



ETHICAL

INCOME FUND

Income Plus Units

INFORMATION MEMORANDUM

April 2019

IMPORTANT INFORMATION

This Information Memorandum (**IM**) is dated **24 April 2019** and is issued by Specialised Investment and Lending Corporation Pty Ltd ACN 149 520 918, holder of AFS licence number 407100, (**Trustee**), which is the trustee of the Ethical Income Fund (**Fund**).

The purpose of this IM is to provide information for prospective Investors to decide whether they wish to invest in the Fund.

The Trustee has appointed Eternal Asset Management Pty Ltd ACN 627 310 230 as fund manager (**Fund Manager**) and Carnbrea & Co Ltd ACN 004 739 655 as the investment manager (**Investment Manager**) of the Fund under an Investment Management Agreement. The Fund Manager is a Corporate Authorised Representative of Interprac Financial Planning Pty Ltd (AFSL 246638) Corporate Authorised Representative number 1268948 and the Investment Manager is an Australian Financial Services Licence holder (number 233763).

Any offer contained in this Information Memorandum is only available for acceptance by wholesale clients and is not available to retail clients (within the meaning of the Corporations Act).

This is an important document that should be read in its entirety. Prospective investors are strongly encouraged to undertake their own due diligence in relation to the Fund before making an investment. If you do not understand this document, you should consult your legal, financial or professional advisers prior to making an application.

By accepting this IM, the recipient agrees to be bound by the following terms and conditions.

Fund not required to be registered

The Fund, at the date of this Information Memorandum, is not required to be, and is not, registered as a managed investment scheme pursuant to section 601ED of the Corporations Act.

Interests in the Fund

Interests in the Fund will be issued as units in the Fund (Units). Interests in the Fund will only be issued only on receipt of a validly completed Application Form issued together with this IM, and the receipt of cleared funds.

Restrictions on distribution

The distribution of this IM and the offering of interests in the Fund may be restricted in certain jurisdictions. No recipient of this IM in any jurisdiction may treat it as constituting an invitation or offer to them to apply for interests in the Fund unless, in the relevant jurisdiction, such an invitation or offer could lawfully be made to that recipient in compliance with applicable law.

No action has been taken to register or qualify interests in the Fund, the invitation to participate in the Fund, or to otherwise permit any offering of Fund interests in any jurisdiction other than Australia.

Prospective investors should inform themselves as to the legal requirements and consequences of applying for, holding, transferring and disposing of Units and any applicable exchange control regulations and taxes in the countries of their respective citizenship, residence, domicile or place of business. It is the responsibility of a prospective investor outside Australia to obtain any necessary approvals in respect of applying for, or being issued with, Units.

By receiving and viewing this IM, the recipient is warranting that they are legally entitled to do so and the securities laws of their relevant jurisdiction do not prohibit them from acquiring interests in the Fund. Further, the person receiving and viewing this IM from the Trustee warrants that, if they reside in Australia, they are a wholesale client as defined in section 761G of the Corporations Act.

The Fund, the Trustee, the Investment Manager and the Fund Manager do not bear any liability or responsibility to determine whether a person is able to apply for Units pursuant to this IM.

In particular, this product has not been and will not be registered under the US Securities Act or the securities laws of any state of the United States and may not be offered, sold, delivered or transferred in the United States or to, or for the account of, any "US Person" (as defined in Regulation S under the US Securities Act). Neither this IM nor any Application Form or other material relating to this product may be distributed in the United States.

This IM has been prepared on the basis that prospective Investors are wholesale clients or sophisticated investors, and not retail clients (all within the meaning of the Corporations Act).

Accordingly, this IM is not a product disclosure statement and does not contain all of the information that would be included in a product disclosure statement issued under the Corporations Act. This IM has not been lodged with the Australian Securities and Investments Commission (**ASIC**) or any other government body.

No responsibility for contents of document

None of the Trustee, the Investment Manager, the Fund Manager, or their related parties, officers, employees, consultants, advisers or agents have carried out an independent audit or independently verified any of the information contained in this IM, nor do they give any warranty as to the accuracy, reliability, currency or completeness of the information or assumptions contained in this IM, nor do any of them, to the maximum extent permitted by law, accept any liability whatsoever however caused to any person relating in any way to reliance on information contained in this IM or any other communication or the issue of Units.

This IM does not purport to contain all the information that a prospective investor may require in evaluating a possible investment in the Fund.

This IM must be read in conjunction with the Trust Deed. Prospective investors should review the Trust Deed for further information regarding the rights and obligations of investors of the Trust. To the extent there are any inconsistencies between the Trust Deed and this IM, the Trust Deed will prevail.

Not regulated by APRA

The Trustee is not authorised under the Banking Act 1959 (Cth) and is not supervised by APRA, and investments in the Fund are not covered by the deposit or protection provisions available to depositors that make a deposit with an Australian ADI.

Applications

The Trustee reserves the right to evaluate any applications and to reject any or all applications submitted, without giving reasons for rejection. The Fund, the Trustee, the Investment Manager and the Fund Manager are not liable to compensate the recipient of this IM for any costs or expenses incurred in reviewing, investigating or analysing any information in relation to the Fund, in submitting an application or otherwise.

No cooling off

No cooling off applies to the issue of Units.

No personal advice and independent advice recommended

In providing this IM, the Trustee has not taken into account the recipient's objectives, financial situation or needs and accordingly the information contained in this IM does not constitute personal advice for the purposes of section 766B(3) ("personal advice") of the Corporations Act. None of the Trustee, the Investment Manager, Fund Manager, or their related parties, officers, employees, consultants, advisers or agents warrant that an investment in the Fund is a suitable investment for the recipient.

The Trustee strongly recommends that potential investors read this IM in its entirety and seek independent professional advice as to the financial, taxation and other implications of investing in the Trust and the information contained in this IM.

Forward looking statements

All statements of opinion and/or belief contained in the IM and all views expressed and all projections, forecasts or statements relating to expectations regarding future events or the possible future performance of the Fund represent the Fund's own assessment and interpretation of information available to it as at the date of this IM and are provided for illustrative purposes only. In particular, please note that past performance is not indicative of future performance. No representation is made or assurance given that such statements, views, projections or forecasts are correct or that the objectives of the Fund will be achieved. Prospective investors must determine for themselves what reliance (if any) they should place on such statements, views, projections or forecasts and no responsibility is accepted by the Fund and/or their advisers in respect thereof. Prospective investors are strongly advised to conduct their own due diligence including, without limitation, on the potential financial, legal and tax consequences to them of investing in the Fund.

