

# RAINWATER CAPITAL

Rainwater Capital Investment Fund  
Supplementary Information Memorandum  
Mortgage Income Unit Class

## Rainwater Mortgage Income Fund

**22 February 2024**

**Trustee** Vasco Custodians Pty Ltd ACN 644 232 539

**Investment Manager** Rainwater Capital Pty Ltd ACN 652 938 791

**Administration Manager** Vasco Fund Services Pty Limited ACN 610 512 331

## IMPORTANT INFORMATION

This Supplementary Information Memorandum (SIM) is dated 22 February 2024.

This SIM details the features, benefits, risks, and general information about the offer of units (**Units**) in the Rainwater Capital Investment Fund – Mortgage Income Unit Class (**Mortgage Income Unit Class**).

The Mortgage Income Unit Class invests in the Rainwater Mortgage Income Fund, a Sub-Fund of the Rainwater Capital Investment Fund (**Fund**).

This SIM is issued by Vasco Custodians Pty Ltd ACN 644 232 539 AFSL 530 682 (**Vasco or Trustee**) in its capacity as trustee of the Fund.

DHF Investment Services Pty Ltd ACN 644 231 158 (**Sub-Fund Trustee**) is the trustee of the Rainwater Mortgage Income Fund (**Sub-Fund**). The Trustee and the Sub-Fund Trustee have appointed Rainwater Capital Pty Ltd (ACN 652 938 791) (**Investment Manager**) as the investment manager of the Fund and the Sub-Fund. The Investment Manager is a corporate authorised representative (No. 001293280) of D H Flinders.

The Trustee and Sub-Fund Trustee have also appointed Vasco Fund Services Pty Limited ACN 610 512 331 (**Administration Manager**) as the administration manager of the Fund and the Sub-Fund.

By accepting this SIM, the recipient agrees to be bound by the terms and conditions set out in this SIM.

### Unit classes

The Trustee may issue Units in different Unit classes which offer investors different rights, features, or benefits.

Where relevant, the specific information of a Unit class that may differ from, or elaborate on, the information contained in this SIM will be set out in the relevant Supplementary Information Memorandum.

### Glossary

Certain capitalised words and expressions used in this SIM are defined in the Glossary. All references to dollar amounts in this SIM are to Australian Dollars (**AUD**), unless otherwise stated.

### Images

Any images in this SIM do not depict assets of the Fund unless otherwise indicated.

## Updated information

Information in this SIM may change and may be updated or replaced from time to time. Unless the changed information is materially adverse to the Investors' rights, the Trustee may not always update or replace this SIM to reflect the changed information. Updated information regarding this SIM may be made available on the Trustee's website or otherwise by issuance of a replacement or supplementary information memorandum published on the Trustee's website at [www.vascofm.com](http://www.vascofm.com).

## Questions

Any questions regarding this SIM should be directed to the Investment Manager by phone on +61 3 8839 1173, or email to [invest@rainwatercapital.com.au](mailto:invest@rainwatercapital.com.au) or by post to Level 4, 99 William Street, Melbourne, Victoria, 3000, Australia, or the Trustee on +61 3 8352 7120 or at [info@vascofm.com](mailto:info@vascofm.com) or at Level 4, 99 William Street, Melbourne, Victoria, 3000, Australia.

## ASIC

This SIM has not been lodged with ASIC and ASIC takes no responsibility for the content of this SIM.

## Restrictions on distribution

This SIM does not constitute, and may not be used for the purposes of, an offer of units or an invitation to apply to participate in the Fund by any person in any jurisdiction in which such offer or invitation is not authorised or in which the person endeavouring to make such offer or invitation is not qualified to do so or to any person to whom it is unlawful to make such an offer or invitation.

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 public offering of Fund interests in any jurisdiction other than Australia and Singapore.

It is the responsibility of prospective Investors to satisfy themselves as to full compliance with the relevant laws and regulations of any territory in connection with any application to participate in the Fund, including obtaining any requisite governmental or other consent and adhering to any other formality prescribed in such territory.

By receiving and viewing this SIM, 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 SIM from the Trustee warrants that, if they reside in Australia, they are a wholesale client as defined in section 761G of the Corporations Act and, if they reside in Singapore, they are an accredited investor or certain other person prescribed under s305 of the Securities and Futures Act (collectively, **Qualifying Investors**).



## *Investors from Australia*

With respect to Australian jurisdiction, this SIM has been prepared on the basis that prospective Investors are wholesale clients or sophisticated investors, not retail clients (all within the meaning of the Corporations Act). Accordingly, this SIM 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.

The Trustee and Investment Manager are regulated by the Australian Securities and Investments Commission (ASIC) under the Corporations Act 2001 (Cth). ASIC is located at 120 Collins Street, Melbourne VIC 3000, Australia and can be contacted on 1300 300 630.

## *Investors from Singapore*

With respect to Singaporean jurisdiction, this SIM has been prepared on the basis that prospective Investors are also accredited investors or certain other persons prescribed under s305 of the Securities and Futures Act. Accordingly, this scheme is not authorised or recognised by the Monetary Authority of Singapore and Units in this scheme are not allowed to be offered to the retail public.

Further, this SIM is not a prospectus as defined in the Securities and Futures Act and, accordingly, statutory liability under the Securities and Futures Act in relation to the content of prospectuses does not apply, and the offered should consider carefully whether the investment is suitable for them.

## *Foreign languages*

This SIM has been prepared in English and is intended to be read and understood in English. The Trustee has not issued or caused the issue of this SIM in any language other than English. Any translations into other languages are for information purposes only. If there is any inconsistency between this English language version of the SIM and a translation into another language, then this English language version will prevail.

## **Investor to undertake own due diligence**

Information contained in this SIM has been provided to prospective Investors to assist them to make an assessment of whether or not to apply to invest in the Fund. In relation to the information contained in this SIM, the Trustee, Investment Manager, Administration Manager, or their related parties, officers, employees, consultants, advisers or agents do not warrant or represent that:

- all information which is relevant to the making of an investment in the Fund has been provided in this SIM;

- all information provided under this SIM is accurate or correct or does not contain misleading or deceptive statements.

Whilst the Investment Manager has undertaken due diligence in relation to the Fund and the information which has been presented in this SIM, it is possible that due to factors such as the passage of time or the uncertainty in forecast details that the information contained in this SIM may be inaccurate at the date of release of the SIM or at a later time.

***None of the Trustee, the Investment Manager, nor 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 SIM. The Trustee has not sought to verify any statements contained in this SIM about the investments proposed by the Investment Manager, the Investment Manager's business or the business of any other parties named in this SIM.***

Prospective Investors are strongly encouraged to undertake their own due diligence in relation to the Fund before making an investment. In addition, prospective Investors should read this SIM in its entirety and seek independent professional advice as to the financial, taxation and other implications of investing in the Fund and the information contained in this SIM.

To the maximum extent permitted under the law, the Trustee and the Investment Manager disclaim any liability arising from any information provided in the SIM.

By making an investment in the Fund, an Investor warrants and represents to the Trustee and Investment Manager that they have undertaken their own due diligence in relation to investment in the Fund, including without limitation, in relation to the structure of the Fund, its investments and the likelihood of returns from the Fund.

## **IMPORTANT WARNING STATEMENTS**

### *No performance guarantee*

None of the Investment Manager, the Trustee, Administration Manager, nor their associates or directors or any other person guarantees the performance or success of the Fund, the repayment of capital invested in the Fund or any particular rate of return on investments in the Fund.

There can be no assurance that the Fund will achieve results that are comparable to the track record of the Trustee or Investment Manager and their advisers or that the Fund's investment objectives will be achieved.

An investment in the Fund does not represent a deposit with, or a liability of, the Investment Manager, the Trustee, the Administration Manager, or any of their associates.

An investment in the Fund is subject to investment risks which are described in Section 7 of this SIM, including possible delays in repayment and loss of some or all of your income or capital invested. The risks associated with an investment in the Fund are different to a cash deposit or investment in an approved deposit taking institution (ADI).

Prospective Investors should read the whole of this SIM before making a decision about whether to apply to invest in the Fund. The information contained in this SIM is general information only and not personal financial product advice and therefore does not take into account the individual objectives, financial situation, needs or circumstances of Investors.

Past performance should not be perceived as an indication of future performance as returns are variable and may be lower than expected.

Prospective Investors should not construe the contents of this SIM as tax or investment advice.

Should it be required to protect all investments in the Fund, the Trustee, may use its discretion to delay or suspend redemptions from the Fund.

#### *No representation other than this SIM*

Except where expressly disclosed, the information contained in the SIM has not been independently verified or audited. To the maximum extent permitted by law, no representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by the Trustee or Investment Manager and their advisers as to the accuracy or completeness of any part of this SIM, nor will they have any responsibility to update or supplement this SIM.

No person is authorised to give any information or to make any representation in connection with the Offer of Units in the Fund described in this SIM, which is not in this SIM. This SIM supersedes any prior IM or marketing materials given prior to the issue of the SIM to the extent of any inconsistency. Any information or representation in relation to the Offer of Units in the Fund described in this SIM not contained in this SIM may not be relied upon as having been authorised by the Trustee, the Investment Manager or their advisers.

#### *Forward looking statements*

Certain information contained in this SIM constitutes “forward-looking statements” that can be identified by the use of forward-looking terminology such as “may,” “will,” “should,” “expect,” “anticipate,” “estimate,” “target,” “intend,” “continue,” or “believe” or the negatives thereof or other variations thereon or comparable terminology.

Furthermore, any projections or other estimates in this SIM, including estimates of returns or performance, are “forward-

looking statements” and are based upon certain assumptions that may change.

Due to various risks and uncertainties, including those set forth under “Risks” in Section 7, actual events or results or the actual performance of the Fund may differ materially from those reflected or contemplated in such forward-looking statements.

The forward-looking statements included in this SIM involve subjective judgment and analysis and are subject to uncertainties, risks and contingencies, many of which are outside the control of, and are unknown to, the Trustee and Investment Manager. Actual future events may vary materially from the forward-looking statements and the assumptions on which those statements are based. Given these uncertainties, prospective Investors are cautioned to not place undue reliance on such forward-looking statements.

Any estimate, forecast, projection, feasibility, cash flow or words of a similar nature or meaning in this SIM are forward looking statements and subject to this disclaimer.

#### **Confidentiality**

Neither this SIM nor any other information provided by the Trustee or Investment Manager may be disclosed to any other party, except for the purpose of obtaining independent advice in connection with the consideration of an investment in the Fund, or used for any purpose other than the consideration of an investment in the Fund, unless the express prior written consent of the Trustee is obtained. Any reproduction of all or part of this SIM is strictly prohibited without the written consent of the Trustee. In the event that the recipient does not participate in the Fund, this SIM, along with all related materials, must be returned to the Trustee immediately upon demand.

#### **Summary of key documents only**

This SIM contains a summary of the terms of the Fund and certain other documents. However, prospective Investors should refer to the complete legal documentation for the Fund (available upon request from the Trustee). Investments in the Fund are governed by the Trust Deed for the Fund and associated documents and nothing in this SIM limits or qualifies the powers and discretions conferred upon the Trustee and the Investment Manager under those documents. This SIM should be read in conjunction with the IM, Trust Deed and associated documents for the Fund. In the event of any inconsistency between the Trust Deed and associated documents and this SIM, then the Trust Deed and associated documents will prevail to the extent of the inconsistency.

#### **Independent financial advice**

You should obtain independent professional advice specific to your circumstances and requirements from a licensed investment advisor.

