



RHODES ASSET
MANAGEMENT

Premium Income Fund

Issue Date 31 July 2024 | Release 2 v2

Combined Financial Services Guide &
Product Disclosure Statement

Responsible Entity & Issuer:

Rhodes Asset Management Ltd

ACN 165 917 813

AFSL NO. 464772

The Premium Income Fund Is Constituted By The Premium Income Class Of Units In The:

Rhodes Credit Fund

ARSN 606 834 011

Phone: 1300 425 594

Email: admin@rhodesam.com.au

Website: www.rhodesam.com.au

Office: 'The Hub', Suite 1, 2 Loraine Street,
Capalaba QLD 4157

Mail: Rhodes Asset Management Ltd
PO Box 1753
Capalaba QLD 4157

Financial Services Guide

IMPORTANT INFORMATION ABOUT THIS FSG

This Financial Services Guide (**FSG**) is an important document and was prepared by Rhodes Asset Management Ltd ACN 165 917 813 AFSL no. 464772 (**Rhodes Asset Management, we, us and our**). It tells you about us and the financial services we are authorised to provide under our Australian financial services licence (**AFSL**). This FSG is prepared in accordance with Div. 2 of Pt 7.7 of the *Corporations Act 2001* (Cth) (**Corporations Act**).

ABOUT US

Rhodes Asset Management is a funds management company and acts as the responsible entity for the Rhodes Credit Fund ARSN 606 834 011, a registered managed investment scheme structured as a unit trust with multiple classes of units (**RCF Trust**).

THE SERVICES WE ARE AUTHORISED TO PROVIDE

With reference to the Rhodes Credit Fund, our AFSL authorises us to:

- (a) provide general financial product advice in respect of the Rhodes Credit Fund; and
- (b) deal by issuing, applying for, acquiring, varying, or disposing of interests in the Rhodes Credit Fund; and
- (c) operate the Rhodes Credit Fund.

When providing financial product advice, we will only provide you with general information in relation to the RCF Trust and the corresponding class(es) of units. You will need to determine for yourself if an investment in the RCF Trust is suitable to your personal objectives, financial situation, and needs. If you require professional advice for your personal circumstances, you should engage a licensed financial advisor to assist you in making an assessment. None of us, our officers, employees nor authorised representatives provide personal advice.

PRODUCT DISCLOSURE STATEMENTS AND OTHER DOCUMENTS

This FSG is provided with the Product Disclosure Statement (**PDS**) for the Premium Income Fund, a sub-trust in the RCF Trust constituted by the Premium Income Class of Units. The PDS is prepared in accordance with Div. 2 of Pt 7.9 of the *Corporations Act*.

We have also prepared and issued a target market determination (**TMD**) which is available on our website www.rhodesam.com.au or by emailing us at admin@rhodesam.com.au. The TMD sets out the class of consumers that comprises the target market for the Premium Income Fund and steps we have taken in its design and distribution.

COSTS, FEES & CHARGES

We do not charge any fees in relation to the provision of financial product advice related to the RCF Trust and the Premium Income Fund.

We are remunerated for the services we provide to the RCF Trust and the Premium Income Fund in our capacity as the responsible entity. In accordance with the constitution of the RCF Trust (**Constitution**), our fees can be paid out of the assets referable to the Premium Income Fund. We can also recover expenses we have paid which are attributable to the Premium Income Fund and the RCF Trust. A description of the costs, fees, and charges for our services are set out in the PDS of the Premium Income Fund.

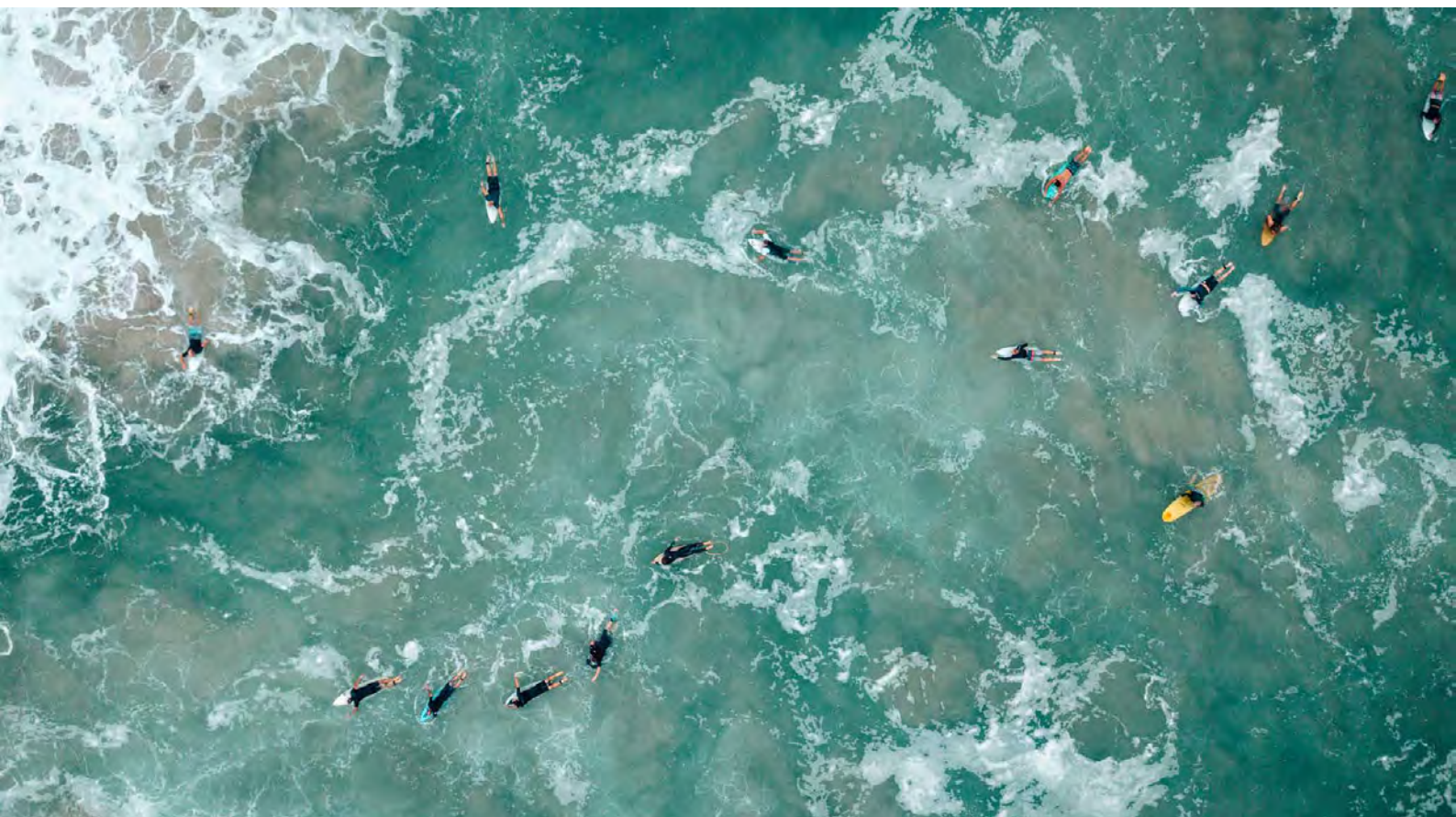
PRIVACY POLICY

We value the privacy of your personal information. You may obtain a copy of our privacy policy which sets out how we collect, use, disclose, and handle your personal information in compliance with the *Privacy Act 1988* (Cth) and the Australian Privacy Principles by emailing us at admin@rhodesam.com.au or visit our website at www.rhodesam.com.au.

COMPLAINTS HANDLING

Our **Complaints Management Policy** is made available on our website at www.rhodesam.com.au. You may also request a pdf copy from us by calling us on 1300 425 594 or email us at admin@rhodesam.com.au.

You may also find more information in Section 1 of the PDS.



Product Disclosure Statement

Table of Contents

Important Notice	01
Letter from our Managing Director	04
At a Glance	05
Investing in the Fund	10
Rhodes Finance – Lending & Investment Policy	11
ASIC Benchmark & Disclosure Principles	14
About the RCF Trust	22
About the Responsible Entity	24
Risks & Benefits	27
Fees & Other Costs	30
Material Documents	37
Taxation	39
Additional Information	41
Glossary	44

1. Important Notice

PURPOSE OF THIS DOCUMENT

This product disclosure statement (**PDS**) is Release 2 v2 dated 31 July 2024 and relates to the offer (**Offer**) of an investment in the Premium Income Fund (**Fund**), a sub-trust in the Rhodes Credit Fund ARSN 606 834 011 (**RCF Trust**) and constituted by a class of Units (**Class**) identified as the "Premium Income Class". The RCF Trust is a managed investment scheme registered with ASIC pursuant to Pt 5C.1 of the *Corporations Act 2001* (Cth) (**Corporations Act**). The RCF Trust is an unlisted mortgage scheme structured as a multi-class unit trust. The Premium Income Class of Units is also referred to in this PDS as the "Premium Income Fund". An investment made under this PDS represents an investment in the Premium Income Fund within the RCF Trust.

Rhodes Asset Management Ltd ACN 165 917 813 AFSL no. 464772 (**Rhodes Asset Management, we, us and our**) is the responsible entity of the RCF Trust and is the issuer of this PDS.

Statements or opinions in this PDS about the investment objective and strategy of the Premium Income Fund, investment process, likely returns on investment, as well as any statements relating to Rhodes Financing Solutions Pty Ltd (**Rhodes Finance**), are prepared by Rhodes Finance. Rhodes Finance takes sole responsibility for the appropriateness and accuracy for any such statements and opinions.

This PDS is not lodged with ASIC and is not required to be. ASIC is not responsible for the content of this PDS or its preparation.

NO FINANCIAL PRODUCT ADVICE – RELIANCE ON PDS ONLY

This PDS contains general information only. You should not construe any information contained in this PDS as advice or a recommendation to invest in the Premium Income Fund. This PDS was not prepared with consideration for any particular individual's personal objectives, financial situation, or needs.

When making an investment decision, you should always consider the investment in light of your own personal objectives, financial situation, and needs. We recommend you obtain appropriate financial advice tailored to your personal circumstances from a licenced financial advisor. If you are considering an investment in the Premium Income Fund, it is important that you, as well as your professional advisor, rely only on the information contained in this PDS and any updated information published by us. You must not rely on information you have received that is not contained in the PDS or published by us. We have not and will not authorise any person to make any representation that is not disclosed in the PDS or any other material published by us.

UPDATING INFORMATION

Where there is a non-material change to the information contained in the PDS, we shall make that information available on our website at www.rhodesam.com.au. A paper copy or electronic copy of any updated information is available on request, free of charge, by contacting us on 1300 425 594 or emailing admin@rhodesam.com.au. Any information or representation not contained in this PDS or updated by us from time to time, cannot be relied upon as having been authorised by us.

Where there is a material change, we may elect to issue a replacement or supplementary PDS, and in any case we will notify you in writing within three months of the change occurring and we will make the information available on our website.

PDS & APPLICATION FORM AND, ONLINE APPLICATION FORM

This PDS and the Application Form are available on our website at www.rhodesam.com.au. Also, you have the option to complete your application via our online portal.

PDS PRINTING

If you print a hardcopy of this PDS, it is important that you print all pages of this document including the Application Form.

OFFERING RESTRICTIONS

This Offer is available to persons over the age of 18, in Australia only. Recipients of this PDS in jurisdictions where it is unlawful, must immediately dispose of the document, whether it is in hard copy or soft copy, and inform us of doing so by email to admin@rhodesam.com.au.

GST INCLUSIVE

References to fees and charges in this PDS are presented inclusive of GST, if applicable, less any reduced input tax credits (RITCs) available.

NO GUARANTEES – INVESTMENT RISK

An investment in the Premium Income Fund is not a bank deposit. By investing in the Premium Income Fund, your invested capital will be exposed to various investment risks. If any such risk eventuates, you may suffer partial or complete loss of your invested capital or receive less than expected return on investment. There is no guarantee offered on the repayment of your invested capital or the investment performance of the Premium Income Fund, by us, our related bodies corporate or any of its directors, Rhodes Finance, and the Custodian.

FORWARD-LOOKING STATEMENTS

This PDS contains forward-looking statements identified by words that include 'believes', 'estimates', 'expects', 'intends', 'targets', 'goals', 'aims', 'guidance', 'may', 'will', 'would', or 'should' and other similar words.

While we believe that our use of forward-looking statements in this PDS is reasonable, no assurance can be given that such statements will prove correct or be realised. They are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance.

COOLING-OFF

The RCF Trust is not liquid as defined in s601KA of the Corporations Act. You will not have cooling-off rights once your application is accepted by us.

GLOSSARY, ILLUSTRATION, AND CURRENCY

Defined terms and abbreviations used in this PDS are explained in the Glossary.

The illustrations provided in this PDS are for indicative purposes only and are not assets of the Premium Income Fund unless otherwise noted.

References to '\$' in this PDS are to Australian dollars unless stated otherwise.

Figures with decimals are rounded to the nearest two decimal points where applicable.

NO TAX OR OTHER PROFESSIONAL ADVICE

Before investing, you should obtain your own independent tax advice, taking into account your own personal circumstances. We do not provide advice or recommendations as to the suitability of the Premium Income Fund for any investor's personal circumstances.

