



Merlon Advantage Australian Share Income Fund

Product Disclosure Statement
10 December 2018

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This PDS was prepared in accordance with Subdivision 4.2C of Division 4 of Part 7.9 of the Corporations Regulations 2001.

This PDS may be used by master trusts or platform operators, referred to in this PDS as 'platform operators', to apply for units in the Fund, and to give to their customers (indirect investors) to provide them with Fund information they may use in making a decision about instructing the platform operator to invest in the Fund on their behalf, and to compare to other funds they may be considering. Platform operators are unitholders in the Fund; their rights differ from the rights of indirect investors, who are not unitholders.

Fund: EFM Australian Share Fund 18 - referred to in this PDS as Merlon Advantage Australian Share Income Fund (ARSN 622 737 526, APIR code AMP8760AU).

Important information

This Product Disclosure Statement (PDS):

- provides a summary of significant information about the Merlon Advantage Australian Share Income Fund (the Fund) and your investment in the Fund, and
- incorporates a number of references to further important information, each of which forms part of this PDS. This 'incorporated information' is available online at www.amp.com.au/advantagefunds.

Before making a decision about investing or reinvesting in the Fund, all investors should consider the information in the PDS and all the incorporated information. A copy of the current PDS and incorporated information can be obtained free of charge, on request by contacting us on 1800 658 404.

Information in this PDS can help investors compare the Fund to other funds they may be considering. The information in this PDS is general information only and does not take into account any investor's personal objectives, financial situation or needs. All investors should obtain financial advice that is tailored to their circumstances.

No company in the AMP Group or Underlying Fund Manager assumes any liability to investors in connection with investment in the Fund or guarantees the performance of the Responsible Entity's obligations to investors, the performance of the Fund or any particular rate of return. The repayment of capital is not guaranteed. Investments in the Fund are not deposits or liabilities of any company in the AMP Group.

1. About AMP Capital Funds Management Limited

The Responsible Entity of the Fund and issuer of this PDS is AMP Capital Funds Management Limited (ABN 15 159 557 721, AFSL 426455), a member of the AMP Group, which includes AMP Capital. AMP Capital is 85% owned (indirectly) by AMP Limited. As part of the AMP Group we share a heritage that spans over 160 years. The Responsible Entity is responsible for the overall operation of the Fund and can be contacted on 1800 658 404.

AMP Capital Investors Limited (ABN 59 001 777 591, AFSL 232497) - referred to in this PDS as 'AMP Capital', 'we', 'our' or 'us', has been appointed by the Responsible Entity to provide investment services in respect of the Fund, which includes being responsible for selecting and monitoring the Underlying Fund Manager. AMP Capital has also been appointed by the Responsible Entity, under an agreement, to provide other Fund related services, including responding to investor enquiries and the preparation of this PDS on behalf of the Responsible Entity. AMP Capital is a global investment manager with a large presence in Australia. AMP Capital is 85% owned (indirectly) by AMP Limited. As part of the AMP Group, we share a heritage that spans over 160 years. More information about AMP Capital is available online at www.ampcapital.com/aboutus.

Neither AMP Capital, Merlon or any company in the AMP Group other than the Responsible Entity is responsible for any statements or representations made in this PDS.

Investment management of the Fund

The Fund invests into the Merlon Australian Share Income Fund, ARSN 090 578 171 (Underlying Fund), a registered managed investment scheme under the *Corporations Act 2001* (Cth) (Corporations Act). The investment manager of the Underlying Fund is Merlon Capital Partners Pty Ltd, ABN 94 140 833 683 AFSL 343753 (referred to in this PDS as 'Merlon' or 'Underlying Fund Manager'). The Underlying Fund Manager will be responsible for selecting and managing the Underlying Fund's investments.

AMP Capital Investors Limited (AMP Capital) and Merlon Capital Partners Pty Ltd (Merlon) have provided consent to the statements made by or about them in this document and have not withdrawn that consent prior to the issue of this document.

About Merlon

Merlon is a boutique fund manager based in Sydney, Australia, specialising in equity income strategies. Merlon commenced operation in May 2010, with the objective of providing high quality, tailored investment management services to investors.

Prior to establishing Merlon, the majority of the principals worked together at Challenger Limited.

2. How the Merlon Advantage Australian Share Income Fund works

Investing in a managed investment scheme

The Fund is a managed investment scheme structured as a unit trust and registered under the *Corporations Act 2001* (Cth) (Corporations Act). A managed investment scheme is where investors' money is pooled together to purchase the Fund's assets, and it is the investment manager, not investors, who has day to day control of the Fund. The Fund's constitution, along with the Fund's PDS, the Corporations Act and other relevant laws, sets out the relationship between the Responsible Entity and investors.

The value of your investment

Investors in a Fund are issued with 'units', each of which represents a share of the value of the Fund's assets. The Fund may have a number of classes of units. Investments made through this PDS relate to On-platform Class A units.

Unit prices can rise and fall on a daily basis depending on a number of factors, including the market value of the Fund's assets. Consequently, the value of your investment will vary from time to time.

Platform operators The value of your investment at any point in time is calculated by multiplying the number of units you hold, by the On-platform Class A unit price current at that time. Unit prices are updated regularly online at www.amp.com.au/advantagefunds and can also be obtained by contacting us.

Indirect investors When you invest through this PDS, the platform operator holds units on your behalf. The value of your investment at any point in time is calculated by multiplying the number of units held for you, by the unit price set by the platform operator. Your financial adviser or platform operator can provide you with the current unit price relevant to your investment in the Fund.

Investing in the Fund

Who can invest?

Applications to invest in the Fund through this PDS can only be made by platform operators, investing directly in the Fund, and indirect investors, investing in the Fund through a master trust or platform, who receive the PDS (including electronically) within Australia. We can only accept applications signed and submitted from within Australia. The Responsible Entity reserves the right to refuse or reject an application.

How to apply

All investments are made on the basis of the PDS current at the time of contributing any investment amount. You can obtain a current PDS, free of charge, online at www.amp.com.au/advantagefunds or by contacting us.

Platform operators You will need to complete an application form and submit it with your initial investment amount of at least \$500,000. You can then make additional investments of at least \$5,000 at any time. The Responsible Entity reserves the right to accept lower investment amounts. Application forms can be obtained by contacting us on 1800 658 404.

Indirect investors Your financial adviser or platform operator will provide you with information about how to apply, including the form you will need to complete, minimum initial and additional investment amounts, and payment methods.

Accessing your money

Platform operators Contact us in writing at any time, telling us how much you wish to withdraw and giving your account details. A balance of \$500,000 is generally required to keep your investment open.

Indirect investors Contact your financial adviser or platform operator for details about how to withdraw money, how your withdrawal will be paid, and the minimum withdrawal amount and account balance set by the platform operator.

Payment times

The proceeds of your withdrawal request will usually be available within five (5) Business Days. A Business Day for us is any day other than Saturday, Sunday or a bank or public holiday in Sydney, NSW. However, under the Fund's constitution, payment and processing of withdrawal requests may take up to 21 days, or longer in some circumstances, such as if there is insufficient cash available in the Fund to meet withdrawal requests within the 21 day period.

Distributions

Platform operators The Fund aims to pay distributions monthly. Distributions paid are based on the income earned by the Fund and the number of units you hold at the end of the distribution period. You should be aware that although the Fund aims to pay distributions monthly, the amount of each distribution may vary or no distribution may be payable in a distribution period.

Indirect investors Distributions are paid directly to platform operators. You should contact your financial adviser or platform operator for details about how often distributions are paid, and the distribution payment method.

