b>Investment manager</b>	Challenger
<b>Mortgage manager</b>	Challenger Commercial Lending Limited
<b>Investment objective</b>	The Fund aims to provide investors with a diversified income producing portfolio that aims to provide regular income and capital stability.
<b>Investment strategy</b>	<p>Challenger's mortgage lending team employs a conservative approach to managing the mortgage investments of the Fund. The Fund has a lending policy which sets out the criteria under which loans are made or acquired. Please refer to 'The Fund's lending policy' in the Benchmark Report for further information. The Benchmark Report is available on our website at <a href="http://www.challenger.com.au/download/mortgagefunds_ASICBenchmark.pdf">www.challenger.com.au/download/mortgagefunds_ASICBenchmark.pdf</a></p> <p>The Fund gains its exposure to its investments by investing in the Challenger Howard Mortgage Fund (ARSN 090 464 074). In this PDS, where we refer to the Fund's investments or investment exposure we generally do so on a 'look through' basis; that is we are referring to the underlying assets that the Fund is exposed to through its investment in the Challenger Howard Mortgage Fund.</p> <p>We adopt an active approach to managing investments in interest bearing securities.</p>
<b>Investment universe</b>	<p>The Fund will be invested in a diversified portfolio of primarily commercial mortgage loans and interest bearing securities. The Fund may also invest in cash and other short-term investments.</p> <p>The exposure to mortgages within each state is generally limited to capital cities, major regional centres (such as Wollongong, Central Coast, Mornington Peninsula, Geelong, Gold Coast and Sunshine Coast) and non-major regional centres (such as eastern seaboard, outer metropolitan areas and regional centres).</p> <p>The types of securities the Fund can invest in are mortgage backed securities, fixed interest (e.g. corporate and government bonds) and hybrid securities (e.g. reset securities, convertible notes, redeemable preference shares and partly paid shares).</p> <p>We may use derivatives (e.g. options and futures) as a means to manage actual and anticipated credit and interest rate risk. We do not use derivatives for speculative purposes. The Fund may also make investments directly or indirectly by investing in other managed funds that have substantially the same principal investments. This structure helps to minimise transaction costs and can enhance diversification.</p> <p>Please also refer to the Benchmark Report on our website at <a href="http://www.challenger.com.au/download/mortgagefunds_ASICBenchmark.pdf">www.challenger.com.au/download/mortgagefunds_ASICBenchmark.pdf</a> for additional information on portfolio diversification of the Fund.</p>
<b>Portfolio construction</b>	The final portfolio reflects the outcome of our conservative approach to mortgage lending and active approach to managing the interest bearing and other short-term securities portion of the portfolio.
<b>Currency management</b>	Not applicable

## Senior management of the Fund

The senior management of the Fund have extensive experience in financial services, specifically in lending accountabilities and mortgage fund management. For details in the key individuals responsible for the management of the Fund, please refer to the Benchmark Report at [www.challenger.com.au/download/mortgagefunds\\_ASICBenchmark.pdf](http://www.challenger.com.au/download/mortgagefunds_ASICBenchmark.pdf)

## Labour standards or environmental, social or ethical considerations

Neither we nor the mortgage manager take into account labour standards or environmental, social or ethical considerations when buying, retaining or selling underlying investments. However, to the extent that we believe those matters may affect the value or performance of an underlying investment, they may be considered.

We do not have a predetermined view as to what constitutes a labour standard or environmental, social or ethical consideration, as these will be determined on a case by case basis.

## Borrowings

The Fund's constitution allows for borrowing. For more information, refer to the Benchmark Report [www.challenger.com.au/download/mortgagefunds\\_ASICBenchmark.pdf](http://www.challenger.com.au/download/mortgagefunds_ASICBenchmark.pdf)

## Derivatives

The term 'derivative' is used to describe any financial product that has a value that is derived from another security, liability or index. The Fund may at times invest in or obtain exposure to derivatives, such as futures and options.

We do not use derivatives, however the Fund's constitution allows for the use of derivatives. Please refer to the Benchmark Report at [www.challenger.com.au/download/mortgagefunds\\_ASICBenchmark.pdf](http://www.challenger.com.au/download/mortgagefunds_ASICBenchmark.pdf) for more information on the use of derivatives.

'Derivative risk' on page 8 provides information on the risks associated with derivatives.

## Making investments directly or indirectly

The Fund may make investments directly, or indirectly by investing in other funds (including funds related to or managed by a member of the Challenger Group) that have investment objectives and authorised investments that are consistent with the Fund. This structure helps to minimise transaction costs and can enhance diversification.

## Changes to investment policy

The Fund's constitution permits a wide range of investments and gives us as responsible entity broad investment powers. We may change the mortgage manager and/or vary the investment objectives, strategies, benchmarks, asset allocation ranges and processes of the Fund set out in this PDS or in the Benchmark Report. We will give unitholders written notice of any material variation we believe they would not have reasonably expected.

## ASIC Benchmarks

The ASIC Benchmarks are aimed at assisting investors understand the risks of investing in mortgage funds and whether such investments are suitable for them. Each benchmark and a brief explanation are detailed below.

For the Fund-specific information relating to each benchmark, please refer to the Benchmark Report on our website at [www.challenger.com.au/download/mortgagefunds\\_ASICBenchmark.pdf](http://www.challenger.com.au/download/mortgagefunds_ASICBenchmark.pdf). The information in the Benchmark Report is updated periodically (usually quarterly) and will be available on our website. A paper copy of any updated information will be given to you on request, free of charge, by calling our Investor Services team.

ASIC Benchmark	Description
<b>ASIC Benchmark 1: Liquidity</b>	This benchmark addresses a mortgage fund's liquidity; i.e. the ability to meet withdrawal requests when they are received. Liquidity of a mortgage fund may be a risk as the underlying assets of such a fund may not be easily realised within the required period of time and there can be a mismatch between such a fund's cash flows and the amount and size of withdrawal requests received from investors.
<b>ASIC Benchmark 2: Scheme borrowing</b>	This benchmark addresses a mortgage fund's policy on borrowings, including details of borrowing facilities in place and for what purposes any borrowings would be used. Mortgage funds with high levels of borrowing face the risk that distributions will not be paid or withdrawals may be suspended so the fund can pay back the borrowings. Generally, any amounts owing to lenders will rank ahead of investors' interests.
<b>ASIC Benchmark 3: Portfolio diversification</b>	This benchmark addresses a mortgage fund's criteria used when determining what loans to make and provides details of the diversification of the mortgage portfolio.
<b>ASIC Benchmark 4: Related party transactions</b>	This benchmark addresses any related party transactions in place and outlines any risks associated with these transactions.
<b>ASIC Benchmark 5: Valuation policy</b>	These benchmarks together address the valuation standards and lending principles imposed by a mortgage fund when valuing the security property underlying a loan. If valuations are not properly prepared or conducted by a qualified and experienced valuer, there is a risk that the mortgage fund may lend too much or enter into a contract that is too risky.
<b>ASIC Benchmark 6: Lending principles</b>	
<b>ASIC Benchmark 7: Distribution practices</b>	This benchmark addresses how distributions are paid and from what source. Where distributions are not sourced solely from income of the mortgage fund, there is a risk that these distribution practices may not be sustainable over the long term.
<b>ASIC Benchmark 8: Withdrawal arrangements</b>	This benchmark outlines a mortgage fund's procedures for meeting withdrawal requests and the timeframe over which a fund will seek to meet withdrawal requests. This benchmark is important as it highlights to investors there may be limits around accessing their investment or they may have to wait a significant period of time before their money is paid to them.

# About the risks of investing

## What are the risks of investing?

A degree of risk applies to all types of investments. As investing in the Fund involves exposing your investment to a range of risks, it is important that you understand:

- the risks involved in investing in the Fund;
- how these risks compare with the risks of other investments;
- how comfortable you are in exposing your investment to risk; and
- the extent to which the Fund fits into your overall financial plan.

Risk can mean different things to different people. It can mean the risk that your investment may fail to achieve the returns that you expect. This includes situations in which your investment may suffer substantial declines in value. It also includes situations in which your investment goals will not be met because the type of investments you chose did not provide the potential for adequate returns.

Risk is also often defined to mean investment volatility. That means the extent to which an investment varies in value over a given period. Often investments offering higher levels of potential return also exhibit higher levels of short-term volatility.

When making your investment decision, you should consider that investments in growth assets, such as shares and property, provide the potential for higher returns in the long-term than investments in income-producing assets such as fixed interest and cash. However, growth assets tend to produce more variability of returns in the short-term.

Diversifying your investments across different asset classes can help you to smooth your returns.

The Fund has a suggested minimum investment timeframe which is the minimum period generally required for the Fund to meet its objective. Ensuring you select an investment that matches your investment timeframe and investment needs can also help you manage the risks of investing.

Your financial planner can help you with these considerations and in understanding and managing the risks of investing.

## Types of risk

Investments are subject to many risks, not all of which can be predicted or foreseen. The table below lists the significant risks associated with investing in the Fund. You should consult your financial planner before making a decision to invest.

Risk	Explanation
<b>Credit risk</b>	<p>An aspect of credit risk is the risk that a borrower defaults on their obligations under the mortgage contract, for example, not making the required loan repayments.</p> <p>Challenger has a documented arrears and collections management policy that operates in the event that a borrower is in arrears in respect of their mortgage repayments or is in default for another reason. Under this policy a variety of measures may be employed in relation to accounts that are in arrears or default, including enforcement of the security and sale of the secured property. Challenger continuously monitors the level of mortgage loans that are in arrears or default. Please refer to the Benchmark Report at <a href="http://www.challenger.com.au/download/mortgagefunds_ASICBenchmark.pdf">www.challenger.com.au/download/mortgagefunds_ASICBenchmark.pdf</a> for updated information on loans in arrears or default.</p>
<b>Derivative risk</b>	<p>The value of derivative instruments is linked to the value of an underlying asset (or an interest rate, share index or other reference point) and can be highly volatile. While derivatives offer the opportunity for higher gains for a smaller initial cash outlay, they can also result in significant losses, sometimes significantly in excess of the amount invested to obtain the derivative.</p> <p>Risks associated with using derivatives might include the value of the derivative failing to move in line with that of the underlying asset, potential illiquidity of the derivative, a fund not being able to meet payment obligations as they arise, and counterparty risk (where the counterparty to the derivative contract cannot meet its obligations under the derivatives contract).</p> <p>Where the Fund uses derivatives, we aim to ensure that there are sufficient liquid assets available in the Fund to meet costs and other liabilities under derivatives (that is, while a derivative may turn out to be loss making, we do not intend to gear the Fund using derivatives and we aim to keep sufficient liquid assets in the Fund to meet such losses).</p>
<b>Documentation risk</b>	<p>Documentation risk is the risk that a deficiency in documentation (such as documents and contracts associated with mortgage agreements) could, in certain circumstances, adversely affect the return on an investment.</p>
<b>Fund risk</b>	<p>Fund risk refers to specific risks associated with the Fund, such as termination and changes to fees and expenses. We may close the Fund to further investments if, for example, we consider it appropriate given the investment objective and investment strategy of the Fund. We may also terminate the Fund by notice to unitholders.</p> <p>Your investment in the Fund is governed by the terms of the constitution and the PDS for the Fund, each as amended from time to time. There is also a risk that investing in the Fund may give different results from holding the underlying assets directly because of:</p> <ul style="list-style-type: none"> <li>• income or capital gains accrued in the Fund at the time of investing; and</li> <li>• the consequences of investment and withdrawal decisions made by other investors in the Fund; for example, a large level of withdrawals from the Fund may lead to the need to sell underlying assets which would potentially realise income or capital gains.</li> </ul> <p>We aim to manage these risks by monitoring the Fund and acting in investors' best interests. When we wind up the Fund, we will realise all Fund assets which will result in crystallisation of tax positions (both income and capital) at that time.</p>
<b>Investment manager risk</b>	<p>The investment style of an investment manager can have a substantial impact on the investment returns of the Fund. No single investment style performs better than all other investment styles in all market conditions. Investment performance will also depend on the skill of the investment manager in selecting, combining and implementing investment decisions. Changes in the personnel of the investment manager may also have an impact on investment returns of the Fund.</p>