TARGET MARKET DETERMINATION

We have prepared and issued a target market determination document (**TMD**) in relation to the issue and/or distribution of Units in the Premium Income Fund. The TMD contains information about the appropriateness of the Premium Income Fund for a specific class or classes of consumers that we have taken into consideration in its design and distribution. The TMD is not and should not be construed as personal financial advice. The TMD is available on our website at www.rhodesam.com.au. A copy of the TMD may also be requested by calling us on 1300 425 594 or email us at admin@rhodesam.com.au.

COMPLAINTS

We will handle all complaints in accordance with our documented complaint management procedure. If you lodge a complaint with us, we will acknowledge your complaint within 24 hours of receipt. We aim to investigate and resolve each complaint within thirty (30) calendar days. If your complaint is not resolved, you may file the complaint with the Australian Financial Complaints Authority (**AFCA**). AFCA is an external dispute resolution scheme of which we are a member.

You may lodge a complaint to us by addressing it to:

Person: The Compliance Manager
By email: complaints@rhodesam.com.au
By phone: 1300 425 594
In writing: Rhodes Asset Management Ltd
PO Box 1753
Capalaba QLD 4157

If your complaint is not resolved within thirty (30) calendar days, you may lodge the complaint with AFCA by:

Email: info@afca.org.au
Phone: 1800 931 678
Website: www.afca.org.au
Post: GPO Box 3
Melbourne VIC 3001 Australia

If you are an investor who is a wholesale client (**Wholesale Client**), you can email us at complaints@rhodesam.com.au or call us on 1300 425 594 if you have any concern or complaint about any aspect of your investment in the Fund. However, the Constitution provides that investors who are Wholesale Clients are not entitled to access or refer any complaints to AFCA. If you are a Wholesale Client, by applying for Units, you are agreeing to be bound by the Constitution, including that you are not entitled to refer complaints to AFCA.

2. Letter From Our Managing Director



Dear Investor,

Our team at Rhodes Asset Management is proud to present to you the Premium Income Fund.

The opportunity presented under the Premium Income Fund is for our Unitholders to participate in the Australian commercial debt market. Interest-bearing debt investments can play an important role in an investment portfolio. The capital value of an unlisted mortgage fund such as the Premium Income Fund is not directly linked to the day-to-day fluctuations of stock markets around the world, and so could be considered as part of a long-term wealth building strategy.

Our commercial lending company, Rhodes Finance, is in the business of making and managing a portfolio of secured commercial loans. The Premium Income Fund makes capital available to Rhodes Finance, and in return the company returns interest to the Fund for the benefit of Unitholders. Through this arrangement, Unitholders will obtain an investment exposure linked to a pool of secured commercial loans which is expected to generate an income return paid monthly.

The Premium Income Fund has been operating since February 2022, and we have paid competitive monthly distributions to our Unitholders since that time. You can see current and historical distribution rates (**Distribution Rates**) on our website.

When making an investment, a prudent investor balances risks and returns. All investments carry risk, and investing in commercial loans is no different. However, Rhodes Finance seeks to manage and limit the risks it takes with investor capital. Many mortgage funds other than the Premium Income Fund heavily involve themselves in property development, often relying on "as if complete" valuations which aim to forecast the future value of an incomplete project. Apart from possible errors in future valuation estimates, this also exposes the lender to risks associated with the development and construction process, including possible insolvency of builders or developers.

Rhodes Finance takes a more conservative approach and our lending for property development is minimal or nil. Our standard assessment of mortgage security is based on the "as is" value of a property. This means that we evaluate the property based on its current condition and market value, rather than speculative future valuations. All loans advanced with Premium Income Fund capital are secured based on the "as is" value of Australian real property, and this means we have no significant exposure to property development activity (and often no such exposure). We feel this is a more prudent approach for our investors and avoids any significant development and construction risk.

We look forward to welcoming you as a Unitholder in the Premium Income Fund, and we hope this will be the start of a long and profitable association for you.

Wally Djachenko
Managing Director

3. At A Glance

3.1. KEY FEATURES

About the Offer		Section
What is the offer?	The offer under this PDS is for the Premium Income Class of Units in the RCF Trust. The Premium Income Class of Units constitutes a sub-trust within the RCF Trust and is referred to in this PDS as the " Premium Income Fund " or " Fund ".	
What is the APIR Code?	RHO9302AU	
What is the ISIN?	AU60RHO93028	
Who is the responsible entity?	The responsible entity of the Fund is Rhodes Asset Management Ltd ACN 165 917 813 AFSL no. 464772.	8
What is the investment objective?	The objective of the Premium Income Fund is to provide Unitholders with regular income.	
What is the investment strategy?	The Premium Income Fund pools investors' moneys into a single loan facility (Loan Facility) on an ongoing basis and makes the Loan Facility available to Rhodes Finance, our related lending entity. The main business of Rhodes Finance is making secured commercial loans (Loans) to parties (Borrowers) in accordance with the lending and investment policy (Lending & Investment Policy) as summarised in this PDS. The purpose of the Loan Facility is to allow Rhodes Finance to conduct its business. Rhodes Finance may also use the proceeds to invest in other debt related investments which conform with the objectives of its Lending & Investment Policy.	5

About the Loan Facility	The Loan Facility is secured as described in this section. Funds invested in the Premium Income Fund are advanced to Rhodes Finance by drawdown (Advance), with each drawdown being regarded as a part of the Loan Facility. In return, Rhodes Finance has entered into a general security agreement with our custodian granting a general security interest over the secured Loan portfolio (Loan Portfolio) funded by the Loan Facility in favour of the Premium Income Fund and RCF Trust. In this way Premium Income Fund unitholders can benefit from the Fund's rights over the mortgage-secured Loans made to Borrowers. Rhodes Finance may also make and/or manage Loans using capital from other sources which are excluded from the security arrangements offered to the Premium Income Fund. The interest amount payable under the Loan Facility is calculated on a monthly basis. The interest paid is set to the amount required to fund all distributions payable to Unitholders, plus the fees and expenses payable from the Fund, after taking into account any other income earned by the Fund.	11.4
What is the fund structure?	The Premium Income Fund is constituted by the Premium Income Class of Units and is a sub-trust in the Rhodes Credit Fund ARSN 606 834 011. Unitholders holding the Premium Income Class of Units will have different rights, obligations, and restrictions to Unitholders of other Classes. Unitholders in the Premium Income Fund will also have certain differing rights and restrictions based on the Sub-Class of Units they hold, as disclosed in this PDS.	7.2
What are the risks and benefits?	There are risks with an investment in the Premium Income Fund. Some of the key risks associated with the Premium Income Fund are set out in the corresponding Section. The benefits of an investment in the Premium Income Fund are also set out in the same Section.	9

Terms of an Investment	Section
Unit price Units are valued in accordance with the RCF Trust's Unit Pricing Policy. The Premium Income Class of Units are issued at the current unit price which reflects the net tangible assets (NTA) of the Fund per Unit. At the date of this PDS, the unit price is \$1.00. In the absence of any impairment of the Fund's ability to recover on its Loan Facility, the unit price is expected to always be \$1.00. A copy of the Unit Pricing Policy can be obtained from us on request by emailing us at admin@rhodesam.com.au.	Unit Pricing Policy
Minimum Investment Amount The minimum investment amount is different for each subclass: The Standard subclass is \$20,000.00 The Enhanced subclass is \$100,000.00 Additional investments are accepted in increments of \$5,000.00.	
Distributions Distributions to Unitholders are calculated and paid on a monthly basis. Payment(s) will be made via electronic bank transfer to each Unitholder's nominated bank account. We aim to pay distributions to Unitholders by the 15th day of each month.	6.3 (g)
Distribution Rate The Distribution Rate = RBA Cash Rate + a margin. The rate of return on investment in the Premium Income Fund is not fixed. It is set to a margin above the RBA Cash Rate and will vary in accordance with the calculation method provided in this PDS. The Distribution Rate is published on our website reflecting the actual Distribution Rate which has been paid. This is updated on a monthly basis. See also section 6.3(g) which explains the calculation of distributions and Distribution Rates in more detail.	6.3(g)
Minimum Investment Term An investment in the Premium Income Fund is subject to a minimum investment term (Minimum Investment Term) of twelve (12) months. This is calculated starting from the issue date of the Units and ends on the same date the following year. Each tranche of Units acquired by a Unitholder will be subject to this minimum investment term.	

Fees & other costs	The Premium Income Fund has a differential fee arrangement for Unitholders holding an investment amount of:	10
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- (1) \$100,000 or more (Enhanced Sub-Class); and
- (2) less than \$100,000 (Standard Sub-Class).

The Enhanced Sub-Class Management Fee is 1.10% per annum of the monies invested in that Sub-Class.

The Standard Sub-Class Management Fee is 1.60% per annum of the monies invested in that Sub-Class.

This Management Fee is inclusive of the Ordinary Operating Expenses associated with the Premium Income Fund and is quoted net of any reduced input tax credit (GST credit) which can be recovered by the Fund. Unitholder Distribution Rates shown on our website or other publications are always quoted net of any fees we charge i.e: the rates will show the actual rates paid to Unitholders.

How to transfer Units?	Unitholders who wish to transfer their Units to another party are required to lodge a completed transfer request form (Transfer Request Form) with us.	Transfer Request Form
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We do not take part in the marketing, negotiation, or facilitation of a transfer except to the extent it is required for us to satisfy our regulatory and administrative obligations. This includes identifying the incoming Unitholder in accordance with our KYC Policy and recording a transfer in the register of Unitholders if the transfer request is approved.

However, we may inform Unitholders that there are other Unitholders who wish to dispose of their Units. We may disclose each Unitholder's personal information in this situation with prior approval to do so.

Unitholders should take note that we have the discretion to refuse a transfer request without the need to provide a reason.

Unitholders may obtain a copy of the Transfer Request Form by emailing us at admin@rhodesam.com.au.

How to make a withdrawal?

Unitholders who wish to make a withdrawal from the Fund are required to lodge a withdrawal participation notice (**Withdrawal Participation Notice**). If eligible they can then participate in a withdrawal offer (**Withdrawal Offer**) when a Withdrawal Offer is made.

6.3 (h)

A Unitholder is eligible to participate in a Withdrawal Offer if they have held their Units for the Minimum Investment Term when the Withdrawal Offer opens.

A Withdrawal Participation Notice form can be obtained by emailing us at: admin@rhodesam.com.au.

We will assess on a monthly basis if the Fund has surplus cash available to make a Withdrawal Offer. If cash is available, we will proceed with making a Withdrawal Offer in accordance with the Fund withdrawal procedure found in the Constitution and described in this PDS.

We will always aim to make Withdrawal Offers where Withdrawal Participation Notices have been received from Unitholders.

We have the discretion to not make a Withdrawal Offer without the need to provide a reason.

How will we report to you?

As a Unitholder in the Fund, you will receive:

- an annual report and tax statement prepared and issued by us after the end of each Financial Year within three (3) months; and
- updates from us if there are changes which may materially affect your investment.

4. Investing In The Fund

4.1. APPLICATION

You may subscribe for Units in the Premium Income Fund by:

(a) emailing a completed application form to admin@rhodesam.com.au;

or

(b) completing an online application form, available by:

- [click on this link](#)
- contacting us and we will email it you

or

(c) submitting a paper application accompanying this PDS and mail to:

Rhodes Asset Management Ltd
PO Box 1753
Capalaba QLD 4157

An application form must be submitted with the required identification documents listed in the Identification Checklist at the end of the application form.

4.2. APPLICATION PROCESS

To apply to invest in the Premium Income Fund, you will need to submit a completed application form with the required documents as listed. You will also need to transfer your subscription monies into our designated bank account for holding subscription monies. When we receive your application form, we will verify your identity in accordance with our know-your-client policy (**KYC Policy**). We may request additional documents from you to allow us to complete our verification (refer to the Identification Checklist at the end of the application form). Once complete and our KYC Policy is satisfied, we will issue the Units to you and transfer your subscription monies into the Fund's operations bank account. At all times, we reserve the right to reject an application without the need to provide a reason to the applicant.

4.3. UNITHOLDERS' OBLIGATIONS

When you apply to invest, you agree to accept your obligations as a unitholder (**Unitholder**) in the RCF Trust, and to be bound by the Constitution, the terms and conditions disclosed in this PDS, as well as any subsequent document or instrument which amends or varies your rights, obligations, and restrictions as a Unitholder. You may obtain an electronic copy of the Constitution from us free of charge, to inform yourself of your rights and obligations. You may also inspect the Constitution at our office in person.

4.4 CORRESPONDENCE

As a Unitholder, it is important that you keep us informed of any changes to your contact details. We aim to keep you informed on our website, and by email or post. If you have not received any communication from us, please do not hesitate to speak with us by calling 1300 425 594 or email us at admin@rhodesam.com.au.

5. Rhodes Finance Lending & Investment Policy

5.1. ABOUT RHODES FINANCE

Rhodes Finance is a company established with common majority ownership and management with Rhodes Asset Management. The main business activities of Rhodes Finance are making and managing commercial Loans. By virtue of the Loan Facility to Rhodes Finance, Unitholders in the Premium Income Fund hold an indirect exposure to a portfolio of secured commercial Loans.

Rhodes Finance is a separate company and is not merely a conduit for investments by the Premium Income Fund. Rhodes Finance may also make and/or manage Loans using capital from other sources which will be excluded from the security arrangements offered to the Premium Income Fund.