No guarantee

None of the Trustee, the Investment Manager, the Fund Manager, or their related parties, officers, employees, consultants, advisers or agents, guarantee the repayment of capital invested in the Fund, the payment of income from the Fund or the performance of the Fund or an investment in the Fund generally. As with any investment there are inherent risks in investing in the Fund, including the risk that an investment in the Fund is speculative, that the investment may result in a reduction in, or total loss of, the capital value of the investment, loss of income and returns that are less than expected or delays in repayment of capital.

See Section 6 (Risks) for further information about the risks involved in making an investment in the Fund.

Trustee limitation of liability

Except in certain circumstances (including fraud, negligence or breach of trust by the Trustee), the Trustee enters into transactions for the Fund in its capacity as trustee of the Fund only, not in its own capacity, and its liability in relation to those transactions is limited to the assets of the Fund.

Confidentiality

The contents of this IM are:

- not intended to be disclosed to any person other than the person to whom this IM has been provided to by the Trustee;
- strictly confidential; and
- not to be reproduced, either in whole or in any part or parts, without the Trustee's prior written consent and, if such written consent is given, only in accordance with that consent.

No unauthorised statements or representations

The Fund, the Trustee, the Investment Manager and the Fund Manager, are not responsible for any advice or information given, or not given, to potential investors by any party distributing this product and, to the maximum extent permitted by law, accept no liability whatsoever for any loss or damage arising from potential investors relying on any information that is not in this IM when investing.

Definitions

Certain capitalised words and expressions used in this IM are included in Section 9 (*Definitions*).

The primary language of this document is English. This document may be translated into different languages. Any translations provided are for reference purposes only. If there is any inconsistency or conflict between the English version of this IM and versions of this IM in any other language, the English version prevails.

All references to \$ amounts are references to Australian Dollars (AUD).

Any photographs in this IM are included for illustrative purposes only and do not depict any assets held or to be held by the Fund.

The information in this IM is general information only and does not take into account your financial situation, objectives or needs. The information can change and may be updated or replaced from time to time. Unless the changed information is materially adverse, the Trustee may not always update or replace this IM to reflect the changed information. Updated information can be obtained by contacting the Investment Manager, the Fund Manager or your adviser. You should check if there is any updated information before you invest.

MESSAGE FROM THE CHAIRMAN

Dear Investor

It gives me great pleasure to present to you the opportunity to invest in the Income Plus Unit class within the Ethical Income Fund (**Fund**).

The Fund has been specifically designed to meet the income needs for Investors that require their investments to meet Sharia Ethical Investment Standard. Qualifying investors may participate in Sharia compliant investment assets including, direct investments, income structures and mortgages. The Trustee intends to issue different classes of Units, each relating to a separate portfolio of investment assets and types. This allows Investors to effectively select their level of participation in each portfolio of assets.

Carnbrea & Co is an experienced asset adviser and investment manager with a highly skilled and motivated team with experience that extends across all forms of investments and risk management

Eternal Asset Management is an Australian based fund manager specialising in ethical and Sharia compliant investments. The team at Eternal Asset Management specialise in offering boutique ethical advisory and investment services, along with providing expertise in Islamic jurisprudence, and in particular Islamic finance and investments.

To ensure the strictest adherence to Islamic investment principles, an internal Sharia Ethical Compliance Officer will advise on the selection and structuring of all underlying investments. Furthermore, an external Sharia Compliance Board will conduct periodic audits of the fund to monitor compliance.

This Information Memorandum contains further details of the Offer including key parameters of the Fund, information about the Investment Manager and our investment strategy. I encourage you to read this document in full and carefully consider it before making your investment decision.

We are confident we have an appropriate strategy and the right people to deliver value for our investors. We look forward to engaging with you on our journey.

Yours faithfully,
Colin Campbell

1. THE FUND

1.1 Fund Outline

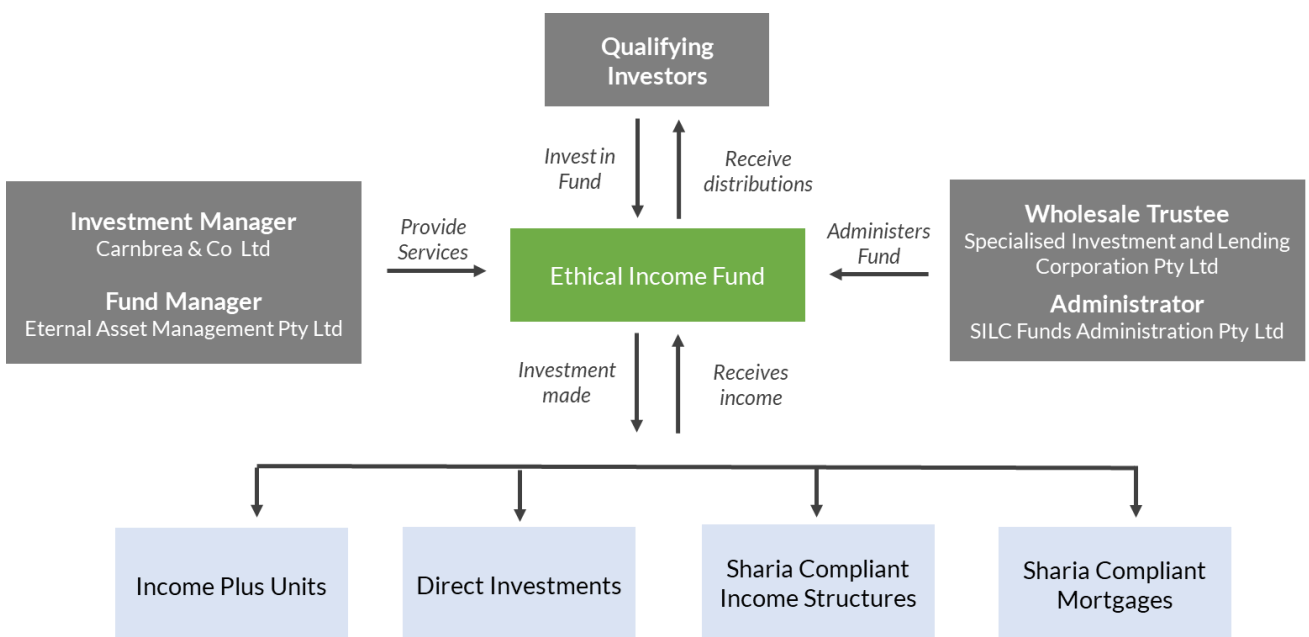
The Fund seeks to provide Qualifying Investors with the opportunity to invest in Sharia Compliant investment assets including, but not limited to, classes of units which hold Direct Debt Investments, Income Structures and Mortgages investments respectively. The class of units known as Income Plus Units are offered pursuant to this Information Memorandum.