You should read the important information about how the Fund works before making a decision. Go to www.amp.com.au/advantagefunds – select 'Incorporated information' from the PDS information menu, and go to 'Distributions', 'Investing in the Fund', 'Accessing your money' and 'Other important information'. The material relating to how the Fund works may change between the time when you read this PDS and the day when you acquire the product.

3. Benefits of investing in the Merlon Advantage Australian Share Income Fund

Significant features

The Fund invests into the Underlying Fund. The Underlying Fund is managed by Merlon. Merlon's investment approach is to build a portfolio of undervalued companies with high levels of sustainable free cash flow and to then reduce some risk through the use of derivatives. Merlon aims for the Underlying Fund to be fully invested in large and mid-cap companies listed on the Australian Securities Exchange (ASX), which are selected based on Merlon's investment philosophy.

Benefits of investing

Sustainable income: Potential for consistent and sustainable income by investing in undervalued shares expected to deliver an attractive dividend stream, supported by strong underlying cash flows.

Reduced risk: The Underlying Fund utilises a derivatives overlay to remove a large part of the volatility associated with traditional equities portfolios.

Inflation protection: By investing in equities, the Underlying Fund aims to provide capital growth and assist investors with increases in the cost of living.

Diversification: The Underlying Fund allows access to a portfolio of high free cash flow producing companies selected without reference to the benchmark.

Investment professionals: Access to an experienced team of investment professionals who specialise in Australian equities.

Franking credits: The Underlying Fund aims to provide reliable and consistent monthly income, predominantly from franked dividends.

You should read the important information about the features of the Fund before making a decision. Go to www.amp.com.au/advantagefunds – select 'Incorporated information' from the PDS information menu, and go to 'Fund features' and 'Other important information'. The material relating to the Fund's features may change between the time when you read this PDS and the day when you acquire the product.

4. Risks of managed investment schemes

All investments carry risk

Assets with the highest long term returns may also carry the highest level of short term risk, particularly if you do not hold your investment for the minimum suggested investment timeframe. Additionally, different investment strategies may carry different levels of risk, depending on the assets in which a fund invests.

When you invest in a Fund, you should be aware that:

- returns are not guaranteed – future returns may differ from past returns, and the level of returns may vary, and
- the value of your investment may vary, and there may be the risk of loss of invested capital.

The value of your investment may also be affected by the Fund-specific risks noted below and by other risks or external factors such as the state of the Australian and world economies, consumer confidence and changes in laws and regulations including tax laws and government policies relating to managed investment schemes.

Other factors such as your age, the length of time you intend to hold your investment, other investments you may hold, and your personal risk tolerance will affect the levels of risk for you as an investor. As the risks noted in this section do not take factors such as these into account, you should consider obtaining appropriate financial advice before making a decision about investing or reinvesting in the Fund.

Risks specific to the Fund

Risks specific to the Fund may include or be associated with:

- **companies** – factors such as management changes may affect a company's performance.
- **concentration** – underperformance of a particular security may have a proportionately greater negative effect on the Fund's overall performance than if the Fund held a larger number of securities.
- **counterparty or default risk** – substantial losses can be incurred if a counterparty fails to deliver on its contractual obligations or experiences financial difficulties.
- **derivatives** – the use of derivatives may magnify any losses incurred.
- **investment management** – there is a risk that the Underlying Fund Manager will not perform to expectation or factors such as changes to the investment team or a change of Underlying Fund Manager may affect the Fund's performance.
- **liquidity** – assets subject to liquidity risk may be difficult to trade and it may take longer for their full value to be realised, and in circumstances where the Fund's portfolio ceases to be 'liquid' for Corporations Act purposes, there may be significant delays or a freeze on withdrawal requests.
- **share market investments** – the value of the Fund's investment in listed securities may decrease as a result of adverse share market movements.

You should read the important information about risks before making a decision. Go to www.amp.com.au/advantagefunds – select 'Incorporated information' from the PDS information menu, and go to 'Risks of investing'. The material relating to risks may change between the time when you read this PDS and the day when you acquire the product.

5. How we invest your money

The Fund

The Fund invests into the Underlying Fund. The Underlying Fund's investment universe is primarily securities listed on the ASX, or those that Merlon expects to list within the next six months. The Underlying Fund can also invest in cash and over-the-counter derivatives related to securities listed on the ASX.

Consistent with Merlon's philosophy the portfolio is constructed in two components:

Fundamental equity portfolio: Initial portfolio allocations are based on the results from Merlon's fundamental research. Single stock, sector and liquidity constraints are then applied to derive an underlying model portfolio. Subject to qualitative, tax and risk considerations, trades are implemented to continually align the Underlying Fund with this underlying model portfolio. Merlon does not short sell securities.

Derivative overlay: Stocks requiring a derivative overlay are identified based on criteria set by Merlon. Subject to qualitative review, appropriate derivative hedging strategies are applied.

The Fund may be suitable for investors who are happy to invest for at least five years, are seeking high levels of return, with a large proportion of returns coming from income (predominantly via franked dividends) and who are comfortable with moderate volatility including the possibility of periods of negative returns.

Asset allocation

Asset class	Range
Australian equities*	85-100%
Cash	0-15%

* The Underlying Fund targets to be fully invested in shares for the purposes of earning dividend income and uses derivatives to reduce exposure to share market volatility to a typical range of 60-80%.

Investment return objective

To provide a higher level of tax-effective income with a lower level of risk than the benchmark, whilst also providing the potential for capital growth and inflation protection over the medium to long term.

Benchmark: S&P/ASX 200 Accumulation Index

Suggested minimum investment timeframe

5 years

Summary of risk level

Risk band

1	2	3	4	5	6	7
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Risk label

Very low	Low	Low to medium	Medium	Medium to high	High	Very high
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The Fund's risk band and risk label are based on an estimation that the number of negative annual returns over any 20 year period would be within the range of 4 to less than 6. Information about the methodology used for calculating the risk level can be obtained by contacting us. This summary is not a complete description of the risks of investing in the Fund.

Consequently, before choosing to invest or reinvest in the Fund, you should read the Fund's PDS and incorporated information, and consider factors such as the likely investment return, the risks of investing and your investment timeframe.

We may change the Fund's investment return objective or investment approach, from time to time, if we consider it to be in the best interests of investors. If we do so, we will advise investors.

In section 5 only, the term 'we' refers to the Responsible Entity.

You should read the important information about how we invest your money before making a decision. Go to www.amp.com.au/advantagefunds – select 'Incorporated information' from the PDS information menu, and go to 'Fund features'. The material relating to how we invest your money may change between the time when you read this PDS and the day when you acquire the product.

6. Fees and costs

DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns. For example, total annual fees and costs of 2% of your investment balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs. You may be able to negotiate to pay lower 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 fees based on your own circumstances, the **Australian Securities and Investments Commission (ASIC)** website (www.moneysmart.gov.au) has a managed funds fee calculator to help you check out different fee options.

Summary of fees

Overview of fees and costs

Table 1 provides an overview of the costs of acquiring units in the Fund, and the fees and costs charged in relation to your investment.

These fees may be deducted from your money, from the returns on your investment or from the assets of the managed investment scheme as a whole. For this Fund, these fees are paid out of the Fund's assets, and are reflected in the unit price. You can use this information to compare the Fund's fees and costs with those of other funds.

Unless otherwise stated, the fees shown in this section are inclusive of Goods and Services Tax (GST) less Reduced Input Tax Credits (RITCs) or other input tax credits claimable.

Unless otherwise specified, all dollar amounts are Australian dollars.