5.2. LENDING AND INVESTMENT POLICY

This section provides a summary of the current Lending & Investment Policy adopted by Rhodes Finance as applied to any Loans made with capital provided by the Premium Income Fund. This policy is set by Rhodes Finance subject to approval from Rhodes Asset Management. Any changes to the policy will also be subject to our consultation.

Rhodes Finance makes Loans to Borrowers for commercial purposes. Rhodes Finance will typically assess a Loan proposal based on some or all of the following:

- background checks and circumstances;
- loan amount and purpose;
- exit strategy for repayment of the Loan;
- security and Loan to security value ratio;
- statement of assets and liabilities of the directors and/or guarantors;
- creditworthiness of the Borrower and directors;
- other business financial information; and / or
- references and any other supporting documentation.

Loan proposals require a first or second mortgage over real property.

Loan applications for property development which rely on 'as if complete' valuations will not be accepted. Applications for construction Loans may be considered if all the circumstances are favourable and the risks are considered to be acceptable. Such Loans will still require security assessed on an "as is" basis.

Rhodes Finance may make other debt related investments which conform with the intent of the Lending & Investment Policy, including participating in syndicated loans or investing in other credit funds with a similar lending policy.

Rhodes Finance does not itself make consumer loans or other loans subject to the **NCCP**. However, it may provide funding to other related or unrelated businesses which make such loans providing suitable terms and security are available.

The Loan term for Loans offered is usually limited to 12 months to better align the maturity of investments and liquidity cycle with the Minimum Investment Term. However, some Loans may be offered to Borrowers for longer terms if there is a compelling rationale. Rhodes Finance aims to balance the weighted average of Loan repayment due dates to be under 12 months.

Where Loans are extended or renewed Rhodes Finance will always consider whether a revaluation of security property is required, depending on the elapsed time since the original valuation was provided.

5.3 LOAN FEATURES

In the table below, we have highlighted the common features of the Loans made by Rhodes Finance. Rhodes Finance is not restricted from making a Loan outside these parameters if there is a compelling rationale.

Features	Terms
Principal Loan Amount	\$100,000 – \$1,500,000
Interest Rate	10% - 24% p.a. (typical indicative rates at the date of this PDS)
Interest Payment Frequency	Either periodic or capitalised to the principal Loan amount.
Loan Term - From Establishment until Maturity	1 – 24 months (12 months maximum term preferred)
Security - Forms of Security Offered by Borrowers in Consideration of a Loan	One or more of the following: • registered 1st or 2nd mortgage over real property (mandatory); • fixed or floating charge over business assets; • general or limited security charge; and/or • directors' personal guarantees or similar.
Location - Where the Borrower and Security Property is Located	Borrowers and security may be located anywhere in Australia. However, consideration is given to the risks associated with different security types and locations, which in turn influences acceptable LVRs and interest rates. Preference may be given to security property and Borrowers located in capital cities or major population centres, but each Loan application is assessed on its own merits.

5.4. GENERAL LENDING MARKET

Rhodes Finance is positioned in the Australian debt market as a non-bank provider of short to medium term commercial Loans. This area of the market is perceived to be underserved as most deposit-taking institutions regulated under the Australian Prudential Regulation Authority (APRA) channel significant funds and efforts towards retail lending for home loans.

The target Borrowers are small to medium size private businesses, who can provide appropriate security and an acceptable repayment plan or exit strategy. The lending process has been designed to be responsive to Borrower's needs but to also assist the Rhodes Finance team in making responsible lending decisions. This allows Rhodes Finance to participate in profitable opportunities which banks may not address.

Where Rhodes Finance makes an alternative debt-related investment this will generally be to acquire an interest in another managed fund with an investment strategy which falls within the parameters of the Lending & Investment Policy, or to participate in a suitable loan arrangement (such as a syndicated loan) managed by another lender. Generally, each such alternative investment will also take advantage of the general debt market conditions described above.

5.5. PRIORITY OF LOANS AND EQUITY

There is a clear advantage in debt investments over equity investments - particularly in a situation of a wind up of a Borrower in respect of repayment of capital. We have provided below a list of different classes of debt and equity ranked in accordance with the priority of repayment from first to last.

(a) Senior Secured Debt

When the assets of a Borrower are sold, stakeholders holding senior secured debt have first priority to reclaim their capital. An example is a first ranking mortgage.

(b) Subordinated Secured Debt

Holders in this class rank below senior secured debt. An example is a mortgage that ranks after a first mortgage.

(c) Senior Unsecured Debt

This class of debt ranks above all unsecured debt of the Borrower and its equity holders. There is no specific collateral backing the senior unsecured debt from the Borrower. Examples include corporate bonds and credit lines.

(d) Subordinated Unsecured Debt

Holders of subordinate unsecured debt are paid after senior unsecured debt holders. Examples include all bonds ranking below senior such as junk bonds.

(e) Hybrid Securities

These are securities that have both debt and equity features. This includes convertible notes that gives the holder priority in residual assets before equity holders.

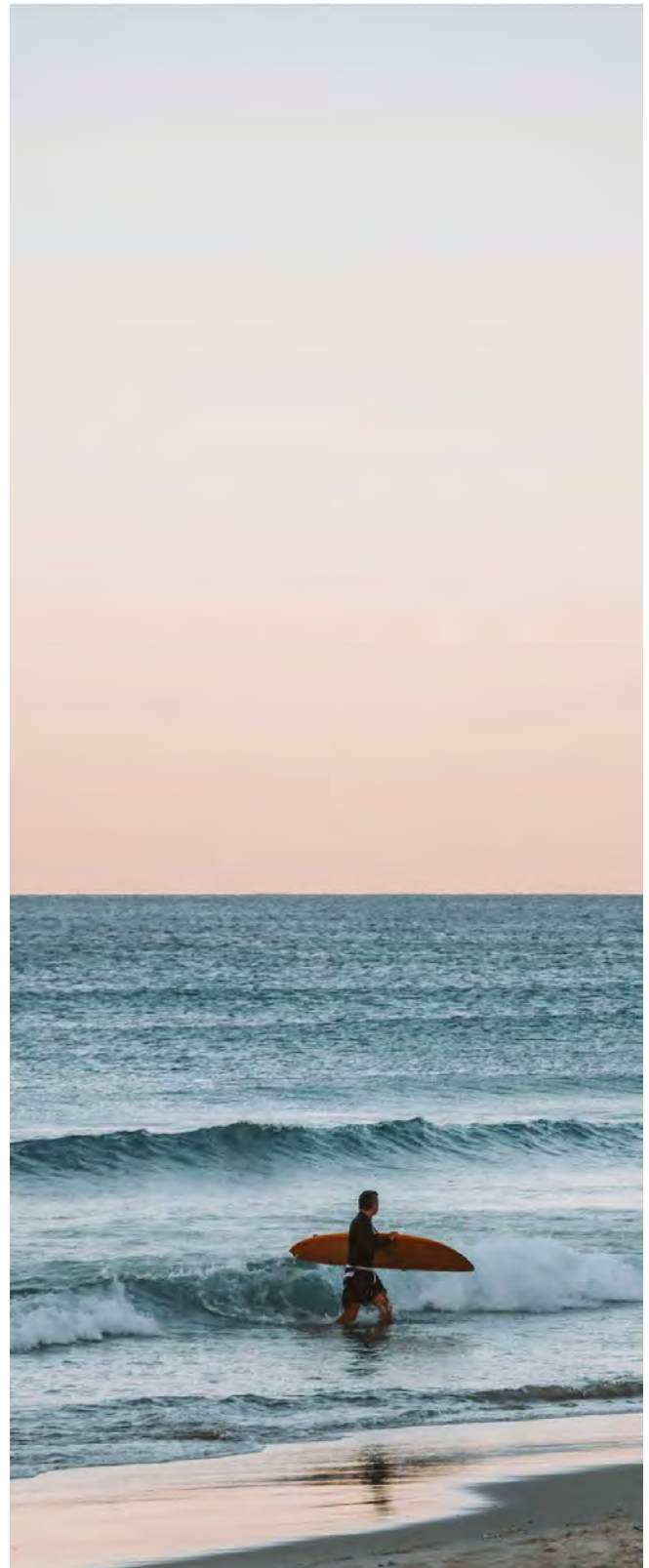
(f) Equity

These are the shareholders of a Borrower. When a Borrower is wound up, equity holders are paid the remaining proceeds after all other stakeholders.

Rhodes Finance will make only secured loans with capital provided by the Premium Income Fund (see items (a) & (b) above).

5.6. ILLIQUIDITY OF LOANS

The liquidity of Loans depends on the marketplace for such products. Generally, Loans made by Rhodes Finance are non-tradable since such Loans do not have marketable features.



6. ASIC Benchmark & Disclosure Principles

6.1. LEGISLATIVE BACKGROUND

ASIC has issued ASIC Regulatory Guide 45 *Mortgage schemes: Improving disclosure for retail investors* (**RG 45**) which sets out eight benchmarks and disclosure principles that unlisted mortgage schemes must address to assist investors in comparing risks and returns with other mortgage schemes.

6.2. ASIC BENCHMARKS

The table below is a summary prepared in accordance with RG 45 for the Premium Income Fund and RCF Trust, as the Premium Income Fund is a sub-trust in RCF Trust. It is not required that the Premium Income Fund and RCF Trust must satisfy any of the benchmarks, but it is important that you understand the reasons why the Premium Income Fund and/or the RCF Trust, does not, or may not, satisfy any particular benchmark.

The Premium Income Fund's sole direct investment will be the Loan Facility made to Rhodes Finance. Rhodes Finance makes Loans and debt-related investments, and relies on interest and principal repayments from its portfolio to service the Loan Facility. Since the Premium Income Fund is exposed to the performance of the relevant Loans and investments held by Rhodes Finance including the underlying security for Loans, we have addressed the benchmarks from the perspectives of Rhodes Asset Management and Rhodes Finance jointly.

Benchmark	Statement	Explanation	Reference
1: Liquidity			
The responsible entity has cash flow estimates for the scheme that:	This benchmark is met by the Premium Income Fund and RCF Trust.	Cash flow estimates are maintained for the Premium Income Fund, RCF Trust as well as Rhodes Finance to ensure each can meet its obligations.	See Disclosure Principle 1: Liquidity
(a) demonstrate the scheme's capacity to meet its expenses, liabilities and other cash flow needs for the next 12 months;			
(b) are updated at least every three months and reflect any material changes; and	This benchmark is also met by Rhodes Finance.		
(c) are approved by the directors of the responsible entity at least every three months.			

Benchmark	Statement	Explanation	Reference
2: Fund borrowing			
The responsible entity does not have current borrowings and does not intend to borrow on behalf of the scheme.	This benchmark is met by the Premium Income Fund.	We do not and will not undertake any borrowings for the Premium Income Fund. Rhodes Finance is expected to borrow from third party(s). Such borrowings are expected to be either subordinate to the interests of the Premium Income Fund or do not encumber the interests of the Premium Income Fund.	See Disclosure Principle 2: Fund borrowing
	This benchmark is not met by Rhodes Finance.		
3: Loan portfolio and diversification			
That:	This benchmark is not met.	The single investment made under the Premium Income Fund is the Loan Facility.	See Disclosure Principle 3: Loan portfolio and diversification
(a) the scheme holds a portfolio of assets diversified by size, borrower, class of borrower activity and geographic region;		Additionally, as at the date of this PDS, the Loan Portfolio of Rhodes Finance:	
(b) the scheme has no single asset in the scheme portfolio that exceeds 5% of the total scheme assets;		(a) is diversified by size, borrower, class of borrower activity and geographic region limited to Australia;	
(c) the scheme has no single borrower who exceeds 5% of the scheme assets; and		(b) contains Loans that exceed 5% of the value of the Loan Portfolio;	
(c) all loans made by the scheme are secured by first mortgages over real property (including registered leasehold title).		(c) have more than one Borrower with a Loan that exceeds 5% of the value of the Loan Portfolio; and	
		(d) is not entirely comprised of first mortgages over real property.	
		The RCF Trust also has an exposure to asset(s) via other Class(es) which do not meet this benchmark.	

Benchmark	Statement	Explanation	Reference
4: Related party transactions			
The responsible entity does not lend to related parties of the responsible entity of the scheme.	This benchmark is not met.	The single investment made under the Premium Income Fund is to Rhodes Finance, a related party of Rhodes Asset Management. Rhodes Finance is not restricted from making Loans to related parties in accordance with the Lending & Investment Policy.	See Disclosure Principle 4: Related party transactions
5: Valuation policy			
In relation to valuations for the scheme's mortgage assets and their security property, the board of the responsible entity requires:	This benchmark is met by the Premium Income Fund.	The single investment made by the Premium Income Fund is the Loan Facility, a non-mortgage asset.	See Disclosure Principle 5: Valuation policy
(a) a valuer to be a member of an appropriate professional body in the jurisdiction in which the relevant property is located; (b) a valuer to be independent; (c) procedures to be followed for dealing with any conflict of interest; (d) the rotation and diversity of valuers; (e) in relation to security property for a loan, an independent valuation to be obtained: (i) before the issue of a loan and on renewal: A. for development property, on both an 'as is' and 'as if complete' basis; and B. for all other property, on an 'as is' basis; and (ii) within two months after the directors form a view that there is a likelihood that a decrease in the value of security property may have caused a material breach of a loan covenant.	This benchmark is not met by Rhodes Finance.	However, since Rhodes Finance holds mortgage assets, those assets will be valued in accordance with the Valuation Policy. It is expected that not all assets will satisfy this benchmark.	