Risk	Explanation
<b>Interest rate risk</b>	The risk that the capital value or income of a security may be adversely affected when interest rates rise or fall. In particular, the value of fixed interest securities can fluctuate significantly in reaction to changes in interest rates. For example, when interest rates rise, the value of a fixed interest security tends to fall and vice versa.
<b>Liquidity risk</b>	<p>If a security is not actively traded it may not be readily bought or sold without some adverse impact on the price paid or obtained. Securities that may be less liquid include mortgage backed securities and some debt instruments (including corporate bonds).</p> <p>As the Fund currently operates as an illiquid scheme, withdrawals can only be made pursuant to a withdrawal offer made to investors in the Fund. This withdrawal mechanism enables liquidity risk to be managed by ensuring that the level of withdrawals will not exceed a nominated level of available liquidity in the Fund (refer to pages 15 and 16 for more details).</p> <p>In more normal market conditions the Fund is able to operate as a liquid scheme. In these circumstances, if an investor or a group of investors in a fund with exposure to less liquid assets seeks to make large withdrawals, then selling assets to meet those withdrawals may result in a detrimental impact on the price we receive for those assets. In certain circumstances we may be required to suspend or amend our withdrawal procedures (see 'Withdrawal risk' below) to allow sufficient time for a more orderly liquidation of assets to meet the withdrawals.</p>
<b>Market risk</b>	Generally, the investment return on a particular asset is correlated to the return on other assets from the same market, region or asset class. Market risk is impacted by broad factors such as inter tax treatment of an investment in the Fund or its underlying assets, or the effectiveness of the Fund's trading or investment strategy, may be adversely affected by changes in government (including taxation) policies, regulations and laws, or changes in generally accepted accounting policies or valuations methods. Such changes could also make some investors consider the Fund to be a less attractive investment option than other investments, prompting greater than usual levels of withdrawals, which could have adverse effects on the Fund.
<b>Mortgage fund risk</b>	<p>Mortgage funds may be exposed to certain risks specific to mortgages which could result in the value of an investment in the Fund falling. For example, when the property securing a mortgage is sold, the proceeds may be less than the principal and interest outstanding.</p> <p>The return on an investment in the Fund depends on the borrower's ability to make interest repayments (refer to 'Credit risk' on page 8) and interest rates (as falling interest rates could result in lower income payments).</p>
<b>Regulatory risk</b>	The risk that the value or tax treatment of an investment in the Fund or its underlying assets, or the effectiveness of the Fund's trading or investment strategy may be adversely affected by changes in government (including taxation) policies, regulations and laws, or changes in generally accepted accounting policies or valuation methods. Such changes could also make some investors consider the Fund to be a less attractive investment option than other investments, prompting greater than usual levels of withdrawals, which could have adverse effects on the Fund.
<b>Withdrawal risk</b>	<p>This Fund primarily invests in mortgages, which at times can be illiquid, thus impacting on our ability to realise assets in order to meet redemption requests.</p> <p>Currently, investors can only withdraw if we make an offer of withdrawal and investors may not have the full amount of their withdrawal request met.</p> <p>When the Fund is liquid (as defined by the Corporations Act), we have the power under the constitution to take up to 60 days to process withdrawals and may suspend withdrawals in certain circumstances described in the Benchmark Report for the period of time during which such circumstances apply.</p>

# Fees and other costs

## Consumer advisory warning

The warning below is required by law. The fees and other costs associated with investing in the Fund are described in this section.

### 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 fund 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.fido.asic.gov.au](http://www.fido.asic.gov.au) has a managed investment fee calculator to help you check out different fee options.

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 Fund assets as a whole.

Taxes are set out in 'Taxation considerations' on page 19. You should read all the information about fees and costs because it is important to understand their impact on your investment.

Type of fee or cost	Amount	How and when paid
<b>Fees when your money moves in or out of the Fund</b>		
<b>Establishment fee:</b> The fee to open your investment.	Nil	Not applicable
<b>Contribution fee:</b> The fee on each amount contributed to your investment.	Nil	Not applicable
<b>Withdrawal fee:</b> The fee on each amount you take out of your investment.	Nil	Not applicable
<b>Termination fee:</b> The fee to close your investment.	Nil	Not applicable
<b>Management costs<sup>1</sup></b>		
<b>Management costs:</b> The fees and costs for managing your investment.	1.00% p.a.	Management costs include your management fee expressed as a percentage of the net assets of the Fund. This amount does not include any abnormal expenses. The management fee is deducted from the Fund's income, accrued daily and is paid monthly in arrears.
<b>Service fees</b>		
<b>Investment switching fee:</b> The fee for changing investment options.	Nil	Not applicable

<sup>1</sup> For certain wholesale clients (as defined in the Corporations Act) we may, at our discretion, negotiate, rebate or waive all or part of our fees.

## Additional explanation of fees and costs

### Management costs

Management costs comprise the additional fees or costs that an investor incurs by investing in the Fund rather than investing directly in the underlying assets.

Management costs include the management fee, normal operating expenses, investment expenses and abnormal expenses. They do not include transaction costs or other costs that an investor would ordinarily incur when investing directly in the underlying assets.

Management costs are payable from the Fund's assets and are not paid directly from your account.

The management costs for the Fund are based on current financial information. For details of the maximum fees permitted under the constitution see 'Can fees change?' and 'Maximum fees of the Fund' on page 12.

### Management fee

This is the fee we charge for managing the investments, overseeing the Fund's operations and providing access to the Fund.

The current management fee of the Fund is 1.00% p.a.

### Normal operating expenses

We currently pay the normal operating expenses of the Fund from our management fee and do not recover these from the Fund.

Expenses relating to investing directly in underlying assets may be paid from the Fund. For example, costs of borrowing and the amount payable to brokers that originate loans.

### Investment expenses

We pay the standard investment management costs of the Fund from our management fee.

### Abnormal expenses

We may recover abnormal expenses (such as costs of unitholder meetings, changes to the constitution and defending or pursuing legal proceedings) from the Fund. The management costs on page 10 do not include any abnormal expenses. Whilst it is not possible to estimate such expenses with certainty, we anticipate that the events that give rise to such expenses will not occur regularly. In circumstances where such events do occur, we may decide not to recover these abnormal expenses from the Fund.

### Transaction costs – buy/sell spread

The buy/sell spread reflects our estimate of the transaction costs expected to be incurred in buying and selling the Fund's assets as a result of investments, withdrawals and switches made by investors.

The current buy/sell spread for the Fund is nil. A different buy/sell spread may apply if we change our estimate and we will notify you if the buy/sell spread increases.

Types of transaction costs can include brokerage, stamp duty and other government taxes or charges. Our estimate of transaction costs may take into account factors such as (but not limited to) historical transaction costs and anticipated levels of investments and withdrawals. It is expected that brokerage will make up the vast majority of transaction costs.

Please note that a buy/sell spread is not a fee paid to us. It is paid to the Fund and is reflected in the unit price. The buy/sell spread, if charged, would be an additional cost to you.

### Where we invest through underlying funds

The Fund may gain investment exposure through other unlisted funds operated by Challenger. Where we invest in an unlisted fund operated by us, full management fees are not received by us from both funds. Instead, adjustments are made so that our management fee will be no greater than the management fee set out on page 10.

### Can fees be different for different investors?

Yes, we may negotiate, rebate or waive fees for wholesale clients (as defined by the Corporations Act). We do not negotiate fees with retail investors.

### Government charges and GST

Government taxes such as stamp duty and GST may be applied as appropriate. Please refer to 'Taxation considerations' on page 19.

### Other fees and expenses

There is currently in place an arrangement with Challenger Commercial Lending Limited (a related body corporate) whereby Challenger Commercial Lending Limited administers and manages loans and mortgage investments made by the Fund.

Challenger Commercial Lending Limited charges us a management fee (which is paid by us and not by investors or the Fund) for providing this service and may also charge borrowers a fee for establishing and administering their loans.

Mortgages may also be originated by related parties, including Challenger Commercial Lending Limited and non-related parties.

A market based commission in respect of such origination is typically paid out of the interest paid on the applicable loan. The cost of the commission is a cost associated with investing in mortgages and is indirectly borne by unitholders in the Fund and is paid in addition to the Fund's management costs set out on page 10.

## Borrowing costs

Borrowing costs are the costs associated with borrowing money or securities.

The Challenger Howard Mortgage Fund (through which the Fund obtains its investment exposure) is permitted to have a borrowing facility under its constitution. Where the Challenger Howard Mortgage Fund has a borrowing facility, loan facility establishment fees will be paid to obtain the borrowing facility and an ongoing annual commitment fee to maintain that facility is also payable. Interest at the rate agreed with the lender is payable on any amounts borrowed. These costs would be expenses of the Challenger Howard Mortgage Fund and therefore indirectly borne by this Fund. Please refer to the Benchmark Report for more information on any current borrowing facility.

## Adviser remuneration

### Indirect (or alternative form) remuneration

We may pay fees or provide other financial assistance (for seminars, client mailings, co-operative advertising, postage, etc) to financial services intermediaries. These may be a fixed dollar amount or a percentage of funds invested. If we do, we will make these payments from our own resources so that they are not an additional cost to the Fund or its investors. It is not possible to provide an estimate of the amount of these payments.

We maintain a register (in compliance with the IFSA/FPA Industry Code of Practice on Alternative Forms of Remuneration) summarising alternative forms of remuneration that are paid or provided to certain advisers. If you would like to review this register please contact us.

## Commissions and other payments

We may pay fees from our resources to some investor directed portfolio service (IDPS) operators if they offer the Fund on their investment menus. These fees may be rebated to investors who invest through an IDPS operator and include:

- for each IDPS operator, product access payments of up to \$5,500 p.a.; and/or
- fund manager payments of up to 0.55% p.a. of the amount invested by the IDPS operator in the Fund.

If we do pay fees, we will pay them from our own resources so that they are not an additional cost to the Fund or its investors. These amounts are current at the date of this PDS.

## Can fees change?

All fees can change. The reasons for this might include changing economic conditions and changes in regulation. We will give you 30 days written notice of any proposed increase. We cannot charge more than the Fund's constitution allows. If we wished to raise fees above the amounts allowed for in the Fund's constitution, we would need the approval of unitholders.

## Maximum fees of the Fund

The current fees charged are set out on page 10. Under the constitution of the Fund the maximum amounts (plus GST if applicable) we are presently entitled to charge is as follows:

Fee	Maximum amount
Management fee	Up to 3.00% p.a. of the gross asset value.

The constitution for the Fund allows for the expenses of the Fund (whether normal or abnormal expenses) such as registry, audit, taxation, advice, investment management and offer document costs to be paid directly from the Fund. The constitution does not place any limit on the amount of normal expenses that can be paid from the Fund.

## Example of annual fees and costs for the Fund

The following table gives an example of how fees and costs in the Fund can affect your investment over a one-year period. You should use this table to compare this product with other managed investment products. Please note that this is just an example. In practice, the actual investment balance of an investment will vary daily and the actual fees and expenses we charge are based on the value of the Fund, which also fluctuates daily.

<b>Example – Challenger Howard Wholesale Mortgage Fund</b>	<b>Amount</b>	<b>Balance of \$50,000 with a contribution of \$5,000 during year</b>
Contribution fees	0.00%	For every \$5,000 you put in, you will be charged <b>\$0</b>
Plus Management costs	1.00%	<b>And</b> , for every \$50,000 you have in the Fund you will be charged <b>\$500</b> each year.
<b>Equals</b> Cost of the 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 of from: <b>\$500 to \$550.</b> <b>What it costs you will depend on the fees you negotiate with your financial planner.</b>

# Making, withdrawing and monitoring your investment

## Making an investment

### Initial investments

The minimum initial investment amount is \$10,000 or \$1,000 when a regular savings plan is established.

