

FUTURE DIRECTIONS AUSTRALIAN BOND FUND

Information Memorandum

CONTENTS

About AMP Capital	3
About the Future Directions Australian Bond Fund	3
Our investment approach	5
Fund profile	5
Risks of investing	7
Fees and other costs	9
Taxation	11
Distributions	11
Investing in the Fund	12
Accessing your money	13
Keeping you informed	14
Other important information	14
Applying for an investment	15
Contacting AMP Capital	16

About this Information Memorandum

This Information Memorandum contains important information about investing in the Future Directions Australian Bond Fund (the Fund). This information is of a general nature only and does not take into account your individual investment objectives, financial situation or needs.

Before making a decision about investing or reinvesting in the Fund you are encouraged to:

- read this Information Memorandum and associated documents such as the Fund's Constitution
- conduct your own independent investigations and analysis of the Fund, and
- obtain appropriate financial, legal and tax advice.

Important information

AMP Capital Funds Management Limited is the Responsible Entity of the Future Directions Australian Bond Fund (the Fund) and issuer of this Information Memorandum. AMP Capital has been appointed by the Responsible Entity to provide investment management and associated services in respect of the Fund. No company in the AMP Group other than the Responsible Entity is responsible for the preparation and issue of this Information Memorandum or for any statements or representations made in this Information Memorandum.

The Fund is a managed investment scheme structured as a unit trust and registered under the *Corporations Act 2001* (Cth), referred to in this Information Memorandum as 'the Corporations Act'. The Fund is subject to investment risks, which could include delays in repayment, and loss of income and capital invested. No company in the AMP Group or any investment manager assumes any liability to investors in connection with investment in the Fund or guarantees the performance of our obligations to investors or that of the Responsible Entity, 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 or of any investment manager.

This Information Memorandum is not a Prospectus or Product Disclosure Statement for the purposes of the Corporations Act and has not been lodged with the Australian Securities and Investments Commission (ASIC).

The offer in this Information Memorandum is available only to eligible persons as set out in this Information Memorandum, who receive the Information Memorandum (including electronically) within Australia. We can only accept applications signed and submitted from within Australia. We cannot accept cash. Unless otherwise specified, all dollar amounts in this Information Memorandum are Australian dollars.

No representation or warranty, express or implied, is made in relation to the accuracy or completeness of the information provided in this Information Memorandum or any other information concerning AMP Capital otherwise provided to recipients. By accepting a copy of this Information Memorandum, you agree to be bound by the limitations set out in this disclaimer.

Jurisdictions outside Australia

This Information Memorandum is not intended to constitute an offer in any jurisdiction outside of Australia where, or to any person to whom, it would not be lawful to make such an offer.

No action has been taken to register or qualify the units in the Fund or the offer of units in the Fund, or otherwise to permit an offering of the units in any jurisdiction outside Australia. The distribution of this Information Memorandum (electronically or otherwise) in jurisdictions outside Australia is limited and may be restricted by law. Anyone coming into possession of this Information Memorandum should seek advice on its provision and distribution, and observe any relevant legal restrictions on using, providing or distributing it. Failure to comply with such restrictions may constitute a violation of applicable securities law. It is your responsibility to comply with any laws of any country relevant to your subscription for units in the Fund.

FUTURE DIRECTIONS AUSTRALIAN BOND FUND

Issued	30 October 2017
Issuer and responsible entity	AMP Capital Funds Management Limited – referred to in this Information Memorandum as 'the Responsible Entity'.
Investment manager	AMP Capital Investors Limited (ABN 59 001 777 591, AFSL 232497) – referred to in this Information Memorandum as 'AMP Capital', 'we', 'our' or 'us'.
Fund	Future Directions Australian Bond Fund – also referred to in this Information Memorandum as 'the Fund' (ARSN 102 616 106).
Unit class	Wholesale

ABOUT AMP CAPITAL

AMP Capital, the investment manager for the Fund, 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.