Table 1

Type of fee or cost	Amount
Fees when your money moves in or out of the managed investment product	
Establishment fee	Nil
Contribution fee	Nil
Withdrawal fee	Nil
Exit fee	Nil
Management costs^{1,2}	
The fees and costs for managing your investment ³	0.75% pa of the Fund's net assets

1. Management costs are expressed as a percentage of the Fund's net assets. Management costs are made up of a management fee of 0.75% pa, recoverable expenses of 0.00% pa and other indirect costs of 0.00% pa. The sum of these figures may differ to the total management costs, due to rounding.
2. Transactional and operational costs and borrowing costs may apply. Refer to 'Additional explanation of fees and costs' in the 'Incorporated information'.
3. See Table 2 for an example of the calculation of the management costs.

Important

Fee amounts shown in this PDS are the fees the Responsible Entity charges platform operators investing through this PDS. If you are an indirect investor, please contact your financial adviser or platform operator for details of the fee amounts relating to your investment in the Fund.

Fees may be payable to your financial adviser, these fees are additional to the fees noted in Table 1 (refer to the Statement of Advice provided by your adviser).

Changes to fees

The Responsible Entity may change the fees noted in this PDS at its discretion and without the consent of platform operators or indirect investors. For example, fees may be increased where increased charges are incurred due to changes to legislation, where increased costs are incurred, if there are significant changes to economic conditions, or if third parties impose or increase processing charges. However, we will give platform operators 30 days' written notice of any intention of the Responsible Entity to increase the existing fees or introduce performance fees or contribution or withdrawal fees.

Example of annual fees and costs

Table 2 gives an example of how the 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. The fees and costs shown in this table are an example only and are not additional to the fees and costs described in Table 1.

Table 2

Example – Merlon Advantage Australian Share Income Fund		Balance of \$500,000 with a contribution of \$5,000 during the year
Contribution fees	Nil	For every additional \$5,000 you put in, you will be charged \$0.
Plus Management costs ¹	0.75% pa of the Fund's net assets	And , for every \$500,000 you have in the Fund you will be charged \$3,750 ² each year.
Equals Cost of the Fund ³		If you had an investment of \$500,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged a fee of: \$3,750² What it costs you will depend on the fund you choose and the fees you negotiate.

1. Refer to Table 1 for the components of the management costs.
2. This cost does not include the management costs charged on the additional \$5,000 investment. The additional management costs would be \$37.50 if you had invested the \$5,000 for a full 12 months.
3. This cost does not include any advice fees paid to your financial adviser.

You should read the important information about fees and other costs before making a decision. Go to www.amp.com.au/advantagefunds – select 'Incorporated information' from the PDS information menu, and go to 'Fees and costs'. The material relating to fees and other costs may change between the time when you read this PDS and the day when you acquire the product.

7. How managed investment schemes are taxed

Investing in a managed investment scheme is likely to have tax consequences for investors. Specifically, managed investment schemes do not pay tax on behalf of investors in the scheme, and investors are assessed for tax on the net income generated by their investment in the scheme.

You are strongly advised to seek professional taxation advice before you invest or deal with your investment, as the taxation treatment of your investment will be specific to your circumstances and to the nature of your investment.

You should read the important information about taxation before making a decision. Go to www.amp.com.au/advantagefunds – select 'Incorporated information' from the PDS information menu, and go to 'Taxation'. The material relating to taxation may change between the time when you read this PDS and the day when you acquire the product.

8. How to apply

Investing in the Fund

The offer to invest in the Fund is subject to the terms and conditions described in the PDS current at the time of contributing any investment amount. A current PDS can be obtained, free of charge, online at www.amp.com.au/advantagefunds or by contacting us.

Platform operators You will need to complete an application form when applying for an initial or additional investment in the Fund. The application form can be obtained, free of charge, by contacting us on 1800 658 404.

Indirect investors Your financial adviser or platform operator can provide you with a current PDS and information about how to apply.

Cooling off rights

Platform operators Cooling off rights do not apply in relation to an investment in the Fund.

Indirect investors Cooling off rights do not apply under this PDS. Your financial adviser or platform operator can provide you with the conditions, if any, that apply to returning your investment within the cooling off period set by the platform operator.

Complaints procedure

Platform operators AMP Capital and the Responsible Entity follow an established procedure to deal with complaints. We are committed to providing you with a high level of service, but sometimes things go wrong. If this happens, we will help you resolve the issue. If you have concerns relating to your investment in the Fund, please contact us by telephone on 1800 658 404 or in writing to AMP Capital Investors Limited, GPO Box 5445, Sydney NSW 2001.

If the complaint is privacy related, please refer to the AMP Privacy Policy for more details, which can be obtained online at www.ampcapital.com/privacy.

Indirect investors You should contact your financial adviser or platform operator if you have a complaint related to your investment in the Fund. If your issue remains unresolved, you can contact the external dispute resolution scheme of which the platform operator is a member.

Contact us

AMP Capital Funds Management Limited
Registered office
33 Alfred Street
SYDNEY NSW 2000

For North Platform investors:
North Service Centre
T: 1800 667 841
E: north@amp.com.au
W: www.northonline.com.au

For PortfolioCare and WealthView investors:
AMP Capital Client Services
T: 1800 658 404
E: clientservices@ampcapital.com
W:
www.amp.com.au/portfoliocare
(PortfolioCare investors)
www.amp.com.au/wealthview
(WealthView investors)

Mailing address

North Platform investors:
North Service Centre
GPO Box 2915
MELBOURNE VIC 3001

PortfolioCare and WealthView investors:
AMP Capital Investors Limited
GPO Box 5445
SYDNEY NSW 2001



Merlon Advantage Australian Share Income Fund

Incorporated information
10 December 2018

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This document provides information incorporated by reference in the Merlon Advantage Australian Share Income Fund (Platform - Class A units) Product Disclosure Statement (PDS) dated 10 December 2018, and forms part of the PDS. A copy of the PDS and the incorporated information can be obtained free of charge, on request by contacting us on 1800 658 404 or online at www.amp.com.au/advantagefunds.

Before making a decision about investing or reinvesting in the Merlon Advantage Australian Share Income Fund (the Fund), you should read the PDS and all incorporated information.

Issuer and Responsible Entity: AMP Capital Funds Management Limited – referred to in this document as ‘the Responsible Entity’. AMP Capital Investors Limited (ABN 59 001 777 591, AFSL 232497) – referred to in this document as ‘AMP Capital’, ‘we’, ‘our’ or ‘us’ has been appointed by the Responsible Entity to provide investment services in respect of the Fund, which includes being responsible for selecting and monitoring the Underlying Fund Manager.

Underlying Fund Manager: Merlon Capital Partners Pty Ltd (ABN 94 140 833 683, AFSL 343753) – referred to in this document as Merlon.

Fund: EFM Australian Share Fund 18 – referred to in this document as Merlon Advantage Australian Share Income Fund (ARSN 622 737 526, APIR code AMP8760AU).

1. Fund features

Fund profile

The Fund invests into the Merlon Australian Share Income Fund, ARSN 090 578 171 (referred to in this document as ‘Underlying Fund’).

Merlon seeks to construct a portfolio of high-yielding companies around an equally weighted benchmark with valuation upside and sustainable free cash flow yields, whilst reducing market exposure using options that focus on stocks with poor short-term momentum characteristics.

Merlon’s investment approach is to build a portfolio of undervalued companies with high levels of sustainable free cash flow and to then reduce some risk through the use of derivatives. Merlon aims for the Underlying Fund to be fully invested in large and mid-cap companies listed on the ASX, which are selected based on Merlon’s investment philosophy.