All individual or joint investors in the Fund must be at least 18 years of age.

### How to make your initial investment

To make your initial investment, please send us your:

- cheque made payable to 'CMIL Wholesale Application Account <insert name of investor(s)>'; and
- completed and signed application form from a current PDS; and
- required customer identity verification documents (refer to pages 21 to 22).

### Additional investments

You can make either one-off additional investments via cheque or regular monthly additional investments via the regular savings plan.

The minimum one-off additional investment amount is \$1,000 and the minimum monthly investment amount is \$100 via the regular savings plan.

If you wish to make additional investments into the Fund, please keep a copy of this PDS and any information that updates it for future reference. A copy of the current PDS and any supplementary PDS is available free of charge by visiting our website [www.challenger.com.au](http://www.challenger.com.au) or by calling our Investor Services team.

### How to make one-off additional investments

You can make one-off additional investments by sending us your:

- cheque made payable to 'CMIL Wholesale Application Account <insert name of investor(s)>'; and

- completed and signed application form from a current PDS.

### Regular savings plan

After your initial investment, you can make additional monthly investments in the Fund through the regular savings plan.

The regular savings plan enables you to invest in the Fund monthly via direct debit from a nominated account.

To start a regular savings plan simply complete the relevant sections of the application form at the back of this PDS. Your nominated account will be debited on or around the next business day after the 14th day of each month for the specified amount. Your application to commence a regular savings plan must be received at least three business days before the 14th day of the month in which you wish your instructions to take effect.

Participation can be renewed annually by continuing to make contributions. Units will be issued on the information contained in the PDS current at the time the contributions are made. Should an updated PDS or supplementary PDS be issued, we will notify you and inform you of any changes or updates if you continue to participate in the regular savings plan.

You can amend, suspend or cancel your regular savings plan at any time. You should ensure that we receive your instructions to amend, suspend or cancel your regular savings plan at least three business days before the 14th day of the month in which you wish your instructions to take effect. Any request received after this may result in the change being effective for the following month.

If two consecutive debits are dishonoured due to insufficient funds, we will suspend your regular savings plan.

## Incomplete or rejected applications

Under the constitution of the Fund, we can accept or reject any application for units and are not required to give any reason or grounds for such a refusal. To ensure that your applications are processed efficiently, you need to complete all sections of the application form and provide all required customer identity verification documents required under the Customer Identification Program (refer to pages 21 to 22).

If your application form is not complete and we are not able to proceed with your request, we may:

- attempt to contact you and/or your financial planner; or
- hold your application monies in a non-interest bearing account until we receive the required information.

Monies may be held for a maximum period of 30 days (in a non-interest bearing account) commencing on the day we receive the funds. After this period your funds will be returned to the source of payment via cheque.

Once we receive your completed application the monies held will be divided by the next determined unit price to calculate the number of units allocated to you.

## Restrictions on investments

We can vary the minimum investment amounts for the Fund at any time and can also change the application cut-off time.

Under the constitution, we can refuse applications for any reason. In particular, where we consider it to be in the best interests of unitholders (such as an inability to value the Fund), we may suspend application requests. Any application requests received during the period of suspension, or for which a unit price has not been calculated or confirmed prior to the commencement of a period of suspension, will be deemed to have been received immediately after the end of the suspension period.

## Cooling-off rights

Whilst the Fund only makes withdrawals available under a withdrawal offer, investors have no 'cooling-off' rights when they invest in the Fund. Therefore, if you change your mind about your investment, the Fund is under no obligation to accept a request to withdraw an application once received.

## Application transaction cut-off time

Generally, if your valid application is received in our Sydney office before 3pm Sydney time on a New South Wales business day (the application transaction cut-off time), it will usually be processed using the unit price determined as at the close of business on that day. If your payment and application are received after the application transaction cut-off time, or on a non-business day, your application will usually be processed using the investment unit price calculated as at the close of business on the next business day. We will provide notice if we are to change the application transaction cut-off time.

## Withdrawing your investment

Currently, withdrawals from the Fund can only be made after we make a withdrawal offer. While there is no obligation for us to make a withdrawal offer, we expect that we will be able to offer withdrawals from the Fund each quarter. Before making an offer of withdrawal, we will determine the amount available for withdrawals based on our estimate of the available liquidity in the Fund and market conditions that prevail at the time.

A letter will be sent to investors in the Fund notifying the total amount available for withdrawal with relevant instructions on how to apply for a withdrawal.

The Benchmark Report at [www.challenger.com.au/download/mortgagefunds\\_ASICBenchmark.pdf](http://www.challenger.com.au/download/mortgagefunds_ASICBenchmark.pdf) contains additional information relating to withdrawals.

## How to make a withdrawal

At the time of making a withdrawal offer, we will write to you to explain the process for submitting a withdrawal including the applicable withdrawal transaction cut-off time and will inform you of the total amount available for withdrawals.

The withdrawal offer will be open for at least 21 days and will be made to all investors.

Generally, withdrawal requests will need to be by letter, or subject to certain circumstances, we may accept withdrawal requests by telephone or fax (refer to 'Telephone and fax terms and conditions' on page 21 of this PDS). We will provide you with instructions for making a withdrawal when we make an offer of withdrawal from the Fund.

Generally, we can pay to your previously nominated account or by cheque in your investment account name that is posted to the address we have on file. In certain circumstances we may make payments to third parties or direct credit to accounts that are not already on file with us. We will outline the available payment methods for withdrawals when we make an offer of withdrawal from the Fund.

## Processing your withdrawal

As the Fund is illiquid, we will make withdrawal offers. When the offer of withdrawal is made, we will inform you of our anticipated processing time and the total amount available for withdrawals. If withdrawal requests submitted exceed the amount available for a particular offer, then requests will be satisfied proportionally in accordance with the Corporations Act. That is, withdrawal payments will be scaled back by taking the individual's withdrawal request (which may be up to 100% of a unitholder's account balance) divided by the total amount requested by all unitholders, multiplied by the total sum made available for withdrawal for the period.

When the Fund is liquid, we may take a significant time to pay a withdrawal and may suspend withdrawals.

When the Fund is liquid, if your withdrawal would cause your balance to fall below the current minimum balance amount, we may treat it as a request for a full withdrawal. A withdrawal request, either in whole or in part, once received by us may not be withdrawn without our agreement.

If we did not receive all required identity verification documents (as outlined in the application form) at the time of application, we may not process your withdrawal request until these documents are received.

We may make withdrawal payments by direct credit to your nominated account or by cheque. You agree that if the type of payment you request results in bank fees being charged, we may deduct those fees from your withdrawal proceeds before remitting the net amount to you.

We may determine that some or all of the withdrawal amount consists of income (which may include net capital gains), rather than capital of the Fund. We will advise you when this is the case as soon as practicable after the end of the financial year in which the withdrawal occurred. We can provide you with a full transaction history of your account for this purpose.

When the Fund is liquid, we may only compulsorily redeem units if we give investors 30 days notice that they should increase their holding to the new minimum balance and they fail to do so.

If any withdrawal payments are returned to us, we will attempt to send the amount two more times. If on the third attempt the money is returned, we may reinvest the withdrawal payment. If your withdrawal payment cheque remains unpresented for six months, we may stop the cheque and reinvest the proceeds in the Fund. Any reinvestment of a withdrawal amount will be processed using the investment unit price current at the time of the reinvestment transaction.

## Delay of withdrawal payments

When a withdrawal offer has been made, we will advise you of our anticipated processing time.

When the Fund is liquid, withdrawals are normally processed within five business days of receiving a request from you. However we do not guarantee this timeframe and may take significantly longer to pay withdrawals. Withdrawals may be delayed by any one or more of the following (and the applicable timeframes may apply cumulatively):

- under the constitution we have 60 days to pay withdrawals; and
- we can also suspend withdrawals in certain circumstances (refer to 'Suspending withdrawal requests' in the Benchmark Report).

Please refer to the Benchmark Report for further information regarding withdrawals.

## When the Fund is illiquid

As the Fund is illiquid (as defined by the Corporations Act), you will only be able to withdraw from the Fund if we make an offer of withdrawal. If we do make such an offer, you may only be able to withdraw part of your investment. There is no obligation for us to make such an offer.

Under the Corporations Act, a fund is regarded as liquid if liquid assets account for at least 80% of the value of the assets of that fund. Liquid assets generally include money in an account or on deposit with a bank, bank accepted bills, marketable securities and property of the kind prescribed under the Corporations Act.

## Monitoring your investment

We will send you regular information about your investment, including:

- confirmation of the acceptance of your initial and one-off additional investments (excluding investments made via the regular savings plan). This confirmation will provide details of the units issued;
- confirmation that we have processed a withdrawal request. This confirmation will provide details of the units and dollar value withdrawn;
- a quarterly periodic statement; and
- an annual taxation statement.

At any time you may request a transaction statement that shows either all transactions since your last regular statement or all transactions for a specific period.

We recommend that you check all statements and transaction confirmations carefully. If there are any discrepancies, please contact our Investor Services team.

An annual report for the Fund is available from our website [www.challenger.com.au](http://www.challenger.com.au). You can request a paper copy of any annual report free of charge at any time.

As the Fund is a 'disclosing entity' for purposes of the Corporations Act 2001 it will be subject to regular reporting and disclosure obligations. You may obtain from, or inspect at ASIC, copies of documents lodged by the Fund. You can also ask us for a copy of the Fund's most recent annual financial report lodged with ASIC, any subsequent continuous disclosure notices given before the date of this PDS and any half-yearly financial report lodged with ASIC before the date of this PDS.

# Additional information

## Unit prices and valuing assets and liabilities

Unit prices are determined in accordance with the Fund's constitution and are usually calculated each NSW business day.

The calculation of both the investment unit price and the withdrawal unit price is based on the Net Asset Value (NAV) adjusted by the buy/sell spread (refer to page 11). For investment and withdrawal unit prices, the NAV is the value of all the Fund's assets less the value of all the Fund's liabilities at the valuation time. When calculating the NAV we must use the most recent valuations of the Fund's assets and the most recent determination of its liabilities.

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

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

Generally, for unit pricing purposes, liabilities are valued at cost. Liabilities also include an accrual for management costs and for costs (if any) that an investor would ordinarily incur when investing in the Fund's underlying assets (refer to pages 11 to 12).

Where we receive a valid transaction request before the relevant cut-off time, then the unit price will generally be determined at the next valuation time after that transaction cut-off time. This is typically referred to as "forward pricing". In rare circumstances we may suspend unit pricing where, acting in accordance with our obligations to members, we consider it impracticable to calculate a NAV.

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

## Distributions

The Benchmark Report on our website at [www.challenger.com.au/download/mortgagefund\\_ASICBenchmark.pdf](http://www.challenger.com.au/download/mortgagefund_ASICBenchmark.pdf) includes information on how the Fund sources distributions.

Distributions will generally be paid as soon as possible after the end of the distribution periods. There may be periods in which no distributions are made or we may make interim distributions from the Fund. However, we do not guarantee any particular level of distribution.

You may choose to have your distributions:

- reinvested as additional units in the Fund; or
- paid directly to your nominated account.

Unless you indicate otherwise on the application form, we will reinvest your distributions. If you wish to change your distribution payment instructions, please mail us an original, signed, written request.

The price of units issued on reinvestment of distributions is the investment price for units next determined after the close of business on the last day of the distribution period. There is no buy/sell spread on this investment price.

The amount of each distribution may vary. Your share of any distribution depends on how many units are held at the end of the distribution period as a proportion of the total number of relevant class units on issue at that time and the amount of net income of the Fund referable to those investors.

The amount of income distributed each period will be generally based on our estimate of the income received by the Fund (excluding net capital gains) in that distribution period.

In addition, the 30 June distribution will generally include any net realised capital gains, however, we may also include net realised capital gains in other distributions.