The Fund is an Australian unregistered managed investment scheme established by a trust deed dated 17 September 2018 (**Trust Deed**), which governs the relationship between the Trustee and the Investors. It is regulated by Australian law however there is no requirement or intention to register the Fund with ASIC.

The Fund is structured to allow Qualifying Investors to acquire interests, subject to Sharia Compliant screening, in various classes of assets. Initially, the Trustee intends to issue 4 different classes of Units which will each respectively hold:

- **Direct Debt Investment:** Direct lending or debt co-investment to investments and other projects.
- **Income Structures:** Provide credit facility to structured income assets/ products.
- **Mortgages:** Residential and Commercial property lending opportunities.
- **Income Plus:** Investment into third party sharia-compliant funds

Fund assets will be held in the name of the Trustee as trustee of the Fund or a custodian (if one is appointed by the Trustee) for the benefit of the Investors within the relevant class of Units. Investors will not have specific ownership of trust assets in the Fund however, the holders of a particular class of Units will have an interest in the income and capital calculated with reference to the relevant underlying assets.



1.2 Fund Investment Highlights

- Low volatility investments
- Investments secured directly or indirectly by a combination of security including real assets, personal assets and guarantees
- Diversified asset pool by industry, security type and counterparties

- Sharia Compliant investment offering which incorporates Islamic structuring expertise
- Transaction and fund structuring focused on risk mitigation
- Robust and stable industry track record

1.3 Key Features of the Income Plus Units

The following information is a summary of certain key features and terms of the class within the Ethical Income Fund known as Income Plus Units. You must read the whole of this IM to obtain more detailed information before making any decision to invest in the Fund.

Trustee	Specialised Investment and Lending Corporation Pty Ltd ACN 149 520 918 is the trustee of the Fund, and will be responsible, amongst other matters, for holding title to the Fund's assets.
Fund Manager	Eternal Asset Management Pty Ltd ACN 627 310 230 has been appointed as the Fund Manager of the Fund pursuant to an Investment Management Agreement with the Trustee and is responsible for overseeing the Fund's Sharia-investing compliance status.
Investment Manager	Carnbrea & Co Ltd ACN 004 739 655 has been appointed as the Investment Manager of the Fund pursuant to an Investment Management Agreement with the Trustee and is responsible for managing the Fund's assets.
Administrator	SILC Funds Administration Pty Ltd ACN 628 993 386 is the administrator of the Fund, and is responsible for, amongst other things, investor administration process (including applications and unit registry), and fund accounting.
Investment Objective	The Fund seeks to provide Investors with regular income and attractive returns through Sharia-compliant investments.
Income Plus Unit Investments	Monies raised from subscriptions will be invested into third party unregistered unit trust funds that meet the Fund's Sharia-compliant investment criteria.
Underlying Security	Will depend on the underlying assets and/or security held by the third party Funds invested into based on investment objectives.
Target Returns	Target return of 5.0-7.0% p.a. (after fees but before tax). Target returns are not a promise or a forecast of future returns. Neither the Trustee nor the Investment Manager guarantees any returns.
Investment Term	3 to 5 years from the day of investment
Sharia Ethical Standards	All investments of the Fund across all classes will meet the Sharia Ethical Standards and will be monitored by the Fund Manager on an on-going basis to ensure continued Sharia compliance.
Minimum investment amount	The minimum initial investment is \$10,000.
Who can invest in the Fund?	Investment in the Fund is only available to parties (individuals above 18 years of age, trusts or bodies corporate) who, <ol style="list-style-type: none"> 1. invest \$500,000 or more in the Fund; or

2. provides a certificate from a qualified accountant (available within the Application Form (Part 1) or substantially in the form available on the website www.silcgroup.com.au) that states the Investor has net assets of at least \$2.5 million or has a gross income for each of the last two financial years of at least \$250,000; or
 3. is a professional investor (including the holder of an Australian financial services licence, a person who controls more than \$10 million or a person that is a listed entity or a related body corporate of a listed entity).
- (collectively, “**Qualifying Investors**”).
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Term	Open-ended
Fees and expenses	Fees and expenses in relation to the Income Plus Units are set out in section 5.1 Management Fees and Costs.

1.4 Fund Units

Classes of Units

The Fund comprises multiple classes of Units which will include Income Plus Units. The Trustee may, at its discretion, issue other classes of Units from time to time.

To the full legal extent, each class of Units will be segregated. However, monies raised from subscriptions across a number of classes, may be pooled together to fund a particular loan or investment. In which case, all such classes may be referable to that loan or investment, and the underlying assets may be shared amongst those classes, and not segregated in that sense. The extent to which a class of Units is referable to a particular loan or investment, and whether that underlying asset is shared amongst a number of classes, will be set out in the relevant offer documents for those Units.

Each Unit class may have multiple investors, each holding a beneficial interest in the Class Assets which is equal to the interests of other investors in that class.

Unit Price

It is intended that Income Plus Units will be initially issued at \$1.00. However, the Income Plus Unit price is based on the underlying value of the assets referable to the Income Plus Units and is calculated in accordance with the terms of the Trust Deed.

Issue of Units

Income Plus Units will be issued within 5 Business Days after the end of the month in which applications are received and accepted by the Trustee.

1.5 Distributions

Distributions will be made on a calendar quarterly basis, and all distribution will be automatically reinvested at the prevailing Unit Price with respect to the Income Plus Units.

1.6 Withdrawals

Generally, Investors are able to redeem part or all of their Income Plus Units held at any time by lodging a withdrawal request with the Trustee at least 10 Business Days prior to the end of a calendar month. Withdrawals will be processed within 5 Business Days after the end of the month in which the withdrawal request was received. Redemptions are paid to the investor's nominated account.

The withdrawal price for Income Plus Units is also based on the underlying value of the assets referable to the Income Plus Units. This price may be different from the price originally paid for the Unit.

1.7 Transfer of Units

There will not be any established secondary market for the sale of Income Plus Units however an Investor may transfer the ownership of their Income Plus Units at any time provided that the transferee meets the requirements of a Qualifying Investor and has been approved by the Trustee.