## Table of Contents

Letter to Investor .....	6
1. Key Features of the Rainwater Mortgage Income Unit Class .....	7
2. Investment Strategy and Objective.....	11
3. Investment Process.....	16
4. Structure of the Fund.....	18
5. Management of the Fund .....	21
6. Fees and Costs .....	23
7. Risks .....	26
8. Taxation Information .....	32
9. Additional Information.....	34
10. Definitions.....	37
11. Application for Units .....	39
Schedule – Offering legends .....	40
Corporate Directory .....	41

## Letter to Investor

Dear Investor,

Rainwater Capital Pty Ltd (Rainwater Capital), as Investment Manager, is delighted to present to you an opportunity to invest in the Rainwater Capital Investment Fund - Mortgage Income Unit Class (Mortgage Income Unit Class), which will invest in the Rainwater Mortgage Income Fund.

Rainwater Capital is a Melbourne based real estate advisory and funds management firm. We work with overseas clients to understand their investment requirements, and leverage on our extensive knowledge and networks in Australia to help them seek out suitable investment opportunities in Australia.

The management of Rainwater Capital has more than 20 years' experience across real estate investment, finance, and funds management spanning Singapore, China, and Australia. Our Asia-Pacific exposure has equipped us with an intimate understanding of the region, while our Australian base has allowed us to stay on top of the market to discern investment opportunities here.

Due to stricter regulations and capital constraints, Australian banks have reduced exposure to commercial real estate debt in recent years, creating a funding gap. As banks withdraw from this market, private debt investment has gained popularity among private wealth managers, fund managers, and institutional investors, driving the growth of the non-bank property finance sector.

Commercial real estate debt is recognized for offering stability and strong returns, and non-bank lenders like mortgage funds can deliver robust risk-adjusted returns while upholding conservative lending standards. The Rainwater Mortgage Income Fund seeks to provide investors access to a well-diversified portfolio of mortgage funds that offers competitive risk-adjusted returns. The emphasis of the Fund is on capital stability, while providing investors a regular income and the ability to redeem their investments on a quarterly basis, after the first year of investment.

The Fund has an independent trustee, Vasco Custodians Pty Ltd (**Vasco** or **Trustee**). The Trustee is a part of a corporate trustee group that provides responsible entity, trustee and fund administration services to Australian and international investment managers. The Vasco team has significant experience in the Asia Pacific region in the management of equity funds, fixed income funds, REITs, private equity real estate funds, real estate securities funds, and mortgage and real estate debt funds. Some of the funds Vasco's executives have developed include the \$3 billion Australian Unity Healthcare Property Trust and the \$1.5 billion AIMS Industrial REIT listed on the Singapore Stock Exchange (SGX).

I invite you to read through this SIM (including Section 7 entitled "Risks") to allow you to make an informed decision before investing in the Rainwater Mortgage Income Fund.

Yours sincerely

**Wallace Woon**

Director

**Rainwater Capital Pty Ltd**

# 1. Key Features of the Rainwater Mortgage Income Unit Class

The table below is a summary of the key features of an investment in the Rainwater Mortgage Income Unit Class, a Unit Class of the Rainwater Capital Investment Fund. It is not intended to be exhaustive, or constitute any guarantee as to the future performance or activities of the fund. You must read the whole of this SIM to obtain more detailed information before making a decision to invest in the Rainwater Mortgage Income Unit Class. Any fees and costs disclosed below are exclusive of GST unless otherwise stated.

Feature	Description	Further Details
Fund Name	Rainwater Capital Investment Fund	-
Investment Manager	Rainwater Capital Pty Ltd	5.1
Trustee and Custodian	Vasco Custodians Pty Ltd	5.2
Administration Manager	Vasco Fund Services Pty Limited	5.2
Sub-Fund Name	Rainwater Mortgage Income Fund	-
Investment manager of the Sub-Fund	Rainwater Capital Pty Ltd	-
Trustee of the Sub-Fund	DHF Investment Services Pty Ltd	-
Structure of the Fund	<p>The Rainwater Capital Investment Fund is an open-ended, unregistered managed investment scheme structured as a unit trust and established pursuant to the Trust Deed, governed by Australian law.</p> <p>The Rainwater Capital Investment Fund comprises three classes of Units: The Emerging Companies Unit Class, the Balancing Unit Class, and the Mortgage Income Unit Class. Each class of Units is dedicated to investing in a specific Sub-Fund.</p> <p>The Emerging Companies Unit Class invests in the Rainwater Capital Emerging Companies Fund, the Balancing Unit Class invests in the Rainwater Capital Commercial Property Fund, and the <b>Mortgage Income Unit Class invests in the Rainwater Mortgage Income Fund.</b></p> <p>Investors in each Unit Class are entitled solely to the income and capital derived from their investment in the respective Sub-Fund associated with that Unit Class.</p> <p><b>This Offer is for units in the Mortgage Income Unit Class only.</b></p>	4

Investment objective	<p>The objective of the Rainwater Mortgage Income Fund is to provide investors access to a well-diversified portfolio of mortgage funds that offers competitive risk-adjusted returns. The emphasis of the fund is on capital stability, while providing investors a regular income and the ability to redeem their investments on a quarterly basis, after the first year of investment.</p> <p>The investment mandate of the Fund allows for allocations to be made in:</p> <ul style="list-style-type: none"> <li>• Cash; and</li> <li>• Other managed investment schemes which predominantly invest in loans secured by mortgages over real estate and/or other such managed investment schemes (<b>mortgage funds</b>).</li> </ul>	2
Target Returns	<p>The Investment Manager is aiming for an indicative total return of 2% per annum above the RBA Cash Rate (pre-tax and net of all fees and costs) for the Rainwater Mortgage Income Fund (<b>Target Return</b>).</p> <p>Please note that the Target Return is indicative only and is not a forecast or guaranteed return. <b>Neither the Trustee, Investment Manager or any other person or entity guarantees any income or capital return from the Rainwater Mortgage Income Fund.</b></p>	
Key Benefits	<p>The Investment Manager considers the key benefits to be:</p> <ul style="list-style-type: none"> <li>• Access to professionally managed mortgage fund investments, some of which may be restricted to institutional investors;</li> <li>• Diversified portfolio of investments across cash and mortgage funds;</li> <li>• Capital stability, by investing primarily in mortgage funds, which invest in loans secured by mortgages over real estate.</li> <li>• Attractive, quarterly income distributions;</li> <li>• Enhanced Liquidity, with quarterly redemptions after the Minimum Term.</li> </ul>	
Who can invest?	<p>The Rainwater Mortgage Income Fund is generally only available to person who, if they reside in Australia, are a Wholesale Client as defined in the Corporations Act.</p>	4.1
Investment Amount	<p>The minimum initial investment amount for the Rainwater Mortgage Income Fund is \$500,000.</p> <p>The minimum additional investment amount is \$100,000.</p> <p>The Trustee reserves the right to accept lesser investment amounts at its absolute discretion.</p>	-
Minimum Term	<p>The minimum investment term is 12 months.</p> <p>Please see section 4.4 for details on Withdrawal/Redemption.</p>	-
Gearing	<p>The Rainwater Mortgage Income Fund will not have any borrowings. However, some of the funds that the Rainwater Mortgage Income Fund chooses to invest in may borrow.</p>	2.4



Risks	<p>It is important that you read and consider the risks associated with the investment in the Rainwater Mortgage Income Fund before deciding whether to invest, as well as considering with your financial advisor whether this investment is suitable for your financial objectives, situation or needs – none of which have been considered by the Trustee or Investment Manager.</p> <p>Neither the Trustee nor the Investment Manager guarantees distributions or capital returns.</p>	7
Issue of Units and Pricing	<p>Units are generally expected to be issued within 10 Business Days of the end of the month in which a completed Application Form and Application Monies are received.</p> <p>However, the issuance of Units may be delayed by more than 10 Business Days, where the Rainwater Mortgage Income Fund is waiting on valuation information in respect of its underlying investments.</p> <p>Units will be issued using the Unit Price calculated as at the last day of the month in which a completed Application Form and the Application Monies are received, and are issued at the start of the following month.</p> <p>Further detail about the Unit Price for the Rainwater Mortgage Income Fund is outlined in section 4.3.</p> <p>Further detail about applying for Units in the Rainwater Mortgage Income Fund is outlined in section 11.</p>	4.2 & 4.3 & 11
Distributions	<p>Distributions are expected to be paid quarterly in arrears to the nominated bank accounts of the Investors.</p> <p>The Trustee reserves the right to make distributions more or less frequently in its absolute discretion. Distributions are not guaranteed.</p> <p>Investors may elect to reinvest their distributions.</p>	4.5
Redemptions	<p>Following the completion of the Minimum Term, Investors may withdraw from the Rainwater Mortgage Income Fund on a quarterly basis.</p> <p>Withdrawal requests must be in the prescribed form and provided to the Administration Manager at least 90 days prior to the end of each quarter to be validly accepted and processed. Valid withdrawal requests will generally be paid to the nominated bank account of the Investor within 30 days from the end of the quarter.</p> <p>While the Trustee will use reasonable endeavours to satisfy valid withdrawal requests, it is not obliged to do so where there is insufficient cash available in the Rainwater Mortgage Income Fund or the Trustee considers it would be a material disadvantage to the Rainwater Mortgage Income Fund if some or all requests were met.</p> <p>The Trustee may compulsorily redeem Investors where it believes that doing so is in the best interests of Investors in the Rainwater Mortgage Income Fund as a whole.</p>	4.4
Fees & Costs		
Entry and Exit Fees	None.	6
Buy and sell spread	None.	6

Investment Management fees	The Investment Manager is entitled a management fee comprising the balance of net income generated by the Rainwater Mortgage Income Fund after payment of all fees and Expenses of the fund and Unitholder distributions (based on the Target Return).	6
Fund Trustee fee	<p>The Trustee is entitled to:</p> <ul style="list-style-type: none"> <li>• an Establishment Fee of \$32,000.</li> <li>• an Annual Fee, equal to 0.10% per annum of the Fund's gross asset value, subject to a minimum annual fee of \$25,000;</li> <li>• a Transaction Review Fee of \$250 for each set of investment documents requiring the Trustee's review and/or execution; and</li> <li>• a Regulatory Levy Recovery Fee of \$1,500 per annum plus \$75 for each \$1 million of gross asset value (GAV).</li> </ul> <p>The Trustee's Annual Fee will be apportioned pro-rata across all Unit classes based on the respective GAV of each Unit class.</p> <p>The Trustee is also entitled to termination fee of \$14,500 in the event of the Fund's termination or the Trustee's replacement by another party.</p> <p>These fees are subject to GST. The Trustee's engagement is for a minimum period of four (4) years.</p>	6
Sub-Fund Trustee fees	<p>DHF Investment Services Pty Ltd is entitled to an annual fee of up to:</p> <ul style="list-style-type: none"> <li>• \$10,000 per annum for acting as trustee of the Rainwater Mortgage Income Fund.</li> </ul>	6
Administration fee	<p>The Administration Manager is entitled to an Administration Fee of:</p> <ul style="list-style-type: none"> <li>• \$25,000 per annum where the Fund has gross assets of less than \$20 million and there are less than 25 Investors; or</li> <li>• \$35,000 where the Fund has gross assets of \$20 million or more or there are 50 or more Investors.</li> <li>• An additional administration fee of up to \$10,000 per annum applies to each Sub-Fund.</li> </ul> <p>The Administration Fee is subject to an annual increase of 5% on 1 January of each year.</p> <p>The Administration Fee for the Fund will be apportioned pro-rata across all Unit classes based on the respective GAV of each Unit class.</p> <p>These fees are subject to GST. The Administration Manager's engagement is for a minimum period of four (4) years.</p>	6
Expenses	The Trustee or a relevant party appointed by the Trustee is entitled to be paid or reimbursed for expenses associated with establishing and operating the Fund, such as the costs associated with the administration or distribution of income and other expenses properly incurred in connection with performing its duties and obligations in the day-to-day operation of the Fund.	6
Other Fees & Costs	Other Fees & Costs relating to the Fund are detailed in Section 6.	6

## 2. Investment Strategy and Objective

### 2.1 Overview

Due to the increased regulatory and capital adequacy constraints imposed on traditional bank lenders, Australian banks have reduced their exposure to commercial real estate debt in recent years, resulting in a funding gap between demand and their lending capacity. The undersupply of capital in the Australian commercial real estate debt market presents opportunities for alternative financing sources to meet the demand for capital.