As distributable amounts are a component of the unit price, unit prices normally fall by the distribution amount following a distribution. If you invest just prior to a distribution, you may receive some of your investment back immediately as income. Conversely, if you withdraw from the Fund just before a distribution, you might turn income into a capital gain or reduce your capital losses.

We have the discretion to transfer additional units to you (instead of cash) in payment (partly or fully) for a distribution amount.

If any distribution payments are returned to us, we will attempt to send the amount two more times. If on the third attempt the money is returned, we may reinvest those distributions and amend your future distribution method to reinvest. If your distribution cheque remains unpresented for six months, we may stop the cheque and reinvest the proceeds in the Fund and amend your future distribution method to reinvest.

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

Under the Fund's constitution, we have the power to make reinvestment of distributions compulsory. At the date of this PDS, we have no current intention of introducing compulsory distribution reinvestment.

## Taxation considerations

Any investment can have a substantial impact on your tax position from year to year. The following information is of a general nature and is based on our understanding of the Australian tax laws as at the date of preparing this PDS. We recommend that you obtain your own professional advice regarding your position, as tax and social security laws are complex and subject to change, and investors' individual circumstances vary.

The Fund will generally not be liable for income tax as the Fund's net income is distributed each year. You may be liable for tax on income, net realised gains distributed by the Fund (even if distributions are reinvested) and any net realised capital gains from disposal of your investments. For investors who are non-residents, Australian withholding tax may be deducted from distributions.

There are other relevant tax considerations that may be applicable to the Fund's investments and your tax position, for example, the Foreign Investment Funds regime, entitlement to franking credits, capital gains tax and taxation of foreign source income.

The operative provisions of the Foreign Investment Funds (FIF) legislation may require funds which have a foreign investment exposure to include in their net income any unrealised gains derived in respect of interests held in foreign investments. It is our intention that these funds should qualify for certain exemptions and therefore the operative provisions of the FIF legislation will not apply to the foreign investments held.

Some of the income distributed to investors may be classified as tax deferred income. Generally, tax deferred income is not taxable in the year it is received, but may increase the capital gain or reduce the capital loss upon the disposal of an investor's units.

You may also be entitled to tax credits (franking credits and/or foreign tax credits) distributed by the Fund. Investors may be able to utilise these credits against the tax liability of their distributions. In order to claim the amount of tax credits, investors must first include the amount of the credits in their assessable income. We will advise each investor of their share of tax credits.

The disposal of units (for example, by redemption or transfer) may give rise to a capital gains tax liability or a capital loss. Some investors, if their units are held for more than 12 months, may be entitled to a capital gains tax discount. For non-resident investors, complex laws govern the taxation of capital gains distributed by the Fund. Accordingly, non-resident investors should seek their own professional tax advice.

GST is not payable on the issue, withdrawal or transfer of units in the Fund, as these are input-taxed financial supplies for GST purposes. However, GST will generally be incurred on various acquisitions made by the Fund, including the investment management services supplied by the responsible entity. In specified circumstances, the Fund may be entitled to Reduced Input Tax Credits of 75% of GST paid, which effectively reduces the GST payable on acquisitions from 10% to 2.5%.

## Tax File Number (TFN)

On your application form you may provide us with your Tax File Number (TFN), or TFN exemption. Alternatively, if you are investing in the Fund in the course of an enterprise, you may quote an Australian Business Number (ABN). It is not compulsory for you to quote a TFN, exemption or ABN, but if you do not then we are required to deduct tax from any income distribution payable to you at the highest marginal tax rate plus the Medicare levy. The collection of TFNs is authorised, and their use is strictly regulated by tax and privacy laws. Non-residents are generally exempt from providing a TFN.

## Transferring ownership

You can transfer some or all of your investment to another person in such a manner and subject to such conditions as required by law and that we, from time to time, prescribe. We are not obliged to register a transfer that does not meet these criteria, or where there is an amount payable to us by the transferee in respect of the units being transferred. Please contact our Investor Services team on 13 35 66 for further information about transferring units. Please note that stamp duty may be payable to the NSW Office of State Revenue on transfers of units.

## Complaints

Please notify us of complaints in writing or by calling our Investor Services team. Our policy is to acknowledge any complaint within two business days of receiving it and follow certain procedures. In particular we are required to investigate, properly consider and decide what action (if any) to take and to communicate our decision to you within 45 days.

If you are not happy with how the complaint has been handled, you may contact the Financial Ombudsman Service, of which we are a member. This is an independent body and is approved by ASIC to consider complaints. Its contact details are:

### Financial Ombudsman Service

GPO Box 3

Melbourne VIC 3001

Telephone: 1300 780 808

Email: [info@fos.org.au](mailto:info@fos.org.au)

Website: [www.fos.org.au](http://www.fos.org.au)

## Privacy and personal information

You can access, correct or update any personal information we hold about you by contacting our Investor Services team. A copy of our privacy policy is available by visiting our website [www.challenger.com.au](http://www.challenger.com.au) or on request from our Investor Services team.

We collect information primarily for the following purposes:

- to process your application; and
- to administer your investment and provide you with reports; and
- to comply with our obligations under the law.

We also ask you for some personal details so that we and our related companies can keep in touch with you and tell you about our other products and services that might be useful to you. Please inform us in writing if you do not want us to send you marketing materials.

## Disclosing your information

We disclose your information to your financial planner if their name or stamp appears on the application form. In addition, we may disclose information we hold about you in the following circumstances:

- where you consent to the disclosure;
- to companies that provide services on our behalf, for example (but not limited to), companies that print and dispatch the statements or notices which we send to you or to the custodian of the Fund;
- to related companies that may also provide you with a financial service product;
- if the disclosure is required or authorised by law.

## What happens if you choose not to disclose the information?

The following may apply if you choose not to disclose the required information:

- **TFN, TFN exemption or ABN:** we have to deduct tax at the highest marginal tax rate (plus Medicare levy) before we pay distributions (refer to 'Tax File Number (TFN)' on this page);
- **Account details:** we will not be able to pay withdrawal proceeds or income distributions;
- **Incomplete application:** unless otherwise agreed, we will not be able to process your investment request;

- **Identity verification documents:** we may not be able to process your investment or may not process any future withdrawal requests (refer to pages 21 to 22).

### Keeping us informed

Our records about you are important. Please inform us in writing of any changes to the personal details that you have given us. This may be a new postal address, a change of name or new account details for distribution or withdrawal payments. When requesting a change of personal details please provide:

- your account number;
- the full name in which your investment is held;
- the changes you are requesting;
- a contact name and daytime telephone number;
- appropriate signatories on the request.

Some changes also require additional documentation (such as a change of name request). Please note that we will only change your nominated account if we receive an original, signed, written request. We will send you written confirmation of any changes that you request us to make to your personal details.

### Telephone and fax terms and conditions

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

In using the telephone and/or fax facility, you agree that we are not responsible to you for any fraudulently completed communications and that we will not compensate you for any losses.

You agree that should such a fraud take place you release and indemnify us against any liabilities whatsoever arising from our acting on any communication received by phone or fax in respect of your investment.

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

These terms and conditions are in addition to any other requirements that may form part of your giving

instructions relating to the completion of a particular authority.

In the case of joint holdings, superannuation funds, trusts and companies, any investor or director who signs the application form (unless we receive a valid alternative signing authority) may request a telephone withdrawal.

If the details of the account quoted at the time of making a telephone or fax withdrawal do not match the nominated account we have on file, the withdrawal will not proceed. You must advise us via an original, signed, written request if you wish to change any of your previously nominated account details.

Should you not wish to use these facilities, we must receive an original written request to cancel them. Cancellation will be effective from the end of the second business day after receipt of this request.

We may cancel or vary the terms of the phone and/or fax services by giving 14 days written notice to you. By sending us a fax or making a phone withdrawal you signify your acceptance of these conditions.

### Customer Identification Program

To address money laundering and terrorism risks, verification of each customer's identity is a prerequisite for all new customers starting an investment.

If you are investing via a financial planner, they will be required to obtain acceptable **identity verification documents** from you, prior to lodging your application.

To do this your financial planner will need to sight the original or certified copies of your identity verification documents and retain a copy of these. Your financial planner will then send us copies of your identity verification documents together with your application form. If the application form is signed under Power of Attorney, we will also require a certified copy of the Power of Attorney document and a specimen signature of the attorney.

If you have not provided identity verification documents to a financial planner, you will be required to provide **certified copies** of your identity verification documents directly to us (refer to 'Who can certify' for a list of who can certify these documents).

Under relevant laws, we may be required to ask you for additional identity verification documents and/or

information about you or anyone acting on your behalf, either when we are processing your application or at some stage after we issue the product. We may pass any information we collect and hold about you or your investment to the relevant government authority.

## Identity verification documents

Whether you are investing via a financial planner or directly with Challenger, you will be required to provide valid identity verification documentation when you invest. The actual documentation required will depend on whether you are an individual investor or a non-individual investor such as a superannuation fund, a trust or a company. We have outlined the specific documentation required in the relevant application form attached to this PDS.

If any documentation you provide is not in English, it must be accompanied by an original copy of an English translation prepared by an accredited translator.

If we do not receive all the required valid customer identity verification documents with your application form or we are unable to verify your identity at any time, we may not be able to commence your investment or may not process any future withdrawal requests until we receive the required document. We will contact you as soon as possible if we require more information.

To reduce uncertainty around releasing funds to third party accounts, when we receive withdrawal requests we may delay the release of money until we gain comfort around the request for withdrawal including the identity of the third party account.

## Who can certify

Identity verification documents may be certified as a true and correct copy of an original document by one of the following persons in Australia. Please ensure that each page of the relevant document(s) is certified. The person certifying must state their capacity (from the list below) and state on each page that the document is a **'true and correct copy of the original'**:

- Justice of the Peace
- Police officer
- Officer with two or more continuous years of service with one or more financial institutions (for the purposes of the Statutory Declaration Regulations 1993)
- Finance company officer with two or more continuous years of service with one or more finance companies

(for the purposes of the Statutory Declaration Regulations 1993)

- Officer with, or authorised representative of, a holder of an Australian financial services licence, having two or more continuous years of service with one or more licensees
- Member of the Institute of Chartered Accountants in Australia, CPA Australia or the National Institute of Accountants with two or more years of continuous membership, i.e. an accountant
- Judge of a court
- Magistrate
- A person who is enrolled on the roll of the Supreme Court of a State or Territory, or the High Court of Australia, as a legal practitioner (however described), i.e. an Australian lawyer
- Agent of the Australian Postal Corporation who is in charge of an office supplying postal services to the public
- Permanent employee of the Australian Postal Corporation with two or more years of continuous service who is employed in an office supplying postal services to the public
- Chief executive officer of a Commonwealth court
- Registrar or deputy registrar of a court
- Australian consular officer or an Australian diplomatic officer (within the meaning of the Consular Fees Act 1955)
- Notary public (for the purposes of the Statutory Declaration Regulations 1993).

## Legal relationships

The Fund is a registered managed investment schemes that is an unlisted Australian unit trusts and are governed by constitutions.

Interests in unit trusts, which are called units, represent a share in the trust's collective asset pool. Certain rights are attached to the units and these rights are exercisable by the investors who own these units (referred to as unitholders).

Subject to the law, the Fund's constitutions and the terms on which units are held, investors can generally apply for or withdraw their units at any time.

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

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

- your rights as a unitholder;
- the process by which units are issued and redeemed;
- the calculation and distribution of income;
- the investment powers of the responsible entity;
- the responsible entity's right to claim indemnity from the Fund and charge fees and expenses to the Fund; and
- the termination of the Fund.

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

You can inspect a copy of the constitution at our head office or we will provide you with a copy free of charge.

We may alter the constitution if we reasonably consider the amendments will not adversely affect unitholders' rights. Otherwise we must obtain unitholder approval at a meeting of unitholders.

We may retire or be required to retire as responsible entity (if unitholders vote for our removal).