There are two elements to Merlon’s investment philosophy:

Value: Merlon believes that stocks trading below fair value will outperform through time. Merlon measures value by sustainable free cash flow yield. Merlon views franking credits similarly to cash and takes a medium to long term view

Risk management: Merlon believes that the impact of risk associated with investing can be reduced through derivative based hedging strategies. By entering into a derivative contract whose value moves in the opposite direction to the underlying asset, the risk of a reduction in the value of the underlying asset can be cancelled out in part or in full. Derivative based hedging strategies may also have the potential to provide additional returns and may deliver beneficial tax outcomes.

Derivatives

The Underlying Fund may at times invest in or obtain exposure to derivatives, such as futures and options.

Derivatives may be used to gain exposure when they offer a more cost-effective way of purchasing the underlying security.

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

The Underlying Fund’s constitution permits the use of derivatives; however Merlon does not intend to gear the Underlying Fund through the use of derivatives. If market movements, investments into or withdrawals from the Underlying Fund, or changes in the nature of an investment result in the Underlying Fund being geared through derivatives, this will be addressed by Merlon as soon as reasonably practicable. Where the Underlying Fund uses derivatives, Merlon aims to manage the Underlying Fund so as to keep sufficient liquid assets in the Underlying Fund to meet all obligations associated with the derivatives.

Borrowing

The Fund's constitution places no formal restriction on amounts that may be borrowed or liabilities that may be incurred. If required, borrowings would be sought by the Responsible Entity only on a short term basis and only for the purposes of:

- funding withdrawals of units, and
- covering settlements.

The Fund may incur costs through interest expenses and the establishment and maintenance of a borrowing facility.

Environmental, social and governance (ESG) considerations

While Merlon takes into account labour standards or ESG considerations when buying, retaining or selling underlying investments, it does not adhere to any particular set of standards. Merlon will consider incorporating financial forecasts of these issues impacting long-term returns and the determination of company-specific quality and conviction scores.

Merlon recognises that it is not an expert in the environmental, social and corporate governance (ESG) field. As part of its fundamental research process each analyst is responsible for assessing ESG factors, including labour standards in relation to the securities they are responsible for. This includes incorporating the explicit financial forecast of ESG issues impacting long-term returns and the determination of company-specific quality and conviction scores. These forecasts and scores are debated by the investment team on at least a weekly basis.

Merlon obtains external advice on proxy voting and ESG issues.

As a recognised signatory of the United Nations Principles of Responsible Investment, Merlon's investment philosophy and investment process directly and indirectly incorporates ESG issues and sustainable investing. At an investment philosophy level, Merlon's view is that companies should be valued on sustainable free cash flow, as Merlon believes excessive returns on capital are rarely sustainable unless they are supported by a combination of favourable industry structure, demonstrable competitive advantage and disciplined company management. The investment process used by Merlon to implement this philosophy explicitly incorporates financial impacts of ESG factors where relevant and also sets qualitative scores for companies being researched, which are in turn used to assess their competitive advantage and sustainability of cash flows and returns.

Merlon does not apply a negative screen to ESG factors, but stocks with poor ESG characteristics will have lower qualitative scores and consequently lower long-term forecast returns incorporated in its valuation. These companies will also have lower conviction scores, making them less likely to be assessed positively as an investment opportunity. The timeframe for divesting an investment when it no longer meets Merlon's investment criteria will ultimately depend on available liquidity.

Each company under research coverage and within the portfolio will have had a detailed qualitative assessment, which includes environmental and social issues such as labour laws and other human capital issues where they impact competitive advantage, and an explicit assessment of governance. Companies under coverage are discussed on a rotational basis throughout the year, with priorities determined at the weekly investment meetings. However, there is no set timeframe for monitoring these issues.

2. Risks of investing

All investing involves risk

Generally, the higher the expected return, the higher the risk.

Whilst the Fund is managed with the aim of providing competitive investment returns against the Fund's performance benchmark and protecting against risk, you should be aware that the Fund is subject to investment risks, which could include delays in repayment, the non-payment of distributions and loss of income and capital invested.

Investment risks can affect your financial circumstances in a number of ways, including:

- your investment in the Fund may not keep pace with inflation, which would reduce the future purchasing power of your money
- the stated aims and objectives of the Fund may not be met
- the amount of any distribution you receive from the Fund may vary or be irregular, which could have an adverse impact if you depend on regular and consistent distributions to meet your financial commitments, and
- your investment in the Fund may decrease in value, which means you may get back less than you invested.

As the risks noted in this section do not take into account your personal circumstances, you should also consider the information provided under 'Making an investment decision' in this section before making a decision about investing or reinvesting in the Fund.

Risks specific to the Fund

Companies

Specific risks relating to individual companies may include disappointing profits and dividends, and management changes.

Where a company is geared there is the risk that the value of the company and/or the company's returns may be affected by factors such as increased borrowing costs or a change in interest rates.

Concentration

As the Fund holds only a small number of securities, the underperformance of a particular security may have a proportionately greater negative effect on the Fund's overall performance than if the Fund held a larger number of securities.

Counterparty or default risk

Entry into some financial transactions, such as swaps, creates counterparty risks. Substantial losses can be incurred if a counterparty fails to deliver on its contractual obligations, or experiences financial difficulties.

The value of assets within the Fund can change due to changes in the credit quality of the individual issuer, or counterparty, and as a result of changes in the values of other similar securities, which can affect the volatility of the Fund and its returns.

Where the Fund invests in certain strategies such as derivatives, fixed income, credit or high yield investments, it may be subject to the risk that the credit issuer may default on interest payments, the repayment of capital or both, or that a third party ratings agency downgrades a credit rating, or that a counterparty to a transaction may default on financial or contractual obligations.

The Fund may also invest in government, corporate or other securities with a non-investment grade credit rating (that is, Standard and Poor's BB+ rating or equivalent, or less) and, as such, there is an increased risk, compared to investment grade securities, that the credit issuer may default on interest payments, the repayment of capital or both.

Derivatives

There are risks of losses to the Fund through the use of derivatives, and where derivatives are used by underlying funds in which the Fund invests, including:

- the value of a derivative may not move in line with the value of the underlying asset
- a derivative position cannot be reversed
- losses may be magnified, and
- the party on the other side of a derivative contract defaults on financial or contractual obligations.

Investment management

There is a risk that the Underlying Fund Manager will not perform to expectation or factors such as changes to the investment team or a change of Fund Manager may affect the Fund's performance.

Liquidity

Liquidity refers to the ease with which an asset can be traded (bought and sold). An asset subject to liquidity risk may be more difficult to buy or sell and it may take longer for the full value to be realised.

Where the Fund has exposure to investments which are generally considered to be illiquid, it may be subject to liquidity risk.

The Underlying Fund Manager manages the Underlying Fund's portfolio with the aim of ensuring that exposure to illiquid assets is no greater than 20%. However, in circumstances where the Underlying Fund's portfolio consists of less than 80% in value of liquid assets, we may not be able to meet withdrawal requests within the periods specified under the 'Payment times' section of this document, and may suspend processing all withdrawal requests for such period as we determine.

In addition, we will not meet withdrawal requests if the Fund ceases to be 'liquid' for the purposes of the Corporations Act. However, although we are not obliged to, we may offer investors the opportunity to make withdrawals where the Fund is not 'liquid' during this period, as set out under the 'Processing withdrawal requests' section of this document.

Share market investments

Share market investments have historically produced higher returns than cash or fixed interest investments over the long term. However, the risk of capital loss exists, especially over the shorter term. You should be aware that past share market investment performance is not an indication of future performance.

Specific risks may include a slowdown in economic growth, individual companies reporting disappointing profits and dividends, and management changes. Where a fund is invested in listed securities, the value of these securities may decrease as a result of these and other events.