Private property debt investment initially attracted high net worth and family office investors. With the increasing opportunities presented by the banks' withdrawal from real estate debt market, private debt investments have now become popular among private wealth managers, fund managers and institutional investors, leading to the growth of the non-bank property finance market.

Commercial real estate debt is considered a secure and stable investment with strong returns compared to other asset classes, making it an appealing choice for investors looking to balance their portfolios. Non-bank lenders such as mortgage funds have the opportunity to achieve strong risk-adjusted returns for investors, while maintaining conservative lending ratios and bank-standard terms.

### 2.2 Strategy and Objective

With a diverse range of mortgage funds offering different performance levels and risk management approaches in the Australian non-bank property finance market today, investors may struggle to identify the most suitable options.

Some mortgage funds are only open to investments from institutional investors such as family offices, Fund of Funds managers or other asset managers. Furthermore, as mortgage investments are illiquid and some funds have fixed investment terms, investors may only be able to redeem their investments after some years.

The objective of the Rainwater Mortgage Income Fund is to provide investors access to a well-diversified portfolio of mortgage funds that offers competitive risk-adjusted returns over the long term. The emphasis of the fund is on capital stability, while providing investors a regular income and the ability to redeem their investments on a quarterly basis, after the first year of investment.

As a Fund of Funds manager, Rainwater Capital conducts comprehensive due diligence, selecting high-quality mortgage funds that align with the Rainwater Mortgage Income Fund's objectives and risk tolerance. By diversifying investments across multiple funds, we seek to spread risk and maximize returns. This approach also offers the benefits of enhanced liquidity and broader investment opportunities.

Our investment strategy for the Rainwater Mortgage Income Fund revolves around the following core principles:

#### **Focus on Mortgage Funds**

As a Fund of Funds, The Rainwater Mortgage Income Fund exclusively concentrates on investing in other mortgage funds, aiming to harness the unique advantages of this specialized asset class and leverage on the combined strength and track record of some of the most established and reputable mortgage fund managers in Australia. By investing in mortgage funds, we tap into the resilience of real estate markets while capitalizing on the potential for consistent income generation.

## **Portfolio Diversification**

Our approach emphasizes robust diversification as a fundamental risk management technique. We build our portfolio by selecting a blend of mortgage funds with exposures to different locations, real estate sectors, loan purposes and security types. This diversification minimizes the impact of any specific adverse event on the overall performance of the fund, while enhancing returns and reducing volatility. Furthermore, we invest across a range of mortgage funds with varying liquidity profiles and redemption terms to meet the redemption requests of the Rainwater Mortgage Income Fund's investors.

## **Risk Management**

At Rainwater Capital, we are acutely aware of the significance of prudent risk management. We meticulously analyse each mortgage fund before including it in the Rainwater Mortgage Income Fund's portfolio. Our thorough due diligence process encompasses not only each underlying fund managers' reputation and track record, but also its quality of governance, skill in assessing individual projects, valuation of underlying collateral and management of risk. This comprehensive risk assessment ensures that the portfolio maintains an appropriate risk profile aligned with our investors' risk tolerance.

## **Active Monitoring and Rebalancing**

Our commitment to continuous monitoring of the mortgage funds in our portfolio ensures that we respond promptly to changes in market conditions or the performance of individual funds. Regular evaluations enable us to maintain an optimal asset allocation and rebalance as necessary, seizing opportunities while proactively managing risks. Furthermore, we seek to maintain appropriate cash reserves to address potential redemption requests and capitalize on favourable market conditions. These reserves provide essential flexibility, enabling us to meet investor obligations promptly.

## **Long-term Horizon**

The Rainwater Mortgage Income Fund is dedicated to delivering sustainable results over the long term. We adopt a patient investment approach, avoiding short-term speculation and focusing on the underlying strengths of the mortgage funds we select. Our investment horizon aligns with the long-term nature of real estate investments, providing our investors with steady, dependable returns.

## **Alignment of Interests**

At Rainwater Capital, we firmly believe in aligning our interests with those of our investors. As such, we implement a fee structure that promotes performance-based compensation, ensuring that our success is linked to the success of our investors.

## **2.3 Investment Guidelines**

The Rainwater Mortgage Income Fund will invest in mortgage funds according to the following guidelines.

### **Established Fund Managers**

The Rainwater Mortgage Income Fund will only invest in mortgage funds managed by high experienced fund managers, with a strong track-record, financial capacity, and depth of industry and project expertise. The fund

managers of these funds would need to exhibit sizeable Assets under Management, generally over a billion dollars cumulatively, for all the funds they manage.

## Geographic Location

The Rainwater Mortgage Income Fund will invest in mortgage funds which invest in real estate loans secured by property located in Australian and New Zealand markets, concentrating on the major capital and regional cities.

## Real Estate Sectors

All real estate sectors including properties for residential, office, hospitality, industrial, retail, aged care, student accommodation, healthcare, rural, and any other real estate uses.

## Loan Terms

The mortgage funds that the Rainwater Mortgage Income Fund invests in generally invest in real estate loans with terms typically ranging from six months to thirty-six months. These funds may be the only investors of such loans or may co-invest with other investors in order to improve the diversification of the fund.

## Loan Purpose

The Rainwater Mortgage Income Fund will invest in mortgage funds which extend loans for the investment, construction, improvement, acquisition, and refinance of real estate.

## Loan Security

The mortgage funds that the Rainwater Mortgage Income Fund invests in invest in real estate loans secured by either a first mortgage or subordinate mortgage (or a mix of both). The Loan to Value Ratio (LVR) or Loan to Net Realisable Value (NRV) for individual first mortgage loans and subordinate mortgage loans extended by these funds are expected to be within the following parameters:

	First Mortgage Loan	Subordinate Mortgage Loan
Improved Property	50% to 75%	75% to 80%
Development Sites	50% to 75%	75% to 80%
Construction	50% to 75% (of NRV)	75% to 80% (of NRV)

The Rainwater Mortgage Income Fund seeks to ensure that the Weighted Average LVR of all the loans invested by the underlying mortgage funds does not exceed 75%.

Other security arrangements and mechanisms for the loans may include (but are not limited to) General Security Agreements (GSAs), personal and corporate guarantees. In the case of construction projects, there may be multi-party deeds between the mortgage fund, the borrower, and the builder / civil contractor. And in the case of a subordinate mortgage, the mortgage fund may further enter into a Deed of Priority with the First Mortgagee.



## Diversification

The Rainwater Mortgage Income Fund may invest in pooled mortgage funds (which invest in a wide range of real estate loans and/or other funds) or contributory mortgage funds (which invest in a single standalone mortgage loan). The Rainwater Mortgage Income Fund seeks to diversify its portfolio by investing in three to five different pooled mortgage funds, and any number of contributory mortgage funds. The funds may have exposures to different locations, real estate sectors, loan purposes, security types and have different redemption terms. The Rainwater Mortgage Income Fund seeks to ensure the cumulative number of underlying loans invested by these funds is at least one hundred, and that the value of any individual loan does not exceed 15% of the Rainwater Mortgage Income Fund's assets.

The diversification parameters of the Rainwater Mortgage Income Fund on a look through basis are summarized in the table below.

Total number of pooled mortgage funds	3 to 5
Total number of contributory mortgage funds	No specific targets
Total number of underlying loans ("look through basis")	Not less than 100
Individual Loan Exposure	Not exceeding 15% of fund assets
<b>Target Allocation (Weighted average look through basis)</b>	
Geography	No specific targets
Real Estate Sectors	No specific targets
Loan Terms	No specific targets
Loan Purpose (Excluding Cash)	
Non-construction Loans	60% of fund assets (Range: 50% - 70%)
Construction Loans	40% of fund assets (Range: 30% - 50%)
Loan Security (Excluding Cash)	
First Mortgage Loans	70% of fund assets (Range: 40% - 100%)
Subordinate Mortgage Loans	30% of fund assets (Range: 0% - 60%)

## **Discretion of the Investment Manager**

The above Investment Guidelines are for guidance purposes only. The Investment Manager is not obligated to adhere strictly to these guidelines and may make investments outside of these guidelines where such investments are for a short period, or the Investment Manager determines that such investments exhibit sufficiently attractive risk-return characteristics.

## **2.4 Borrowings**

The Rainwater Mortgage Income Fund does not intend to borrow. However, some of the funds that the Rainwater Mortgage Income Fund chooses to invest in may borrow.

## **2.5 Valuation Policy**

The Trustee maintains and complies with a written valuation policy, which is reviewed at least annually or as market circumstances dictate. This policy may be updated from time to time and is available on the Trustee's website at [www.vascofm.com](http://www.vascofm.com)

## 3. Investment Process

Rainwater Capital adopts a systematic and disciplined approach to curating a diversified and well-balanced portfolio of underlying funds for the Rainwater Mortgage Income Fund. Our Fund of Funds strategy is designed to offer enhanced risk-adjusted returns while providing access to a wide range of investment opportunities across various types of underlying mortgages. The process encompasses the following key stages:

### **Investment Strategy Formulation**

We start by formulating a comprehensive investment strategy that aligns with the Rainwater Mortgage Income Fund's objectives and risk tolerance. We define the target allocation across different mortgage types, geographic regions, and fund managers to achieve diversification and optimize returns.

### **Fund Manager Selection**

We conduct extensive research and due diligence to identify top-performing and reputable fund managers in the market. Our due diligence process includes an assessment of the fund manager's track record, investment strategy, risk management practices, and alignment with our investment philosophy.

### **Fund Due Diligence**

Each potential underlying fund undergoes a thorough due diligence process. We evaluate the fund's historical performance, investment holdings, fee structure, risk profile, and alignment with our overall investment strategy. Only those funds that meet our stringent criteria are considered for inclusion in our Fund of Funds.

### **Portfolio Construction**

Based on the Rainwater Mortgage Income Fund's investment strategy and the outcome of due diligence, we construct a diversified portfolio of selected underlying funds. We strive to achieve a blend of strategies and risk profiles that collectively enhance portfolio stability, potential returns, and liquidity.

### **Ongoing Monitoring and Performance Evaluation**

We continuously monitor the performance of the underlying funds within the portfolio. We conduct regular reviews of fund manager performance, risk exposure, and adherence to their stated investment strategies. This ongoing evaluation allows us to take timely actions to optimize the portfolio.

### **Risk Management and Mitigation**

Risk management is a critical aspect of our investment process. We employ robust risk analysis and stress-testing to evaluate the potential impact of adverse market conditions on the portfolio. Our risk management strategies aim to mitigate risks and protect investors' capital.

### **Rebalancing and Reallocation**

As market conditions and fund performance evolve, we may periodically rebalance the Rainwater Mortgage Income Fund's portfolio to maintain the desired asset allocation and risk profile. We reallocate investments to capitalize on new opportunities or adjust to changing market dynamics.