Our home strength in Australia and New Zealand has enabled us to grow internationally, and today we have operations established in China, Hong Kong, Dubai, India, Ireland, Japan, Luxembourg, the United Kingdom and the United States. We also collaborate with a network of global investment partners, leveraging our shared capabilities to provide greater access to new investment opportunities.

Our asset class specialists, investment strategists and economists work together with the aim of delivering strong investment outcomes for clients. That is why our clients trust us to invest over A\$178.9 billion (as at 30 June 2017) on their behalf, across a range of single sector and diversified funds.

AMP Capital has been appointed by the Responsible Entity to provide investment management and associated services in respect of the Fund. This includes being responsible for selecting and managing the Fund's investment.

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 Information Memorandum on behalf of the Responsible Entity.

More information about AMP Capital is available online at www.ampcapital.com.au/about-us.

ABOUT THE FUTURE DIRECTIONS AUSTRALIAN BOND FUND

Overview

The Fund invests primarily in Australian short and long term fixed income securities and may also invest in international securities in both developed and emerging markets.

The Fund takes a multi-manager approach, where specialist investment managers who demonstrate competitive advantages in their fields of investment, source investments for the Fund.

The Fund is managed by a team of investment professionals with extensive experience in manager research, portfolio construction and risk management. The team takes an active role in selecting and monitoring managers within the Fund. In selecting managers for the Fund, we aim for diversification of managers across:

- types of managers, from boutique investment managers to those with long histories, and
- asset sectors within the fixed income asset class, where appropriate to the Fund's investment strategy.

The team regularly reviews managers, risks and market trends, refining the portfolio where necessary to maintain the asset sector mix and blend of managers that will support the Fund's investment objectives.

At a glance

Investment return objective	To provide total returns (income and capital growth) after costs and before tax, above the Fund's performance benchmark on a rolling 3 year basis.
Performance benchmark	85% Bloomberg AusBond Govt 0+ Yr Index, 15% Bloomberg AusBond Infl 0+ Yr Index
Suggested minimum investment timeframe	3 years
Who can invest?	Wholesale clients as defined in Section 761G and persons to whom units may be issued without a Product Disclosure Statement in accordance with Section 761GA of the Corporations Act.
Minimum investment amounts	Initial – \$10,000,000 Additional – \$100,000
Fee structure	Management fee – 0.50% pa Recoverable expenses – 0.02% pa Performance-related fees may apply – up to 17.9375% of an underlying manager's outperformance above their benchmark index. See the 'Fees and costs' section of this Information Memorandum for details about these and other fees and costs that may apply. The total amount of fees you will pay will vary depending on the total value of your investment.
Distribution frequency	The Fund aims to pay distributions quarterly (see the 'Distributions' section of this Information Memorandum).

See the 'Fund profile' section of this Information Memorandum for more detailed information about the Fund.

Benefits of investing in the Fund

For investors seeking to invest in an Australian bond portfolio with some exposure to international securities, the Fund provides:

- short and long term fixed income securities
- diversification across a blend of managers and investment strategies
- active management to take advantage of market trends and forecasts, and
- access to the investment expertise of AMP Capital's Market Solutions Team, which is supported by AMP Capital's broader investment management resources and capabilities.

Investment risks

All investing involves risk, and you should consider investment risks before making an investment decision. The risks specific to the Fund may include or be associated with:

- **interest rates** – including the risk of capital loss in a rising interest rate environment.
- **sovereign default** – including the risk that a government may default on interest payments, the repayment of capital or both, with regard to its country's debt.
- **investment management** – there is a risk that the investment manager will not perform to expectation or factors such as changes to the investment team or a change of investment manager may affect the Fund's performance.
- **credit** – including the risk that a credit issuer or counterparty defaults on interest payments, the repayment of capital or both.
- **derivatives** – the use of derivatives may magnify any losses incurred.
- **international investments** – including losses related to currency exchange rates, hedging, and changes in the state of the Australian and world economies.

- **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.
- **short selling** – the potential amount of loss to the Fund may be greater than for funds which only buy and hold investments over the long term.