Other risks

Other risks of investing may apply and you should seek appropriate advice before investing.

Making an investment decision

As the risks noted in this document do not take into account your personal circumstances, you should consider the following before making a decision about investing or reinvesting in the Fund:

- **Obtain professional advice** to determine if the Fund suits your investment objectives, financial situation and particular needs.
- **Ensure** you have read the most up-to-date Merlon Advantage Australian Share Income Fund PDS, available on our website at www.amp.com.au/advantagefunds.
- **Consider** the suggested minimum investment timeframe for the Fund, as set out in the Fund's PDS.
- **Regularly review** your investments in light of your investment objectives, financial situation and particular needs.

3. Fees and costs

Fee summary

This document shows fees and other costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from the assets of the managed investment scheme as a whole.

Taxes are set out in another part of this document. You should read all the information about fees and costs because it is important to understand their impact on your investment.

Fee amounts shown in this section are the fees platform operators are charged when investing through the Fund's PDS. If you are an indirect investor, please contact your financial adviser or platform operator for details of the fee amounts relating to your investment in the Fund. Unless otherwise specified, all dollar amounts are Australian dollars.

Table 1

Merlon Advantage Australian Share Income Fund

Type of fee or cost	Amount	How and when paid
Fees when your money moves in or out of the managed investment product		
Establishment fee The fee to open your investment.	Nil	Not applicable
Contribution fee The fee on each amount contributed to your investment.	Nil	Not applicable
Withdrawal fee The fee on each amount you take out of your investment.	Nil	Not applicable
Exit fee The fee to close your investment.	Nil	Not applicable
Management costs¹		
The fees and costs for managing your investment.	0.75% pa of the Fund's net assets	Management costs are comprised of: <ul style="list-style-type: none"> – a management fee² – calculated daily and paid monthly out of the Fund's assets and reflected in the unit price. – indirect costs³ – paid out of the Fund's assets or interposed vehicle's⁴ assets once the cost is incurred and reflected in the unit price. Calculated on the basis of the Responsible Entity's reasonable estimate or knowledge of such costs.
Service fees		
Switching fee The fee for changing investment options.	Nil	Not applicable

1. This amount comprises the management fee and estimated indirect costs. The sum of these figures may differ to the total management costs, due to rounding. For more information about management costs, see 'Management costs' under the heading 'Additional explanation of fees and costs'.
2. The management fee may be negotiated with investors who are wholesale clients for the purposes of the Corporations Act. See 'Differential fees' under the heading 'Additional explanation of fees and costs'.
3. For more information on the meaning and calculation of indirect costs, see 'Indirect costs' under the heading 'Additional explanation of fees and costs'.
4. For more information on the meaning of interposed vehicles, see 'Indirect costs' under the heading 'Additional explanation of fees and costs'.

Additional explanation of fees and costs

Management costs

Management costs are expressed as a percentage of the Fund's net assets, rounded to two decimal places. Management costs are made up of a management fee, an estimated performance fee (if applicable) and estimated indirect costs. Any management fees, performance fees or indirect costs charged by interposed vehicles are included in the management costs in Table 1; they are not an additional cost to you.

Management costs components

The management costs shown in Table 1 comprise the following components. The sum of these figures may differ to the total management costs, due to rounding. All figures in the table below are expressed as a percentage of the net assets of the Fund.

Management fee (% pa)	Indirect costs (% pa)	
	Recoverable expenses	Estimated other indirect costs
0.75%	0.00%	0.00%

Management fee

The management fee is charged by the Responsible Entity for managing and operating the Fund. The management fee of 0.75% pa is charged on the value of the gross assets of the Fund. When calculating the value of the gross assets of the Fund for this purpose, we may value any units held by the Fund in underlying funds by reference to the gross assets of the underlying funds (that is, disregarding the value of any borrowings, other liabilities or provisions in those underlying funds) rather than the net asset value. For the purposes of the management costs calculation in Table 1, the management fee has been expressed as a percentage of the Fund's net assets.

Indirect costs

Indirect costs are generally any amount the Responsible Entity knows or estimates will reduce the Fund's returns, that are paid from the Fund's assets or the assets of interposed vehicles.

Generally, an interposed vehicle is a body, trust or partnership in which the Fund's assets are invested. It includes, for example, an underlying fund.

The amount of indirect costs include, but are not limited to:

- recoverable expenses of the Fund
- management costs of an interposed vehicle (including recoverable expenses, performance-related fees and any other indirect costs of underlying managers or interposed vehicles in which the Fund invests), and
- a reasonable estimate of the costs of investing in over-the-counter (OTC) derivatives (either at the Fund level or in interposed vehicles), which may be used by the Fund to gain economic exposure to assets.

The amount of indirect costs shown in the 'Management costs component' table is based on the Responsible Entity's knowledge of, or where required, reasonable estimate of, such costs. Indirect costs are generally calculated on the basis of indirect costs paid by the Fund in the Fund's previous financial year. As such, the actual indirect costs may differ from the amount shown in the 'Management costs components' table. Indirect costs are deducted from the returns on your investment or from the Fund's assets as a whole. They are reflected in the unit price and are not an additional cost to you.

Estimated indirect costs are included in the management costs in Table 1.

Recoverable expenses

The Fund's constitution entitles the Responsible Entity to be reimbursed from the Fund for any expenses incurred in relation to the proper performance of its duties.

The Responsible Entity may also recover other expenses relating to the operation of the Fund. These expenses include but are not limited to audit and legal fees, tax and accounting services, custody, administration and registry services, regulatory compliance, the cost of preparing disclosure documents and costs associated with a securities lending program (if applicable). Internal expenses incurred in connection with these matters may also be recovered from the Fund. Recoverable expenses are included in the management costs in Table 1.

Updated fees and costs information

The management costs components are based on the Responsible Entity's actual knowledge, or reasonable estimate, of the particular fee or cost. Estimates may be based on a number of factors, including (where relevant), previous financial year information, information provided by third parties or as a result of making reasonable enquiries, and typical costs of the relevant investment. As such, the actual fees and costs may differ and are subject to change from time to time. Updated information that is not materially adverse to investors will be updated online at www.ampcapital.com/feesandcosts, or you may obtain a paper copy or an electronic copy of any updated information from us, free of charge, on request. However, if a change is considered materially adverse to investors, the Responsible Entity will issue a replacement PDS and/or updated incorporated information, both of which will be available online. You can also obtain a copy of these documents free of charge, by contacting us.

Transactional and operational costs

The Fund incurs transactional and operational costs when dealing with the assets of the Fund. Transactional and operational costs may include transactional brokerage, clearing costs, stamp duty, the buy and sell spreads of any underlying fund and the costs of (or transactional and operational costs associated with) derivatives. These costs will differ according to the type of assets in the Fund, or the purpose for which any derivatives are acquired, and will be paid out of the Fund's assets.

We estimate the Fund's transactional and operational costs to be approximately 1.31% of the net assets of the Fund.

Buy and sell spreads

Transactional and operational costs associated with dealing with the Fund's assets may be recovered by the Fund from investors, in addition to the fees noted in Table 1.

Investments and withdrawals in the Fund may incur buy and sell spreads, which are designed to ensure, as far as practicable, that any transactional and operational costs incurred as a result of an investor entering or leaving the Fund are borne by that investor, and not other investors.

Buy and sell spreads are calculated based on the actual or estimated costs the Fund may incur when buying or selling assets. They will be influenced by our experience of the costs involved in trading these assets or the costs that the Fund has actually paid, and will be reviewed whenever necessary to ensure they remain appropriate.