Benchmark	Statement	Explanation	Reference
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6: Lending principles – Loan-to-valuation ratios

If the scheme directly holds mortgage assets:	This benchmark is not met.	Rhodes Finance meets the benchmark in respect of property development Loans, although Rhodes Finance avoids lending for property development on the basis of 'as if complete' valuations. In other cases, and while Rhodes Finance would aim to conform to the benchmarks generally, Rhodes Finance does not expect that all Loans will satisfy this benchmark. Rhodes Finance will only allow Loans which do not conform to the benchmark where there is a compelling reason to do so. Rhodes Finance is open to assess applications for construction Loans which are not raised in the course of a property development business providing "as is" security is available. Additionally, the RCF Trust has other Class(es) which also do not conform with this principle.	See Disclosure Principle 6: Loan-to-value ratios
(a) where the loan relates to property development – funds are provided to the borrower in stages based on independent evidence of the progress of the development;			
(b) where the loan relates to property development - the scheme does not lend more than 70% on the basis of the latest 'as if complete' valuation of property over which security is provided; and			
(c) in all other cases – the scheme does not lend more than 80% on the basis of the latest market valuation of property over which security is provided.			

7: Distribution practices

The responsible entity will not pay current distributions from scheme borrowings.	This benchmark is met.	We will make distributions out of the interest income received from Rhodes Finance under the Loan Facility net of fees and other costs attributable to the Premium Income Fund.	See Disclosure Principle 7: Distribution practices
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8: Withdrawal arrangements

For non-liquid schemes, the responsible entity intends to make Withdrawal Offers to investors at least quarterly.	This benchmark is met.	The Premium Income Fund intends to make Withdrawal Offers to Unitholders monthly based on the procedures outlined in Section 6.3(h) below.	See Disclosure Principle 8: Withdrawal arrangements
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6.3. ASIC DISCLOSURE PRINCIPLES

(a) Disclosure Principle 1: Liquidity

We will maintain cash flow estimates for the Premium Income Fund on rolling 12-month periods to ensure there is sufficient cash to meet expenses and liabilities which may arise.

Our cash flow estimates will be made on inputs supplied by Rhodes Finance.

This disclosure principle addresses the cash flow requirements of the Premium Income Fund to satisfy its expenses and liabilities only.

Prospective investors and Unitholders should not construe this disclosure as the Premium Income Fund being a liquid investment. Please refer to Section 6.3(h) for more information about withdrawing from the Premium Income Fund.

(b) Disclosure Principle 2: Fund borrowing

The RCF Trust and the Premium Income Fund will not borrow.

Rhodes Finance obtains borrowings from other parties. Such borrowings are either subordinate to the interests of the Premium Income Fund or do not encumber the interests of the Premium Income Fund.

(c) Disclosure Principle 3: Loan portfolio and diversification

The single investment of the Premium Income Fund is the Loan Facility made to Rhodes Finance. This Loan Facility gives the Premium Income Fund an exposure to a pool of Loans made by Rhodes Finance using the monies advanced. As at the date of this PDS, the Loan Portfolio made by Rhodes Finance in respect of the Loan Facility:

is not sufficiently diversified based on the benchmark parameters;

contains Loans which exceed 5% of the total value of the Loan Portfolio;

have more than one Borrower with a Loan balance that exceeds 5% of the value of the Loan Portfolio; and

not all Loans are secured by a registered first mortgage (some may be second mortgages).

In a less diversified portfolio the impact of Loan defaults could have a more significant impact on a unitholder's investment.

(d) Disclosure Principle 4: Related party transactions

The single investment made by the Premium Income Fund is the Loan Facility to Rhodes Finance which is a related party transaction.

Rhodes Finance may also make Loans to related parties, and where such Loans are funded with Capital provided by the Premium Income Fund the Loans will conform with the Lending Policy and will be monitored and managed on the same terms as any other Loans.

Rhodes Finance is not paid any fees by the Premium Income Fund, and neither the Premium Income Fund nor the RCF Trust have any material obligations to Rhodes Finance except to conform with the terms of the Loan Facility. However, Rhodes Finance provides security for capital advanced to it by the Premium Income Fund and must pay interest and repay capital as required by the Loan Facility. Rhodes Finance will charge fees and interest to Borrowers with the aim of making profits in place of charging any fees to the Premium Income Fund. Any commercial risks associated with making Loans are absorbed by Rhodes Finance to the maximum extent possible.

(e) Disclosure Principle 5: Valuation policy

Generally, it is preferred that Rhodes Finance values real property by commissioning a qualified valuer in accordance with our Valuation Policy.

Where Loans are extended or renewed Rhodes Finance will always consider whether a revaluation of security property is required, depending on the elapsed time since the original valuation was provided.

Our valuation policy is available by emailing us at admin@rhodesam.com.au.

(f) Disclosure Principle 6: Lending principles – Loan-to-valuation ratios (LVR)

The Lending & Investment Policy as it relates to Loans funded by the Premium Income Fund provides that the maximum LVR for a Loan to a Borrower should be based on an assessment of the overall conditions and circumstances of the Borrower. Generally, Loans will be limited to an 80% LVR for real property security, although property development or construction Loans will not be approved unless security is available over property based on its current valuation. Rhodes Finance is not restricted from making Loans in excess of 80% LVR. Such Loans are only considered where there is a compelling rationale.

Rhodes Finance does not apply Premium Income Fund capital to finance property development projects with security based on 'as if complete' valuations. Rhodes Finance is open to applications for construction Loans which are not raised in the course of a property development business, providing the risks are assessed as acceptable and "as is" security is available.

(g) Disclosure Principle 7: Distribution practices

Distributions from the Premium Income Fund are funded from interest paid by Rhodes Finance under the Loan Facility net of our fees (see Section 10 'Fees and Other Costs') and any costs or expenses we are entitled to charge or recover. Distributions are calculated and payable on a monthly basis. We aim to pay distributions by the 15th day of each month. Payment(s) will be made via electronic bank transfer to each Unitholder's nominated bank account. The Premium Income Fund will not borrow to pay distributions.

Investors should note that distributions are not guaranteed, and it is possible that the Premium Income Fund will not be able to meet its intended distributions if adverse circumstances arise. This may occur when Loan(s) that represent a substantial component of the Loan Portfolio default or a number of Borrowers are unable to make interest payments.

In summary:

the Distribution Rate = RBA Cash Rate + a relevant margin.

In more detail:

The distribution amounts calculated according to the method shown here are the nett amounts actually payable to Unitholders, net of any fees and expenses associated with the Premium Income Fund and the RCF Trust.

Annualised Distribution Rates applicable for any given month are calculated by applying the RBA Cash Rate (as at the last day of the previous month) plus a margin. The margin is based on the Sub-Class of Units held by a Unitholder.

The margin for each Sub-Class is:

Standard Sub-Class: 3.85%

Enhanced Sub-Class: 4.35%

The above calculation determines the annualised Distribution Rate we apply for the entire month. The amount of distribution is then calculated based on the number of days each Unit has been held.

For example, if a Unitholder holds 210,000 units of the Enhanced Sub-Class, which were acquired on 11 June, and the RBA Cash Rate as at 31 May of the same year is 4.25%, and we are calculating the distribution for this Unitholder for the month of June:

Annualised Distribution Rate =
 $4.25\% + 4.35\% = 8.6\%$.

Annualised distribution amount =
 $\$210,000 \times 8.6\% = \$18,060$.

Daily distribution amount =
 $\$18,060 / 365 = \49.48 (rounded).

Distribution amount for the month =
 $\$49.48 \times 20 = \989.59

(h) Disclosure Principle 8: Withdrawal arrangements

A Summary of the withdrawal process:

Unitholders wishing to make a withdrawal after satisfying the Minimum Investment Term will need to lodge a Withdrawal Participation Notice with us to participate in the following withdrawal offer (Withdrawal Offer) which is assessed on a monthly basis.

Unitholders who wish to make a withdrawal (**Withdrawal Participants**) must submit a notice (**Withdrawal Participation Notice**) and will be eligible to be considered for withdrawal provided that their Units have satisfied the Minimum Investment Term as at the opening date of the next Withdrawal Offer. We will deem the relevant Units of the Withdrawal Participant to be of a separate Sub-Class for the purpose of making the Withdrawal Offer only.

All other rights and terms attached to the Premium Income Fund will remain in place for any Withdrawal Participants until their Units are redeemed.

Where applicable, we aim to make Withdrawal Offers on a monthly basis (except in January) and usually during the first 7 days of each month. We will not make Withdrawal Offers in January. Withdrawal Offers are made subject to available liquidity and Withdrawal Participation Notices lodged. Each Withdrawal Offer will be made to Withdrawal Participants if any exist at that time. In some cases, we may make Withdrawal Offers to all Unitholders in a particular Class of the Premium Income Fund (for example, when Rhodes Finance holds excess cash, has limited lending opportunities, and is able to make a principal repayment). Where no Withdrawal Participation Notices have been received, and Rhodes Finance does not have excess cash, we may choose not to make a Withdrawal Offer.

Withdrawal Offers will be open for at least 21 days unless acceptances are received from all eligible Unitholders earlier. Wherever possible the value of Withdrawal Offers will be set to satisfy all Withdrawal Participation Notices lodged, but where there are insufficient liquid funds available, the total value of the Withdrawal Offer may need to be reduced and only lesser pro-rated amounts will then be paid. Where the full amount of a Unitholder's Withdrawal Offer acceptance cannot be satisfied, the unpaid balance of the Unitholder's requested withdrawal amount will be carried forward to participate in the next Withdrawal Offer.

Together with Rhodes Finance we will continuously monitor the Loan Portfolio and Withdrawal Participation Notices outstanding to assess liquidity requirements in order to meet our various commitments (See Disclosure Principle 1 'Liquidity'). However, there is no guarantee that Withdrawal Offers will be made each month, nor that Withdrawal Participants will be able to withdraw the full amount requested, as this will depend on the liquidity available to Rhodes Finance and the Premium Income Fund.

Withdrawal Participants who accept the terms of a Withdrawal Offer before it closes will be paid as soon as possible, but at the latest within 21 days after the Withdrawal Offer closes.

7. About The RCF Trust

7.1. INFORMATION ABOUT THE RCF TRUST

The Rhodes Credit Fund ARSN 606 834 011 is a managed investment scheme registered with ASIC on 14 July 2015. The RCF Trust is structured as an unlisted multi-class unit trust and has adopted a replacement constitution dated 10 October 2022 which is lodged with ASIC (**Constitution**).

The Premium Income Fund is a sub-trust of the RCF Trust. The Premium Income Fund is not a separate trust.

Rhodes Asset Management Ltd ACN 165 917 813 AFSL no. 464772 is the responsible entity of the RCF Trust.

7.2. STRUCTURE OF THE RCF TRUST AND PREMIUM INCOME FUND

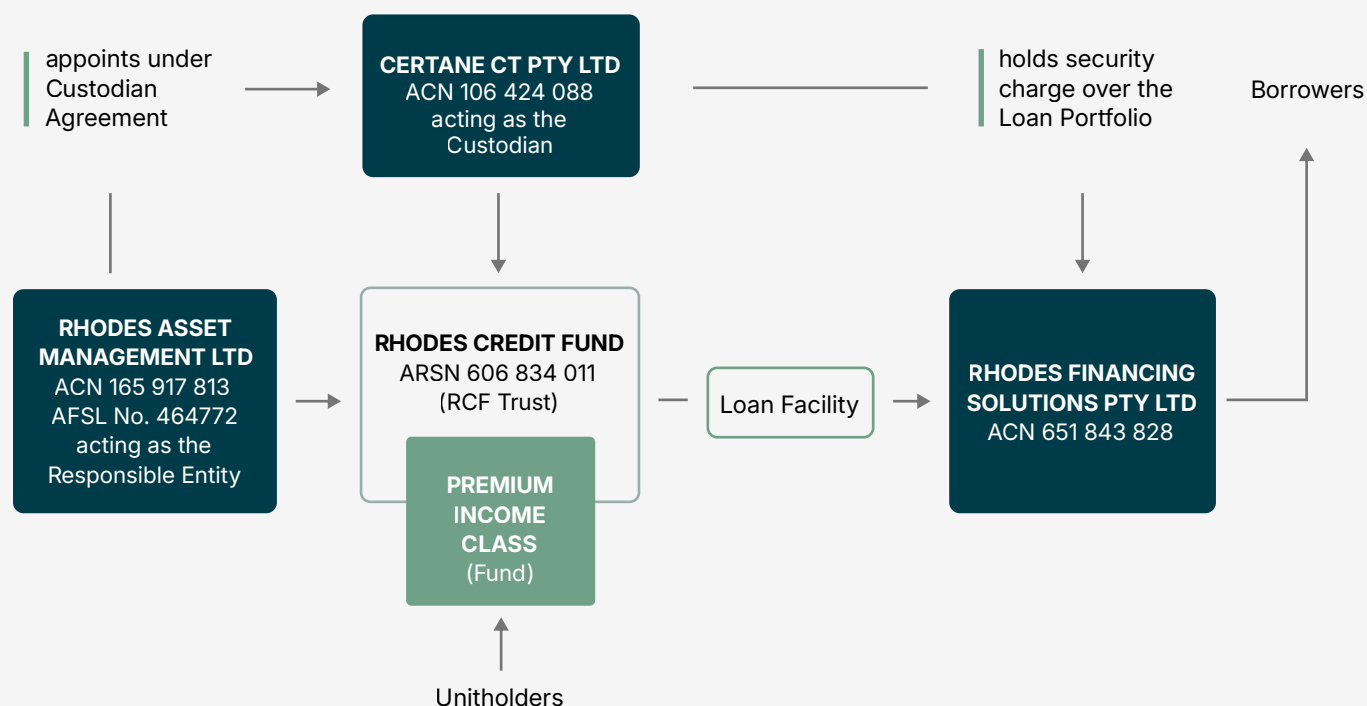
The RCF Trust may have multiple Classes of Units where each Class constitutes a sub-trust. Each Class has distinct rights, obligations, and restrictions attached. Your interests in the Trust will be identified by the Class or Classes of Units you hold. An investment made in respect of a sub-trust is identified as an asset of that Class (**Class Asset**) and is held by the Custodian of the RCF Trust. This means that if you hold Units in only one specific sub-trust, you will not have an interest in the assets linked to other sub-trusts.