The 'Risks of investing' section of this Information Memorandum provides further information about some of the risks noted above, as well as information about other investment risks of which you should be aware.

Further information

If you have questions about investing in the Fund or require further information, please contact our Client Services team on 1800 658 404 between 8.30 am and 5.30 pm Sydney time, Monday to Friday.

Further information about the Fund is also available online at www.ampcapital.com.au. This information may include performance reports.

When reading Fund performance information, please note that past performance is not a reliable indicator of future performance and should not be relied on when making a decision about investing in the Fund.

OUR INVESTMENT APPROACH

In structuring the Fund, we take a four-stage investment approach – strategy formulation, targeted manager selection, portfolio construction and implementation, and ongoing portfolio and manager review.

Strategy formulation

We consider the risk and return parameters within which we intend the Fund to operate and formulate a specific strategy designed to support the Fund in achieving its investment objectives.

Targeted manager selection

We expect that most of a portfolio's excess performance will come from manager skill. Consequently, we seek out a range of investment managers to identify a preferred list of managers. These managers must have clearly identifiable competitive advantages, and be able to achieve returns above relevant targets.

Our Market Solutions Team then conducts its own research and quantitative assessment. The team also carries out formal site visits with managers to gain insight into the organisation's culture, structure, people, processes and track record.

When selecting a manager from the preferred list we look for:

- sustainable and exploitable ideas – managers who demonstrate insights into the market and whose ideas have the potential to work consistently over time
- low correlations between managers – we aim for complementary skills with low duplication, and
- outperformance proportional to the level of risk at both manager and portfolio levels.

We also consider other factors, including the quality of investment personnel, investment philosophy, process integrity, sustainability of competitive advantage, level of conviction in security selection and assets under management.

Portfolio construction and implementation

Our portfolio construction methodology blends investment managers, with the objective of maximising returns and diversification. This takes into account our understanding and analysis of market cycles, behaviours, correlations and themes.

Where possible, we use the cash flow of the Fund to rebalance exposures, and capitalise on AMP Capital's scale and expertise to minimise costs.

Ongoing portfolio and manager review

The investment team regularly reviews managers, risk and market trends, refining the portfolio where necessary to maintain the asset sector mix and blend of managers that will support the Fund's investment objectives.

Managers

We regularly meet with each manager's investment team, and carry out formal on-site reviews.

Risk

We monitor risk at both manager and fund levels to maintain diversification and appropriate risk levels across the portfolio.

Market trends

As markets are constantly evolving, we regularly review portfolio design in light of changing market conditions, refining the portfolio as needed to maintain an efficient structure that supports the Fund in achieving its objectives.

FUND PROFILE

The Fund's investments

The Fund invests primarily in Australian fixed income securities (predominately government and government-related) and may also invest in international securities in both developed and emerging markets.*

Types of securities may include government, semi-government and government related securities. The Fund may also invest in non-benchmark securities including:

- pooled investment vehicles that invest in fixed income securities, and
- International securities.

The Fund is managed to reflect the risk and return characteristics of the Australian fixed income market as represented by the Fund's benchmark.

* Exposure to international securities is through underlying managers and the level can change within pre-defined limits depending on market opportunities, as identified by those underlying managers. Current exposure can be obtained by contacting us.

Investment managers

The Fund's approach is to blend specialist investment managers (see 'Targeted manager selection' in this section).

Adding, replacing and removing managers

Investment managers can be added, replaced or removed without prior notice to investors. AMP Capital may be selected as an investment manager and will be reviewed, replaced and added in accordance with the criteria used for other investment managers. A list of current investment managers can be obtained online at www.ampcapital.com.au or by contacting us.

Derivatives

The Fund may use derivatives such as futures, options, swaps and credit derivatives with the aim of:

- protecting against risks such as unfavourable changes in an investment's price brought about by, for example, changes in interest rates, credit risk, equity prices, currencies or other factors
- enhancing returns by taking advantage of favourable mispricings within a market, as a cost-effective alternative to purchasing physical assets, and
- supporting the Fund's investment objectives.