When you enter or leave the Fund, any buy or sell spread applicable at that time is a cost to you, additional to the fees noted in Table 1, and is reflected in the unit price. The buy and sell spreads are retained within the Fund; they are not fees paid to the Responsible Entity, AMP Capital or any investment manager.

The buy spread is taken out of application amounts. The sell spread is taken out of withdrawal amounts. As at the date of this document, a buy spread of 0.20% and a sell spread of 0.20% apply to the Fund. Current buy and sell spreads can be obtained online at www.ampcapital.com/spreads or by contacting us.

Based on the buy and sell spreads noted above, an investment of \$500,000 would incur a buy spread of \$1,000, and a withdrawal of \$500,000 would incur a sell spread of \$1,000. This is an example only; it is not an estimate or forecast. The actual buy and/or sell spreads may be higher or lower.

If the investments and withdrawals in the Fund incur buy and sell spreads, we estimate that a buy spread of 0.20% and a sell spread of 0.20% will recover the Fund's transactional and operational costs incurred due to investor activity. However, the balance of the Fund's transactional and operational costs will be borne by the Fund from the Fund's assets without any recover from individual investors and reflected in its unit price.

Total estimated transactional and operational costs	1.31%
Estimated transactional and operational costs offset by buy/sell spreads	0.91%
Estimated transactional and operational costs borne by the Fund	0.40%

Current buy and sell spreads can be obtained online at www.ampcapital.com/spreads or by contacting us.

Other costs

Borrowing costs

Borrowing costs (or gearing costs) are the costs associated with borrowing money or securities (such as interest, establishment fees, government charges and stock borrowing fees). Borrowing costs are paid out of the Fund's assets or the underlying fund's assets (as the case may be) and reflected in the unit price.

We estimate these borrowing costs to be 0.00% of the Fund's net assets. These costs will be paid out of the Fund's assets and are additional to the fees and costs noted in Table 1 above.

Costs related to certain specific assets or activities to produce income

The Fund may also incur costs (related to certain specific assets or activities to produce income) that an investor would incur if they invested directly in a similar portfolio of assets. These costs will be paid out of the Fund's assets and are additional to the fees and costs noted in Table 1 above.

Liabilities properly incurred

The Fund's constitution entitles the Responsible Entity to be indemnified from the Fund for any liability properly incurred.

Maximum fees

The maximum fees that can be charged under the Fund's constitution (exclusive of GST) are:

- **Contribution fee** – 5% of the application amount. Currently, no contribution fee is charged.
- **Withdrawal fee** – 5% of the withdrawal amount. Currently, no withdrawal fee is charged.
- **Management fee** – 3% per annum of the value of the assets of the Fund. The current management fee charged is 0.75% per annum.

Under the Fund's constitution, the Responsible Entity is entitled to be paid an additional amount on the above fees, on account of GST, calculated in accordance with the Fund's constitution.

Goods and Services Tax (GST)

Unless otherwise stated, the fees and other costs shown in this section are inclusive of GST, less reduced input tax credits or other input tax credits claimable. For information about the tax implications of investing in the Fund, refer to the 'Taxation' section of this document.

Differential fees

A rebate of part of the management fee or a lower management fee may be negotiated with investors who are wholesale clients for the purposes of the Corporations Act or with AMP Group staff. Further information can be obtained by contacting us.

Alternative forms of remuneration

AMP Capital and the Responsible Entity may provide alternative forms of remuneration, such as professional development, sponsorship and entertainment for financial advisers, dealer groups and master trust or investor directed portfolio service (IDPS) operators, where the law permits. Where such benefits are provided, they are payable by us or the Responsible Entity and are not an additional cost to you. AMP Capital and the Responsible Entity maintain a register to record any material forms of alternative remuneration AMP Capital or the Responsible Entity may pay or receive. We will provide you with a copy of our register, free of charge, on request.

Payments to your financial adviser

Although we do not make any payments to financial advisers whose clients invest in the Fund through the Fund's PDS, your financial adviser may receive payments and/or other benefits from the dealer group or organisation under which they operate. These payments and benefits are not a cost to the Fund.

Payments may be made to entities such as dealer groups, platform operators, master trusts and investment administration services in relation to the Fund, where the law permits. They are paid by us and are not a cost to you.

The amount of these payments may change during the life of this document. For further information, please refer to the offer document issued by the relevant entity.

4. Taxation

Taxation treatment of your investment

It is important that you seek professional taxation advice before you invest or deal with your investment, as the taxation system is complex, and the taxation treatment of your investment will be specific to your circumstances and to the nature of your investment.

These comments are for information purposes and are intended for tax paying investors who hold their investment on capital account for income tax purposes and are based on our interpretation of Australian taxation laws and Australian Taxation Office administrative practices at the date of publication of this document.

The Fund is a Managed Investment Trust (MIT) and will be administered as an Attribution Managed Investment Trust (AMIT).

The AMIT tax regime seeks to improve the operation of the taxation law for MITs by increasing certainty for responsible entities and unit holders and allowing greater flexibility around how MITs are administered.

Under the AMIT tax regime, you are taxed on the taxable income that is attributed to you by the Responsible Entity on a fair and reasonable basis and in accordance with the Fund's constitution. You may be entitled to tax offsets, which reduce the tax payable by you, and concessional rates of tax may apply to certain forms of taxable income such as capital gains.

Australian resident individuals are liable to pay tax at their marginal rates on the taxable income attributed to them from the Fund. Generally, tax is not paid on behalf of investors. If you are not an Australian resident for income tax purposes, withholding tax may be deducted from the taxable income of the Fund attributed to you at prescribed rates, dependent on the components of the Fund's taxable income.

Please note that at the time of your initial or additional investment there may be unrealised capital gains or accrued income in the Fund. If later realised, these capital gains and income may form part of the taxable income attributed to you. In addition, there may be realised but undistributed capital gains or income in the Fund, which may form part of the taxable income attributed to you.

Any losses generated by the Fund cannot be passed onto investors. However, where specific requirements are satisfied, the Fund should be eligible to offset losses to reduce later year income or capital gains.

You may also be liable to pay capital gains tax on any capital gains in respect of your investment, such as from disposing of your investment. You may instead realise a capital loss in respect of your investment, which may be used to reduce capital gains in the same or later years. The cost base of your investment, which is relevant when calculating any such capital gains or losses, may change over the duration of holding your investment. The cost base of your interest in the Fund may increase or decrease if the taxable income attributed to you differs to the amounts that you have received as a cash distribution.

Each year we will send you an AMIT Member Annual Statement (AMMA Statement), which will contain details of the taxable income attributed to you for the year, together with any net cost base adjustment amount by which the cost base of your interest in the Fund should be increased or decreased.

Taxation laws and administrative practices change from time to time. Such changes may impact the taxation of the Fund and you as an investor. It is your responsibility to consider and monitor the impact of any taxation reforms impacting your investment.

Providing a Tax File Number (TFN)

You do not have to provide a TFN, exemption code or Australian Business Number (ABN) when you complete an application to invest or reinvest in the Fund. However, if you do not provide any of these, the Responsible Entity may be required to deduct tax from most distributions, including where those distributions are reinvested, at the highest marginal tax rate, plus any applicable levies.

5. Distributions

Unit prices will normally fall after the end of each distribution period. Consequently, if you invest just before the end of a distribution period, some of your capital may be returned to you as income in the form of a distribution.

Any distributions you receive may affect the social security benefits to which you are or may be entitled, and you should consider discussing this with your financial adviser, Centrelink or the Department of Veterans' Affairs before investing.