### Termination

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

### Unitholder meetings

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

### Compliance plan and compliance committee

We have lodged the Fund's compliance plan with ASIC and established a compliance committee with a majority of external members.

The Fund's compliance plan sets out how we will ensure compliance with both the Corporations Act and the Fund's constitution.

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

### Audit

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

### Other parties

We have engaged an independent custodian to hold the assets of the Fund.

The custodian has no independent discretion with respect to the holding of assets and is subject to performance standards.

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

We may enter into transactions with, and use the services of, any related company of the Challenger Group (including Challenger Financial Services Group Limited itself). Such arrangements will be based on arm's length commercial terms.

### Related parties

We or the mortgage manager may enter into transactions with, and use the services of, any member of the Challenger Group of companies. It is our policy to ensure that such arrangements are on arm's length commercial terms. We or any member of the Challenger Group or any director or officer of any of them may invest in the Fund.

There is currently in place an arrangement with Challenger Commercial Lending Limited whereby Challenger Commercial Lending Limited administers and manages the loans and mortgage investments made by the Fund. Mortgages may also be originated by and mortgage broking services may be provided to borrowers by related parties including Challenger Commercial Lending Limited. For information about the fees and costs currently payable in relation to these services please refer to 'Other fees and expenses' on pages 11 to 12. We have a conflict resolution procedure in place in the unlikely event that a conflict of interest arises.

# Glossary

<b>Term</b>	<b>Explanation</b>
accredited translator	A translator who has received accreditation from the National Accreditation Authority for Translators and Interpreters Ltd.
Australian company	A company (other than a foreign company) that is registered by ASIC under the Corporations Act 2001.
Australian listed company	An Australian company that is a public company included in the official list of an Australian financial market.
ASIC	Australian Securities and Investments Commission.
ASX	Australian Securities Exchange.
beneficial owner	In respect of a company, means any individual who owns through one or more shareholdings 25% or more of the issued capital in the company.
Challenger, CMIL, we, us, our, the manager or the responsible entity	Challenger Managed Investments Limited.
Challenger Group	Challenger Financial Services Group Limited.
full doc loan	A full doc loan (or full documentation loan) refers to a loan where all income and assets are disclosed in an application.
government superannuation fund	A government superannuation fund established by legislation.
nominated account	Your nominated, accessible account with an Australian financial institution.
proprietary company	A company which has certain restrictions placed on it as governed by the Corporations Act. The Act restricts proprietary companies from having more than 50 members (shareholders) and puts restrictions on fundraising.
public company	Generally means a company that is permitted to offer its securities for sale to the general public.
registered scheme	A trust that is a managed investment scheme registered by ASIC.
regulated company	A company that is licensed and subject to the regulatory oversight of a Commonwealth, state or territory statutory regulator in relation to its activities as a company, including a company that:  (a) has an Australian financial services licence; or  (b) is regulated by the Australian Prudential Regulation Authority (APRA).

<b>Term</b>	<b>Explanation</b>
regulated trust	<p>A trust that is:</p> <ul style="list-style-type: none"> <li>(a) a self-managed superannuation fund within the meaning of section 17A of the Superannuation Industry (Supervision) Act 1993 (Cth): the relevant regulator is the Australian Taxation Office;</li> <li>(b) a regulated superannuation fund, an approved deposit fund, a pooled superannuation trust, or a public sector superannuation scheme, within the meaning of the Superannuation Industry (Supervision) Act 1993 (Cth), including small APRA-regulated funds: the relevant regulator is the Australian Prudential Regulation Authority;</li> <li>(c) any other trust that the financial planner's licensee and the issuer agree is a trust that is registered and subject to regulatory oversight of a Commonwealth statutory regulator in relation to its activities as a trust.</li> </ul>
sole trader	<p>If you conduct a business alone, without a partner, then you are classified as a sole trader regardless of whether or not you have employees working for you.</p>

# Application form checklist

To ensure that we are able to process your application quickly and efficiently, please cross (X) each box to confirm that you have completed each section below that is relevant to your investment.

Required information	Section of Form	
	Application Form for Individuals and Sole Traders	Application Form for Australian Companies, Trusts, Superannuation Funds, Partnerships and Government Bodies
<b>Investment details</b> – Nominate whether you are opening a new account or investing additional funds into an existing account.	<input type="checkbox"/> Section 1	<input type="checkbox"/> Section 1
<b>Investor type</b> – Nominate what type of investor you are.	<input type="checkbox"/> Section 2	<input type="checkbox"/> Section 2
<b>Investor name</b> – Provide full name(s) of investor(s). For companies, this must be the full name as registered with ASIC. For trustees who are Australian companies, the full registered business name and name registered with ASIC are required.	<b>Individual investors and sole traders</b> <input type="checkbox"/> Section 3A <b>Joint investors</b> <input type="checkbox"/> Section 3A; and <input type="checkbox"/> Section 3B	<b>Individual or company trustees and partners</b> <input type="checkbox"/> Section 3A; and <input type="checkbox"/> Section 3B <b>Name of entity</b> <input type="checkbox"/> Section 3C <b>Full registered business name for partnerships (if applicable)</b> <input type="checkbox"/> Section 3D
<b>Account designation</b> – Provide the name of the person for whom the investment is being made (if relevant). Please note we do not accept investments by minors (i.e. under 18 years of age); however, the investment may be held on their behalf.	<input type="checkbox"/> Section 3C Please ensure you also complete details for investor 1 in 3A (and investor 2 in 3B if relevant) as owners of the account.	Not applicable
<b>Contact details/Principal place of business</b> – Provide residential address, principal place of business/operations and/or registered office address as applicable. Trusts, superannuation funds and partnerships do not need to complete these sections.	<b>Individual investor's and sole trader's residential address</b> <input type="checkbox"/> Section 4A <b>Joint investors' residential address</b> <input type="checkbox"/> Section 4A; and <input type="checkbox"/> Section 4B <b>Sole trader's principal place of business</b> <input type="checkbox"/> Section 4B	<b>Companies' and government bodies' principal place of business</b> <input type="checkbox"/> Section 4A <b>Companies' registered office</b> <input type="checkbox"/> Section 4B
<b>Postal address</b> – Provide postal address to which all correspondence will be sent.	<input type="checkbox"/> Section 5	<input type="checkbox"/> Section 5
<b>Tax information</b> – Provide your ABN, TFN or TFN exemption as applicable. If you are an overseas individual investor, provide country of residence for tax purposes.	<input type="checkbox"/> Section 6	<input type="checkbox"/> Section 6
<b>Income distribution</b> – Indicate your distribution payment method.	<input type="checkbox"/> Section 7	<input type="checkbox"/> Section 7
<b>Investment allocation</b> – Indicate the amount you wish to invest in the Fund.	<input type="checkbox"/> Section 8	<input type="checkbox"/> Section 8
<b>Nominated account</b> – Provide bank/financial institution account details.	<input type="checkbox"/> Section 9	<input type="checkbox"/> Section 9
<b>Annual report</b> – Indicate whether you wish to receive a paper copy of the Fund's annual report.	<input type="checkbox"/> Section 10	<input type="checkbox"/> Section 10



## Signatories

The table below provides guidance on completing the 'Declaration and applicant(s) signature(s)' section of the application form. Please ensure you have read the declaration before signing the application form.

Type of investor	Names required	Signature required	TFN to be provided
<b>Individual and/or joint investors</b>	i. Full name of each investor (please do not use initials).	Individual investor's; or each joint investor's	Individual investor's; or each joint investor's
<b>Sole trader</b>	i. Full name of sole trader; and ii. Full business name.	Sole trader's	Sole trader's
<b>Australian company</b>	i. Full company name as registered with ASIC; and ii. Name of each director of the company; and iii. Name of each beneficial owner where their holding is 25% or greater.	i. Sole director's; or ii. Two directors'; or iii. One director's and company secretary's	Company's
<b>Trust/Superannuation fund</b> If you are investing on behalf of a superannuation fund, we will assume the superannuation fund to be a complying fund under the Superannuation Industry (Supervision) Act.	i. Full trust/superannuation fund name (e.g. Michael Smith Pty Ltd ATF Michael Smith Pty Ltd Super Fund); and ii. Full name of the trustee(s) in respect of the trust/super fund (either individual(s) or business name). Please note, if any of the trustees are an Australian company, all information in the 'Australian company' section must also be completed; and iii. Names of beneficiaries (if identified in Trust Deed).	Individual trustee(s) 'as trustee for' If any of the trustees are an Australian company, the signatures set out in the 'Australian company' section are also required.	Superannuation fund's or trust's
<b>Partnership</b>	i. Full name of partnership; and ii. Full registered business name of partnership; and iii. Full name of each partner.	Each partner's	Partnership's
<b>Government entity</b>	i. Full name of government body; and ii. Full name of primary authorised contact.	Primary authorised contact's	Government body's
<b>Account designation</b>	Name of the responsible adult, as the investor.	Adult(s) investing on behalf of the person/minor	Adult(s)
<b>If the investment is being made under Power of Attorney (POA)</b> Please ensure an original certified copy of the POA is attached to the application form. Each page of the POA must be certified. Please refer to page 22 for more information.	i. Full name of each investor(s) (as listed in section 3); and ii. Full name of person holding POA (underneath signature).	Person holding Power of Attorney <b>In the case that the POA document does not contain a sample of the POA's (i.e. Attorney) signature, please provide a certified copy of either the POA's driver's licence or passport containing a sample of their signature.</b>	Individual investor's; or each joint investor's





**4. Contact details**

**4A. Investor 1 or sole trader**

**4B. Investor 2 (joint investments) or sole trader**

Residential address (must not be a PO Box) for:  
 • investor 1; or  
 • sole trader (please also complete 4B)

• Residential address (must not be a PO Box) for investor 2; or  
 • Principal place of business for sole trader

Cross (X) this box if address is the same as the address in 4A.

Unit number	<input type="text"/>	<input type="text"/>
Street number	<input type="text"/>	<input type="text"/>
Street name	<input type="text"/>	<input type="text"/>
Suburb	<input type="text"/>	<input type="text"/>
State	<input type="text"/>	<input type="text"/>
Postcode	<input type="text"/>	<input type="text"/>
Country	<input type="text"/>	<input type="text"/>

If your country of residence is not in Australia or New Zealand, please also complete section 12.

Phone (after hours)	<input type="text"/>	<input type="text"/>
Phone (business hours)	<input type="text"/>	<input type="text"/>
Mobile	<input type="text"/>	<input type="text"/>
Facsimile	<input type="text"/>	<input type="text"/>
Email	<input type="text"/>	<input type="text"/>

**5. Postal address for individual or joint investors or sole trader**

If your postal address is the same as your residential address in section 4A please cross (X) this box.

C/- (if applicable)	<input type="text"/>
Unit number	<input type="text"/>
Street name	<input type="text"/>
Suburb	<input type="text"/>
State	<input type="text"/>
Postcode	<input type="text"/>
Country	<input type="text"/>

**6. Tax information**

**Investor 1 or sole trader**

**Investor 2 (for joint investments)**

ABN	<input type="text"/>	TFN	<input type="text"/>
TFN	<input type="text"/>	Tax exemption	<input type="text"/>
Tax exemption	<input type="text"/>		

It is not against the law if you choose not to give your TFN or exemption reason, but if you decide not to, tax may be taken out of your distributions at the highest marginal tax rate (plus Medicare levy).

**Non-residents**

If you are an overseas investor, please indicate your country of residence for tax purposes.





## 11. Customer identity verification

If you marked 'No' in section 1 (i.e. you do not have an existing investment in a Challenger managed fund) you must complete the identity verification section relevant to your investor type. If you are not lodging this application through a financial planner you are required to provide us **certified copies** of the identity verification documents listed (ensuring each page is certified). Please refer to page 22 of this PDS.