## **Reporting and Transparency**

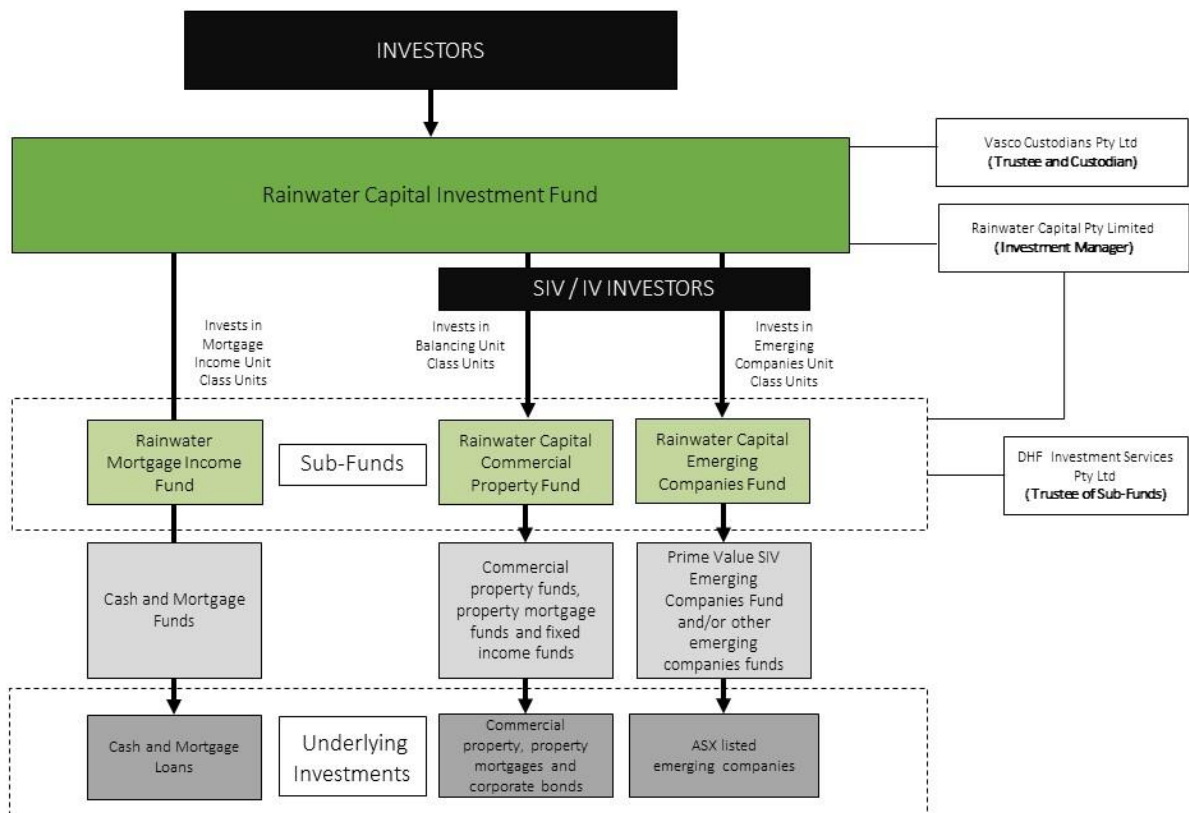
We are committed to providing our investors with transparent and regular reporting on the Rainwater Mortgage Income Fund's performance. Our reporting includes comprehensive insights into the Rainwater Mortgage Income Fund's returns, portfolio diversification, and any significant changes in the investment strategy.

Our Investment Process is built on a foundation of research, due diligence, and risk management, with the aim of delivering consistent and attractive risk-adjusted returns to our investors. By leveraging our expertise in fund manager selection and portfolio construction, we strive to create a well-structured investment vehicle that aligns with investors' long-term financial goals and aspirations.

## 4. Structure of the Fund

The structure of the Rainwater Capital Investment Fund is as follows:

- i) The Rainwater Capital Investment Fund is an unregistered managed investment scheme structured as a unit trust established under a Trust Deed, and governed by Australian law;
- ii) The Fund will be operated as an open-ended fund, meaning the Fund remains open to new Investors;
- iii) The Fund comprises three classes of Units: The Emerging Companies Unit Class, the Balancing Unit Class and the Mortgage Income Unit Class. Each class of Units is dedicated to investing in a specific Sub-Fund.
- iv) The Emerging Companies Unit Class invests in the Rainwater Capital Emerging Companies Fund, the Balancing Unit Class invests in the Rainwater Capital Commercial Property Fund, and the Mortgage Income Unit Class invests in the Rainwater Mortgage Income Fund.
- v) Investors in each Unit Class are entitled solely to the income and capital derived from their investment in the respective Sub-Fund associated with that Unit Class.
- vi) Significant Investor Visa (SIV) and Investor Visa (IV) investors will be invested in the Emerging Companies Unit Class Units and the Balancing Unit Class Units. Non-SIV and Non-IV investors may invest in the Emerging Companies Unit Class, the Balancing Unit Class and the Mortgage Income Unit Class.
- vii) **This Offer is for units in the Mortgage Income Unit Class only;**
- viii) The parties involved in the Fund can be represented as follows:





- ix) Investors will become Unitholders in the Fund and will subscribe for Units in the Fund in accordance with the terms of the Fund agreements, which set out the rights of Unitholders and rules for the establishment and operation of the Fund.

## 4.1 Who can invest?

This Offer is only available to wholesale clients within the meaning of the Corporations Act. A wholesale client means an Investor who:

- invests \$500,000 or more in the Fund or
- if investing less than \$500,000:
  - (i) provides a certificate from a qualified accountant (substantially in a form provided by and available from the Trustee) that states that 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
  - (ii) 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); and
  - (iii) if residing in Singapore, can also demonstrate (in addition to one of the above) they are an accredited investor or certain other person prescribed under s305 of the Securities and Futures Act by providing a declaration to that effect and suitable documentary evidence.

The Trustee has the discretion to accept applications from people who are not Qualifying Investors, provided these people are otherwise permitted by law to participate in the Offer.

The Trustee reserves the right to reject an application without providing a reason.

## 4.2 Issue of Units

Units will be issued using the Unit Price calculated as at the last day of the month in which a completed Application Form and the Application Monies are received, and are issued at the start of the following month. Units are expected to be issued within 10 Business Days of the end of the month in which a completed Application Form and Application Monies are received.

Further detail about applying for Units in the Rainwater Mortgage Income Fund is outlined in section 11.

## 4.3 Unit Price

The Unit Price for the initial issue of Units in the Rainwater Mortgage Income Fund is \$1 per Unit.

At any other time, the Unit Price will be based on the underlying value of the Rainwater Mortgage Income Fund's assets and is calculated in accordance with the terms of the Trust Deed. The redemption price for a Unit is also based on the underlying value of the fund's assets. This price may be different from the price originally paid for the Unit as the fund's assets are re-valued. Further detail about the fund's valuation policy is outlined in section 2.5.

Where the Trustee is reliant on third party information to calculate the Unit Price this determination may be delayed until such time as the information is received.

Unit prices for the Mortgage Income Unit Class will be updated on the Trustee's website from time to time.

The price that will apply to your application may be different from that on the website as the one that will apply will be the one calculated after you submit your application.

## 4.4 Redemptions

You will not be able to withdraw your investment in the Rainwater Mortgage Income Fund until after the first anniversary of the date on which your Units were first issued (and excluding the date of any reinvestment). Following this first anniversary, you may withdraw from the Rainwater Mortgage Income Fund on a quarterly basis.

Withdrawal requests must be in the prescribed form and provided to the Administration Manager at least 90 days prior to the end of each quarter to be validly accepted and processed.

The Trustee does not guarantee that the amount of cash available in the fund will be sufficient for an Investor to withdraw all of their investment.

The Trustee will use reasonable endeavours to satisfy valid withdrawal requests, however, it is not obliged to do so where there is sufficient cash available in the fund or the Trustee considers it would be a material disadvantage to the fund if some or all requests were met.

Withdrawal requests that can be satisfied will be done so within 30 days from the end of the quarter.

Only the proceeds from realisation of assets of the Rainwater Mortgage Income Fund will be used to satisfy withdrawal requests from Mortgage Income Unit Class Investors.

Where there is insufficient liquidity to satisfy all Withdrawal Requests, redemptions will be satisfied on a pro-rata basis until all Withdrawal Requests are satisfied.

Withdrawal Request Forms are available online at [www.vascofm.com](http://www.vascofm.com)

Under the terms of the Trust Deed, in certain situations, the Trustee is able to, amongst other things, suspend all redemptions or compulsorily redeem Investors where it believes that doing so is in the best interests of Investors in the fund as a whole.

## 4.5 Distributions

Distributions are expected to be paid to Investors' nominated bank accounts annually within 60 business days following the end of each quarter.

The Trustee reserves the right to make distributions more frequently in its absolute discretion.

Distributions to Investors will take into account the number of Units held by the Investor on the day each distribution is calculated.

The Trustee may also decide not to distribute amounts which it reasonably considers necessary to meet any outgoings or liabilities (actual or contingent) in respect of the Rainwater Mortgage Income Fund including any amounts required for tax withholdings. Taxes paid or withheld that are allocable to one or more Investors will be deemed to have been distributed to such Investors for the purposes of determining the above calculations.

Investors can elect to reinvest their distributions by electing to do so on their Application Form or providing a change of details form, available at [www.vascofm.com](http://www.vascofm.com).

## 5. Management of the Fund

### 5.1 The Investment Manager

*The Investment Manager has provided the below details regarding its background and management team, which has not been independently verified by the Trustee. Investors are advised to undertake their own due diligence prior to investing in the Rainwater Capital Investment Fund.*

Rainwater Capital Pty Ltd (**Investment Manager**) is the investment manager of the Rainwater Capital Investment Fund. It is responsible for marketing the Fund and managing the Fund's investments. Rainwater Capital is a Melbourne based real estate advisory and funds management firm. It works closely with overseas clients to understand their investment requirements, and leverages on its extensive knowledge and networks in Australia to help these clients to access investment opportunities in Australia.

The management of Rainwater Capital has more than 20 years' experience across real estate investment, finance, and funds management spanning Singapore, China, and Australia. This Asia-Pacific exposure has equipped the firm with an intimate understanding of the region, while its Australian base has allowed it to stay on top of the market to discern sound and attractive investments here.

The firm's flagship Rainwater Capital Investment Fund seeks to provide SIV and IV Investors with a one-stop-solution to access investments that comply with the requirements of the Australian Federal Government's SIV and IV programs. The Fund comprises investments under the three categories of Emerging Companies Investments, Balancing Investments, and Venture capital and Growth Private Equity Funds (VCPEF) investments.

In addition, the Rainwater Capital Investment Fund provides non-SIV and non-IV investors the opportunity to invest in the Rainwater Mortgage Income Fund, a Sub-Fund of the Rainwater Capital Investment Fund. The Rainwater Mortgage Income Fund seeks to provide investors access to a well-diversified portfolio of mortgage funds that offers competitive risk-adjusted returns. The emphasis of the fund is on capital stability, while providing investors a regular income and the ability to redeem their investments on a quarterly basis, after the first year of investment.

The Investment Manager is a corporate authorised representative (No. 001293280) of D H Flinders Pty Ltd AFSL: 353001.

The Investment Manager has provided the following description of its principal:

#### **Wallace Woon, Managing Director**

Originally from Singapore, Wallace started his investment career as an analyst in property developer Ascendas (now part of the CapitaLand Group), where he honed his fundamental research and financial modelling skills assessing a range of development and acquisition opportunities in the industrial and commercial property sectors. As an Investment Director in Keppel Land, Wallace spent six years in Beijing, where he was responsible for driving the company's land acquisition efforts in Beijing and overseeing other investments in North China. Since 2014, Wallace has been based in Australia, where he has been involved in various investment, funds management, and project management roles in the property industry. Trained in economics at Singapore's prestigious Nanyang Technological University and a CPA, Wallace is fluent in English and Mandarin Chinese.