The Trustee may but is not required to, on a best endeavours basis, provide assistance to procure a transferor.

Please note that a transfer of Income Plus Units may have taxation consequences and remains solely the responsibility of the transferor and transferee. The Trustee has the discretion to refuse the transfer of Income Plus Units and is not obliged to accept a transfer of Income Plus Units.

1.8 Borrowings, Derivatives and Foreign Exchange

The Fund will not borrow for any purpose however some of the Fund's underlying investments may be subject to gearing.

The Fund will not enter into derivatives or foreign exchange contracts for any purpose, however some of the Fund's underlying investments may have an exposure to derivatives and or foreign exchange contracts.

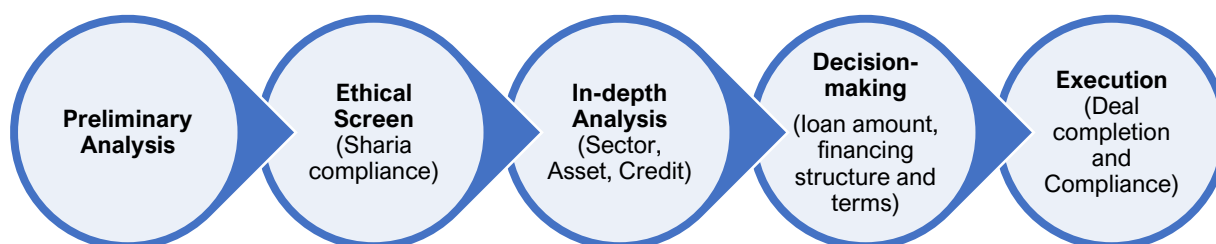
2. INVESTMENT METHODOLOGY AND PROCESS

The Investment Manager seeks to identify and assess the most appropriate opportunities through disciplined investment reviews and ethical screens. In the due diligence process, all opportunities undergo preliminary analysis including a strict Sharia-compliant testing for eligibility by the Fund Manager. Should the investment pass the ethical screens and move beyond preliminary analysis, detailed entity / project / sector research is undertaken. This detailed analysis allows evaluation of key asset risks as well as the proper analysis of the asset's financing structure and credit risk.

Our asset management approach is focused on risk management. Each transaction assessed by the Investment Manager on its merit but with a base set of credit parameters. The initial due diligence on an opportunity is used to establish both a firm baseline for operational and financial performance as well as identify key risks facing the investment. Core elements of our approach are:

- Sector: industry conditions and outlook, competition and regulatory
- Asset: asset type, entity, personnel, performance and value
- Credit: financing structure, credit analysis, servicing and repayment ability

Once the investment opportunity is supported by the in-depth analysis, the Investment Manager makes formal decision on the investment structure and terms for execution.



2.1 Excluded Investments

The Fund may not invest or deal in investments which are connected to:

- (a) alcohol;
- (b) pork and related by-products;
- (c) gambling;
- (d) anti-social and immoral goods such as tobacco, pornography, drugs, etc.;
- (e) armaments and destructive weapons; and
- (f) Riba.

3. SHARIA COMPLIANCE

3.1 Introduction

The Ultra-Ethical Code of Governance (**UECG**) outlines the Sharia Ethical Standards that the Fund will abide by and details the Sharia Ethical Screens that will be applied during the finance and investment selection process for all investments held by the Fund.

The purpose of the UECG is to ensure that the highest levels of corporate governance and policy guidance in terms of Sharia Ethical Standards are applied in the management of the Fund. This is done to increase investor confidence, align with investor values, and to become a net positive contributor to all stakeholders.

To obtain a copy of the UECG, please contact the Fund Manager, Investment Manager or the Trustee.

3.2 Sharia Ethical Standards Board

The UECG will follow the Sharia Ethical Standards stipulated by an independent, reputable, recognised and trustworthy Sharia Ethical Standards Board (**SESB**) which provide Sharia Standards for Islamic finance and investment principles.

The SESB's set of standardised, applicable, and compatible Sharia Ethical Screens will be applied to filter investment options to create a Sharia Compliant portfolio.

The SESB will be selected by the Fund Manager. This selection will be made in consultation with the Fund's externally appointed Sharia Compliance Board.

3.3 Sharia Ethical Standards

The UECG requires that all credit activities and investments must be structured in a manner which complies with Sharia Ethical Standards before they can be incorporated into the Fund's investment portfolio. The Fund Manager is charged with the responsibility of ensuring that the appropriate credit and investment structuring is undertaken in accordance with the requirements set by the SESB.

The Fund Manager is charged with the responsibility of ensuring that Sharia Ethical Screening is applied (as required by the Sharia Ethical Standards) and all investments are structured correctly.

The Fund Manager may delegate the responsibility of conducting the Sharia Ethical Screening by way of contracting a third-party to provide this service or an individual to carry out this task. Delegation of this authority must be conducted in consultation with the Fund's Sharia Compliance Board.

3.4 Sharia Compliance Board

An independent, reputable, recognised and trustworthy Sharia Compliance Board will provide Sharia Ethical Standards governance oversight and Sharia certification to the Fund.

The primary roles of the Sharia Compliance Board in relation to the Fund will be to:

- Undertake annual Sharia audit of the Fund to ensure compliance with guidelines and Sharia Ethical Standards as required by the Sharia Ethical Standards Board
- Provide Sharia certification to the Fund upon completion of each successful audit
- Provide guidance to the Fund on its wider social role

The Fund Manager will ensure that the Sharia Compliance Board has a high level of autonomy and independence in conducting their activities, protecting them from commercial pressures.

The Fund Manager will also ensure that the Sharia Compliance Board is well resourced to ensure full compliance with both legal and Sharia Ethical Standards requirements.

The Fund Manager is also charged with the responsibility of appointing a Sharia Compliance Board.

4. KEY PARTIES

4.1 Fund Manager

Eternal Asset Management Pty Ltd ACN 627 310 230 is the Fund Manager of the Fund and is an Australian based fund manager specialising in ethical and Sharia Compliant investments. The Fund Manager is a Corporate Authorised Representative of Interprac Financial Planning Pty Ltd (AFSL 246638) Corporate Authorised Representative number 1268948. The Fund Manager is the promoter of the Fund and is responsible for the Fund's compliance with Sharia Ethical Standards.

The directors of the Fund Manager:

- Specialise in offering boutique ethical advisory and investment services.
- Provide expertise in the sciences of Islamic jurisprudence, specifically Islamic finance and investments.