- i. **Identity verification for Australian residents. This must be completed by investor 1 (and investor 2 for joint investments) or sole traders who are Australian residents.**

Information required to be verified Please ensure the document(s) you provide confirms the following:	Verification options Please cross (X) which document(s) you have provided:
<ul style="list-style-type: none"> <li>• Full name of individual; and</li> <li>• EITHER:                             <ul style="list-style-type: none"> <li>– Residential address of individual; or</li> <li>– Date of birth.</li> </ul> </li> </ul>	<p>Please provide EITHER A or B.</p> <p>A) a valid copy of <b>ONE</b> of the following documents:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Australian driver's licence containing your photograph; or</li> <li><input type="checkbox"/> Australian passport; or</li> <li><input type="checkbox"/> Proof of age card issued under a state or territory law, containing your photograph.</li> </ul> <p><b>OR</b> if none of the above can be provided, please provide i and ii below:</p> <p>B) i. a valid copy of <b>ONE</b> of the following documents:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Australian birth certificate; or</li> <li><input type="checkbox"/> Australian citizenship certificate; or</li> <li><input type="checkbox"/> Pension card issued by Centrelink; or</li> <li><input type="checkbox"/> Health care card issued by Centrelink; <b>AND</b></li> </ul> <p>ii. a valid copy of a notice that contains your name and residential address which was issued to you by either:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> the Commonwealth or a state or territory within the preceding 12 months and records the provision of financial benefits; or</li> <li><input type="checkbox"/> the ATO within the preceding 12 months and records a debt payable by or to you; or</li> <li><input type="checkbox"/> a local government body or utilities provider within the preceding three months and records the provision of services to you.</li> </ul>

- ii. **Identity verification for non-Australian residents. This must be completed by investor 1 (and investor 2 for joint investments) or sole traders who are non-Australian residents.**

Information required to be verified Please ensure the document(s) you provide confirms the following:	Verification options Please cross (X) which document(s) you have provided:
<ul style="list-style-type: none"> <li>• Full name of individual; and</li> <li>• EITHER:                             <ul style="list-style-type: none"> <li>– Residential address of individual; or</li> <li>– Date of birth.</li> </ul> </li> </ul>	<p>Please provide EITHER A or B.</p> <p>A) a valid copy of <b>ONE</b> of the following documents:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Foreign passport or similar travel document bearing your signature and photograph; or</li> <li><input type="checkbox"/> National identity card issued by a foreign government bearing your signature and photograph.</li> </ul> <p><b>OR</b> if none of the above can be provided, please provide:</p> <p>B) valid copies of <b>TWO</b> of the following documents:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Foreign driver's licence that contains your photograph; and/or</li> <li><input type="checkbox"/> Citizenship certificate issued by a foreign government; and/or</li> <li><input type="checkbox"/> Birth certificate issued by a foreign government.</li> </ul>



**12. Additional customer identity verification**

You must complete this section if this is a new investment in a Challenger managed fund and:

- your residential address is not in Australia or New Zealand (for individual/joint investors or sole traders); and/or
- you are investing \$1 million or more (for individual or joint investors only).

	Investor 1 or sole trader	Investor 2 (joint investments)
What is your country of citizenship?		
What other names are you known by?		
If you are known by any names other than the full name provided in section 3A and/or 3B, please provide other name(s) in full.		
What is your occupation? If you are a sole trader, please provide details of your business activities		
What is your source of funds, including the origin of the funds being invested?		

**13. Declaration and applicant(s) signature(s) – (must be completed)**

I/We declare that:

- all details in this application and all documents provided are true and correct and indemnify Challenger Managed Investments Limited (ABN 94 002 835 592, AFSL 234668) (CMIL) against any liabilities whatsoever arising out of it acting on any of these details or any future details provided by me/us in connection with this application;
- I/we have received a copy of the current PDS and each supplementary product disclosure statement to which this application applies and have read it and agree to the terms contained in it and to be bound by the provisions of the current PDS and each supplementary product disclosure statement and relevant current constitution (each as amended from time to time);
- I/we have legal power to invest in accordance with this application and have complied with all applicable laws in making this application;
- I/we have received and accepted this offer in Australia;
- the details of my/our investment can be provided to the adviser group or adviser by the means and in the format that they direct;
- in the case of joint applications, the joint applicants agree that unless otherwise expressly indicated on this application form, the units will be held as joint tenants and either investor is able to operate the account and bind the other investor for future transactions, including additional deposits and withdrawals, including withdrawals by telephone and fax;
- if this application is signed under Power of Attorney, the Attorney declares that he/she has not received notice of revocation of that power (a certified copy of the Power of Attorney should be submitted with this application unless we have already sighted it);
- I/we have read and understood the terms and conditions for the use of telephone and fax and release and indemnify CMIL against any liabilities whatsoever arising out of it acting on any communications received by telephone and fax;
- I/we acknowledge that I/we have read the pages of the PDS containing the information under the heading 'Privacy and personal information'. I am/ We are aware that until I/we inform CMIL otherwise, I/we will be taken to have consented to all the uses of my/our personal information (including marketing) contained under that heading and I/we have consented to the provision of and authorised (if applicable) my/our financial planner to provide such further personal information to Challenger as is required or reasonably deemed necessary by Challenger under applicable law;
- I/we understand that if I/we fail to provide any information requested in this application form or do not agree to any of the possible exchanges or uses detailed above, my/our application may not be accepted by CMIL and we agree to release and indemnify CMIL in respect of any loss or liability arising from its inability to accept an application due to inadequate or incorrect details having been provided;
- I/we acknowledge that none of CMIL, Challenger Financial Services Group Limited, or any other member of the Challenger Financial Services group of companies or the custodian, guarantees the performance of the Fund or the repayment of capital or any particular rate of return or any distribution.

**Direct Debit Request Authorisation**

- I/We authorise Challenger Managed Investments Limited (User ID No. 216558) to arrange for funds to be debited from my/our account at the financial institution identified in section 9 above and as prescribed through the Bulk Electronic Clearing System (BECS).
- I/We have read the 'Direct Debit Request Service Agreement' provided on page 49 of this PDS and agree with its terms and conditions.
- I/We request this arrangement to remain in force in accordance with details set out in section 9 and in compliance with the 'Direct Debit Request Service Agreement'.

<b>Investor 1 or sole trader</b>		
Signature		Date <input type="text"/> / <input type="text"/> / <input type="text"/>
Surname		
Given name(s)		
<b>Investor 2</b>		
Signature		Date <input type="text"/> / <input type="text"/> / <input type="text"/>
Surname		
Given name(s)		

**Important notes**

This application must not be handed to any person unless attached to this PDS dated 30 November 2008. CMIL may in its absolute discretion refuse any application for units. Persons external to CMIL or other entities who market CMIL products are not agents of CMIL but are independent investment advisers. CMIL will not be bound by representations or statements which are not contained in information disseminated by CMIL. Application monies paid by cheques from investment advisers will only be accepted if drawn from a trust account maintained in accordance with the Corporations Act. The Fund is offered by Challenger Managed Investments Limited (ABN 94 002 835 592, AFSL 234668).





**Adviser use only**

Office name

Surname

Given name(s)

Title (Mr/Mrs/Miss/Ms)

Phone (business hours)

Adviser group

Adviser group AFSL

**Customer Identification Program**

By signing this section, I declare that the attached document(s) are true copies of the document(s) used to satisfy the identity verification requirements and I have complied with my obligations under the Anti-Money Laundering and Counter-Terrorism Financing Act 2006.

Adviser signature

ADVISER STAMP

ADVISER STAMP

Date

 /  / 

InvestmentLink information

IL GN (Group)

 /  / 








**6. Tax information**

ABN

TFN

Tax exemption

It is not against the law if you choose not to give your TFN or exemption reason, but if you decide not to, tax may be taken out of your distributions at the highest marginal tax rate (plus Medicare levy).

**7. Income distribution**

Please indicate how you would like your income distributions to be paid by crossing (X) one box only. **Please note, a nomination in this section overrides any previous nominations.** If this is a new investment and no nomination is made, distributions will be reinvested.

- Please reinvest my/our income distributions into the Fund.
- Please credit my/our bank account provided in section 9 with my/our income distributions.

**8. Investment allocation**

Please indicate the amount you wish to invest in the Fund:

Investment amount \$  ,  ,  . 0 0 (minimum initial investment \$10,000)  
(minimum one-off additional investment \$1,000)

Make your cheque payable to 'CMIL Wholesale Application Account <insert name of investor(s)>'.

Regular savings plan/month \$  ,  ,  . 0 0 (minimum additional investment \$100/month)

Please ensure you have provided your bank account details in section 9. If you wish to nominate a different account or a third party account from which your regular savings plan payments are to be deducted, please complete the Direct Debit Authority Form on page 47 of this PDS.

Post your application form and cheque to:  
(No stamp required) **Challenger Managed Investments Limited**  
**Reply Paid 3698**  
**Sydney NSW 2001**

**9. Nominated account**

Please provide your account details in this section if you wish us to debit/credit your accessible Australian financial institution account. If you are participating in the regular savings plan, this is the bank account from which your regular payments will be deducted. If you wish to nominate a different account or a third party account from which your regular savings plan payments are to be deducted, please complete the Direct Debit Authority Form on page 47 of this PDS. **Please note that initial or one-off additional investments can only be made via cheque.**

Financial institution	<input type="text"/>
Branch	<input type="text"/>
Account name	<input type="text"/>
Branch number (BSB)	<input type="text"/> - <input type="text"/>
Account number	<input type="text"/>

By providing your account details in this section you authorise Challenger Managed Investments Limited to use these details for all future transaction requests that you nominate.

**10. Annual report**

We will provide a copy of the Fund's annual report on our website [www.challenger.com.au](http://www.challenger.com.au)

- Please cross (X) this box if you wish to receive a paper copy of the report in the mail. If you choose to have the annual report mailed to you we will mail it to the postal address provided in section 5 or to the current address we have on file for existing investors.





**11. Customer identity verification**

If you marked 'No' in section 1 (i.e. you do not have an existing investment in a Challenger managed fund) you must complete the identity verification section relevant to your entity. If you are not lodging this application through a financial planner you are required to provide us **certified** copies of the identity verification documents listed (ensuring each page is certified). Please refer to page 22 of this PDS.

**11A. Australian company**

- i. Is your company an:
- Australian company acting as trustee of a trust/superannuation fund; or
  - Australian company.

ii. What is the ACN of the company?

- iii. Is your company registered by ASIC as a:
- public company; or
  - proprietary company. Please provide number and full names of directors below.

No. of directors   Please provide full name of each director.

	Surname	Full given name(s)
1.	<input style="width: 100%; height: 20px;" type="text"/>	<input style="width: 100%; height: 20px;" type="text"/>
2.	<input style="width: 100%; height: 20px;" type="text"/>	<input style="width: 100%; height: 20px;" type="text"/>
3.	<input style="width: 100%; height: 20px;" type="text"/>	<input style="width: 100%; height: 20px;" type="text"/>
4.	<input style="width: 100%; height: 20px;" type="text"/>	<input style="width: 100%; height: 20px;" type="text"/>

If there are more than four (4) directors, please provide their full names on a separate piece of paper and attach it to this application form.

- iv. Is your company:
- licensed by an Australian Commonwealth, state or territory statutory regulator; or
  - a listed company; or
  - a majority owned subsidiary of an Australian listed company.

v. Unregulated proprietary companies must provide contact details of ALL individuals who are beneficial owners through one or more shareholdings of more than 25% of the company's issued capital.