## 5.2 The Trustees and Administration Manager

Vasco Custodians Pty Ltd (**Trustee**) and Vasco Fund Services Pty Limited (**Administration Manager**) are part of a corporate trustee group (**Vasco**) that provides responsible entity, trustee and fund administration services to Australian and international investment managers.

The Vasco team has significant experience in the Asia Pacific region in the management of equity funds, fixed income funds, REITs, private equity real estate funds, real estate securities funds, and mortgage and real estate debt funds.

Some of the funds Vasco's executives have developed include the \$2.5 billion Australian Unity Healthcare Property Trust ARSN 092 755 318 and the \$1.5 billion AIMS Industrial REIT listed on the Singapore Securities Exchange.

The Managing Director of Vasco was responsible for establishing the real estate funds management businesses of Australian Unity Funds Management Limited and MacarthurCook Limited.

Clients of Vasco have included Golden Age Development Group, China Asset Management (HK), Infrastructure Partners Investment Fund, Vital Healthcare Property Fund, Phillip Asset Management Limited and Morgan Stanley Real Estate.

As the Fund's trustee, Vasco Custodians Pty Ltd 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.

Vasco Fund Services Pty Limited is the Administration Manager of the Rainwater Capital Investment Fund.

The appointment of the Trustee and Administration Manager is subject to a minimum of a four-year term.

## 5.3 Trustee of the Rainwater Mortgage Income Fund

DHF Investment Services Pty Ltd is the trustee of the Rainwater Mortgage Income Fund. The appointment of the trustee and Administration Manager is subject to a minimum of a four-year term.

## 6. Fees and Costs

### 6.1 Investor and fund fees and costs

The table below sets out the fees and costs (exclusive of GST unless otherwise stated) that Investors or the Fund may be charged.

Type	Amount	Paid to and when
<b>Account Fees</b>		
Fees and charges incurred directly by each Investor on entry and exit		
<b>Entry and Exit fee</b>	None	Not applicable
<b>Fund Fees</b>		
Fees and costs paid by the Fund		
<b>Investment Management fees</b>	<p>The Investment Manager is entitled a management fee comprising the balance of net income generated by the Rainwater Mortgage Income Fund after payment of all fees and Expenses of the fund and Unitholder distributions (based on the Target Return).</p> <p>The management fee is calculated daily on the net asset value of the Rainwater Mortgage Income Fund and is accrued and paid monthly.</p>	
<b>Trustee fees*</b>	The Trustee is entitled to an <b>Establishment Fee</b> of \$32,000.	This fee was paid to the Trustee on commencement of the Fund.
	The Trustee is entitled to an <b>Annual Fee</b> , equal to 0.10% per annum of the Fund's gross asset value, subject to a minimum annual fee of \$25,000.	Paid to the Trustee monthly in arrears from processing of the first Application to invest in the Fund.
	The Trustee is entitled to a <b>Document review and execution fee</b> of \$250 for the review and execution of transaction documents associated with each particular investment that the Fund makes.	Paid to the Trustee from the Fund's assets as and when incurred.
	<p>The Trustee is entitled to receive an <b>Annual Regulatory Levy Recovery Fee</b> of:</p> <ul style="list-style-type: none"> <li>• \$1,500; plus</li> <li>• \$75 per \$1 million of the Fund's gross asset value.</li> </ul> <p>This fee is subject to annual review and may change based upon costs incurred by the Trustee.</p>	Paid to the Trustee annually from the Fund's assets.
<b>Trustee Termination fees*</b>	The Trustee will be entitled to a <b>Termination Fee</b> where the Trustee is replaced or retires as trustee of the Fund of \$14,500.	Paid to the Trustee immediately prior to its retirement or replacement



Type	Amount	Paid to and when
<b>Sub-Fund trustee fees*</b>	The Sub-Fund trustee is entitled to an <b>Annual Fee</b> of up to \$10,000 in respect of each Sub-Fund.	Paid to the Sub-Fund trustee monthly in arrears from processing of the first Application to invest in the Sub-Fund.
<b>Administration fees</b>	The Administration Manager is entitled to an <b>Administration Fee</b> of: <ul style="list-style-type: none"> <li>\$25,000 per annum where the Fund has gross assets of less than \$20 million and there are less than 25 Investors; or</li> <li>\$35,000 per annum where the Fund has gross assets of \$20 million or more or there are 50 or more Investors; or</li> </ul> <p>The Administration Fee is subject to an annual increase of 5% on 1 January of each year.</p> <p>The Administration Manager's appointment is for a minimum term of 4 years.</p>	Paid to the Administration Manager monthly in arrears from the processing of the first Application to invest in the Fund.
<b>Sub-Fund Administration fees</b>	The Administration Manager is entitled to an Administration Fee of up to \$10,000 per annum for each Sub-Fund.	Paid to the Administration Manager monthly in arrears from the processing of the first Application to invest in the Sub-Fund.
<b>Expenses*</b>	The Trustee or relevant party appointed by the Trustee is entitled to be paid or reimbursed for expenses associated with establishing and the operation of the Fund.	Paid to the Trustee or relevant party appointed by the Trustee as and when incurred
<b>Distribution Fees</b>	Distribution fees encompass various costs associated with promoting the Rainwater Mortgage Income Fund. These fees include marketing expenses and payments to brokers, advisers, and intermediaries. The Investment Manager will pay all such fees from its own resources and not from the fund.	

*\*Any fees and expenses outstanding for more than 60 days attract an interest charge of 10% per annum until paid.*

## 6.2 Payment of fund fees and costs

The Investment Manager has agreed to pay the fees and expenses payable by the Fund until such time as, in the opinion of the Trustee, they are able to be paid from the assets of the Fund and may at the discretion of the Trustee be reimbursed from the Fund's assets for these payments.

## 6.3 Buy and Sell Spread

It is not anticipated that there will be a buy/sell spread for the Rainwater Mortgage Income Fund.

Buy and sell spreads are calculated based on the actual or estimated costs the Fund may incur when buying or selling assets, such as stamp duty on a property purchase or brokerage fees on the sale of a business, or the costs associated with the raising of capital for the Fund.

The buy and sell spreads are retained within the Fund and are not fees paid to the Trustee.

The buy spread is taken out of application amounts. The sell spread is taken out of withdrawal amounts.

The buy and sell spreads may be updated from time to time and will be published online at [www.vascofm.com](http://www.vascofm.com).

## **6.4 Expenses**

The Trustee, Investment Manager and Administration Manager are entitled to be paid or reimbursed for all expenses properly incurred in connection with performing their duties and obligations in the day-to-day operation of the Fund. Such expenses include, but are not limited to, any additional costs associated with the administration or distribution of income, asset management and the management of defaults and arrears.

The Trust Deed for the Fund sets out the rights of the Trustee to be paid or reimbursed for expenses of the Fund reasonably and properly incurred by the Trustee in the proper performance of its duties, and include a non-exhaustive list of the types of the expenses to which the Trustee is entitled to be paid or reimbursed.

## **6.5 Change to fees and other costs**

The Trustee may change the above fees and expenses charged to Investors by giving at least 30 days written notice to Investors, subject to any fee limits in the Trust Deed. The Trustee may agree with any Investor any fee arrangements with that Investor which are different to the fees set out above.

## **6.6 Goods and services tax**

Unless otherwise stated, all fees quoted in the SIM are quoted exclusive of GST.

## **6.7 Interest of application monies**

Interest earned on application monies is retained by the Trustee.

## **6.8 Waiver, deferral or rebate of fees**

The Trustee or Investment Manager may 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, negotiate or rebate their fees.

## 7. Risks

All investments involve varying degrees of risk. While there are many factors that may impact on the performance of any investment, the section below summarises some of the major risks that investors should be aware of when investing in the Fund.

Before investing, prospective investors should consider whether the Fund is a suitable investment, having regard to their personal investment objectives, financial position, and particular needs and circumstances. Investors should also consider and take into account the level of risk with which they are comfortable, the level of returns they require, as well as their frequency and nature, and their investment time horizon. Investors should seek professional advice in setting their investment objectives and strategies.

The risks described below are not exhaustive, and whether a risk is specifically referred to in this section or not, that risk may have a material effect on the performance and value of the Fund.

Importantly, investors should note that the value of an investment in the Fund, and income received by investors, may rise or fall and, consequently, investors may suffer losses (including the loss of all of their capital investment in the Fund).

### 7.1 Risks applicable to all investments in the Fund

#### 7.1.1 *Investment risk*

The value of an investment may rise or fall, distributions may or may not be paid and an Investor's capital may or may not be returned. No guarantee is made by the Trustee, the Investment Manager, nor any of their directors, associates, or consultants on the performance of the Fund.

#### 7.1.2 *Manager Risk*

The Trustee and Investment Manager may elect to retire or may be replaced as the Trustee or Investment Manager of the Fund or the services of key personnel of the Trustee and Investment Manager may become unavailable for any reason.

There is always a risk that the Trustee and Investment Manager may fail to identify and adequately manage the investment risks in the Fund's portfolio and thus affect the ability to pay distributions or reduce the value of the Units.

Operational risks of the Trustee, the Investment Manager and the Administration Manager include the possibility of systems failure, regulatory requirements, documentation risk, fraud, legal risk and other unforeseen circumstances.

The Fund is relying on the ability of the Investment Manager and its investment professionals to achieve the Fund's objectives when investing in projects. 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.

#### 7.1.3 *Third party manager risk*

The Unit Classes may invest in certain other Australian managed investment schemes, which will be managed by third-party managers.

There is a risk a third-party manager or its investment strategy will not achieve its performance objectives or produce returns that compare favourably against its peers, which may result in lower returns or a capital loss for the relevant Unit Classes which has invested in that fund.

#### *7.1.4 Key personnel risk*

The Trustee and Investment Manager both rely on a small number of professionals. In particular, Mr Craig Dunstan is a key individual of the Trustee, and Wallace Woon is a key individual of the Investment Manager, which is responsible for implementing the investment strategy of the Fund. If either of these parties or any other key personnel from the Trustee or the Investment Manager resigned, or were terminated, a suitable replacement may not be achieved within a reasonable time frame, and any replacement would be subject to similar risks.

#### *7.1.5 Legal, regulatory and compliance risk*

Changes in government legislation, regulation and policies generally could materially adversely affect the operating results of the Fund. Although unable to predict future policy changes, the Investment Manager intends to manage this risk by monitoring and reacting to any potential regulatory and policy changes.

The operation of a funds management business in Australia is subject to significant regulation by Australian government authorities, including without limitation the ASIC, the Australian Transactions Reporting and Analysis Centre, the Foreign Investment Review Board and the Australian Consumer and Competition Commission. There is a risk that the Fund may not comply at all times with its various obligations under government regulations, and this may result in the loss of authorisations of the AFSL held by the Trustee thereby preventing the continued operation of the Fund.

Furthermore, legal risks arise where contracts used by the Fund to make the unsecured loan agreements are found to be defective or unenforceable against counterparties. To manage this risk, the Responsible Entity or Investment Manager will ensure that a reputable legal practitioner with professional indemnity insurance is engaged to prepare and finalise legal agreements.

#### *7.1.6 Liquidity risk*

The Fund is an illiquid investment.

An investment in the Fund should be viewed as illiquid. There is currently no secondary market for units in the Fund and it is unlikely that any active secondary market will develop. There are substantial restrictions upon the transferability of Units under the Fund Agreements and applicable securities laws.

Investors must also note withdrawal requests do not need to be met if the Trustee considers it would be a material disadvantage to the Fund if some or all requests were met.

You should only consider an investment in this Fund if you are not likely to require access to your investment in the medium term.