Additionally, we may create and issue Sub-Class(es) of Units in a Class with different rights, obligations, and restrictions to other Sub-Class(es) within that Class. In respect of the Premium Income Fund, Sub-Classes will be created for the purpose of making Withdrawal Offers. Unitholders lodging Withdrawal Participation Notices will be segregated into a separate Sub-Class or deemed to be of a separate Sub-Class for the purposes of any Withdrawal Offer only. The rights of any Unitholder segregated into a separate Sub-Class for purposes of a Withdrawal Offer are otherwise identical to the rights of the Unitholder prior to lodging the Withdrawal Participation Notice.

The Premium Income Fund is not a separate trust and is not required to be registered as a MIS with ASIC. In the wind up of the RCF Trust, all Unitholders will share proportionately in the residual assets of the RCF Trust that are not allocated to a specific sub-trust, if any.

You may refer to the Constitution for more information about the rights, obligations, and restrictions of Unitholders in the RCF Trust.

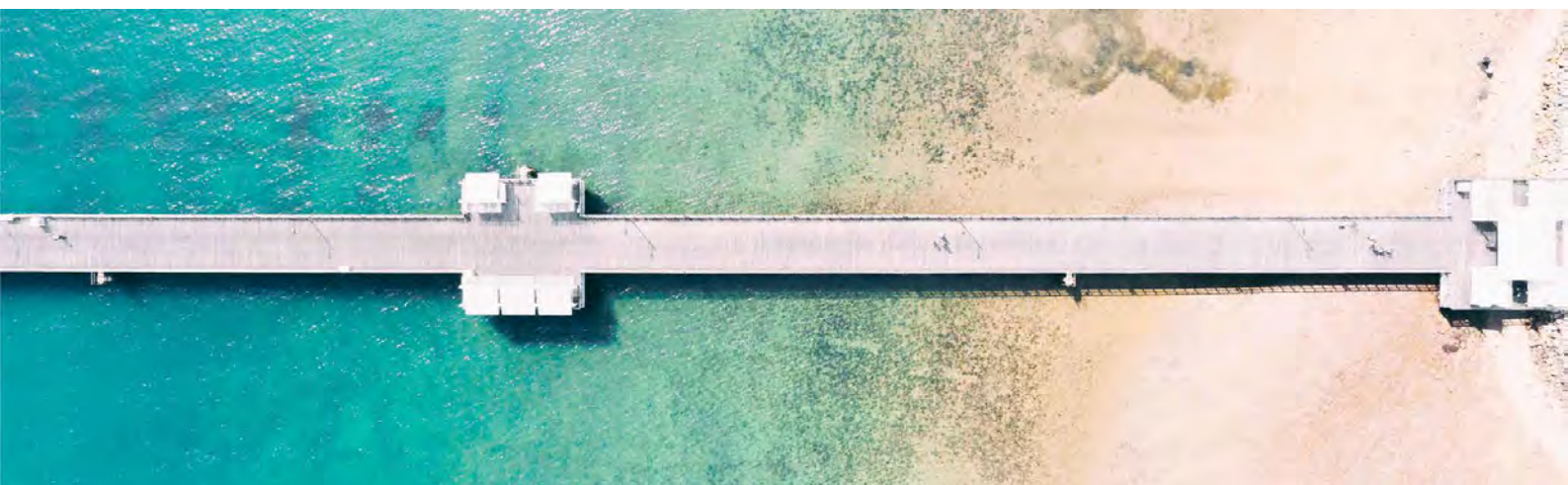
A diagram of the RCF Trust and structure of the Premium Income Fund are provided below.



In respect of the Premium Income Fund, the underlying Class Assets are comprised of the Loan Facility made to Rhodes Finance secured by a registered charge and any cash held by the Premium Income Fund or Rhodes Finance as interest-bearing deposits.

7.3. CUSTODIAN OF THE RCF TRUST

We have appointed Certane CT Pty Ltd ACN 106 424 088 (**Certane** or **Custodian**) as the independent custodian to hold the assets of the RCF Trust in its name and act on our instructions. Certane has no supervisory role in relation to the operation of the RCF Trust and has no liability or responsibility to any Unitholder for any act done or omission made in accordance with the Custodian Agreement.



8. About The Responsible Entity

8.1. RESPONSIBLE ENTITY – RHODES ASSET MANAGEMENT LTD

Rhodes Asset Management Ltd ACN 165 917 813 AFSL no. 464772 is a funds management company and acts as the responsible entity and trustee of multiple managed funds with different investment strategies.

8.2. DUTIES OF THE RESPONSIBLE ENTITY

Our duties as the responsible entity of the RCF Trust are set out in the Constitution, the Corporations Act, and other applicable laws, and include, and not limited to:

- act honestly;
- exercise the degree of care and diligence that a responsible person would exercise if they were in our position;
- act in the best interests of the Unitholders and, if there is a conflict between the Unitholders' interests and our own, must give priority to the Unitholders' interests;
- treat Unitholders of the same class or sub-class equally and Unitholders who hold interests in other classes or sub-classes fairly;
- ensure that the assets of the RCF Trust are clearly identified and held separately from our own assets and property;
- ensure that all payments out of the RCF Trust assets are made in accordance with the Constitution and the Corporations Act;
- report to ASIC any breach of the Corporations Act in relation to the RCF Trust and Unitholders' interests; and
- carry out or comply with any other duty, not inconsistent with the Corporations Act, that is conferred on us by the Constitution.

For more information, please contact us by emailing admin@rhodesam.com.au or calling 1300 425 594, to obtain a copy of the Constitution.

8.3. DIRECTORS AND MANAGEMENT OF RHODES ASSET MANAGEMENT LTD

(a) Vladimer Djachenko (Wally)

Director and Responsible Manager

Wally has over 35 years of professional experience in business management, accounting, tax and financial services. Throughout his career, Wally has held directorship and executive management positions in both private and listed companies. In recent years, Wally has acted as a business advisor to small and medium size businesses. He holds a Bachelor of Commerce from the University of Queensland and is also a Fellow of the Institute of Public Accountants.

(b) Yuehao Zeng (Hao)

Director and Responsible Manager

Hao joined Rhodes Asset Management after working with a mid-tier corporate advisory company with focus on IPOs, private placements, strategic advisory and board services. Hao has also worked as an analyst with a boutique funds manager with an investment portfolio comprised of residential properties and private businesses. Hao holds a Bachelor of Economics and Graduate Certificate of Commerce from the University of Queensland.

(c) Ian Chester-Master
Director, Responsible Manager, and
Compliance Manager

Ian has over 40 years experience in the Financial Services industry, including Financial Services management roles & over 20 years as a Certified Financial Planner (CFP). He is a former Chairman of the Financial Planning Association (Brisbane Chapter), as well as a Fellow and Distinguished Service Award recipient. Ian is also a former University Lecturer in Financial Planning & Superannuation at Graduate and Masters levels.

(d) Javier Arango
Director and Fund Manager

Throughout his career, Javier has held senior roles within several Australian listed companies, where he has gained extensive knowledge of investment operations and funds management. Before joining Rhodes Asset Management, Javier played a pivotal role in launching a contributory mortgage scheme for a credit firm in Queensland. Javier brings a wealth of experience to the Funds Management team within Rhodes Asset management.

(e) Ray Armitage
Director and Fund Manager

Ray has been involved in the Banking and Financial Services industry for 29 years. He spent 10 years in the traditional banking sector in both lending and investment roles, followed by 19 years in the broader financial services industry in advisory & senior management roles. Ray also has experience in managing property development projects, and business advisory roles for Australian and international companies across a diverse range of industry sectors.

(f) Chris Wheatley
Non-Executive Director

Chris is a professional accountant serving as a director of a boutique accounting firm in Brisbane and has worked in public practice for 19 years. He has accumulated a wealth of knowledge in all areas of tax, business services, and accounting, with strong skill sets in property and SMSFs, and held a financial services authorisation for a number of years. Chris is highly regarded among many of his peers in the accounting industry and has a strong network of colleagues with whom he collaborates on complex projects. Chris is a Fellow of Chartered Accountants Australia.

(g) Jacob van Zyl
Non-Executive Director

Jacob is a solicitor admitted to practise in the Supreme Courts of Queensland and South Africa. He has over 25 years' experience practising as a solicitor mainly specialising in structuring financial transactions, investments, loans and debt restructuring. During this time, he also gained extensive experience in commercial litigation matters, and has been involved in structuring private equity funding and venture capital for niche products. Jacob has also served as in-house counsel for a funds management firm.

8.4. COMPLIANCE COMMITTEE

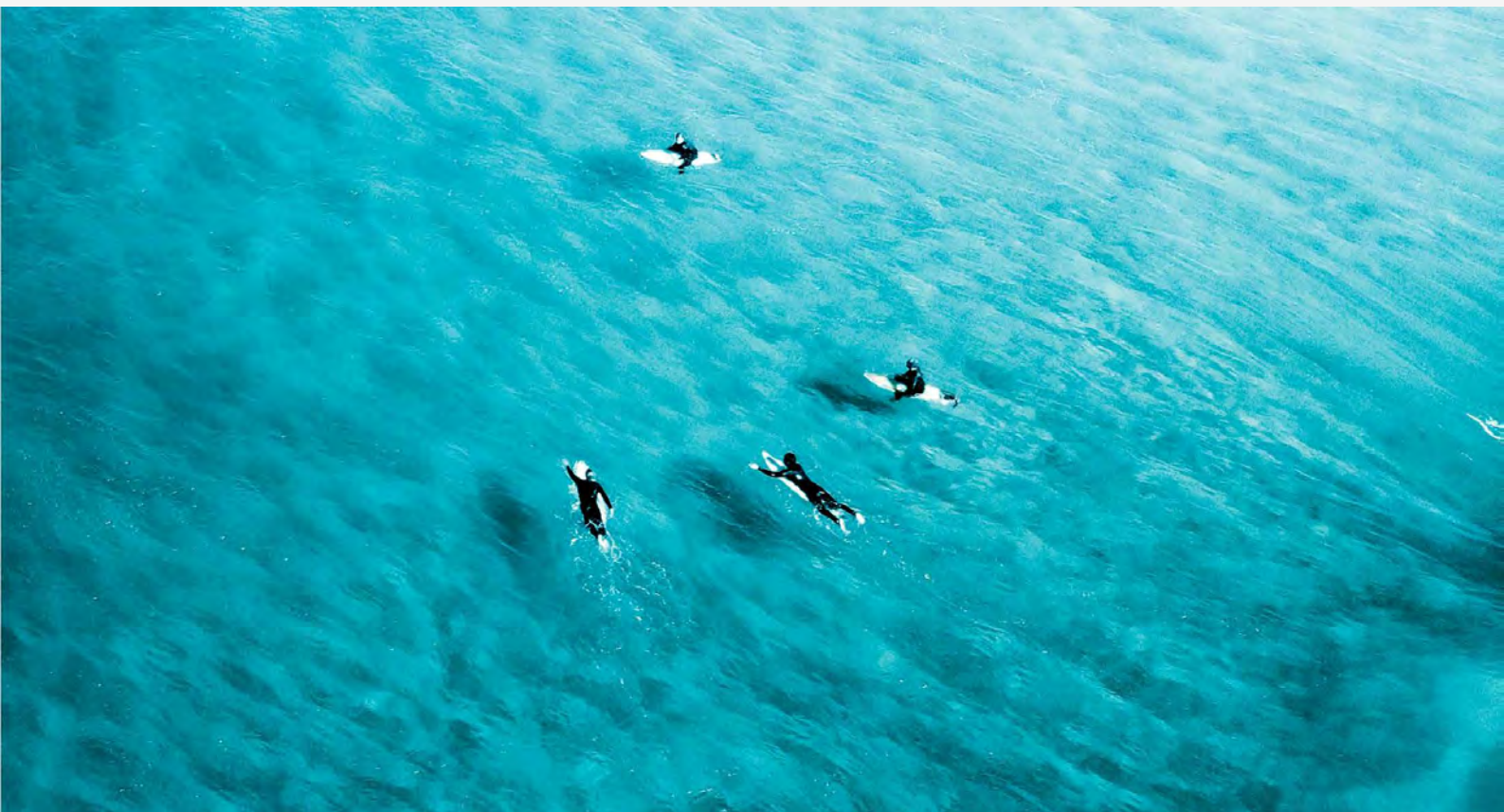
We have appointed a Compliance Committee for the RCF Trust to assist us in maintaining our compliance with the Compliance Plan, and applicable laws and regulations. The Compliance Committee will periodically monitor our activities in relation to the RCF Trust and reports directly to the Board and, in certain circumstances, to ASIC. In light of any changes in the regulatory environment, our Compliance Committee will keep the Board informed of compliance activities and make recommendations in accordance with regulations and industry best practices.