Key management

Hakan Ozyon – Senior Portfolio Manager

Hakan is the founder of the Hejaz group of companies and currently serves as their Chief Executive Officer. He is the Senior Portfolio Manager of the Ethical Fund, constructing a balanced diversified multi asset portfolio from Australian & International equities, and fixed income solutions. His professional background includes accounting, financial planning, wealth management, tax agent and portfolio management. Hakan holds an executive MBA, MPA and Bachelor of Business (Economics & Finance) all from RMIT University. He is a fellow of NTAA, and members IPA, FPA and AFA.

Sheikh Muzzammil Dhedhy – Compliance and Ethical Officer

Muzzammil is an Islamic Scholar, Financial Adviser, Financial Counsellor and Mortgage Broker who is passionate about helping others build, manage, and protect their wealth, in an ethical and Sharia Compliant manner. He is an Executive Director of Hejaz Financial Services.

He has thrived in the areas of corporate governance and ethical compliance, specialising in Sharia Ethical Governance of Investment and finance products.

Muzzammil's expertise is often called upon by local and international regulatory bodies and financial institutions, who seek to align their mandates and practices with the Sharia Ethical Standards of Islamic Finance. Muzzammil holds a Bachelor of Commerce (Commercial Law), Master of Applied Finance, and Bachelor of Islamic Sciences & Theology.

4.2 Investment Manager

Carnbrea & Co Ltd ACN 004 739 655 is the Investment Manager of the Fund and is responsible for assessment and management of the Fund's investments. It is also a holder of Australian Financial Services Licence number 233763. The Investment Manager is responsible for investment selection and management, operation, execution and also management of Trustee and underlying Fund Manager relationships.

Carnbrea & Co. (since 1968) is a multi-family office and wealth advisory boutique serving the wealth management needs for high net worth clients, institutions and charitable organisations.

Key management

Colin Campbell – Chairman of Investment Committee

Colin is the Managing Director at Carnbrea & Co where he has been for four years. Previously at Wilson HTM for 8 years He has more than 35 years' experience in the Financial Services sector. In this time, he also held general management roles in the Wholesale and Retail banking sectors with NAB (Australia, NZ & UK) His professional qualifications include Bachelor of Commerce, Post Graduate Diploma with Financial Services Institute of Australasia (FINSIA) and a Master of Business Administration. He is a Fellow of the Finance & Treasury Association and is a Senior Fellow of FINSIA.

Ben Meikle – Chief Operating Officer

Ben Meikle is Executive Director at Carnbrea & Co and serves on the Asset Allocation Committee and is also a Responsible Manager. Ben has extensive experience with Institutional Investment Management & Consultancy, specializing in Asset Management services for new Product Development and Start-up Funds.

He is a Non-Executive Director of Vuefinda, Chief Operating Officer for the Ethical Fund, has ASX listed board experience and is an Academic Board member for a leading Australian financial services education business.

Xinling Han – Fund Analyst

Since joining Carnbrea & Co in 2016, Xinling has been involved in the construction of investment portfolios, strategic asset allocation, investment due diligence, fund manager selection, portfolio performance reporting and monitoring. Xinling also provides analytical support to various Investment Committees. Xinling graduated with a Master of Applied Finance from Monash and a Bachelor of Commerce degree from the University of Melbourne.

4.3 Trustee and Administrator

Specialised Investment and Lending Corporation Pty Ltd ACN 149 520 918 (AFSL 407100) is the Trustee of the Fund and will manage the Fund in accordance with the Trust Deed and its duties and obligations under Australian law and, importantly, will have regard to the best interests of Investors in all decisions that it makes with respect to the Fund.

SILC Funds Administration Pty Ltd ACN 628 993 386 is the administrator of the Fund and is responsible for the general operations and administration of the fund including investor administration process (including applications and unit registry) and fund accounting. Collectively, the team have a breadth of experience in the banking, funds management and financial services sector.

The Administrator is a related party of the Trustee.

Key Management:

Koby Jones – Managing Director and Responsible Manager

Koby is the founder and Managing Director of The SILC Group. He is an accomplished banking and finance executive with over 17 years of experience gained in advising, structuring and distributing traditional and alternative investment assets, structured financing and global financial market instruments. He founded the specialist financial solutions firm in 2011 following a highly successful career in global financial markets and private wealth management with major financial institutions Westpac Banking Corporation, Australia and New Zealand Banking Group, National Australia Bank and Wilson HTM Investment Group. He is a Responsible Manager of The SILC Group's AFSL and is responsible for driving the growth of the business, setting strategic direction and business development activities of The SILC Group alongside the leadership team.

Koby is also the Executive Chairman of the Australian chapter of the Global CEO Fortune Club and an Executive Committee Member of the Australasia Investments and Trade Association

Michelle Tay – Executive Director and Responsible Manager

Michelle is an experienced banking and finance executive, with particular specialisation in syndicated corporate and structured financing, agency services and corporate management. During her tenure at the Australia and New Zealand Banking Group, she managed a portfolio of large complex syndicated corporate and structured finance transactions across multiple industries and geographies. She also has extensive experience in business and corporate banking, property development financing and corporate management across all areas of business operations, financial management and taxation and regulatory compliance.

Michelle is a Responsible Manager of The SILC Group's AFSL and is responsible for oversight of the company's financial management, taxation and regulatory compliance, and operational risk management as well as investor relations and communication.

5. FEES AND EXPENSES

This section outlines fees and other costs that Investors may be charged for the management of the Fund. These fees and costs will be deducted from the Fund's assets. Investors should read all the information about fees and costs to understand its impact of on Investors' investment.

5.1 Management Fees and Costs

These fees may change at any time with at least 30 days' notice to investors.