We impose restrictions on the use of derivatives within the Fund and monitor the implementation of these restrictions in accordance with the AMP Capital Derivatives Risk Statement, which can be obtained online at www.ampcapital.com.au, or free of charge by contacting us.

Borrowing

The Fund may borrow to meet its short term liquidity needs.

Gearing

It is not our intention to gear the Fund through the use of borrowing or derivatives. However, underlying funds and securities in which the Fund invests may be geared through the use of derivatives or borrowing. The Fund will be managed such that the risk characteristics of the Fund are consistent with its investment objectives.

Short selling

The underlying managers in which the Fund invests may use short selling. Short selling involves the sale of an asset not owned by the seller at the time they agree to sell. The aim of short selling is to sell at a high price and then buy the asset at a later time, at a lower price. In order to short sell, the seller will typically borrow the asset from another party or use derivatives such as swaps.

Currency management

In normal circumstances the Fund's international investments are fully hedged back to Australian dollars, with the aim of minimising effects of currency fluctuations within the Fund.

The Fund may use active currency positions as a source of value add.

Currency exposures and hedging are co-ordinated and overseen by the Exposure Management team with the team performing daily monitoring and position adjustments to reflect any changes to underlying currency exposures. Currency hedges are monitored at both the portfolio and individual currency level.

Repurchase agreements

The underlying managers in which the Fund invests may enter into repurchase agreements, in which they sell bonds and agrees to purchase them back at a later date. This repurchase liability may be material in relation to the overall size of the Fund. The underlying managers generate net income by running the repurchase program.

The underlying managers may also use reverse repurchase agreements.

Environmental, social and governance (ESG) considerations

Over the next 12 months, AMP Capital will be changing its approach, and will be instructing its external investment managers to change their approach, to how labour standards, environmental, social, ethical and governance (ESG) considerations are taken into account. To date, decisions made by us and the Fund's external investment managers about whether to buy, hold or sell investments are based primarily on financial and economic factors, and ESG issues may be taken into account by us or them only where we/they believe these factors may have a financially material impact on the value and performance (risk and/or return) of the investment.

Going forward, AMP Capital will take account of labour standards, environmental, social, ethical or governance considerations in the selection, retention or realisation of investments across all asset classes, in the manner set out below. However, where AMP Capital or an investment manager invests in a pooled vehicle or fund managed by an external investment manager and AMP Capital is unable to influence exclusive control over the investable universe of such a vehicle or fund, the negative screening outlined is not applied and such an investment will be subject to whatever ESG policy is adopted by the investment manager of that vehicle or fund. The negative screening will also not apply to cash, sovereign bonds, derivatives and exchange traded funds.

Selecting investment managers

Decisions made by us about whether to select, appoint or remove investment managers are based primarily on financial and economic factors, including investment style and approach. AMP Capital conducts due diligence in the selection, appointment and removal of investment managers. As part of the due diligence process, we may ask managers how they incorporate ESG considerations in their investment analysis to develop a more comprehensive view of an investee company's key business risks, how they approach corporate governance issues and how they consider both of these matters are related to overall management quality.

Selecting, retaining and realising investments

Decisions made by us and the Fund's underlying managers about whether to buy, hold or sell investments will still be based primarily on financial and economic factors. ESG issues may be taken into account by us and the underlying managers where we/they believe these factors may have a financially material impact on the value and performance (risk and/or return) of the investment.

However, in addition to consideration of financial and economic factors as noted above, AMP Capital may, in exceptional circumstances, also exclude or divest (negatively screen), and instruct its underlying appointed managers to exclude or divest, companies, asset types or industry sectors from the Fund where they have been determined as contravening the following ethical principles as defined in AMP Capital's ESG and RI Philosophy. In making such a decision, AMP Capital will take into account the extent (if any) to which a company's activities (conduct), products or services:

- violate the principle of respect for persons which affirms the intrinsic dignity of all people irrespective of age, gender, race, religion and prohibits the treatment of any human being merely as a means to an end, and/or
- can be used without causing harm to others including those who may choose to make use of the relevant goods or services.