Payment of distributions

Platform operators

You can choose to have distributions:

- paid directly into your current nominated account, or
- reinvested in the Fund

by indicating your selection on your application form. If no selection is made, distributions will be reinvested.

Distributions paid are based on the income earned by the Fund and the number of units you hold at the end of the distribution period. For example, if you held 500,000 units in the Fund, and the Fund paid a distribution of \$0.02 per unit for the distribution period, you would receive \$10,000 (that is, 500,000 units x \$0.02 per unit). Please note this is an example only and not a forecast, the distribution rate will vary for each distribution.

Indirect investors

Distributions are paid directly to platform operators. Payment of distributions to you is subject to the arrangement between you and the platform operator. Your financial adviser or platform operator can provide you with information about:

- how often distributions are paid, and
- the distribution payment method (eg paid directly into a nominated bank account or reinvested in the Fund).

Reinvestment

Under the Fund's constitution, the issue price for reinvested distributions is determined by the net asset value (adjusted by any distribution payable), any transaction costs and the number of units on issue in the unit class as at the last day of the distribution period. However, no buy spread is applied to reinvested distributions (see 'Buy and sell spreads' in the 'Fees and other costs' section of this document).

6. Investing in the Fund

How to invest

Platform operators

Please contact our Client Services team on 1800 658 404 to obtain an application form.

The application form should only be completed and signed by:

- the person who is, or will become, the unitholder
- an authorised signatory if the application is on behalf of a company, trust or superannuation fund, or
- an agent for the investor, acting under power of attorney or as a legal or nominated representative.

Application forms should be mailed to:

Client Services
AMP Capital Investors Limited
GPO Box 5445
Sydney NSW 2001

All investments are made on the basis of the PDS current at the time of contributing your investment amount. You can obtain a current PDS, free of charge, online at www.amp.com.au/advantagefunds or by contacting us.

Indirect investors

Your financial adviser or platform operator will provide you with information about how to apply, including the form you will need to complete, minimum initial and additional investment amounts, and the method of paying your investment amount.

All investments are made on the basis of the PDS current at the time of contributing your investment amount. You can obtain a current PDS from your financial adviser or platform operator.

Terms and conditions of investing

The offer to invest in the Fund is subject to the terms and conditions described in the Fund's current PDS and incorporated information, and as set out in the Fund's constitution (see the 'Other important information' section of this document). The Responsible Entity reserves the right to change the terms and conditions (see below) and to refuse or reject an application.

We can only accept applications signed and submitted from within Australia. We cannot accept cash.

Changes to the information in a PDS

Before making an investment decision, it is important to read a current PDS, as information provided in a PDS and in information incorporated by reference in the PDS, may change from time to time. If changes are not materially adverse to investors, the relevant information will be updated online at www.amp.com.au/advantagefunds. However, if a change is considered materially adverse to investors, the Responsible Entity will issue a replacement PDS and/or updated incorporated information, both of which will be available online. You can also obtain a copy of these documents free of charge, by contacting us.

Processing applications

We generally process applications each Business Day, using the close of business issue price for that day. A Business Day for us is any day other than Saturday, Sunday or a bank or public holiday in Sydney, NSW.

Currently, if we receive an application after 1.00pm or on a non-Business Day for us, we treat it as having been received before 1.00pm the next Business Day.

Issue price

The issue price is determined under the Fund's constitution by reference to the net asset value and transaction costs pertaining to the relevant class of units, and the number of units on issue in that unit class.

The market value and net asset value of the Fund are normally determined at least each Business Day, using the market prices and unit prices of the assets in which the Fund is invested.

The Responsible Entity may suspend unit pricing and exercise certain discretions in determining the unit price (see 'Unit Pricing Discretions Policy' in the 'Other important information' section of this document).

7. Accessing your money

Requesting a withdrawal

Platform operators

Contact us in writing, telling us how much you wish to withdraw and giving your account details. Withdrawal requests can be submitted by fax* to 1800 630 066 or by mail to AMP Capital Investors Limited, GPO Box 5445, Sydney NSW 2001. Withdrawal amounts will be paid to your nominated account.

A balance of \$500,000 is generally required to keep your investment open. If your investment falls below this level, the Responsible Entity may redeem your investment and pay the proceeds to you. The Responsible Entity reserves the right, however, to accept lower account balances.

*Please refer to 'Communication by fax' in the 'Other important information' section of this document.

Indirect investors

Contact your financial adviser or platform operator for details about:

- how to withdraw money
- how your withdrawal will be paid, and
- the minimum withdrawal amount and account balance set by the platform operator.

Processing withdrawal requests

If our Sydney office receives a withdrawal request before 1.00pm on a Business Day, your withdrawal will be processed using the withdrawal price for that day. If received and accepted after 1.00pm, it will be processed using the withdrawal price for the next day. If it is a non-Business Day in Sydney, your withdrawal will be processed using the next available withdrawal price.

The proceeds of your withdrawal request will usually be available within five (5) Business Days (see 'Payment times' in this section).

In circumstances where the Fund's portfolio consists of less than 80% in value of liquid assets, for example because of an unexpected fall in the value of those liquid assets against the value of the illiquid assets in the Fund's portfolio, we may not be able to meet withdrawal requests until the Fund's exposure to illiquid assets falls to 20% or less of its portfolio. We may, at our discretion, offer investors the opportunity to make withdrawals during this period. At such times, we will notify investors of the offer, providing details about:

- the period during which the offer will remain open, and
- which assets will be used to satisfy withdrawal requests.

Total withdrawals

Where an investor redeems 5% or more of the units on issue of the Fund, the Responsible Entity may attribute taxable income to that redeeming investor.

Withdrawal price

The withdrawal price is determined under the Fund's constitution by reference to the net asset value and transaction costs pertaining to the relevant class of units, and the number of units on issue in that unit class.

The market value and net asset value of the Fund are normally determined at least each Business Day, using the market prices and unit prices of the assets in which the Fund is invested.

The Responsible Entity may suspend unit pricing and exercise certain discretions in determining the unit price (see 'Unit Pricing Discretions Policy' in the 'Other important information' section of this document).

Payment times

Although the proceeds of your withdrawal request will usually be available within five (5) Business Days of receipt, you should be aware that:

- payment and processing of withdrawal requests is dependent on the Fund's cash position, and
- the Fund's constitution allows up to 21 days, or longer in some circumstances, to process withdrawal requests. These circumstances include, but are not limited to:
 - where the Responsible Entity is unable to realise sufficient assets due to circumstances beyond its control, such as restricted or suspended trading in the market for an asset, or
 - if the Responsible Entity does not consider it is in the best interests of investors to realise sufficient assets to satisfy a withdrawal request.

Transfer of units

Platform operators Please contact us for all transfer requests.

Indirect investors You will need to contact your financial adviser or platform operator for information about the transfer of units.

8. Other important information

The Fund's constitution

The Fund's constitution provides the framework for the operation of the Fund and with the Fund's PDS, the Corporations Act and other relevant laws, sets out the relationship between the Responsible Entity and unitholders. We will send you a copy of the Fund's constitution free of charge, on request.

Indirect investors Your platform operator is investing in the Fund on your behalf. Consequently, the platform operator (or the custodian of the platform), and not you, holds the units in the Fund and has unitholder rights such as the right to attend and vote at unitholder meetings, and to redeem units or receive distributions. The platform operator exercises those rights on your behalf in accordance with the arrangements they have with you. For information about your investment, you will need to contact your financial adviser or the operator of the platform through which you have invested.

Overview of the Fund's constitution

The following overview of the Fund's constitution is mainly relevant to platform operators, as they are unitholders under the constitution.