8.5. COMPLIANCE AUDITS

We are subject to external audits each year in relation to the RCF Trust's accounts and activities. At such times, we will appoint an external auditor to audit the transactions of the RCF Trust, and a separate external auditor to audit our funds management activities in accordance with the Compliance Plan. Both audit reports are expected to be lodged by us with ASIC within ninety (90) days after the end of the Financial Year.

8.6. INDEMNITY OF THE RESPONSIBLE ENTITY

To the extent permitted by the Corporations Act, we are entitled to be indemnified out of the assets of the RCF Trust for all debts, liabilities, damages, taxes, charges, expenses, and outgoings incurred for performing our duties and exercising our powers under the Constitution or at law in relation to the RCF Trust. This indemnity does not apply to debts, liabilities, damages, taxes, charges, expenses, or outgoings incurred or payable in respect of or as a result of our negligence, fraud, or wilful default.



9. Risks & Benefits

9.1. RISKS

You can find below a list of risks we have identified which are associated with the Premium Income Fund. The list below is not exhaustive. In the event that any such risk eventuates, your investment in the Premium Income Fund may be adversely affected.

(a) Concentration risk

This risk exists due to the feature of the Premium Income Fund in that it will make a single investment in a Loan Facility. In the event that Rhodes Finance defaults on the Loan Facility due to a non-performing Loan Portfolio, or any other reason, it is expected that Unitholders' investment in the Premium Income Fund will be adversely affected.

(b) Credit risk

The Premium Income Fund is exposed to a single credit risk in Rhodes Finance and is determined by the performance of its business and underlying assets. It is expected that Rhodes Finance will make and manage Loans which are made in accordance with the Lending & Investment Policy. In the event that a Borrower fails, or refuses, to meet their debt obligations when due, this ultimately will adversely affect the performance of the Premium Income Fund and your invested capital.

(c) Construction Risk

Where a Loan is made to a Borrower who undertakes construction activities, this will give rise to additional risks which ultimately increases the credit risk of Rhodes Finance. Property development Loans are unlikely to be approved, and Loans for other construction will only be approved if the risks are considered acceptable and in all cases "as is" security must be available.

(d) Force majeure

There are events referred to as 'acts of God' that may affect the performance of the Premium Income Fund. Examples include natural disasters as well as global pandemics such as the COVID-19 pandemic. The occurrence of such events may negatively affect Borrower(s) capability to make interest and principal repayment as well as the value of the underlying security. This will adversely affect the business of Rhodes Finance and ultimately the performance of the Premium Income Fund.

(e) Fund risk

While investing in managed funds can provide access to investments generally unavailable to retail clients, investors in a managed fund must accept the rights, obligations and restrictions attached.

(f) Fund structure risk

The Premium Income Fund constitutes a sub-trust of the RCF Trust. Although the Premium Income Fund is distinct from other sub-trusts of the RCF Trust, it is not a separate trust. The liabilities of one sub-trust may adversely affect the entire RCF Trust and Unitholders' invested capital.

(g) Income risk

It is expected that the Premium Income Fund will generate an income for Unitholders pursuant to the Loan Facility made to Rhodes Finance. The capacity for Rhodes Finance to make interest payments to the Premium Income Fund is determined by the performance of the Loan Portfolio it manages. If the Loan Portfolio is unable to generate an income, this will affect the ability for the Premium Income Fund to make income distributions. There is no guarantee that income distributions will be made at regular intervals or at all.

(h) Interest rate risk

Movements in interest rates directly affect the broad market conditions and values of all asset classes including real properties and loans. Adverse movements or corrections may negatively affect the interest income payable and/or value of the underlying security securing the Loan.

(i) Liquidity risk

An investment in the Premium Income Fund should be treated as a long-term investment because the Premium Income Fund is not liquid. There is no established secondary market (e.g., a stock exchange) for the Premium Income Class of Units. Despite best efforts, it is possible the fund will not have sufficient liquidity to satisfy all valid Withdrawal Participation Notices at the time they are made by Unitholders.

(j) Manager risk

We are required to comply with relevant laws and regulations, and ensure we have adequate resources to meet our obligations. In the event that we are unable to maintain our obligations, the RCF Trust may be adversely affected from potential costs and other liabilities that arise from our replacement.

(k) Market risk

The broad Australian market is exposed to global politics, economic trends, and fiscal and monetary policies. There is a risk that market fluctuations and uncertainties caused by those factors may adversely affect the performance of the Premium Income Fund.

(l) Regulatory risk

Changes in regulations, laws, as well as government policies, may adversely affect us, the Trust and/or the underlying assets of the Premium Income Fund.

(m) Related party transaction risk

This risk exists when the Fund lends to, invests in or transacts with a person or body corporate who is a related party to us. We aim to ensure that any related party transaction will be conducted on an arm's length basis and will be monitored as robustly as those involving unrelated parties.

(n) Inadequate security risk

There is a probability that Rhodes Finance will have an exposure to Loans made to Borrowers with a total debt exposure greater than the total marketable value of their personal assets. Such Loans are recognised as very high risk. If a Borrower defaults on their Loan, there is a high possibility that Unitholders' capital will be at risk of a capital loss.

(o) Valuation risk

The Premium Income Fund will have an exposure to Loans made with consideration of the value of underlying security. Valuation risk exists in the accuracy of the valuation report to reflect the true value of that security.

9.2. BENEFITS OF INVESTING IN THE PREMIUM INCOME FUND

(a) Distributions

The Premium Income Fund aims to make regular income distributions to Unitholders, paid by the 15th day of each month. Distributions are calculated using a transparent method, so Unitholders know what they are entitled to.

(b) Fiduciary Duty to Unitholders

We owe a fiduciary duty to all Unitholders. As such, we will carry out the business of the RCF Trust in the interest of all Unitholders and will report activities that are material. You will benefit from the alignment of interests between yourself and us.

(c) Expertise and Experience

By holding an investment in the RCF Trust, you will benefit from the expertise, experience and professional network of the Investment Manager and Credit Manager which may not be accessible to you otherwise as an individual investor.

(d) Assets held by the Custodian

In its capacity as custodian of the RCF Trust, the Custodian will hold legal title to all assets of the Premium Income Fund and RCF Trust, including a general security charge over the Loan portfolio and other assets of Rhodes Finance to the extent they have been funded by the Premium Income Fund.



10. Fees & Other Costs

10.1. CONSUMER ADVISORY WARNING

DID YOU KNOW?

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

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

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

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

TO FIND OUT MORE

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

10.2. FEES & COSTS SUMMARY

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

Except where otherwise stated, all fees in this document are expressed as inclusive of any GST and net of RITCs.

Premium Income Class of Units in the RCF Trust

Type of fee or cost	Amount	How and when it is payable
Ongoing annual fees and costs		
Management Fee The fee payable to us for our services to the Premium Income Fund and RCF Trust.	The Premium Income Fund has a differential fee arrangement. Our Management Fee for: (a) Enhanced Sub-Class Unitholders is 1.10% per annum of the value of that Unitholder's investment amount; and (b) Standard Sub-Class Unitholders is 1.60% per annum of the value of that Unitholder's investment amount.	Our Management Fee is calculated on a monthly basis and payable in arrears to us out of the assets of the Premium Income Fund. Our Management Fee is inclusive of Ordinary Operating Expenses attributable to the Premium Income Fund.

Premium Income Class of Units in the RCF Trust

Type of fee or cost	Amount	How and when it is payable
Performance Fee	Nil	Not applicable.
Transaction costs The costs incurred by the Premium Income Fund when buying or selling assets	Nil	Not applicable.
Unitholder activity related fees and costs (fees for services or when your money moves in or out of the Premium Income Fund)		
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.
Buy-sell Spread An amount deducted from your investment representing costs incurred in transactions by the RCF Trust	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.
Switching fee The fee for changing investment options	Nil	Not applicable.

10.3. EXAMPLE OF ANNUAL FEES & COSTS

(a) For Enhanced Sub-Class Unitholders

This table gives an example of how the fees and costs of the Premium Income Fund can affect your investment over a one (1) year period. You should use this table to compare this product with other managed investment products.

EXAMPLE FOR ENHANCED SUB-CLASS UNITHOLDERS		BALANCE OF \$100,000 WITH TOTAL CONTRIBUTIONS OF \$5,000 DURING THE YEAR ¹
Contribution Fees	Nil	For every additional \$5,000 you put in you may be charged \$0.
PLUS Management costs	1.10%	And , for every \$100,000 you have in the Premium Income Fund, you may be charged up to \$1,100.00 each year.
PLUS Performance fees	Nil	And , you will be charged or have deducted from your investment \$0 in performance fees.
PLUS Transaction costs	Nil	And , you will be charged or have deducted from your investment \$0 in transaction costs.
EQUALS Cost of Fund		If you had an investment of \$100,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged fees and costs in the range of \$1,100.15 to \$1,155.00. What it costs you may also depend on the fees you negotiate with the fund or financial advisor. ²

¹ It is a requirement of the Corporations Regulations that the above example assumes a balance of \$50,000 and an additional contribution of \$5,000. However, the Enhanced Sub-Class is only open to investors contributing \$100,000 or more, so the calculations for the Enhanced Sub-Class are based on that balance.

² This example does not include any additional fees that your financial advisor may charge you.

(b) For Standard Sub-Class Unitholders

This table gives an example of how the fees and costs of the Premium Income Fund can affect your investment over a one (1) year period. You should use this table to compare this product with other managed investment products.

EXAMPLE FOR STANDARD SUB-CLASS UNITHOLDERS	BALANCE OF \$50,000 WITH TOTAL CONTRIBUTIONS OF \$5,000 DURING THE YEAR ¹	
Contribution Fees	Nil	For every additional \$5,000 you put in you may be charged \$0.
PLUS Management costs	1.60%	And , for every \$50,000 you have in the Premium Income Fund, you may be charged up to \$800.00 each year.
PLUS Performance fees	Nil	And , you will be charged or have deducted from your investment \$0 in performance fees.
PLUS Transaction costs	Nil	And , you will be charged or have deducted from your investment \$0 in transaction costs.
EQUALS Cost of Fund		If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged fees and costs in the range of \$800.22 to \$880. What it costs you may also depend on the fees you negotiate with the fund or financial advisor. ²

¹ It is a requirement of the Corporations Regulations that the above example assumes a balance of \$50,000 and an additional contribution of \$5,000.

² This example does not include any additional fees that your financial advisor may charge you.

10.4. MANAGEMENT FEES AND COSTS

In respect of the Premium Income Fund and the RCF Trust, we are entitled to be paid, or be reimbursed, fees for:

- serving as responsible entity and trustee;
- the administration of the RCF Trust;
- investing and management of the assets; and
- other expenses and reimbursement in relation to carrying out our duties and

A description of the type of fees incurred by Unitholders in respect of the Fund are provided below.

(a) Management Fee

This is the fee payable to us for the administration of the Premium Income Fund and its assets, and for serving as responsible entity and trustee. We are entitled to be paid and recover out of the assets of the Fund in accordance with the Constitution. In respect of the Premium Income Fund, we have adopted a differential fee arrangement where Unitholders hold either Standard or Enhanced Sub-Class Units. The Enhanced Sub-Class of Units attracts a Management Fee of 1.10% p.a. and the Standard Sub-Class of Units attracts a Management Fee of 1.60% p.a.

(b) Ordinary Operating Expenses

The Constitution allows us to be reimbursed on a full indemnity for all expenses and liabilities incurred for performing our duties in respect of the Premium Income Fund and the RCF Trust. These include, and not limited to, the expenses incurred for the:

- establishment of the RCF Trust, and any legal, accounting, tax, financial and other professional services commissioned for the restructure of the RCF Trust;
- maintenance of registers and accounting records;
- preparation of financials for annual audits and tax returns;

- issue, transfer and redemption of Units in the RCF Trust;
- convening and holding of ordinary Unitholders' meetings; as well as
- standard operations of the RCF Trust, and the RCF Trust's assets, in relation to any legal, accounting, tax, financial and other professional services commissioned.

Furthermore, the Ordinary Operating Expenses also include the Custodian Fee (see Section 10.7(h)) charged by the Custodian and professional indemnity insurance (see Section 10.7(i)) which we are obligated to maintain.

In respect of the Premium Income Fund, the Ordinary Operating Expenses are included in the Investment Management Fee or is paid out of our own resources.

For more information about the expenses recoverable by us out of the assets of the RCF Trust, please refer to the Constitution.

10.5. OTHER FEES PAYABLE TO/RECOVERABLE BY US

(a) Recovery of extraordinary costs

Ordinary Operating Expenses do not include any extraordinary or unusual expenses. If such expenses are incurred, we will recover these costs from the assets of the Premium Income Fund and/or RCF Trust.