In summary, at present the application of the ethical principles outlined above will result in the negative screening of companies that AMP Capital believes have:

- known involvement in the production and manufacture of, or essential or significant involvement in the distribution and sale of, tobacco, or
- material involvement in the manufacture, maintenance or delivery of cluster munitions, anti-personnel mines, chemical or biological weapons.

We may update or vary these exclusions from time to time, following review and approval by AMP Capital's Investment Committee. Further information and detail on the application and scope of AMP Capital's ESG and RI Philosophy and a current list of sectors and individual companies subject to exclusion are available at www.ampcapital.com.au/about-us/esg-and-responsible-investment.

Where AMP Capital has an investment management agreement with an investment manager regarding investments held in the Fund and AMP Capital has determined that certain investments or sectors contravene these ethical criteria, the underlying investment manager will be directed by us to exclude or divest those securities using a process of negative screening and will not include those securities in the Fund. Where an existing investment is identified as contravening the ethical criteria, it will be sold down by the underlying investment manager generally within a period of up to twelve months.

RISKS OF INVESTING

All investing involves risk

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

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 capital invested.

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.

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.

The value of your investment in the Fund may be affected by the risks listed in this section and by other risks or external factors such as the state of the Australian and world economies, consumer confidence and changes in government policy, taxation and other laws.

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 into account your personal circumstances, you should consider the information provided in 'Making an investment decision' at the end of this section, before making a decision about investing or reinvesting in the Fund.

Risks specific to the Fund

Interest rates

Cash and fixed income investments will be impacted by interest rate movements. While capital gains may be earned from fixed income investments in a falling interest rate environment, capital losses can occur in a rising interest rate environment. The risk of capital gain or loss tends to increase as the term to maturity of the investment increases.

Sovereign default

The Fund's investment in government securities carries the risk that a government may default on interest payments, the repayment of capital or both, with regard to its country's debt.

Investment management

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

Credit

The value of assets within the Fund can change due to changes in the credit quality of the individual issuer and also from changes in values of other similar securities. This can affect the volatility of the Fund and its income.

Fixed income securities are subject to default risk, which means that the credit issuer may default on interest payments, the repayment of capital or both. Fixed income investments with a non-investment grade credit rating (that is, Standard & Poor's BB+ rating or equivalent, or less) are subject to increased risks compared with investment grade securities, in that the credit issuer may be more likely to 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.

International investments

Changes in the state of the world economies may affect the value of your investment in the Fund.

- **Currency exchange rates** – where the Fund's investments are located overseas, the relative strength or weakness of the Australian dollar against other currencies may influence the value of, or income from, an investment.
- **Currency hedging** – where international investments are primarily hedged back to Australian dollars, the Fund could still incur losses related to hedging or currency exchange rates. Such losses may affect the Fund's taxable income and its subsequent ability to pay distributions. Risks such as illiquidity or default by the other party to the hedging transaction may also apply.
- **Less protection under laws outside of Australia** – the laws under which assets located outside of Australia operate may not provide equivalent protection to that of Australian laws, which may mean that the Fund is unable to recover the full or part value of an offshore investment.
- **Emerging markets** – securities markets in emerging markets are smaller and have been more volatile than the major securities markets in more developed countries. This is often a reflection of a less developed country's greater political instability or uncertainty, exchange rate uncertainty, lower market transparency or uncertain economic growth. Clearance and settlement procedures in an emerging country's securities market may be less developed which could lead to delays in settling trades and registering transfers of securities.
- **Operational risk** – investing across multiple markets and currencies magnifies risks associated with international investments.

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.

We manage the Fund's portfolio with the aim of ensuring that exposure to illiquid assets is no greater than 20%. However, in circumstances where the 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.

Short selling

The investment manager, or underlying managers, may utilise alternative investment strategies such as short selling securities. Due to the nature of short selling (aiming to sell an asset at a high price and buy it later at a lower price), the potential loss to the Fund may be greater than for more traditional purchase and sales transactions, as the potential increase in price of the asset sold (and hence the potential loss) is unlimited.