#### *7.1.7 Information not complete or accurate*

The Investment Manager is not in a position to confirm the completeness, genuineness or accuracy of any information or data included in this SIM. A significant amount of the material provided in this SIM was supplied by third parties. This information has not been audited or independently reviewed.

## 7.1.8 Tax risk

Tax regulations can change and changes can be adverse. Investors should consider their own circumstances before investing.

## 7.1.9 Interest Rate Risk

Interest rates fluctuate from time to time, depending on a range of circumstances wholly outside of the control of Rainwater, and the Fund. Changes in interest rates may have a negative impact, either directly or indirectly, on investment returns.

## 7.1.10 Operating history

The performance of the Mortgage Income Unit Class will depend on the Investment Manager's ability to carry out the proposed investment strategy of the Rainwater Mortgage Income Fund successfully.

## 7.1.11 Fees and expenses

The Fund will incur fees and expenses regardless of whether it is successful. The Fund will pay Investment Manager fees, Trustee fees and administration fees whether or not it receives its returns. In addition, the Fund will also be required to pay annual Investment Manager fees, Trustee fees and administration fees whether the funds raised are fully utilised or not. The Fund must therefore ensure that sufficient liquidity is maintained in order to meet these and other expenses. The Trustee and the Investment Manager expect to incur significant costs and expenses in seeking to source, evaluate, structure, negotiate, close, monitor and exit the investment including, but not limited to, financial, legal, technical, regulatory, commercial advisers, engaged to assist the Trustee and the Investment Manager in seeking to source, evaluate, structure, negotiate, close, monitor and exit the investment. There can be no assurance that the Fund will be successful in being able to recover these fees and expenses from a successfully closed investment. These amounts may be significant and could have an adverse impact on the return that Investors might otherwise realise.

## 7.1.12 Currency risk

The Fund's investment will be denominated in Australian dollars and therefore the weakening of a country's currency relative to the Australian dollar will negatively affect the value of the Fund from the perspective of an international Investor. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation, central bank policy and political developments.

## 7.1.13 Valuation Risk

This is the risk that the valuation of the investments contemplated by the Fund are inaccurate at the time of deciding to invest so that the amount realised on exit is less than would have been expected had the valuation been correct. There is also the risk that where a professional valuer is used who provides an inaccurate valuation, that valuer does not have or no longer has adequate professional indemnity insurance to cover the valuation on which the lender relies.

## 7.1.14 Cyber Security risk

Investors should be aware that while the Trustee has implemented technologies, processes, and practices designed to protect its networks, devices, programs, and data (or Information Technology Systems) such Information Technology Systems may still be subjected to malicious attack, damage, or unauthorised access.



Such Information Technology Systems may include the storage of information concerning an Investor's identity, financial interests or other personal details provided to the Trustee in connection with their investment in the Fund.

In the event serious harm is a likely outcome of a breach of the Trustee's Information Technology Systems, the Trustee or Investment Manager (as may be required) will notify the affected individuals and recommend steps that ought to be taken in response to the breach. The Trustee may also be required to notify any regulatory authority as required by law.

#### *7.1.15 Disputes and Defaults Risk*

In the ordinary course of its operations, the Fund may be involved in disputes and possible litigation with tenants or other service providers. There exists a risk that a material or costly dispute or litigation could affect the amount of expected income of the Fund.

#### *7.1.16 COVID-19*

Any number of unknown risks may arise as a result of the current COVID-19 pandemic which may adversely impact the Fund and returns to Investors. As a result, the income of the Fund may be materially impacted, and this may have a negative impact on the value of your Units and any distributions to Investors.

There are also a number of other risks that may be heightened as a result of the COVID-19 pandemic, including liquidity and valuation risk. There may also be changes to domestic or international laws and government policies as a result of the COVID-19 pandemic, which may adversely impact the operation of the Fund and result in additional costs to Investors.

#### *7.1.17 Other risks*

It is important to note that not all risks can be foreseen. It is therefore not possible for the Investment Manager to protect the value of the Fund's investment from all risks. Investors should ensure they obtain appropriate professional advice regarding the suitability of an investment in the Fund having regard to their individual circumstances, including investment objectives, their level of borrowings, their financial situation and individual needs.

Whilst the Trustee and Investment Manager have taken steps to ensure that the information presented in the SIM is correct, it is possible that due to factors such as the passage of time or the uncertainty in the forecast details that the information contained in this SIM may be inaccurate at the date of release of the SIM or at a later date.

Neither the Trustee nor Investment Manager guarantees the repayment of investments or the performance of the Fund.

## **7.2 Risks applicable to Mortgage Income Unit Class**

Investments made by the Mortgage Income Unit Class through the Rainwater Mortgage Income Fund will be cash and mortgage funds.

#### *7.2.1 Diversification risk*

According to the investment guidelines of the Rainwater Mortgage Income Fund, the fund will invest in mortgage funds tied to real estate loans in the Australian and New Zealand markets, concentrating on the major capital and regional cities. It seeks to diversify its portfolio by investing in multiple mortgage funds with varied exposure to different locations, real estate sectors, loan purposes, security types and redemption terms. The fund aims for a

cumulative minimum of one hundred underlying loans with no single loan exceeding 15% of its assets. However, the Investment Manager is not obligated to adhere strictly to these guidelines and may make investments outside of these guidelines, which could impact the extent of the fund's diversification. This may expose the fund to events affecting the income and value of the mortgage funds that it invests in, or its ability to meet withdrawal applications in a timely manner.

## *7.2.2 Underlying property risk*

There may be external influences from time-to-time, including unforeseen items of expenditure which have not been budgeted for and loss of revenue, which adversely affect the value of underlying properties and mortgages held by the mortgage funds which the Rainwater Mortgage Income Fund invests in. These may result in a reduction of distributions and returns as well as the capital value of the underlying properties and mortgages held by these funds.

## *7.2.3 Property Market risk*

Real estate valuations fluctuate and the value of real property is determined by market forces at any particular time. This may result in the value of the properties and mortgages held by the mortgage funds in which the Rainwater Mortgage Income Fund invests, increasing or declining in value. There is also a risk that at the end of the investment term or in the event that the mortgage security needs to be enforced, the properties may not be able to be sold for its current valuation or there may be delays in selling the properties, due to property market conditions or other factors.

## *7.2.4 Planning and development risk*

The mortgage funds in which the Rainwater Mortgage Income Fund invests, may invest in development projects. There are numerous risks associated with such projects. For example, these funds could be exposed to adverse planning and building approvals and timing delays which could occur at any stage of the process, increasing the duration of projects and impacting negatively on cash flows. Approval may not be granted or granted on conditions these funds do not find acceptable. There is also a risk that contractors may default under the terms of a contract due to circumstances outside the control of these funds (for example, if a contractor becomes insolvent). This may in turn affect the value of the underlying property or property mortgage.

## *7.2.5 Environmental, Social and Governance risks*

Land contamination, the presence of hazardous materials, asbestos or other contaminants may be found on the projects and have an adverse impact on the mortgage funds which the Rainwater Mortgage Income Fund invests in.

Furthermore, changes in environmental policy, ratings systems (e.g., NABERS) and other legislated environmental outcomes may adversely affect the projects of these funds. Additionally, changes in social norms, outcomes or expectations, including the governance of investments, may impact positively or negatively on these funds.

## *7.2.6 Interest rate risk*

Fluctuations in market interest rates may impact the investments of the mortgage funds which the Rainwater Mortgage Income Fund invests. For example, rising market interest rates may increase a variable loan borrower's interest cost, making it more difficult to make regular payments. Risk also arises with changes in market yields that change the value of interest rate investments. An increase in interest rates leads to a reduction in the value of a fixed interest investment and vice versa. This risk is usually greater for fixed interest investments that have longer maturities.

## 7.2.7 *Valuation Risk*

This is the risk that the valuation of the underlying properties of the mortgage funds in which the Rainwater Mortgage Income Fund invests is inaccurate at the time of making the investment so that the amount realised on sale of such properties is less than would have been expected had the valuation been correct. There is also the risk that a valuer who provides an inaccurate valuation does not have or no longer has adequate professional indemnity insurance to cover the valuation on which the lender relies. In the event that the valuations obtained by purchasers to secure finance are below the purchase price, this may adversely impact their ability to settle.

## 8. Taxation Information

The information in this section is of a general nature and is not, nor is it intended to be, tax advice, and cannot be relied upon as such.

Each Investor's taxation position will depend on their individual circumstance and Investors should seek their own taxation advice in relation to the taxation of income distributed by the Fund, whether interest, dividends, capital gains, etc.

### 8.1 Tax File Number and Australian Business Number

It is not compulsory for an Investor to quote a Tax File Number (TFN), claim a valid exemption for providing a TFN, or (in certain circumstances) provide an Australian Business Number (ABN). However, if an Investor does not provide a TFN, exemption or ABN, tax will be required to be deducted from the Investor's distributions at the highest marginal tax rate plus Medicare levy and any other applicable Government charges (currently 47%).

### 8.2 Stamp Duty on the transfer of Units

As the register of the Fund will be maintained in Victoria, no marketable securities duty is payable on the transfer of Units in the Fund. Land rich or landholder duty may be payable in the issue, redemption or transfer of Units in any Australian jurisdiction where the Fund owns or has an interest in land.

### 8.3 Foreign Account Tax Compliance Act (FATCA)

FATCA is United States (US) tax legislation that enables the US Internal Revenue Service (IRS) to identify and collect tax from US residents that invest in assets through non-US entities. If you are a US resident for tax purposes, you should note that the Fund is or is expected to be a 'Foreign Financial Institution' under FATCA and it intends to comply with its FATCA obligations, as determined by either the FATCA regulations or any inter-governmental agreement (IGA) entered into by Australia and the US for the purposes of implementing FATCA. Under these obligations, the Fund will have to obtain and disclose information about certain Investors to the Australian Taxation Office (ATO). In order for the Fund to comply with its obligations, we will also request that you provide certain information about yourself, including your US Taxpayer Identification Number (TIN). We will only use such information for this purpose from the date the Fund is required to do so.

### 8.4 Common Reporting Standards (CRS)

CRS is the standard set by the Organisation for Economic Co-operation and Development (OECD) for the automatic exchange of information with revenue authorities for tax non-residents that invest in certain financial accounts. The standard covers both the identification of tax non-residents and reporting on the applicable financial accounts. The Trustee is a 'Reporting Financial Institution' under CRS and intends to comply with its CRS obligations under any relevant Australian laws and regulations, including obtaining and disclosing information about certain investors to the ATO or other foreign tax authorities as required. To facilitate these disclosures, Investors will be required to provide certain information such as that relating to their country of tax residence and their relevant taxpayer identification number (if applicable).

### 8.5 Foreign Investment Review Board (FIRB)

Investors are likely to be predominantly entities that are domiciled and operate outside Australia. As a result, the Fund will be characterised as a "foreign person" for purposes of the Foreign Acquisitions and Takeovers Act 1975

(Cth) (FTA), meaning that acquisitions of Australian assets by the Fund will be subject to the review processes contemplated by the FTA.

The Australian Government has established, under the FTA, related regulations and foreign investment policy, investment thresholds for foreign persons. Generally, the effect of these is that the acquisition of any asset (including shares in a company, instruments convertible into shares in a company and direct Project equity) for a consideration of \$A 252 million or less and, in the case of shares in a company, for the acquisition of 20% or less of the fully-diluted issued capital of the company will be approved automatically on a notification-only basis. However, other requirements apply in respect of residential real estate, vacant land and shares or units in companies or unit trusts that have 50% or more of the value of their assets in Australian urban land. Other requirements also apply to the acquisition of interests in developed commercial real estate.