Application/Entry fee	This fee is payable to the Investment Manager to reimburse it for Fund establishment costs and expenses incurred in marketing the Fund to investors and securing their investment. This fee does not affect the principal amount on which the investor's expected income distribution is calculated.	0.10% of an Investors' investment amount at the time of investment.
Management fees	The management fees are payable to the Investment Manager for managing the assets and overseeing the operations of the Fund.	1.50% per annum of the Net Asset Value (NAV). This fee is charged monthly in arrears.
Performance fees		Nil
Trustee Fees	This fee is payable monthly in arrears to the Trustee for the provision of trustee services.	0.10% per annum of gross asset value (GAV).
	This fee is charged monthly in arrears. This fee is subject to a minimum term of 3 years from the date of the Trust Deed.	This fee is subject to a minimum fee of \$2,000 per month and an annual increase of 3.5% per annum.
	In the event the Trustee is removed within the minimum term (other than for a breach of its duties) the Trustee is entitled to 65% of its fees (being the lower of the applicable minimum fees or calculated using the GAV at the time of termination) that would have been payable for the remainder of the minimum term.	
Custodial Services (if applicable)	This fee is payable monthly in arrears to the Trustee (or Custodian, if one is appointed) for provision of custody services.	0.02% per annum of GAV. This fee is subject to a minimum fee of \$2,000 per month and an annual increase of 3.5% per annum
Administration Fees	This fee is payable monthly in arrears to the Administrator for undertaking the administration of the Fund, including processing of applications, Fund registry, Fund accounting and attending to the lodgement of regulatory returns.	Where there is a single investor and a single class of units: \$1,000 per month. From 2 up to 20 investors or 2 classes of units: \$2,000 per month.
		Plus <ul style="list-style-type: none"> • \$50 per month for every additional investor; • \$100 per month for each additional class of Units; and

- \$50 per unit registry activity (e.g. redemptions and transfers). This fee is subject to an annual increase of 3.5% per annum.
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5.2 Expenses

The other expenses of the Fund include the fees payable to the Trustee (which are set out in the Trust Deed), Administrator and Custodian, legal, audit (if any), accounting costs, government charges, AML and CRS checking fees, and general operational expenses. Some of these fees are fixed and will fall as a proportion as the assets of the Fund grow.

Abnormal expenses are expected to occur infrequently and may include (without limitation) costs of litigation to protect Investors' rights, costs to defend claims in relation to the Fund, legal fees, once off or non "business as usual" fees, and termination and wind up costs.

All fees and expenses may change due to many reasons including changing economic conditions, changes in regulations or changes in third party costs.

5.3 Goods and services tax

Unless otherwise stated, all fees quoted in this IM are quoted exclusive of GST.

5.4 Waiver, deferral or rebate of fees

The Trustee may, in its absolute discretion, accept lower fees and expenses than it is entitled to receive, or may defer payment of those fees and expenses for any time. If payment is deferred, then the fee will accrue until paid. In addition, the Investment Manager or Trustee may waive their own respective fees, negotiate or rebate their fees.

5.5 Referral fees

The Investment Manager can offer or pay referral fees at the Investment Manager's sole discretion, provided this is at the Investment Manager's own expense.

6. RISKS

All investments involve varying degrees of risk. There are many factors that may impact the performance of the Fund and the repayment of an Investor's capital. This section includes a non-exhaustive list of some of the main risks associated with investment in the Fund. Many risk factors fall outside of the Trustee and the Investment Manager's control and cannot be completely mitigated.

Before lodging an Application Form, prospective investors should consider these risks and whether an investment in the Fund is a suitable investment with regard to their own personal investment objectives, financial position and particular needs and circumstances. Where necessary, Investors should seek professional advice to assist with their investment decisions.

Target returns and distributions are not guaranteed and neither is the return of an Investor's capital.

<p>Investment Manager Risk</p> <p>The Fund relies on the ability of the Investment Manager to identify suitable investments for the Fund then managing those investments to achieve the Fund’s objectives. If the Investment Manager and/or its investment professionals were not to continue in their respective roles, the Fund may not be able to achieve its objectives.</p>	<p>The Investment Manager is appropriately incentivised to seek investment opportunities that would fit within the Sharia-compliance framework and remain as the Investment Manager of the Fund however it cannot guarantee the performance or target returns of the Fund or the period of its engagement.</p>
<p>Liquidity Risk</p> <p>Investors cannot withdraw Units for a period from their date of issue, and subsequently any withdrawals will be at the discretion of the Trustee, having regard to the liquidity available.</p>	<p>Investors must read investment terms prior to investing and should seek independent financial advice as to the optimum investment term for an investment in the Units.</p>
<p>Operational risk</p> <p>Operational risk exists in all businesses including managed investments. This refers to the risk of loss arising from the Trustee or the Investment Manager’s business systems, technology, processes or human resources which may impact the operation of their business.</p>	<p>The Trustee and Investment Manager have appropriate risk management and compliance policies in place to ensure that all operational risks are appropriately identified and managed.</p>
<p>Recovery and Enforcement Risk</p> <p>In and event of default, the Investment Manager may have to commence recovery processes.</p> <p>It is possible that these enforcement costs (such as the costs of appointing a receiver, legal fees in enforcing etc) will most likely lead to a reduction in distributions paid to Investors that hold the Units referable to the defaulting Loan which may result in those Investors suffering a loss.</p>	<p>This risk is mitigated as much as possible during the investment assessment stage which is conducted in by the Investment Manager.</p>
<p>Market Risk</p> <p>Adverse market movements may affect the price of assets within a particular market. This may be due to a number of factors, such as over-supply of real estate, economic conditions, periodic charge rate movements or general market sentiment.</p>	<p>This risk is mitigated as much as possible during the investment assessment stage which is conducted in by the Investment Manager.</p>
<p>Regulatory Risk</p> <p>Any changes in government law, regulation, government policy may negatively impact the operations of the Fund or investments.</p>	<p>Before investing in the Fund, Investors should seek independent legal advice to understand the regulatory risks that may impact their investment.</p>
<p>Returns Risk</p> <p>The key objective of the Fund is to generate returns from debt investments subject to strict Sharia Compliant investment parameters. Due to these restrictions, it is possible that returns may be lower than expected due to compliance costs and other relevant factors.</p>	<p>It is important for Investors to note that while returns are not guaranteed. However, the Investment Manager is committed to sourcing suitable investment opportunities through its networks and other distribution channels.</p>

Diversification risk

While the Fund aims to present Investors with the opportunity to participate in a diverse range of loans and asset classes, if an Investor chooses only to participate in a single class of Units, they may not have access to diversification within their investment in the Fund.

Investors may diversify their exposure within the Fund by acquiring different classes of Units which are referable to different classes of assets. In the event of a loss on a specific investment, the loss will be borne only by the Investors who hold Units referable to that investment.

7. TAXATION INFORMATION

Each Investor's taxation position will depend on their individual circumstances and Investors should seek their own professional advice regarding the taxation implications before making any investment or other decision in relation to the units in the Fund.