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 Information Memorandum do not take into account your personal circumstances, you should consider the following before making a decision about investing or reinvesting in the Fund:

- read a current Future Directions Australian Bond Fund Information Memorandum and associated documents such as the Fund's Constitution
- conduct your own independent investigations and analysis of the Fund, and
- obtain appropriate financial, legal and tax advice.

FEES AND OTHER COSTS

Fee summary

Table 1

TYPE OF FEE OR COST	AMOUNT	HOW AND WHEN PAID
Management fee	0.50% pa of the Fund's gross assets	Calculated daily on the gross assets of the Fund. Paid to us monthly out of the Fund's assets and reflected in the unit price. The amount of this fee may be negotiable (see 'Differential fees' in this section).
Recoverable expenses	0.02% pa of the Fund's gross assets	Paid to us out of the Fund's assets once the cost is incurred, and reflected in the unit price.
Performance-related fee	20.50% of a manager's outperformance above their benchmark index (inclusive of GST less reduced input tax credits)	Paid to certain investment managers when they meet specific investment targets. Payable out of the assets of the Fund and reflected in the unit price (see 'Performance-related fee' in this section).

Any management fees, recoverable expenses and performance-related fees charged by underlying funds are included in the fees noted in Table 1; they are not an additional cost to you.

Management fee

The management fee 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.

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 and the cost of preparing disclosure documents. Internal expenses incurred in connection with these matters may also be recovered from the Fund. Recoverable expenses are included in the fees noted in Table 1.

Performance-related fee

A performance-related fee may be payable to some of the Fund's underlying investment managers. Performance-related fees reward investment managers if they meet specific investment performance targets, which means an underlying investment manager may earn a performance-related fee irrespective of the Fund's overall performance.

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 for the purpose for which any derivatives are acquired and will be paid out of the Fund's assets.

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 and costs 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 and costs noted in Table 1, and is reflected in the unit price. The buy and sell spreads are retained within the Fund, as assets of 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 Information Memorandum, a buy spread of 0.10% and a sell spread of 0.10% apply to the Fund.

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

If investments and withdrawals in the Fund incur buy and sell spreads, we estimate that a buy spread of 0.10% and a sell spread of 0.10% 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 recovery from individual investors and reflected in the Fund's unit prices.

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.

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 and are additional to the fees noted in Table 1.

Derivative costs

The Fund may access alternative assets through swaps or other derivatives. Costs to the Fund in connection with swaps include:

- allowances factored into the price of the swap that correspond with costs that would be incurred if the Fund held interests directly in alternative assets, including administration, custodian and sub-custodian costs, fees for swap facility, transaction expenses such as brokerage, leverage (gearing) costs, and management and performance fees payable to managers, and
- break costs in the event that a swap arrangement is terminated prior to an agreed date, with the cost reducing over time based on the costs of borrowing already paid.

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 0.50% 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.

Changes to fees and costs

The Responsible Entity may change the fees noted in this Information Memorandum at its discretion and without the consent of 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.

Goods and Services Tax (GST)

Unless otherwise stated, the fees, costs and expenses shown in this section are inclusive of GST and any applicable stamp duty, 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 Information Memorandum.

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 we or the Responsible Entity may pay or receive. We will provide you with a copy of our register free of charge, on request.

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 intended for investors who hold their investment on capital account for income tax purposes based on our interpretation of Australian taxation laws and administrative practices at the date of publication of this PDS.

Generally, you will be liable to pay tax on your share of the taxable income of the Fund whether or not distributions are reinvested. 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 income such as capital gains. Australian resident individuals are liable to pay tax at their marginal rates on their share of the taxable income of the Fund. Generally, tax is not paid on behalf of investors. If you are not an Australian resident for income tax purposes, withholding tax will be deducted from your share of the taxable income of the Fund 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 these amounts are subsequently realised, they may be paid to you as part of a distribution from the Fund. In addition, there may be realised but undistributed capital gains or income in the Fund. These amounts may be paid to you as part of the next distribution from the Fund.