All the investments by the Fund will be under this threshold and thus not require specific approval.

## 9. Additional Information

### 9.1 Summary of important documents

The following is a summary of material documents relevant to the Fund. The material documents are:

1. Trust Deed
2. Investment Management Agreement
3. Administration Agreement

You should consider whether it is necessary to obtain independent advice on any of the documents.

#### 9.1.1 *Trust Deed*

The Trust Deed is the primary document that governs the way the Fund operates and sets out many of the rights, liabilities and responsibilities of both the Trustee and Investors.

The Trust Deed provides for the issue of different classes of Units. The terms of those classes are set out in the Trust Deed and the terms of issue for the relevant class of Unit. There will be three classes of Units on issue in the Fund; the Emerging Companies Unit Class which will only have rights to the income and capital of the Rainwater Capital Emerging Companies Fund, the Balancing Unit Class which will only have rights to the income and capital of the Rainwater Capital Commercial Property Fund, and the Mortgage Income Unit Class which will only have rights to the income and capital of the Rainwater Mortgage Income Fund. Subject to the Trust Deed, as an Investor you have the following rights:

- The right to share in any distributions;
- The right to attend and vote at meetings of Investors; and
- The right to participate in the proceeds of winding up of the Fund.

The Trust Deed contains provisions about convening and conducting meetings of Investors.

The Trustee can amend the Trust Deed without the approval of Investors provided the Trustee reasonably considers the changes will not adversely affect your rights. The Trust Deed can also be amended by a special resolution passed by Investors.

A copy of the Trust Deed is available free of charge by contacting the Trustee on +61 3 8352 7120.

#### 9.1.2 *Investment Management Agreement*

The Investment Management Agreement is between the Investment Manager and the Trustee under which the Investment Manager provides investment management services to the Fund.

The Investment Management Agreement sets out the Investment Manager's obligations to the Trustee and to the Fund. The agreement also contains the fees payable to the Investment Manager for its services.

The Investment Management Agreement will remain in force until the Fund is wound up, unless the agreement is terminated earlier in accordance with its provisions. The agreement can be terminated by the Trustee if the Investment Manager is in material breach of the agreement, and that breach has not been remedied after a certain time. There are also provisions allowing the Trustee and Investment Manager to terminate if, for example, either party becomes insolvent.

### 9.1.3 Administration Agreement

The Administration Agreement is between the Administration Manager, the Trustee and the trustee of the Sub-Fund, under which the Administration Manager provides fund administration and accounting services to the Fund and the Sub-Fund.

The Fund Administration Agreement sets out the Administration Manager's obligations to the Trustee and to the Fund. The agreement also contains the fees payable to the Administration Manager for its services.

## 9.2 Privacy

In applying to invest, you are providing the Trustee and the Investment Manager with certain personal details (your name, address etc.). The Trustee uses this information to establish and manage that investment for you.

Under the *Privacy Act 1988* (Cth), you can access personal information about you held by the Trustee, except in limited circumstances. Please let the Trustee know if you think the information is inaccurate, incomplete or out of date. You can also tell the Trustee at any time not to pass on your personal information by advising it in writing.

If you do not provide the Trustee with your contact details and other information, then it may not be able to process your application to invest.

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 it holds about you to other companies which are involved in helping it administer the Fund, or where they require it for the purposes of compliance with AML/CTF law or in connection with the holding of Application Money. The Trustee may also use your information to provide you with details of future investment offers made by it or the Investment Manager.

## 9.3 Complaints handling

Applicants and Investors who wish to make a complaint about the Fund should contact the Trustee by telephone on +61 3 8352 7120, by email to [info@vascofm.com](mailto:info@vascofm.com), or in writing addressed to:

The Complaints Officer  
Vasco Custodians Pty Ltd  
Level 4, 99 William Street  
Melbourne VIC 3000

The Trustee will acknowledge a complaint as soon as practicable after receiving it and will notify the complainant of its decision, remedies, and other information in accordance with the Trustee's complaints handling process.

## 9.4 Anti-money laundering law

The Trustee is required to comply with the Anti-Money Laundering and Counter Terrorism Financing Act 2006 (AML/CTF Law). This means that the Trustee will require potential Investors to provide personal information and documentation in relation to their identity when they invest in the Fund. The Trustee may need to obtain additional information and documentation from Investors to process applications or subsequent transactions or at other times during the period of the investment.

The Trustee may need to identify:

- (a) an Investor prior to purchasing Units in the Fund. The Trustee will not issue Units until all relevant information has been received and an Investor's identity has been satisfactorily verified; and
- (b) anyone acting on behalf of an Investor, including a power of attorney.

In some circumstances, the Trustee may need to re-verify this information.

By applying to invest in the Fund, Investors also acknowledge that the Trustee may decide to delay or refuse any request or transaction, including by suspending the issue or withdrawal of Units in the Fund, if it is concerned that the request or transaction may breach any obligation of, or cause the Trustee to commit or participate in an offence under, any AML/CTF Law, and the Trustee will incur no liability to Investors if it does so.

## 9.5 Transfer of Units

You can transfer the ownership of your Units at any time provided that the transferee meets the requirements of an Investor in the Fund and has been approved by the Trustee.

Under the Trust Deed, the Trustee has the discretion to refuse the transfer of Units and is not obliged to accept a transfer of Units. Please note that a transfer of Units may have taxation consequences.

There will not be any established secondary market for the sale of Units.

## 9.6 Consents

Written consent to be named in the SIM in the form and context in which they are named have been provided by the following parties who have not withdrawn their consent prior to the date of this SIM:

- D H Flinders Pty Ltd
- DHF Investment Services Pty Ltd
- Rainwater Capital Pty Ltd
- Vasco Fund Services Pty Limited



## 10. Definitions

Administration Manager	Vasco Fund Services Pty Limited ACN 610 512 331.
Application Form	The application form for an investment in the Fund, accompanying this SIM.
Application Monies	The monies paid by an applicant for Units in the Fund.
ASIC	The Australian Securities and Investments Commission.
Balancing Unit Class	Rainwater Capital Balancing Unit Class, as a class of units issued in the Fund
Balancing Unit Class Units	Units in the class known as "Balancing Unit Class" issued subject to the Balancing Unit Class Unit Terms of Issue.
Corporations Act	<i>Corporations Act 2001 (Cth)</i> .
Emerging Companies Unit Class	Rainwater Capital Emerging Companies Unit Class, as a class of units issued in the Fund.
Emerging Companies Unit Class Units	Units in the class known as "Emerging Companies Unit Class" issued subject to the Emerging Companies Unit Class Unit Terms of Issue.
Fund	The Rainwater Capital Investment Fund.
Fund Agreements	The Trust Deed and associated documents, whose provisions govern the Fund and set out the rights of unitholders and powers and duties of the Investment Manager, amongst other matters.
IM	The information memorandum of the Rainwater Capital Investment Fund issued to provide certain information about the Fund to potential Fund Investors in connection with their consideration of an investment in the Fund.
Investment Manager	Rainwater Capital Pty Ltd (ACN 652 938 791). The Investment Manager is a corporate authorised representative (No. 001293280) of DH Flinders Pty Ltd AFSL: 353001
Investment Management Agreement	The investment management agreement between the Trustee and the Investment Manager dated 4 October 2021.
Investors	The investors in the Fund.
IV	Investor Visa.
Mortgage Income Unit Class	Mortgage Income Unit Class, as a class of units issued in the Fund.
Mortgage Income Unit Class Units	Units in the class known as "Mortgage Income Unit Class" issued subject to the Mortgage Income Unit Class Unit Terms of Issue.

Offer	The invitation to subscribe for units in the Rainwater Capital Investment Fund - Mortgage Income Unit Class as set out in this SIM.
Rainwater Capital or Investment Manager	Rainwater Capital Pty Ltd (ACN 652 938 791).
SIM	This supplementary information memorandum of the Rainwater Capital Investment Fund – Mortgage Income Unit Class, issued to provide certain information about the Rainwater Mortgage Income Fund to potential Investors in connection with their consideration of an investment in the Rainwater Mortgage Income Fund.
SIV	Significant Investor Visa.
Sub-Fund	The Rainwater Capital Emerging Companies Fund, the Rainwater Capital Commercial Property Fund or the Rainwater Mortgage Income Fund or any other Sub-Fund to be set up as a sub-fund of the Rainwater Capital Investment Fund, as the context requires.
Trust Deed	The constitution for the Fund dated 4 October 2021, as amended from time to time.
Trustee or Vasco	Vasco Custodians Pty Ltd ACN 644 232 539
Unit	A unit in the Fund.

# 11. Application for Units

## 11.1 Applications for Units

An application for Units can only be made by completing and lodging the Application Form that is included below (**Application**).

**This Application is for units in the Mortgage Income Unit Class only**

Instructions relevant to completion of the Application Form are set out in the form.

A completed original Application Form, including relevant identification documents, should be lodged by sending it to the Administration Manager at the following address:

**Rainwater Capital Investment Fund  
Vasco Fund Services Pty Limited  
Level 4, 99 William Street  
Melbourne, Victoria 3000  
Australia**

An Application constitutes an offer by the applicant to subscribe for Units on the terms and subject to the conditions set out in this SIM.

If the Application Form for Units is not completed correctly or if the payment of the Application Monies is for the wrong amount, the Application may still be treated as a valid Application at the sole discretion of the Trustee.

However, where the payment is for less than the investment amount applied for, the Application will be deemed to be for the lower amount received, subject to the minimum investment amount of the Fund.

The Trustee reserves the right to reject an Application (in whole or in part) without reason.

All Application Monies received in relation to the Offer will be held in the account of the Trustee until allotment of the relevant Units. Any interest earned on Application Monies will be retained by the Trustee and will not form part of the assets of the Fund.

## Schedule – Offering legends

It is the responsibility of any persons wishing to apply to subscribe for interests to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdictions. Prospective investors should inform themselves as to the legal requirements and tax consequences within the countries of their citizenship, residence, domicile and place of business with respect to the acquisition, holding or disposal of interests, and any foreign exchange restrictions that may be relevant hereto.

### **AUSTRALIA**

This SIM may not be circulated or distributed and no offer for subscription or purchase of the Units offered hereby, nor any invitation to subscribe for or buy such interests has been made or issued, directly or indirectly, in Australia, other than to prospective Investors who are wholesale clients as defined in section 761G of the Corporations Act in an offer exempt from the disclosure requirements of Part 7.9 of the Corporations Act. Further, the Units offered hereby may not be resold in Australia within a period of 12 months after the date of issue otherwise than by means of an offer exempt from the disclosure requirements of Part 7.9 of the Corporations Act.

This SIM is not a prospectus nor product disclosure statement under the Corporations Act and is not required to be, and has not been, lodged with ASIC. To the extent that information in this SIM constitutes financial product advice, it is general financial product advice only, is provided by the Investment Manager and does not consider the specific objectives, financial intentions or needs of any particular person. Each person considering subscribing for interests should read this SIM in full before making a decision to acquire any interests. There is no cooling-off regime in Australia that applies in respect of the issue of the Units.

### **SINGAPORE**

The Fund is a restricted scheme as referred to in section 305 of the Securities and Futures Act and an application for registration will be submitted to the Monetary Authority of Singapore prior to any offer made to investors in Singapore. This SIM has been prepared on the basis that prospective Investors from Singapore are accredited investors or certain other persons prescribed under section 305 of the Securities and Futures Act. Accordingly, this scheme is not authorised or recognised by the Monetary Authority of Singapore and Units in this scheme are not allowed to be offered to the retail public. Further, this SIM is not a prospectus as defined in the Securities and Futures Act and, accordingly, statutory liability under the Securities and Futures Act in relation to the content of prospectuses does not apply, and the offeree should consider carefully whether the investment is suitable for them.