7.1 Tax Treatment of the Fund

As the Fund is a unit trust, it is expected that the Fund will be treated as a "flow through" entity for Australian income tax purposes. That is, the taxable income of the Fund will be subject to Australian tax in hands of Investors, not the Fund on the basis that the Investors are made "presently entitled" to all of the income of the Fund at the end of each income year and the activities of the Fund are limited to "eligible investment businesses" such that the Fund should not constitute a public trading trust.

7.2 Tax Treatment of Investors

The section contains an outline of the Australian income tax implications that will generally apply to Investors that acquire Fund units on capital account.

Australian Resident Investors

From time to time, Investors who are made presently entitled to the distributable income of the Fund will receive trust distributions from the Fund, in proportion to their entitlements to that distributable income.

In this regard, Australian resident investors should recognise their share of the distributable income to be included in their assessable income.

The redemption or transfer of units will constitute a disposal by an Investor for tax purposes. If the Investor holds their units on capital account, any gain made by the Investor on disposal will be subject to capital gains tax (CGT). If the Investor makes a capital loss, it may be used to offset capital gains derived in the current or a future tax year.

A CGT discount may be available on the capital gain on units held for 12 months or more by individual, trusts or complying superannuation entities. Companies are not eligible for CGT discount. For individual and trusts, the discount is 50%. For complying superannuation entities, the discount is 33.33%.

Non-Resident Investors

To the extent that for tax purposes the return to investors are not classified in the nature of interest, dividends or royalties, non-resident investors may either be subject to the general trust withholding provisions (whereby tax may be deducted at the non-resident withholding rates) or the Managed Investment Trust (MIT) withholding provisions. Investors should seek their own advice on these matters.

Any capital gain or capital loss resulting from a disposal or redemption of units in the Fund by a non-resident Investor will be disregarded if a non-resident Investor holds less than 10% of the units in the Fund or the Fund does not hold majority investments in Australia real property.

Each non-resident Investor should seek their own advice when they seek to dispose or redeem the units.

7.3 Annual reporting

As the Fund is likely to constitute an Investment Body, the Fund will be required to provide certain distribution information (including tax components) to the ATO on an annual basis by lodging the Annual Investment Income Report (AIIR).

The Trust will also provide an annual tax distribution statement to Investors in accordance with the ATO's guidelines for Managed Funds. The tax distribution statement will reconcile the cash distribution provided to the Investor with the taxable distribution for that income year.

7.4 Attribution Managed Investment Trust (AMIT) regime

The Government has enacted a tax regime for certain managed investment trusts known as the Attribution Managed Investment Trust (AMIT) Rules. The AMIT Rules remove a number of uncertainties for Trustees and Investors and facilitates fair and reasonable tax outcomes for Investors.

The AMIT Rules do not apply automatically to all MITs. The Trustee will make an assessment of whether the Fund qualifies as an AMIT and whether it will make an election to apply the AMIT Rules to the Fund. If the Fund meets the eligibility requirements, the Trustee is expected to make an election to apply the AMIT Rules. We would not expect the AMIT regime to materially change the tax treatment of Investors outlined above.

7.5 Goods and Services Tax

GST should not apply on the acquisition and disposal of units as well as cash distribution from the Fund to the Investors.

7.6 Taxation File Number (TFN)

Australian resident Investors may choose not to provide the Trustee with their TFNs. However, if a TFN is not quoted, or no appropriate TFN exemption is provided, the Trustee is required to deduct tax from any income distribution entitlement at the highest marginal tax rate plus Medicare Levy.

8. OTHER INFORMATION

8.1 Disclosure of Interest

The directors and team members of the Trustee, Fund Manager or the Investment Manager may invest their own money into the Fund. The Trustee records all conflict of interests in a Conflict of Interest register which is reviewed on an annual basis by The SILC Group's Compliance Manager.

8.2 Indemnification

Subject to the Trust Deed and this IM and, unless otherwise agreed with the Trustee, the Trustee is entitled to be indemnified out of the Fund for any loss, damage, expense or other liability incurred by it in properly performing or exercising any of its powers, duties or rights in relation to the Fund.

The Investment Manager and the Administrator are similarly entitled to be indemnified by the Trustee (out of the assets of the Fund) for all claims, losses, liabilities, damages, costs and expenses (**Costs**) incurred by them in relation to the performance of their role as Investment Manager and Administrator respectively. However, the Investment Manager and Administrator are not entitled to be indemnified by the Trustee and will be liable to the Fund for any Costs arising as a result of their fraud, gross negligence, wilful default or material breach of the agreement under which they are appointed.

8.3 Amendments

The terms of the Trust Deed may be amended by the Trustee, subject to the Trustee's duties and obligations to Investors. The Trustee will not make any amendments to the Trust Deed that it considers would be materially adverse to Investors, without seeking the approval of Investors.

In most circumstances, the Constitution can also be amended by a special resolution passed by Investors (being a resolution passed by at least 75 percent of the votes cast by Investors entitled to vote on the resolution).

8.4 Investor Reports and Communication

To ensure that Investors are kept abreast of their investment, the Trustee will provide Investors with the following information:

- Confirmation of investments and redemptions;
- Quarterly statements of unit holdings and distributions; and
- Annual taxation distribution statements.

All communications including reports will be sent electronically unless otherwise instructed in writing by the Investor.

8.5 Investor Meetings

Under the Trust Deed, the Trustee may elect to call a meeting of all Investors or Investors who hold a particular class of Units. In the latter case, only Investors who hold those Units are entitled to attend and vote at the meeting.

In respect of a meeting of a class of Investors, Investors with at least 50% of the votes that may be cast on the resolution can request for the Trustee to call and arrange such a meeting.

In respect of a meeting of all Investors, Investors with at least 40% of the votes that may be cast on the resolution can request the Trustee to call and arrange such a meeting.

8.6 Material Documents

Material documents relevant to the Fund are:

- Trust Deed and
- Investment Management Agreement

Should you require a copy of any of these documents, please contact the Trustee at +61 9600 2828 or investors@silcgroup.com.au

8.7 Related Party Transactions

The Administrator is a related party of the Trustee. The Administrator is appointed pursuant to an administration agreement.

From time to time, the Trustee, Fund Manager or Investment Manager may encounter conflicts between its duties to the Fund, its duties to other funds that it manages and its own interests. At all times, the Trustee and Investment Manager will manage any conflicts in accordance with its conflicts of interest policy, the Trust Deed, ASIC policy and the law.

The Trustee may from time-to-time enter into transactions with related entities. All transactions will be effected at markets rates or at no charge.

8.8 AML

In making the offer contained in this IM and in operating the Fund, the Trustee is required to comply with the AML/CTF legislation.