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. For example, certain non-assessable distributions have the effect of reducing your cost base.

If the Fund holds investments which are located outside of Australia, the Fund's income may include non-Australian sourced income. You may be entitled to foreign income tax offsets for foreign tax already paid.

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.

Taxation laws and administrative practices change from time to time. Australia is in the process of taxation reform. These reforms may impact the taxation of the Fund and you as an investor. It is an investor's responsibility to consider and monitor the impact of any taxation reforms impacting their investment, both now and into the future.

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 is required to deduct tax from most distributions, including where those distributions are reinvested, at the highest marginal tax rate, plus any applicable levies.

DISTRIBUTIONS

The Fund aims to pay distributions quarterly.

You should be aware that although the Fund's objective is to pay distributions quarterly, the amount of each distribution may vary or no distribution may be payable in a distribution period.

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.

Payment of distributions

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.

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.

INVESTING IN THE FUND

Who can invest?

Investment in the Fund through this Information Memorandum can only be made by persons who are wholesale clients as defined in Section 761G of the Corporations Act and persons to whom units may be issued without a Product Disclosure Statement in accordance with Section 761GA of the Corporations Act. We can only accept applications signed and submitted from within Australia.

How to invest

Initial investment

Complete the application form accompanying a current Information Memorandum and submit it to us with your initial investment amount of at least \$10,000,000 (see the 'Applying for an investment' section of this Information Memorandum).

Additional investments

You can make additional investments of at least \$100,000 at any time. You will need to complete an application form each time you make an additional investment. Additional investments are made on the basis of the Information Memorandum current at the time of the additional investment.

More detailed information about how to invest is provided in the 'Applying for an investment' section of this Information Memorandum.

Processing applications

We generally process applications each Business Day⁽¹⁾, using the close of business issue price for that day.

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 exercise certain discretions in determining the unit price (see 'Unit Pricing Discretions Policy' in the 'Other important information' section of this Information Memorandum).

Cooling off rights

Wholesale investors do not have cooling off rights in relation to investment in the Fund.

Nominated representative

You may nominate a representative to operate your investment in the Fund on your behalf. Your nominated representative will be able to exercise the same powers as you under the Fund's Constitution, including transacting on your investment account.

Conditions

By nominating a representative, you agree to certain conditions, including indemnifying the Responsible Entity against any liabilities arising out of the nomination of your representative. You will be provided with the full terms and conditions when you nominate your representative.

Please contact us if you require further information.

The value of your investment

The Fund may have a number of classes of units, each with its own unit price. Investments made through this Information Memorandum relate to Wholesale units.

Unit prices can rise and fall on a daily basis. Consequently, the value of your investment will vary from time to time.

The value of your investment at any point in time is calculated by multiplying the number of units you hold, by the Wholesale unit price current at that time. Unit prices are updated regularly online at www.ampcapital.com.au and can also be obtained by contacting us.

Risk

The Fund is not capital guaranteed and the value of an investment in the Fund can rise and fall. You should consider the risks of investing before making a decision about investing in the Fund (see the 'Risks of investing' section of this Information Memorandum).

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 Information Memorandum and as set out in the Fund's constitution (see the 'Other important information' section). 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.

Retaining this Information Memorandum

You should keep this Information Memorandum and any replacement or supplementary Information Memorandum, as you may need to refer to information about the Fund for ongoing investing. We will send you a current Information Memorandum and any replacement or supplementary Information Memorandum free of charge, on request.

1 A Business Day for us is any day other than Saturday, Sunday or a bank or public holiday in Sydney, NSW.

Changes to the information in this Information Memorandum

Before making an investment decision, it is important to read a current Information Memorandum, as information provided in an Information Memorandum may change from time to time. If changes are not materially adverse to investors, the relevant information will be updated online at www.ampcapital.com.au. However, if a change is considered materially adverse to investors, the Responsible Entity will issue a replacement or supplementary Information Memorandum. You can obtain a copy of the updated information and any replacement or supplementary Information Memorandum free of charge, by contacting us.