The Fund may have a number of classes of units. Under the Fund's constitution, the different unit classes may have different management costs, expenses and distributions, but otherwise all classes of units have similar rights. Some of the provisions of the Fund's constitution are set out in the Fund's PDS and in this document. Further provisions relate to:

- the rights and liabilities of unitholders
- the times when processing of withdrawal requests can be extended, such as if the Fund is illiquid or it is not in the best interests of unitholders
- where taxes or other amounts can be deducted from payments to unitholders
- where transfers and applications may be refused
- the liability of the Responsible Entity to unitholders in relation to the Fund, which is limited to any liability imposed by the Corporations Act, so long as the Responsible Entity acts in good faith and without gross negligence
- the powers, rights and liabilities of the Responsible Entity, including its power to invest the assets of the Fund, to deal with itself and its associates, to be paid fees and to be reimbursed or indemnified out of the assets of the Fund
- the right of the Responsible Entity to be reimbursed by a unitholder or former unitholder for tax or expenses it incurs as a result of the unitholder's request, action or inaction, or to redeem units to satisfy amounts due to the Responsible Entity from a unitholder
- changing the Fund's constitution, including in some cases without unitholder approval, such as to meet regulatory changes
- the ability of the Responsible Entity to terminate the Fund at any time
- when the Responsible Entity can terminate the Fund or retire, and what happens if this occurs, and
- voting rights.

Although the Fund's constitution limits a unitholder's liability to the value of their units, the courts have yet to determine the effectiveness of provisions like this.

Compliance plan

The Responsible Entity has a compliance plan for the Fund, which sets out the measures that will apply in operating the Fund to ensure compliance with the Corporations Act and the Fund's constitution. The compliance plan is lodged with the Australian Securities and Investments Commission (ASIC) and is audited by independent auditors annually to determine compliance with it.

A compliance committee monitors the operation of the Fund and overall compliance with the compliance plan. The majority of the members of the compliance committee must be, and are, independent of both AMP Capital and the Responsible Entity. The compliance committee has the obligation to monitor compliance with the compliance plan and to report certain breaches of the Corporations Act and the compliance plan to ASIC.

Related party transactions

Any transaction between AMP Capital or the Responsible Entity and any of their respective related parties must comply with related party protocols and AMP Capital policies and procedures. For these purposes, a related party includes certain entities and individuals that have a close relationship with AMP Capital or the Responsible Entity. Related parties of the Responsible Entity include the Responsible Entity itself, entities that the Responsible Entity controls, funds operated or managed by the Responsible Entity and agents of the Responsible Entity.

As at the date of this document, the relevant policies and procedures that apply to related party transactions of AMP Capital or the Responsible Entity are contained in the AMP Conflicts of Interest Policy. Under this Policy, the parties must transact on terms that would be reasonable if they were dealing at arm's length, relevant legislative requirements must be satisfied and the interests of investors must be protected. The Policy will be reviewed on a regular basis and may change from time to time.

Under the Fund's constitution, the Responsible Entity may:

- deal with itself, an associate, investor or any other person
- be interested in and receive a benefit under any contract or transaction with itself, an associate, investor or any other person, or
- act in the same or similar capacity in relation to any other fund.

The Fund's constitution also provides that amounts may be paid to related parties for services provided to AMP Capital in connection with the Fund and for expenses. These payments are on arm's length terms.

Continuous disclosure obligations

Where the Fund has more than 100 unitholders it is subject to regular reporting and disclosure obligations under the Corporations Act. Copies of documents lodged with ASIC in relation to the Fund may be obtained from, or inspected at, an ASIC office or can be obtained free of charge by contacting us. These documents may include:

- the Fund's annual financial report most recently lodged with ASIC, or
- the Fund's half year financial report lodged with ASIC (after the lodgment of the annual financial report and before the date of the current PDS).

Where the Fund has continuous disclosure obligations, the Responsible Entity will meet those obligations by publishing material information online at www.amp.com.au/advantagefunds.

Your privacy

Platform operators

The main purpose in collecting personal information is so that we can set up and administer your investment account. If you do not provide the required information, we may not be able to process your application. If you would like us to not use your personal information for direct marketing purposes, please contact us.

Our Privacy Policy, which can be obtained online at www.ampcapital.com/privacy or by contacting us, sets out AMP Capital's policies on management of personal information. This information may be disclosed to other members of the AMP Group, financial advisers where applicable, to external service suppliers (including suppliers that may be located outside of Australia) who supply administrative, financial or other services that assist us in providing services to you, and to anyone you have authorised or if required by law.

You may access personal information held about you, although there are some exemptions to this. If you believe information held about you is inaccurate, incomplete or out of date, please contact us.

Indirect investors

Your financial adviser or platform operator will collect personal information from you so that they can set up and administer your investment account. Your financial adviser or platform operator can provide you with information about how they use and disclose this information.

Communication by fax

When you communicate with us by fax, it is your responsibility to obtain confirmation from us that we have received your fax. Neither we nor the Responsible Entity are responsible for any loss or processing delay that occurs as a result of us not receiving a faxed communication. Please note that we do not accept a sender's fax transmission record as evidence that a communication has been received by us. You also indemnify us and the Responsible Entity against any loss or liability arising from us or the Responsible Entity acting on any fraudulent communication received by fax.

Unit Pricing Discretions Policy

The Responsible Entity may exercise certain discretions in determining the unit price of units on application and withdrawal in the Fund. The Unit Pricing Discretions Policy, which can be obtained online at www.ampcapital.com or a copy can be obtained, free of charge, by contacting us, sets out the types of discretions that the Responsible Entity may exercise and in what circumstances the Responsible Entity exercises the discretions and the reasons why it considers the policies are reasonable. The Responsible Entity is required to keep a record of any instance where a discretion is exercised in a way that departs from these policies.

Asset Valuation Policy

Assets in which the Fund invests are held directly by the Fund or through underlying funds in which the Fund invests. Generally, these assets are valued at least each Business Day using market prices in accordance with the AMP Capital Asset Valuation Policy, with the exception of the following:

- **direct assets** are valued by us at least twice a year
- **units in unlisted funds** are valued at the most recent unit price supplied by the manager of the relevant fund
- **investments in underlying funds** are valued by an independent administrator, and
- **direct property** valuations are determined by independent property valuers annually, or more frequently to comply with certain scheme mandates as required.

For further information on AMP Capital's Asset Valuation Policy, please go to www.ampcapital.com or a copy can be obtained, free of charge, by contacting us.

9. Contacting AMP Capital

Communicating with you

We will provide platform operators with the information set out below. Platform operators are responsible for forwarding the relevant investment and Fund information to indirect investors.

Investment information

We will send platform operators confirmation of each transaction.

Online access

Online access allows platform operators to view investment information, annual reports and statements at any time. To register for online access, please contact us.

Fund information

We will provide platform operators with the following information free of charge, on request:

- the Fund's annual financial reports
- a paper copy of any updated information, and
- any replacement PDS or updated incorporated information.

Contact us

AMP Capital Funds Management Limited
Registered office
33 Alfred Street
SYDNEY NSW 2000

Mailing address

North Platform investors:
North Service Centre
GPO Box 2915
MELBOURNE VIC 3001

For North Platform investors:
North Service Centre
T: 1800 667 841
E: north@amp.com.au
W: www.northonline.com.au

PortfolioCare and WealthView investors:
AMP Capital Investors Limited
GPO Box 5445
SYDNEY NSW 2001

For PortfolioCare and WealthView investors:
AMP Capital Client Services
T: 1800 658 404
E: clientservices@ampcapital.com
W:
www.amp.com.au/portfoliocare
(PortfolioCare investors)
www.amp.com.au/wealthview
(WealthView investors)