This means the Trustee is required to obtain identification information when you apply to invest in the Fund and undertake transactions in relation to your investment.

The Trustee needs to undertake identification activities in the following circumstances:

- (a) Prior to accepting your investment in the Fund, the Trustee will not issue any Units to you until all relevant information has been received and your identity has been satisfactorily verified.
- (b) If you die while you are a member of the Fund, then the Trustee will need to identify your legal personal representative prior to redeeming your Units or transferring ownership.
- (c) If you appoint someone to act on your behalf in relation to your investment in the Fund, e.g., under a power of attorney, then the Trustee will be required to identify your agent or attorney.

There may be other situations where the Trustee is required to undertake identification activities. In some circumstances the Trustee may need to re-verify this information.

By applying to invest in the Fund, you also acknowledge that the Trustee may decide to delay or refuse any request for any transaction if the Trustee is concerned that the request or transaction may breach any obligation or cause the Trustee to commit or participate in an offence under any AMLCTF legislation, and the Trustee will not incur any liability to you if the Trustee does so.

8.9 Privacy

When you make an application to invest in the Fund, the Trustee will collect personal information (your name, address etc) about you. The personal information supplied is used primarily for processing the application to invest in the Fund, administering and managing the investment, and complying with applicable laws and regulations. A full copy of the Trustee's privacy policy can be obtained by visiting <http://www.silcgroup.com.au/privacy-policy>.

The Trustee may disclose some or all of the personal information which you have provided to the Trustee to your adviser and any professional advisers, such as the Fund's accountant or financial institutions involved in processing transactions. Under various laws and regulatory requirements, the Trustee may have to pass-on certain information to other organisations, such as the Australian Tax Office or the Australian Transaction Reports and Analysis Centre (AUSTRAC). By applying to invest, you give the Trustee permission to pass information the Trustee holds about you to other companies which are involved in helping the Trustee administer or manage the Fund, or where they require it for the purposes of compliance with AMLCTF law or in connection with the holding of application money.

As well as reporting to you about your investment in the Fund, the Trustee may use your contact details to let you know about other investment opportunities.

You have a right to know what information the Trustee holds about you and to require the Trustee to correct any errors. In this regard, you can assist the Trustee in keeping details up to date by advising the Trustee of any information that appears incorrect.

9. DEFINITIONS

ADI	Authorised deposit-taking institution.
Administration Agreement	The administration agreement between the Trustee and the Administrator, as amended from time to time.
Administrator	SILC Funds Administration Pty Ltd ACN 628 993 386.
AFS licence	Australian financial services licence.
AML/CTF	Means the Anti-Money Laundering and Counter-Terrorism Financing Act 2006.
Application Form	The application form attached to or accompanying Part A, B or C of this IM (as relevant).
APRA	Australian Prudential Regulation Authority.
ASIC	Australian Securities and Investments Commission.
Borrower	The borrower under a Loan.
Business Day	A day on which banks are open for business in Melbourne, except a Saturday, Sunday or public holiday.
Corporations Act	<i>Corporations Act 2001</i> (Cth) for the time being in force together with the regulations of the Corporations Act.
Fund	Ethical Income Fund.
Fund Manager	Eternal Asset Management Pty Ltd ACN 627 310 230
GST	Goods and Services Tax as defined in A New Tax System (Goods and Services Tax) Act 1999, as amended.
Investment Management Agreement	The investment management agreement between the Trustee, the Investment Manager and Fund Manager, as amended from time to time.
Investment Manager	Carnbrea & Co Ltd ACN 090 724 762, an authorised representative (number 1252859) of Specialised Investment and Lending Corporation Pty Ltd trading as The SILC Group holder of AFS licence number 407100.
Investor	An investor in the Fund or holder of Units.
Offer	The opportunity to invest in the Fund.
Qualifying Investor	Has the same meaning as defined in section 1.3.

RBA Cash Rate	Means the prevailing cash rate published on the Reserve Bank of Australia's website (www.rba.gov.au) from time to time.
Riba	Interest typically charged by conventional financial institutions
Sharia Certification	Written approval by a Sharia Board confirming that a matter is Sharia Compliant
Sharia Compliant	Structured in accordance with the values, principles, and doctrines of the religion of Islam.
Sharia Compliance Board	This is an independent body which will be engaged to provide Sharia-audits on the Fund and its investments
Sharia Ethical Funds Management	Investment into portfolios comprising only Sharia Compliant assets and being managed in a Sharia Compliant manner
Sharia Ethical (investment) Screen(ing)	A series of filters applied to an investment asset to determine whether it meets Sharia Ethical Standards.
Sharia Ethical (investment) Standards	Investment principles which specify what constitutes a Sharia Compliant investment
SILC Group	means the group of entities associated with the Trustee.
Term Sheet	A disclosure document issued by the Trustee setting out details of the Class that is available for investment.
Trust Deed	The trust deed of the Fund dated 17 September 2018, as amended from time to time.
Trustee	Specialised Investment and Lending Corporation Pty Ltd ACN 149 520 918, holder of AFS licence number 407100.
Unit	A unit in the Fund.
Units	Means Loan Units and Sukuk Units
Withdrawal Request	Means a written request (in the specified form) made by an Investor to withdraw some or all of their Units.

10. CORPORATE DIRECTORY

Trustee

Specialised Investment and Lending Corporation Pty Ltd

Level 9, 179 Queen St

Melbourne VIC 3000

Telephone: +61 3 9600 2828

Email: info@silcgroup.com

Investment Manager

Carnbrea & Co Ltd

Level 16, 379 Collins St

Melbourne VIC 3000

Telephone: +61 3 9111 0850

Email: info@carnbrea.com.au

Fund Manager

Eternal Asset Management Pty Ltd

Level 4, 365 Little Collins Street

Melbourne VIC 3000

Tel: +61 3 9465 7142

Email: info@globalethicalfund.com.au

Administrator

SILC Funds Administration Pty Ltd

Level 9, 179 Queen St

Melbourne VIC 3000

Telephone: +61 3 9600 2828

Email: info@silcgroup.com

Australian Legal Advisor

Hall & Wilcox Lawyers

Rialto South Tower, 525 Collins St

Melbourne VIC 3000

Telephone: +61 9603 3555

Australian Tax Advisor

HLB Mann Judd

Level 9, 575 Bourke St,

Melbourne VIC 3000

Telephone: + 61 3 9606 3888

Email: mailbox@hlbvic.com.au