The Responsible Entity may change the Fund's investment return objective or investment approach, from time to time, if it considers it to be in the best interests of investors. If it does so, it will advise investors.

Questions about your investment

Please contact our Client Services team on 1800 658 404 (internationally +61 2 9257 1220) or via email at clientservices@ampcapital.com if you have questions relating to your investment.

ACCESSING YOUR MONEY

Requesting a withdrawal

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.

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

Minimum account balance

A balance of \$10,000,000 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.

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 Business Day. If it is a non-Business Day 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).

The unit price used to calculate your withdrawal value will generally be the price calculated on the last valuation date before we process the payment of your withdrawal request.

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 the total withdrawals exceed 5% of the net assets of the Fund on any one day, we may determine that part of the withdrawal amount payable consists of income.

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 exercise certain discretions in determining the unit price (see 'Unit Pricing Discretions Policy' in the 'Other important information' section of this Information Memorandum).

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 30 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

Please contact us for all transfer requests.

KEEPING YOU INFORMED

We will provide you with the information set out below.

Investment information

We will send you confirmation of each transaction.

Online access

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

Fund information

We will provide you 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 or supplementary Information Memorandum.

OTHER IMPORTANT INFORMATION

The Fund's constitution

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

Overview of the Fund's constitution

The Fund may have a number of classes of units. This Information Memorandum relates to Wholesale 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 this Information Memorandum. Further provisions relate to:

- the rights and liabilities of investors
- 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 investors
- where taxes or other amounts can be deducted from payments to investors
- where transfers and applications may be refused
- the liability of the Responsible Entity to investors 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 an investors or former investor for tax or expenses it incurs as a result of the investor's request, action or inaction, or to redeem units to satisfy amounts due to the Responsible Entity from an investor
- changing the Fund's constitution, including in some cases without investor 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 an investor's liability to the value of their units, the courts have yet to determine the effectiveness of provisions like this.

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 Information Memorandum, 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. This 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.

Complaints procedure

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 (internationally +61 2 9257 1220) 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.au/common/privacy.

Your privacy

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.

The AMP Privacy Policy, which can be obtained online at www.ampcapital.com.au/common/privacy or by contacting us, sets out the AMP Group'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 offshore suppliers) 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.

Under the Privacy Act 1988 (Cth) (Privacy Act), you may access personal information held about you, although the Privacy Act does set out some exemptions to this. If you believe information held about you is inaccurate, incomplete or out of date, please contact us.

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.au 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.au or a copy can be obtained, free of charge, by contacting us.

APPLYING FOR AN INVESTMENT

How to apply

You will need to complete an application form accompanying a current Information Memorandum when you:

- apply for an initial investment in the Fund, or
- make an additional investment.

All investments are made on the basis of the Information Memorandum current at the time of contributing your investment amount. You can obtain a current Information Memorandum and application form free of charge by contacting our Client Services team on 1800 658 404.

Minimum investment amounts

Initial – \$10,000,000

Additional – \$100,000

The Responsible Entity reserves the right to accept lower investment amounts.

Payment methods

You can make your initial and additional investments by cheque or direct deposit, as outlined on the application or subscription form.

Signing the 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.

Submitting your application

Mail your completed application form, identification documentation and deposit receipt to:

AMP Capital Investors Limited
GPO Box 5445
Sydney NSW 2001

CONTACTING AMP CAPITAL

For information about investing with AMP Capital, please contact us.

Registered office

AMP Capital Investors Limited
33 Alfred Street
SYDNEY NSW 2000

Mailing address

AMP Capital Investors Limited
GPO Box 5445
SYDNEY NSW 2001

Client Services

T: 1800 658 404
8.30am – 5.30pm Sydney time, Monday to Friday

F: 1800 630 066

E: clientservices@amcapital.com

W: amcapital.com.au