**Beneficial owner 1**

Surname	<input style="width: 100%;" type="text"/>	Full given name(s)	<input style="width: 100%;" type="text"/>
Unit	Street number	Date of birth	<input style="width: 20px;" type="text"/> / <input style="width: 20px;" type="text"/> / <input style="width: 20px;" type="text"/>
Street name			
Suburb			
State	Postcode	Country	

**Beneficial owner 2**

Surname	<input style="width: 100%;" type="text"/>	Full given name(s)	<input style="width: 100%;" type="text"/>
Unit	Street number	Date of birth	<input style="width: 20px;" type="text"/> / <input style="width: 20px;" type="text"/> / <input style="width: 20px;" type="text"/>
Street name			
Suburb			
State	Postcode	Country	

**Beneficial owner 3**

Surname	<input style="width: 100%;" type="text"/>	Full given name(s)	<input style="width: 100%;" type="text"/>
Unit	Street number	Date of birth	<input style="width: 20px;" type="text"/> / <input style="width: 20px;" type="text"/> / <input style="width: 20px;" type="text"/>
Street name			
Suburb			
State	Postcode	Country	



**11A. Australian company (cont.)**

vi. Identity verification for Australian companies

Information required to be verified Please ensure the document(s) you provide confirms the following:	Verification options Please cross (X) which document(s) you have provided:
i. Whether the company is: <ul style="list-style-type: none"> <li>• listed; or</li> <li>• majority owned subsidiary of a listed company; or</li> <li>• regulated.</li> </ul> ii. If the company is neither of these, the: <ul style="list-style-type: none"> <li>• full name of company; and</li> <li>• whether company is registered as proprietary or public company; and</li> <li>• ACN.</li> </ul> iii. Evidence that the director(s)/secretary signing the application form has the authority of the company.	<input type="checkbox"/> Up-to-date extract from ASIC database; or <input type="checkbox"/> Up-to-date extract from ASX database (if applicable); or <input type="checkbox"/> Certificate of registration issued by ASIC.

**11B. Australian trust/superannuation fund**

i. Is your trust/superannuation fund a:

- Registered scheme  
 Regulated trust  
 Government superannuation fund  
 Other. Please specify

ii. If you marked 'Other' above, please indicate how the trust deed identifies beneficiaries/unitholders:

- Names of individuals (please list the name of each beneficiary/unitholder below); and/or  
 Membership of a class (please list the name of each membership class below).

Full names of beneficiaries/unitholders or membership class

1.	
2.	
3.	
4.	
5.	

iii. Identity verification for Australian trusts/superannuation funds

Information required to be verified Please ensure the document(s) you provide confirms the following:	Verification options Please cross (X) which document(s) you have provided:
<ul style="list-style-type: none"> <li>• Full name of trust/superannuation fund; and</li> <li>• Type of trust/superannuation fund.</li> </ul>	<b>Registered schemes, regulated trusts or government superannuation funds</b> <input type="checkbox"/> Up-to-date extract from the relevant regulator database (e.g. ASIC, ATO); or <input type="checkbox"/> Up-to-date extract of the legislation establishing the government superannuation fund sourced from a government website.
<ul style="list-style-type: none"> <li>• Full name of trust/superannuation fund.</li> </ul>	<b>Other trusts</b> <input type="checkbox"/> Extract of the trust deed; or <input type="checkbox"/> Notice issued by the ATO within the last 12 months (e.g. notice of assessment).

iv. No. of trustees

v. Is the trustee(s) of the trust/superannuation fund:

- Individual(s) If you marked 'Other' in question i above, please provide details for ALL TRUSTEES on the next page (including any company trustees).  
 For all other trusts/superannuation funds you only need to provide details of TRUSTEE 1 (as named in section 3A).  
 Australian company Please provide the company's address details requested under section 'Company trustee' on page 40. You must also complete, in full, the identity verification requirements for Australian companies in section 11A.



**11B. Australian trust/superannuation fund (cont.)**

**Individual trustee 1**

Surname

Full given name(s)

Title (Mr/Mrs/Miss/Ms) Date of birth / /

Residential address (Street address)

Unit Street number

Street name

Suburb State

Postcode Country

TFN or exemption

Trustee 1 must also complete the 'Identity verification' section on page 41 of this application form.

**Individual trustee 2**

Surname

Full given name(s)

Title (Mr/Mrs/Miss/Ms) Date of birth / /

Residential address (Street address)

Unit Street number

Street name

Suburb State

Postcode Country

If there are more than two (2) individual trustees, and your trust is 'Other' please provide the required details for the additional trusts on a separate piece of paper and attach it to this application form.

**Company trustee** This must be completed by Australian companies acting as trustees

Contact name

Principal place of business/operations

Full address of registered office

Cross (X) this box if same as principal place of business.

Must not be a PO Box

Must not be a PO Box

Unit number

Street number

Street name

Suburb

State

Postcode

Country



**11B. Australian trust/superannuation fund (cont.)**

vi. Identity verification for individual trustees where trustee 1 is an Australian resident

Information required to be verified Please ensure the document(s) you provide confirms the following:	Verification options Please cross (X) which document(s) you have provided:
<ul style="list-style-type: none"> <li>• Full name of individual; and EITHER                             <ul style="list-style-type: none"> <li>– Residential address of individual; or</li> <li>– Date of birth</li> </ul> </li> </ul>	<p>Please provide EITHER A or B.</p> <p>A) a valid copy of <b>ONE</b> of the following documents:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Australian driver's licence containing your photograph; or</li> <li><input type="checkbox"/> Australian passport; or</li> <li><input type="checkbox"/> Proof of age card issued under a State or Territory law, containing your photograph.</li> </ul> <p><b>OR</b> if none of the above can be provided, please provide i and ii below:</p> <p>B) i. a valid copy of <b>ONE</b> of the following documents:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Australian birth certificate; or</li> <li><input type="checkbox"/> Australian citizenship certificate; or</li> <li><input type="checkbox"/> Pension card issued by Centrelink; or</li> <li><input type="checkbox"/> Health care card issued by Centrelink; <b>AND</b></li> </ul> <p>ii. a valid copy of a notice that contains your name and residential address which was issued to you by either:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> the Commonwealth or a state or territory within the preceding 12 months and records the provision of financial benefits; or</li> <li><input type="checkbox"/> the ATO within the preceding 12 months and records a debt payable by or to you; or</li> <li><input type="checkbox"/> a local government body or utilities provider within the preceding 3 months and records the provision of services to you.</li> </ul>

vii. Identity verification for individual trustees where trustee 1 is a non-Australian resident

Information required to be verified Please ensure the document(s) you provide confirms the following:	Verification options Please cross (X) which document(s) you have provided:
<ul style="list-style-type: none"> <li>• Full name of individual; and EITHER                             <ul style="list-style-type: none"> <li>– Residential address of individual; or</li> <li>– Date of birth</li> </ul> </li> </ul>	<p>Please provide EITHER A or B.</p> <p>A) a valid copy of <b>ONE</b> of the following documents:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Foreign passport or similar travel document bearing your signature and photograph; or</li> <li><input type="checkbox"/> National identity card issued by a foreign government bearing your signature and photograph.</li> </ul> <p><b>OR</b> if none of the above can be provided, please provide:</p> <p>B) valid copies of <b>TWO</b> of the following documents:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Foreign driver's licence that contains your photograph; and/or</li> <li><input type="checkbox"/> Citizenship certificate issued by a foreign government; and/or</li> <li><input type="checkbox"/> Birth certificate issued by a foreign government.</li> </ul>



**11C. Partnership**

- i. In what country was the partnership established?
- ii. Is the partnership regulated by a professional association?
  - Yes ► Please provide full details below for PARTNER 1 (this should be the same person listed as 'Investor 1' in section 3A) including the 'Identity verification' section for partner 1 on page 43.

Name of the professional association   
 Membership details (e.g. Membership number)

- No ► Please provide full details below of ALL partners including the 'Identity verification' section for partner 1 on page 43.

**Partner 1**

Surname

Full given name(s)

Residential address

Unit  Street number

Street name

Suburb  State

Postcode  Country

Date of birth  /  /

Phone

Partner 1 must also complete the 'Identity verification' section on page 43 of this application form.

**Partner 2**

Surname

Full given name(s)

Residential address

Unit  Street number

Street name

Suburb  State

Postcode  Country

Date of birth  /  /

Phone

If there are more than two (2) partners, please provide the required details for each additional partner on a separate piece of paper and attach it to this application form.



## 11C. Partnership (cont.)

### iii. Identity verification for Partnerships

Information required to be verified Please ensure the document(s) you provide confirms the following:	Verification options Please cross (X) which document(s) you have provided:
<ul style="list-style-type: none"> <li>• Full name of partnership</li> <li>• The partner(s) signing the application form is a/are current partner(s) of the partnership.</li> </ul>	<input type="checkbox"/> Up-to-date extract of partnership agreement; and <input type="checkbox"/> If the partnership agreement does not confirm that the partner(s) signing is a/are current partner(s), other evidence that the person(s) is a/are current partner(s)

### iv. Identity verification for partner 1 where they are an Australian resident

Information required to be verified Please ensure the document(s) you provide confirms the following:	Verification options Please cross (X) which document(s) you have provided:
<ul style="list-style-type: none"> <li>• Full name of individual; and EITHER:               <ul style="list-style-type: none"> <li>– Residential address of individual; or</li> <li>– Date of birth</li> </ul> </li> </ul>	Please provide EITHER A or B. A) a valid copy of <b>ONE</b> of the following documents: <ul style="list-style-type: none"> <li><input type="checkbox"/> Australian driver's licence containing your photograph; or</li> <li><input type="checkbox"/> Australian passport; or</li> <li><input type="checkbox"/> Proof of age card issued under a State or Territory law, containing your photograph.</li> </ul> <b>OR</b> if none of the above can be provided, please provide i and ii below: B) i. a valid copy of <b>ONE</b> of the following documents: <ul style="list-style-type: none"> <li><input type="checkbox"/> Australian birth certificate; or</li> <li><input type="checkbox"/> Australian citizenship certificate; or</li> <li><input type="checkbox"/> Pension card issued by Centrelink; or</li> <li><input type="checkbox"/> Health care card issued by Centrelink; <b>AND</b></li> </ul> ii. a valid copy of a notice that contains your name and residential address which was issued to you by either: <ul style="list-style-type: none"> <li><input type="checkbox"/> the Commonwealth or a state or territory within the preceding 12 months and records the provision of financial benefits; or</li> <li><input type="checkbox"/> the ATO within the preceding 12 months and records a debt payable by or to you; or</li> <li><input type="checkbox"/> a local government body or utilities provider within the preceding 3 months and records the provision of services to you.</li> </ul>

### v. Identity verification for partner 1 where they are a non-Australian resident

Information required to be verified Please ensure the document(s) you provide confirms the following:	Verification options Please cross (X) which document(s) you have provided:
<ul style="list-style-type: none"> <li>• Full name of individual; and EITHER:               <ul style="list-style-type: none"> <li>– Residential address of individual; or</li> <li>– Date of birth</li> </ul> </li> </ul>	Please provide EITHER A or B. A) a valid copy of <b>ONE</b> of the following documents: <ul style="list-style-type: none"> <li><input type="checkbox"/> Foreign passport or similar travel document bearing your signature and photograph; or</li> <li><input type="checkbox"/> National identity card issued by a foreign government bearing your signature and photograph.</li> </ul> <b>OR</b> if none of the above can be provided, please provide: B) valid copies of <b>TWO</b> of the following documents: <ul style="list-style-type: none"> <li><input type="checkbox"/> Foreign driver's licence that contains your photograph; and/or</li> <li><input type="checkbox"/> Citizenship certificate issued by a foreign government; and/or</li> <li><input type="checkbox"/> Birth certificate issued by a foreign government.</li> </ul>