Examples of extraordinary or unusual expenses include costs involved in convening a special meeting of Unitholders, terminating the Premium Income Fund, and defending or bringing of litigation proceedings involving the Premium Income Fund and RCF Trust.

(b) Removal as responsible entity

We are entitled to be paid a Transfer Fee of up to 5.125% of the Gross Asset Value of the RCF Trust (other than as a result of a determination by ASIC or an Australian Court, or an acknowledgement by us, of gross negligence in the management of the RCF Trust or a material fiduciary breach), calculated as at the date that we facilitate the transfer of the RCF Trust to another responsible entity (the New Responsible Entity).

10.6. FEES PAYABLE TO RHODES FINANCE BY BORROWERS

Rhodes Finance may charge fees, including the fees prescribed below, for assessing and making Loans to Borrowers. Although the Borrowers will bear such costs, and not the Premium Income Fund, we have elected to make the disclosure that Rhodes Finance will receive such benefit. Examples of such fees include:

- Application Fee
- Loan Establishment Fee
- Loan Extension Fee
- Early Repayment Fee
- Loan Default Fee
- Account Management Fee
- Interest rate margin and/or line fee

10.7. ADDITIONAL INFORMATION ABOUT FEES AND COSTS

(a) Changes to fees

We may charge fees up to a maximum amount in accordance with the Constitution. If there is a change to fees payable to us, you will receive at least thirty (30) days prior notice. If the change is adverse to you, we will issue a replacement PDS to reflect the material change.

(b) Maximum fee

Notwithstanding the amount of fees we will charge, the Constitution sets out the maximum amount of fees we are able to charge as its responsible entity. You may inform yourself of the maximum amount of fees we are able to charge as the responsible entity by referring to the Constitution. This is not applicable to the recovery of outlays and expenses as well as the fees an Investment Manager may charge.

(c) Fee waivers

We may waive, assign, defer or rebate any or all of our fees or our entitlement to reimbursement for expenses incurred at our discretion.

(d) Differential fee arrangements

We may offer different fee arrangements, such as fee rebates, waivers, or reductions, for various levels of investment, or for Wholesale Clients as defined in the Corporations Act. Differential fee arrangements for Wholesale Clients may be negotiated on a case-by-case basis. Such negotiation will be entirely at our discretion and will be subject to relevant guidelines issued by ASIC. The differential fee arrangement does not adversely affect the fees paid or to be paid by any Unitholder who is not entitled to participate.

(e) Fixed dollar fees annual increase

Any fixed dollar fees quoted in this Section 10 will increase for each new financial year by the most recent annual increase in the AWOTE index or CPI whichever is higher.

(f) GST

All fees stated in this PDS include, where applicable, GST less any expected reduced input tax credits.

(g) Taxes

Distributions will generally be unfranked and details of the tax status of these distributions will be included in your yearly statement issued within three (3) months after the end of that Financial Year.

You will find general tax information relating to the RCF Trust in Section 12.

(h) Custodial service fee

We have engaged the Custodian to provide custodial services for which it will be paid fees. The Custodian's service fee and associated expenses are a cost to the RCF Trust. In respect of the Premium Income Fund, we have nominated to pay the apportioned Custodian's service fee and associated expenses out of the Management Fee we receive and/or out of our own resources. However, we have the discretion to change this arrangement and recover from the assets of the Premium Income Fund. We will inform you prior to doing so.

(i) Professional indemnity insurance

We will recover the expenses incurred by us for our professional indemnity insurance which we are obligated to maintain as the responsible entity of the RCF Trust. The professional indemnity insurance cost is included in our Management Fee we receive and/or will be paid out of our own resources. However, we have the discretion to change this arrangement and recover from the assets of the Premium Income Fund. We will inform you prior to doing so.

10.8. FINANCIAL ADVISOR FEE

If you consult a financial advisor, additional fees may be incurred by you. You should refer to your Statement of Advice from your financial advisor which details any fees that may be payable to them for their advice. In accordance with the Corporations Act, we may pay a fee to your advisor out of your Application Moneys only if you have authorised and instructed us to do so. Please refer to the Application Form for more information.

10.9. PAYMENTS TO INTERMEDIARIES AND REFERRALS

We may make payments to certain service providers, or to intermediaries who are neither AFSL holders nor authorised representatives operating under an AFSL in certain limited circumstances as permitted under relevant legislation. If such payments are made, they are not an additional cost to you. Examples of such payments could include referral fees for introducing investors directly to our RCF Trust or a reasonable fee for services provided by Platform Operators (see Section 13.8).

11. Material Documents

11.1. CONSTITUTION

We have adopted a constitution dated 10 October 2022 (Constitution) for the RCF Trust which has been lodged with ASIC. The Constitution is the primary document governing the legal relationship between Rhodes Asset Management in its capacity as responsible entity of the RCF Trust, and the Unitholders, and provides a framework for the RCF Trust's operation.

By becoming a Unitholder, you will be bound by the provisions of the Constitution. The Constitution, in conjunction with the Corporations Act, regulates the operation of the RCF Trust and sets out the rights and obligations of Unitholders and our responsibilities and duties as the responsible entity. The Constitution sets out:

- the responsible entity's powers, duties, and obligations;
- the rights and obligations of Unitholders, including that each Unitholder has a beneficial interest in the assets corresponding to the sub-trust held rather than all RCF Trust assets as a whole;
- the issue of Units and the restriction on redemption or repurchase of Units or, for Units which carry withdrawal rights, the procedures for the redemption of Units;
- the transfer and transmission of Units; the valuation of the RCF Trust;
- fees payable to the responsible entity, and the right to be indemnified by the RCF Trust for expenses, losses and liabilities arising in its capacity as responsible entity providing it has properly performed its duties;
- the winding up of the RCF Trust or a sub-trust;
- convening of Unitholders' meetings; complaints and procedures in relation to the RCF Trust; and
- the responsible entity's limitation of liability (subject to the Corporations Act).

A copy of the Constitution may be obtained by searching ASIC records or by contacting us by email at admin@rhodesam.com.au or phone on 1300 425 594.

11.2. COMPLIANCE PLAN

We have prepared a Compliance Plan which has been lodged with ASIC. The Compliance Plan is a document that outlines the principles and procedures in relation to the conduct of the RCF Trust with provisions for the Corporations Act, ASIC policies and the Constitution.

The Compliance Plan deals with a wide range of issues including, but not limited to:

- the establishment of the Compliance Committee;
- the appointment of an auditor for the RCF Trust;
- the appointment of an auditor of the Compliance Plan;
- having a documented complaints management policy in place, including being a member of an external dispute resolution service approved by ASIC; and
- the maintenance of adequate records and systems including in relation to the acceptance of applications, income distribution, accounting, record keeping, monitoring external service providers and risk management.

Each year, adherence to the Compliance Plan is audited by an external Compliance Plan auditor and the audit report is lodged with ASIC.

The Compliance Plan is available for inspection at our office. You may also request an electronic copy of the Compliance Plan, free of charge, by contacting us by emailing us at admin@rhodesam.com.au or phone us on 1300 425 594.

11.3. CUSTODIAN AGREEMENT

We have entered into an agreement with Certane CT Pty Ltd ACN 106 424 088 dated 21 March 2023. The agreement sets out the custodian services Certane will provide and the fees it will charge for those services in respect of the Rhodes Credit Fund.

11.4. LOAN FACILITY AND GENERAL SECURITY DEED

Rhodes Asset Management Ltd as Responsible Entity of the Rhodes Credit Fund, and trustee of the Premium Income Fund have entered into a Loan Facility agreement and general security deed with Rhodes Finance which sets out the terms and conditions of the Loan Facility. Key terms of the Loan Facility are set out in the table below.

Key Terms

Principal Loan Amount	Up to the amount available for drawdown in the Premium Income Fund.
Interest Calculation Methodology	The interest amount payable under the Loan Facility is calculated on a monthly basis. The interest payable is set to the amount required to fund all distributions payable to Unitholders, plus the fees and expenses payable from the Fund, after taking into account any other income earned by the Fund.
Interest Payment Frequency	Interest on the Advance amount is payable monthly.
Loan Facility Term	The Loan Facility term is twelve (12) months and the facility is reviewed and renewed at each anniversary date for a further twelve (12) month term subject to satisfactory review.
Security	A senior security charge registered over the assets of Rhodes Finance (consisting primarily of the loan book and any cash at bank) to the extent they are funded by capital from the Premium Income Fund. A senior security charge is a legal claim over the assets of Rhodes Finance, giving priority to the holders of this security in case of default. This charge includes the main assets of Rhodes Finance, which are primarily its loan portfolio and any cash held in its bank accounts. The charge specifically covers the portion of these assets that is funded by capital from the Premium Income Fund. This means that if Rhodes Finance were unable to meet its obligations, the investors in the Premium Income Fund would have the first claim on these assets to recover their investments.

12. Taxation

12.1. GENERAL INFORMATION ONLY

This section contains a broad summary of the general taxation matters applicable to the RCF Trust and Australian individual investors (unless otherwise indicated). It is based on the *Income Tax Assessment Act 1936* (Cth), the *Income Tax Assessment Act 1997* (Cth) and *A New Tax System (Goods and Services Tax) Act 1999* (Cth) as at the date of this PDS. Investing in a registered managed investment scheme is likely to have tax consequences. Given the complexity of taxation legislation and the ongoing changes introduced by the Australian Government, it is strongly recommended that if you have any questions about your individual tax position, you consult your tax advisor.

12.2. INCOME TAX

We are not liable for your income tax positions or liabilities. The RCF Trust is not subject to income tax as all income is either paid to Unitholders as distributions or offset by expenses, including our fees. You may be required to pay tax in relation to the investment returns received by you. The taxation treatment of any shortfall on funds invested will depend on your individual tax situation and you should consult your own tax advisor.

12.3. AUSTRALIAN TAX RESIDENTS

If you are classified as an Australian tax resident, we may collect your tax file number (**TFN**) or Australian Business Number (**ABN**). You are not required to provide this information, and it is not an offence not to do so. If you do not provide your TFN or ABN or do not claim an exemption, we are required to deduct from your distributions, tax at the highest marginal tax rate plus any additional levies on all investment returns earned.

12.4. NON-RESIDENT

If you are classified as a non-Australian resident for taxation purposes, you are subject to the tax laws in your country of residence and we recommend that you seek tax advice before investing. Tax will normally be deducted from investment returns before payment to you. Generally, non-residents who invest in the RCF Trust will have withholding tax deducted from all investment returns. This withholding tax is paid to the Australian Taxation Office.

12.5. CAPITAL GAINS TAX (CGT)

You may incur a capital gains tax liability if you dispose of your Units in the RCF Trust for more than you paid for them, or should the Fund make a capital gain when disposing of its assets.

12.6. ANNUAL TAX STATEMENTS

We aim to issue an annual tax and distribution statement to each Unitholder of the RCF Trust within three (3) months of a Financial Year's end.

12.7. ATTRIBUTION MANAGED INVESTMENT TRUST

In accordance with the Constitution, we may elect for the Attribution Managed Investment Trust (**AMIT**) rules to apply to the RCF Trust by notice to the Unitholders. The AMIT rules are intended to reduce complexity, increase certainty and reduce compliance costs. The material components of the AMIT rules are:

- (a) each year the determined trust components of assessable income, exempt income, non-assessable non-exempt income and tax offsets will be allocated to Unitholders on a "fair and reasonable" attribution basis, rather than being allocated proportionally based on each Unitholder's present entitlement to the income of the trust;
- (b) where the determined trust components for a year are revised in a subsequent year (e.g. due to differences between estimated and actual of income), unders and overs may arise. Unders and overs will generally be carried forward and adjusted in the year they are discovered;
- (c) where the cash distribution made for a year is less than or more than certain taxation components attributed to Unitholders, the cost base of a Unitholder's Units may be increased or decreased. Details of cost base adjustment will be included on a Unitholder's annual tax statement, which is referred to as an AMIT Member Annual Statement;
- (d) in certain circumstances, income and gains may be attributed to a specific Unitholder (e.g. a share of undistributed year to date income, and gains on disposal of assets to fund a large redemption, being attributed to the redeeming Unitholder);
- (e) a choice is available to treat individual classes of units as separate AMITs (so that, for example, losses of one class will not be offset against the income of another class); and

- (f) In certain circumstances (e.g. failure to comply with certain AMIT rules), specific penalties may be imposed.

Australian resident Unitholders will be taxed on their attributed trust components under the AMIT regime. The RCF Trust will attribute trust components to Unitholders on a "fair and reasonable" basis. Attributed trust components may include taxable assessable income, exempt income, non-assessable non-exempt income and tax offsets. The attributed trust components retain their tax character in the hands of Unitholders, and Unitholders will be taxed on their attributed amounts even where amounts are not distributed in cash.

The tax consequences for Unitholders of being attributed or receiving distributions from the RCF Trust will depend on the components of the distributable income to which Unitholders have been attributed or become entitled.

However, it is noted that taxation laws can change at any time, which may have adverse taxation consequences for Unitholders concerned. It is recommended that Unitholders seek their own professional advice, specific to their own circumstances, of the taxation implications of investing in the RCF Trust as taxation treatments may differ according to individual circumstances and may change from time to time.

At the date of this PDS, we have not elected to have the RCF Trust or the Fund treated as an AMIT.