**13. Declaration and applicant(s) signature(s) – (must be completed)**

- I/We declare that:
- all details in this application and all documents provided are true and correct and indemnify Challenger Managed Investments Limited (ABN 94 002 835 592, AFSL 234668) (CMIL) against any liabilities whatsoever arising out of it acting on any of these details or any future details provided by me/us in connection with this application;
  - I/we have received a copy of the current PDS and each supplementary product disclosure statement to which this application applies and have read it and agree to the terms contained in it and to be bound by the provisions of the current PDS and each supplementary product disclosure statement and relevant current constitution (each as amended from time to time);
  - I/we have legal power to invest in accordance with this application and have complied with all applicable laws in making this application;
  - I/we have received and accepted this offer in Australia;
  - the details of my/our investment can be provided to the adviser group or adviser by the means and in the format that they direct;
  - if this application is signed under Power of Attorney, the Attorney declares that he/she has not received notice of revocation of that power (a certified copy of the Power of Attorney should be submitted with this application unless we have already sighted it);
  - sole signatories signing on behalf of a company confirm that they are signing as sole director and sole secretary of the company;
  - if investing as trustee, on behalf of a superannuation fund or trust I/we confirm that I/we am/are acting in accordance with my/our designated powers and authority under the trust deed. In the case of superannuation funds, I/we also confirm that it is a complying fund under the Superannuation Industry (Supervision) Act;
  - I/we have read and understood the terms and conditions for the use of telephone and fax and release and indemnify CMIL against any liabilities whatsoever arising out of it acting on any communications received by telephone and fax;
  - unless alternative authority for signature is notified to and accepted by CMIL, the person/persons that signs/sign this form is/are able to operate the account on behalf of themselves/the relevant entity (as applicable) and bind themselves/the entity for future transactions, including additional deposits and withdrawals, including withdrawals by telephone and fax;
  - I/we acknowledge that I/we have read the pages of the PDS containing the information under the heading 'Privacy and personal information'. I am/We are aware that until I/we inform CMIL otherwise, I/we will be taken to have consented to all the uses of my/our personal information (including marketing) contained under that heading and I/we have consented to the provision of and authorised (if applicable) my/our financial planner to provide such further personal information to Challenger as is required or reasonably deemed necessary by Challenger under applicable law;
  - I/we understand that if I/we fail to provide any information requested in this application form or do not agree to any of the possible exchanges or uses detailed above, my/our application may not be accepted by CMIL and we agree to release and indemnify CMIL in respect of any loss or liability arising from its inability to accept an application due to inadequate or incorrect details having been provided;
  - I/we acknowledge that none of CMIL, Challenger Financial Services Group Limited, or any other member of the Challenger Financial Services group of companies or the custodian, guarantees the performance of the Fund or the repayment of capital or any particular rate of return or any distribution.

- Direct Debit Request Authorisation**
- I/We authorise Challenger Managed Investments Limited (User ID No. 216558) to arrange for funds to be debited from my/our account at the financial institution identified in section 9 above and as prescribed through the Bulk Electronic Clearing System (BECS).
  - I/We have read the 'Direct Debit Request Service Agreement' provided on page 49 of this PDS and agree with its terms and conditions.
  - I/We request this arrangement to remain in force in accordance with details set out in section 9 and in compliance with the 'Direct Debit Request Service Agreement'.

**Investor 1**

Signature  Date  /  /

Surname

Given name(s)

Capacity  Sole Director  Director  Secretary (company investments only)

**Investor 2**

Signature  Date  /  /

Surname

Given name(s)

Capacity  Director  Secretary (company investments only)



**Important notes**  
 This application must not be handed to any person unless attached to this PDS dated 30 November 2008. CMIL may in its absolute discretion refuse any application for units. Persons external to CMIL or other entities who market CMIL products are not agents of CMIL but are independent investment advisers. CMIL will not be bound by representations or statements which are not contained in information disseminated by CMIL. Application monies paid by cheques from investment advisers will only be accepted if drawn from a trust account maintained in accordance with the Corporations Act. The Fund is offered by Challenger Managed Investments Limited (ABN 94 002 835 592, AFSL 234668).



**Adviser use only**

Office name

Surname

Given name(s)

Title (Mr/Mrs/Miss/Ms)

Phone (business hours)

Adviser group

Adviser group AFSL

**Customer Identification Program**

By signing this section, I declare that the attached document(s) are true copies of the document(s) used to satisfy the identity verification requirements and I have complied with my obligations under the Anti-Money Laundering and Counter-Terrorism Financing Act 2006.

Adviser signature

ADVISER STAMP

Date

 /  / 

InvestmentLink information

IL GN (Group)

 /  / 




# Challenger Howard Wholesale Mortgage Fund Direct Debit Authority Form (for regular savings plan only)

Complete this form if you are participating in the regular savings plan and wish to nominate a bank/financial institution account that is held in different name(s), or to change your existing nomination. Please note that initial or one-off additional investments can only be made via cheque.

PLEASE USE BLOCK LETTERS AND BLACK INK TO COMPLETE THIS DIRECT DEBIT FORM

Account number (if known)

**Investor 1 or business name of sole trader**

**Investor 2 (joint investments) or contact name for sole trader**

Title  
Mr  Mrs  Miss  Ms  Other

Title  
Mr  Mrs  Miss  Ms  Other

Given name(s)

Given name(s)

Surname or full business name of sole trader (if applicable)

Surname

Contact phone number

Contact phone number

**Company/trust/superannuation fund/partnership/government body**

Name of company/trust/superannuation fund/partnership/government body

Contact name

Contact phone number

**Schedule** Note: Direct debiting is not available on the full range of accounts. If in doubt, please refer to your financial institution.

Account name which is to be debited

BSB number  -  Account number

Name of financial institution

Branch where account is held

I/We request you until further notice in writing to debit my/our account described in the schedule above, any amounts which Challenger Managed Investments Limited (ABN 94 002 835 592) (Challenger) (User ID No. 216558) may direct debit or charge me/us through the Bulk Electronic Clearing System.

I/We understand and acknowledge that:

1. the bank/financial institution may, in its absolute discretion, determine the order of priority of payment by it of any monies pursuant to this request or any authority or mandate, and at any time by notice in writing to me/us, terminate this request as to future debits.
2. Challenger may, by prior arrangement and advice to me/us, vary the amount or frequency of future debits.
3. the bank/financial institution will provide to me/us upon request general descriptive information of the kind referred to in sections 6.1 and 6.2 of the Code of Banking Practice, concerning the operation of accounts, banking facilities and cheques.
4. the information which I/we have provided on this form is accurate and not misleading and I/we am/are aware that Challenger is relying on it.
5. this direct debit arrangement is governed by the terms of the Bulk Electronic Clearing System Procedures and the Direct Debit Service Agreement received from Challenger.





**Investor 1**

**Signature** *(please sign)*

Date

 /  / 

Surname

Given name(s)

Capacity

Sole Director

Director

Secretary (company investments only)

**Investor 2**

**Signature** *(please sign)*

Date

 /  / 

Surname

Given name(s)

Capacity

Sole Director

Director

Secretary (company investments only)

Mail completed form (no stamp required) to:

**Challenger Managed Investments Limited**  
Reply Paid 3698  
Sydney NSW 2001

COMPANY SEAL



# Challenger Managed Investments Limited

## Direct Debit Request Service Agreement

### 1. Debit arrangements

**We will debit, through the Bulk Electronic Clearing System (BECS), payments in consideration for providing interests in the Fund to you. The Direct Debit Request details the terms of your debit arrangements including, among other things, the amount, the frequency, the expiry (if any) and the recipient of the funds. You should carefully read the Direct Debit Request to familiarise yourself with the details of your debit arrangements.**

### 2. We advise you:

- a) that direct debiting through BECS is not available on all accounts (e.g. passbook savings and credit card accounts are generally not acceptable);
- b) to confirm the account details by checking a recent statement from your Financial Institution; and
- c) that your Direct Debit Request must be signed in the same way as the account signing instruction held by your Financial Institution. If you are uncertain about any of these items please check with your Financial Institution before completing your Direct Debit Request.

### 3. You are responsible for:

- a) checking with your Financial Institution prior to completing the Direct Debit Request, that direct debiting is available on that account;
- b) ensuring that the account you nominate has sufficient cleared funds available to pay each debit when it becomes due on the 15th of each month;
- c) ensuring that the authorisation on the Direct Debit Request is identical to the account signing instruction held by the Financial Institution of the nominated account;
- d) telling us if you close or change the account you nominated; and
- e) arranging a suitable alternate payment method, if the direct debit arrangements are stopped, either by you or your Financial Institution.

### 4. Direct debit of funds

- a) Debits may be effected any time on the due day and you must ensure that there are sufficient funds in your account to meet the direct debit.
- b) Where the due date falls on a non-business day, we will deduct the amount on the next business day. If you are uncertain when the direct debit will be processed to your account, you should contact your Financial Institution directly.

### 5. Alteration or cancellation

- a) You may terminate your Direct Debit Request, stop a drawing or request a change to the drawing amount and/or frequency at any time by giving written notice to us. Such notice should be received by us at least 10 business days prior to the due date, to process your request in time.
- b) If we vary any of the debit arrangements either set out in this agreement or in the Direct Debit Request or otherwise we will provide you with 14 days prior written notice.

### 6. Dispute resolution

We have a customer claims process in place with all Financial Institutions if you believe that a debit has not been correctly processed. You should contact us first on 13 35 66 if you have a complaint regarding the amount or timing of any of our drawings. We will respond to your request within seven business days.

### 7. Fees

- a) It is your responsibility to ensure you have a sufficient available balance in the nominated account to meet the direct debit on the due date. Should sufficient cleared funds not be available to meet the total debit, then we are authorised to direct debit an amount up to the available balance in the nominated bank account at that time. We are under no obligation to effect a reduced direct debit.
- b) If a direct debit is not effected due to insufficient funds or where we choose to effect a reduced direct debit then your account will be adjusted and any charges incurred by us may be debited from your account.

### 8. Privacy

- a) We will keep all information relating to your account private and confidential except to the extent that you consent to those details being disclosed or the law requires otherwise. You consent to us using or releasing your account information to investigate any possible incorrect debits with both your and our Financial Institutions.
- b) We will take reasonable steps to protect personal information held by us against loss, access, use, modification or disclosure that is unauthorised.

### 9. Indemnity

- a) You indemnify us against all losses, costs, damages and liability that we suffer as a result of you breaching this agreement or you providing us with an invalid, ineffective or non-binding Direct Debit Request addressed to us or if for any other reason the instructions contained in a Direct Debit Request provided by you are not or cannot be performed. This indemnity includes, without limitation, legal costs and expenses on a full indemnity basis. This indemnity is a continuing obligation, separate and independent from your other obligations and survives termination of this agreement. It is not necessary for us to incur expense or make payment before enforcing a right of indemnity conferred by this agreement. This indemnity does not apply as a result of our (or any of our delegates' or agents') fraud, negligence or breach of trust.
- b) You will pay us any sum due under this clause fully without deduction or set-off (and irrespective of any counterclaim) whatsoever.

### 10. Governing law

- a) This agreement and the transactions contemplated by this agreement are governed by the law in force in New South Wales.
- b) Each party irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of New South Wales and the courts of appeal from them for determining any dispute concerning this agreement or the transactions contemplated by this agreement.

### 11. Interpretation and definitions

- a) The following terms have the meanings set out below:

**Direct Debit Request** means an authority and request to debit amounts from your specified account, given in writing by you to us.

**Financial Institution** means the financial institution that is the holder of your account, given in writing by you to us.

**We** or **us** means Challenger Managed Investments Limited (ABN 94 002 835 592), which is administering the direct debit system and its successors and assigns.

**You** means the person or persons (other than us) named in the Direct Debit Request and signatories to this agreement. If there are more than one, you means each of them jointly. You includes your successors and assigns.

- b) A reference to:

- this agreement, the BECS regulations and procedures or another instrument includes any variation or replacement of any of them;
- the singular includes the plural and vice versa;
- person includes a firm, body corporate, an unincorporated association or an authority and their executors, administrators, successors, substitutes (including, without limitation, persons taking by novation) and assigns; and
- any thing includes the whole and each part of it and a reference to a group of persons includes all of them collectively, any two or more of them collectively and each of them individually.

- c) Headings are inserted for convenience and do not affect the interpretation of this agreement.



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facsimile 03 8616 1111

Level 7  
320 Adelaide Street  
Brisbane QLD 4000  
telephone 07 3218 8000  
facsimile 07 3220 3132

Level 3  
55 St Georges Terrace  
Perth WA 6000  
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facsimile 08 9221 2499

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212 Pirie Street  
Adelaide SA 5000  
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