13. Additional Information

13.1. CONTINUOUS DISCLOSURE

The RCF Trust is not a disclosing entity for the purposes of s111AC(2) of the Corporations Act at the time of this PDS. It is expected that the RCF Trust will be a disclosing entity at a future date, and as such, will be subject to regular reporting and disclosure obligations. Broadly, these obligations require us to:

- prepare and lodge with ASIC both annual and half-yearly financial statements accompanied by a directors' statement and report and an audit or review report; and
- make available to Unitholders upon request a copy of those annual and half-yearly reports and any continuous disclosure notices given by the Responsible Entity after lodgement of the report.

Copies of documents lodged with ASIC may be obtained from, or inspected at, an ASIC office. You will have the right to obtain various financial reports lodged with ASIC for the RCF Trust.

We will satisfy our continuous disclosure obligations for the RCF Trust by publishing material information on our website at www.rhodesam.com.au.

13.2. PRIVACY POLICY

Our privacy policy is prepared in accordance with the *Privacy Act 1988* (Cth) and the Australian Privacy Principles and states the manner in which we collect and manage your personal information. Confidentiality of your personal information is important to us. Unless otherwise disclosed, the main purpose of collecting your information is to process your Application, fulfil our obligations under the law, and report back to you regarding your investment in the RCF Trust. We may disclose your personal information to overseas recipients if they are employed by or similarly engaged by us or a related body corporate. We may also share further information with you

about related products and services for your consideration.

You may request a copy of our privacy policy and details on how we handle your personal information by contacting us at 1300 425 594 or email at admin@rhodesam.com.au. The privacy policy contains information about how you may access or correct your personal information held by us and how you may complain about a breach of the Australian Privacy Principles.

A copy of our privacy policy is also available from our website at www.rhodesam.com.au.

If we are required by law to obtain information about you and you are unwilling to provide it, we may be unable to accept your application for units in the Premium Income Fund, or there may be other consequences (such as the need to withhold tax from distributions if you do not provide your tax file number).

Certane CT Pty Ltd (**Certane**) may collect your personal information primarily for the purpose of providing custodial services to the RCF Trust and for ancillary purposes detailed in its privacy policy. Certane may disclose your personal information, such as, your name and contact details, along with your account information to its related bodies corporate, the responsible entity, manager, professional advisors, the land titles office and/or as otherwise instructed by the responsible entity. Certane is also permitted to collect and disclose your personal information when required or authorised to do so by law. Certane is not likely to disclose your personal information to overseas recipients. Your personal information will be used in accordance with Certane's privacy policy. The privacy policy contains information about how you may access or correct your personal information held by Certane and how you may complain about a breach of the Australian Privacy Principles. You may obtain a copy of Certane's privacy policy on their website at www.certane.com.

13.3. ANTI-MONEY LAUNDERING AND COUNTER-TERRORISM FINANCING / FATCA / CRS

We may request additional personal information from you to comply with our obligations under the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth) (**AML/CTF**), the *United States Foreign Account Tax Compliance Act* (**FATCA**) and the Common Reporting Standards (**CRS**). By applying for Units under this PDS, you undertake to provide us with all additional information and assistance that we, and the Custodian, may reasonably require.

Additionally, we may be required to disclose this information to the Australian Transaction Reports and Analysis Centre (**AUSTRAC**) or other government bodies. We may be prohibited from informing you when we make this disclosure.

By applying to invest in the RCF Trust, investors accept that we may decide to delay or refuse any request or transaction, including by suspending the issue, transfer or withdrawal of Units in the RCF Trust, if we are concerned that the request or transaction may breach any obligation of, or cause us to commit or participate in an offence under AML/CTF legislation. We will incur no liability to any investor if we do so.

13.4. UNITHOLDERS' LIABILITY

The Constitution seeks to limit the liability of Unitholders to the amount of their investment plus other fees and costs payable to us or the RCF Trust pursuant to the Constitution (if any). However, because this is a matter which can only ultimately be determined by the courts, no assurance or guarantee is given that Unitholders' liability will be limited in this manner.

13.5. VALUATION POLICY

We have a documented valuation policy (**Valuation Policy**) which sets out how assets of the RCF Trust are valued. Our Valuation Policy is available on request, free of charge, by contacting us on 1300 425 594 or email admin@rhodesam.com.au.

13.6. UNIT PRICING POLICY

We have a documented unit pricing policy (Unit Pricing Policy) which sets out how Units in the RCF Trust are priced. Our Unit Pricing Policy is available on request, free of charge, by contacting us on 1300 425 594 or email admin@rhodesam.com.au.

13.7. LABOUR STANDARDS AND SOCIAL, ETHICAL AND ENVIRONMENTAL CONSIDERATIONS

We do not take into account labour standards, social, ethics and environmental factors in making investment decisions in respect of the RCF Trust.

13.8. PLATFORM INVESTORS

If you are investing through a master trust, wrap account or other investor directed portfolio-type service (collectively referred to as a **Platform**), it is generally the operator of the Platform (**Platform Operator**) which becomes the Unitholder in the RCF Trust, not you. Accordingly, they have the rights of Unitholder and can exercise them in accordance with their arrangements with you.

If you invest through a Platform, you may also be subject to different conditions from those outlined in this PDS (such as procedures for making investments and withdrawals, cooling-off periods outlined in the PDS do not apply, cut-off times for transacting, timing for distributions, additional fees and costs and Unitholder reporting).

As at the date of this PDS, we are not responsible for the operation of any Platform through which you invest. If you are investing through a Platform, enquiries and complaints should be directed to the operator of that service, not to us. In addition to reading this PDS, you should read the offer document that explains the Platform as issued by your Platform Operator.

13.9. RESPONSIBLE ENTITY'S DISCLOSURES AND DISCLAIMER

In accordance with the Constitution, our officers and employees are entitled to apply for Units. It is our policy to review any such application on the same basis as that of other applicants.

13.10. CONSENTS

Rhodes Asset Management Ltd, and its directors and personnel named in Section 8.3, have given and have not, before the date of this PDS, withdrawn their written consent to be named in this PDS and to the statements in the PDS concerning their roles and activities, in each case in the form and context in which they are included or named.

Rhodes Financing Solutions Pty Ltd, has given and has not, before the date of this PDS, withdrawn its written consent to be named in this PDS and to the statements in the PDS concerning their roles and activities, in each case in the form and context in which they are included or named.

13.11. CUSTODIAN'S DISCLAIMER

Certane has not withdrawn its consent to be named in this PDS as custodian of the Fund in the form and context in which it is named. Certane does not make, or purport to make, any statement that is included in this PDS and there is no statement in this PDS which is based on any statement by Certane. To the maximum extent permitted by law, Certane expressly disclaims and takes no responsibility for this PDS other than the references to its name.

13.12. DIRECTORS' AUTHORISATION

At the date of this PDS, the Directors have given and have not withdrawn their written consent to the issue of this PDS.

The Directors have not become aware of any circumstances which have or will materially affect Rhodes Asset Management's trading and profitability or the value of its assets and liabilities.

The Directors believe that Rhodes Asset Management is in a position to meet its statutory and commercial commitments as they fall due.

14. Glossary

ABN	means Australian business number.
ACL	means Australian credit licensee.
ACN	means Australian company number.
Advance/s	means each amount advanced out of the Premium Income Fund to Borrowers.
AFCA	means Australian Financial Complaints Authority.
AFSL	means Australian Financial Services Licence.
AMIT	means an attribution managed investment trust.
AML/CTF	means the <i>Anti- Money Laundering and Counter-Terrorism Financing Act 2006</i> (Cth).
Application Form	means the application form accompanying this PDS or our online application form.
Application Moneys	means the applicant's moneys applied towards subscribing for Units in the RCF Trust.
ARSN	means Australian registered scheme number.
ASIC	means Australian Securities and Investments Commission.
ATO	means Australian Taxation Office.
AUSTRAC	means Australian Transaction Reports and Analysis Centre.
AWOTE	means the average weekly ordinary time earnings published by the ATO.
Board	means the board of Directors.
Borrower/s	means the parties Rhodes Finance will make Loans.
Business Day	means a day that is not a Saturday, Sunday or public holiday in Queensland, Australia.
Certane	means Certane CT Pty Ltd ACN 106 424 088 who we have appointed as the independent custodian to hold the assets of the RCF Trust in its name and act on our instructions.
Class	means a class of Units in the RCF Trust.
Class Assets	means the assets referable to a particular Class in the RCF Trust.
Compliance Committee	means the compliance committee of the RCF Trust comprising of at least two external member and one internal member.
Compliance Plan	means the compliance plan of the RCF Trust that is lodged with ASIC and amended from time to time.
Constitution	means the constitution of the RCF Trust that is lodged with ASIC and amended from time to time.
Contribution Fee	means the fee payable on the moneys contributed by applicants.
Corporations Act	means the <i>Corporations Act 2001</i> (Cth).
Corporations Regulations	means the <i>Corporations Regulations 2001</i> (Cth).
CPI	means the consumer price index published by the Australia Bureau of Statistics.

CRS	means the Common Reporting Standards the single global standard for the collection, reporting and exchange of financial account information on foreign tax residents.
Custodian	means the custodian of the RCF Trust
Director	means a director of Rhodes Asset Management.
FATCA	means the Foreign Account Tax Compliance Act, a legislation under the jurisdiction of the United States and enforced in Australia via an intergovernmental agreement.
Financial Year	means a financial year in Australia beginning on the 1st of July and ending on 30th of June the subsequent year.
FSG	means the Financial Services Guide that is contained in this document.
FUM	means Funds Under Management.
Fund	means the Premium Income Fund.
Fund Management Fee	means the fund management fee payable to the Responsible Entity for its services to the Fund, which may be paid out of the assets of the Fund in accordance with RCF Trust Constitution, unless otherwise set out in this PDS.
Funds Under Management	means the funds under management attributable to the Premium Income Fund as revised from time to time.
Gross Asset Value	means the gross value of the assets of the RCF Trust or sub-trust (whichever applies under the context).
GST	means the goods and services tax established under <i>A New Tax System (Goods and Services Tax) Act 1999</i> (Cth).
Investment Management Fee	means the fee payable to the Investment Manager for its services to the Fund pursuant to the Investment Management Agreement.
Issuer	means the issuer of the PDS, that is Rhodes Asset Management.
KYC	means know-your-client in the context of AML/CTF.
Lending Committee	means the lending committee established by Rhodes Finance.
Lending Policy	means the lending policy set by Rhodes Finance of which all Loans must conform with.
Loan/s	means a loan made to a Borrower where such loan is then regarded as part of the Loan Portfolio.
Loan Portfolio	means the underlying portfolio of Loans of the Fund.
LVR	means Loan-to-value ratio.
Minimum Investment Term	means the minimum investment term condition attached to the Premium Income Class of Units which is twelve (12) months.
MIS	means a managed investment scheme.
NCCP	means the <i>National Consumer Credit Protection Act 2009</i> (Cth).
Offer	means the offer of the Premium Income Class of Units under this PDS.
Ordinary Operating Expenses	means the ordinary costs incurred in the day-to-day administration of the Premium Income Fund and RCF Trust.

PDS	means this product disclosure statement for the issue of the Premium Income Class of Units in the RCF Trust.
Platform	means an investor directed portfolio service.
Platform Operator	means a Platform operator who is authorised under an AFSL to operate such platform.
Premium Income Fund	means the Premium Income Class of Units that constitute a sub-trust within the RCF Trust.
RBA	means the Reserve Bank of Australia.
RBA Cash Rate	means the latest official cash rate target as set by the RBA from time to time.
RCF Trust	means the Rhodes Credit Fund ARSN 606 834 011.
Responsible Entity	means Rhodes Asset Management as the responsible entity of the RCF Trust.
RG 45	means the 'ASIC Regulatory Guide 45 Mortgage schemes: Improving disclosure for retail investors.'
RG 274	means the 'ASIC Regulatory Guide 274 Product design and distribution obligations.'
Rhodes Asset Management	means Rhodes Asset Management Ltd ACN 165 917 813 AFSL no. 464772.
Rhodes Finance	means Rhodes Financing Solutions Pty Ltd ACN 651 843 828.
RITCs	means reduced input tax credits.
Section	means a section of this PDS.
SPV	means a special purpose vehicle.
Statement of Advice	means a document that sets out the advice given to a consumer by their AFS licensed financial planner or advisor.
TFN	means tax file number.
TMD	means the target market determination, a document prepared in accordance with RG274 and issued by the responsible entity in respect of the Fund.
Unit	means a unit of a particular Class in the RCF Trust.
Unitholder	means a current investor holding Units in the Premium Income Fund.
Updated Information	means any non-material information reflecting the changes in the RCF Trust required to be disclosed.
Wholesale Client	means wholesale clients as defined in s761G of the Corporations Act.
Withdrawal Offer	means an offer made by Rhodes Asset Management to the Unitholders in a Class or sub-Class to withdraw some or all of their investment.
Withdrawal Participants	means those Unitholders who have lodged a valid Withdrawal Participation Notice by the appropriate date and will be eligible to participate in the next Withdrawal Offer.
Withdrawal Participation Notice	means a notice in the form provided by Rhodes Asset Management to indicate that a Unitholder wishes to participate in the next withdrawal offer when eligible to do so and withdraw some or all of their investment.



RHODES ASSET
MANAGEMENT

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