## Corporate Directory

### INVESTMENT MANAGER

Rainwater Capital Pty Ltd

(ACN 652 938 791)

Level 4, 99 William Street

Melbourne, Victoria, 3000, Australia

**Website:** [www.rainwatercapital.com.au](http://www.rainwatercapital.com.au)

**Telephone:** +61 3 8839 1173

**Email:** [invest@rainwatercapital.com.au](mailto:invest@rainwatercapital.com.au)

### TRUSTEE OF THE RAINWATER CAPITAL INVESTMENT FUND

Vasco Custodians Pty Ltd

Level 4, 99 William Street

Melbourne, Victoria, 3000, Australia

**Website:** [www.vascofm.com](http://www.vascofm.com)

**Telephone:** +61 3 8352 7120

**Email:** [info@vascofm.com](mailto:info@vascofm.com)

### ADMINISTRATION MANAGER

Vasco Fund Services Pty Limited

Level 4, 99 William Street

Melbourne, Victoria, 3000, Australia

**Website:** [www.vascofm.com](http://www.vascofm.com)

**Telephone:** +61 3 8352 7120

**Email:** [info@vascofm.com](mailto:info@vascofm.com)

### TRUSTEE OF THE RAINWATER MORTGAGE INCOME FUND

DHF Investment Services Pty Ltd

Level 4, 99 William Street

Melbourne, Victoria, 3000, Australia

**Website:** [www.vascofm.com](http://www.vascofm.com)

**Telephone:** +61 3 8352 7120

**Email:** [info@vascofm.com](mailto:info@vascofm.com)

# Application Form

RAINWATER CAPITAL



## Rainwater Capital Investment Fund

Use this application form if you wish to invest in:

### Rainwater Capital Investment Fund - Mortgage Income Unit Class

The Supplementary Information Memorandum (SIM) for the Rainwater Capital Investment Fund - Mortgage Income Unit Class (Fund) dated 22 February 2024 includes information about purchasing Units in the Fund. Any person who gives another person access to this Application Form must also give the person access to the SIM and any incorporated information. You should read the SIM and any incorporated information before completing this application form.

The trustee of the Fund is Vasco Custodians Pty Ltd ACN 644 232 539 AFSL 530682 (Vasco). Vasco or a financial adviser who has provided an electronic copy of the SIM and any incorporated information, will send you a paper copy of the SIM and any incorporated information and application form free of charge if you so request.

## Customer identification

If you are a new investor, you are also required to complete the relevant Customer Identification Form depending on what type of investor you are e.g. individual or super fund. The Customer Identification Forms are available on our website [www.vascofm.com](http://www.vascofm.com) or by calling our Investor Services team on +61 3 8352 7120.

Australia's Anti-Money Laundering and Counter Terrorism Financing (AML/CTF) legislation obliges us to collect identification information and documentation from prospective investors.

Investors are required to complete this Application Form together with the relevant Customer Identification Form and send these to us with the required identification documentation. We will not be able to process your Application without a correctly completed Customer Identification Form and the required identification documentation.

## Important Information for Financial Advisers

When using this Customer Identification Form, please complete Sections 1 or 2 and 3.

If you are a financial adviser who has identified and verified the investor, by completing this Customer Identification Form together with Section 11 and the verification procedure and in the consideration of Vasco accepting the investor's application:

- you agree to identify and verify using this Customer Identification Form for new investors
- you agree to retain a copy of the completed forms and all identification documents received from the investor in the investor's file for seven (7) years after the end of your relationship with the investor
- you agree to advise Vasco in writing when your relationship with the investor is terminated and agree to promptly provide Vasco all identification documents and/or the record of identification received from the investor at this time, or as otherwise requested from Vasco, from time to time.

## Contact details

Mail your completed application form and identity verification documents to:

Vasco Funds Services Pty Limited  
Level 4, 99 William Street  
Melbourne VIC 3000

If you have any questions regarding this form or the required Customer Identification requirements, please contact our Investor Services team on +61 3 8352 7120.

## Checklist

Before sending us your application forms, please ensure you have:

- completed the Application Form in full;
- for new investments, completed the relevant 'Customer Identification Form' available on our website [www.vascofm.com](http://www.vascofm.com);
- if paying via direct credit/EFT, transfer the funds to the trustee bank account details listed in Section 6; or
- if paying via cheque, ensure cheque is made payable to 'Vasco Custodians Pty Ltd ATF Rainwater Capital Investment Fund' and attach it to this application form; and
- read the declaration and provided all relevant signatures and identification documents required for all signatories.



**4. Contact details**

This is the address where all correspondence will be sent.

Contact person

Unit number  Street number

Street name

Suburb

State  Postcode

Country

Phone (after hours)  Phone (business hours)

Mobile  Facsimile

Email

**5. Tax information**

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

**5a. Individual investor or entity**

**5b. Investor 2 (joint investors)**

TFN  TFN

Tax exemption  Tax exemption

ABN

**5c. Non-residents**

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

**6. Investment allocation and payment options**

Please indicate how you will be making your new or additional investment and the amount you wish to invest.

I/we are making my/our investment via:

Direct Credit/EFT → see below.

Cheque → make cheque payable to 'Vasco Custodians Pty Ltd ATF Rainwater Capital Investment Fund.'

Fund Name	Initial investment
Rainwater Capital Investment Fund - Mortgage Income Unit Class	\$ <input type="text"/> , <input type="text"/> , <input type="text"/> . <input type="text"/> <input type="text"/>

**Cheque Instructions:** Cheques or drafts must be made payable to Vasco Custodians Pty Ltd ATF Rainwater Capital Investment Fund. Only cheques or drafts in Australian currency and drawn on an Australian bank will be accepted. Your cheque(s) should be crossed NOT NEGOTIABLE. Mail or deliver your completed Application Form with your cheque(s) to:

Vasco Fund Services Pty Limited  
 Level 4, 99 William Street  
 Melbourne VIC 3000 Australia  
 P +61 3 8352 7120 F +61 3 8352 7199 E info@vascofm.com

**Direct Credit / EFT Instructions**

Alternatively you can direct credit your application funds to:

Account Name: Vasco Custodians Pty Ltd ATF Rainwater Capital Investment Fund  
 Bank: ANZ  
 BSB: 013-006  
 Account number: 838 406 522  
 SWIFT Code: ANZBAU3M

Please note the applicants name in the reference field when transferring the funds. Please ensure all funds transferred are net of all bank charges.







## 11. Declaration and applicant(s) signature(s)

Please read the declarations below before signing this form. The signatures required are detailed at the bottom of this Application Form.

I/We declare that:

- all details in this application and all documents provided are true and correct and I/we indemnify the Vasco against any liabilities whatsoever arising from acting on any of the details or any future details provided by me/us in connection with this application;
- I/we have received a copy of the current SIM and all information incorporated to which this application applies and have read them and agree to the terms contained in them and to be bound by the provisions of the current SIM (including the incorporated information) and current Trust Deed of the Fund (each as amended from time to time);
- I/we have legal power to invest in accordance with this application and have complied with all applicable laws in making this application;
- I/we have received and accepted this offer in Australia or Singapore;
- the details of my/our investment can be provided to the adviser group or adviser named at the end of this form or nominated by them by the means and in the format that they direct;
- if this application is signed under Power of Attorney, the Attorney declares that he/she has not received notice of revocation of that power (a certified copy of the Power of Attorney should be submitted with this application unless we have already sighted it);
- sole signatories signing on behalf of a company confirm that they are signing as sole director and sole secretary of the company;
- I/we acknowledge that if Vasco reasonably believes an email or facsimile communication it receives is from me/us Vasco is entitled to rely on that email or facsimile communication and will not be liable for any loss it may suffer if it is later found the email or facsimile communication was fraudulent.
- unless alternative authority for signature is notified to and accepted by Vasco, the person/persons that signs/sign this form is/are able to operate the account on behalf of the company and bind the company for future transactions, including in respect of additional deposits and withdrawals, including withdrawals by telephone and fax;
- I/we acknowledge that I/we have read and understood the information under the headings 'Privacy' in the relevant SIM. I am/We are aware that until I/we inform Vasco otherwise, I/we will be taken to have consented to all the uses of my/our personal information (including marketing) contained under that heading and I/we have consented to my/our financial adviser providing such further personal information to Vasco as is required or reasonably deemed necessary by Vasco under applicable law;
- I/we understand that if I/we fail to provide any information requested in this application form or do not agree to any of the possible use or disclosure of my/our information as detailed on the SIM, my/our application may not be accepted by Vasco and we agree to release and indemnify Vasco in respect of any loss or liability arising from its inability to accept an application due to inadequate or incorrect details having been provided;
- I/we acknowledge that none of Vasco, or any other member of Vasco or any custodian or investment manager, guarantees the performance of the Fund or the repayment of capital or any particular rate of return or any distribution;
- I/we are bound by the Trust Deed of the Fund and that an application for Units is binding and irrevocable;
- I/we have not relied on statements or representations made by anybody, other than those made in the SIM;
- I/we agree and acknowledge no cooling off period applies and I/we have had the opportunity to seek independent professional advice on subscribing for Units;
- I/we agree and acknowledge Vasco is required to comply with the anti-money laundering laws in force in a number of jurisdictions (including the Anti-Money Laundering and Counter-Terrorism Financing Act 2006, the Foreign Account Tax Compliance Act (FATCA) and the Common Reporting Standard (CRS)) and I/we must provide Vasco with such additional information or documentation as Vasco may request of me/us, otherwise my/our Application for Units may be refused, Units I/we hold may be compulsorily redeemed, and any disposal request by me/us may be delayed or refused and Vasco will not be liable for any loss arising as a result thereof;
- I/we have provided a tax file number, and if not, I/we consent to Vasco withholding tax at the highest marginal tax rate;
- I/we acknowledge and agree to having read and understood the risks of investing in the Fund as described in the SIM and understand that the risks associated with the Fund's investments may result in lower than expected returns or the loss of my/our investment;
- I/we acknowledge that the Fund is not currently registered with the Australian Securities and Investments Commission, but may be at some future point in time. By investing in the Fund, I/we consent to the Fund being registered at some future point should the Trustee consider it appropriate. I/we also consent to registration taking place without the Trustee holding a meeting of Investors to approve the application for registration.

I/We also warrant and acknowledge that:

- All information contained in my/our Application is true and correct;
- I/we are not a Politically Exposed Person (PEP) as defined by the AML/CTF legislation;
- I/we are a "wholesale client" for the purposes of section 761G of the Corporations Act and, if residing in Singapore, an "accredited investor" or certain other person prescribed under s305 of the Securities and Futures Act and relevant information has been provided to confirm this and by investing in this Fund I/we will not cause any breach of the Corporations Act by or for Vasco;
- if the Applicant is a SMSF, it is compliant and investing in this Fund complies with the Superannuation Industry Supervision Act 1993 (Cth); and
- I/we hold the appropriate authorisation to become an Investor in the Fund and that offer cannot be revoked.

**12. Declaration and applicant(s) signature(s) (continued)**

Refer to list of signatories on the next page of this application form.

**Investor 1 / Signatory 1**

Signature  Date / /   
Surname   
Given name(s)   
Capacity  Sole Director  Director  Trustee  Other

**Investor 2 (joint investors) / Signatory 2**

Signature  Date / /   
Surname   
Given name(s)   
Capacity  Director  Company Secretary  Trustee  Other

**Signing Authority**

Please tick to indicate signing requirements for future instructions (e.g. withdrawals, change of account details, etc.)

- Only one required to sign.
- All signatories must sign.

**PLEASE NOTE:** All signatories must provide certified copies of their drivers license or passport in addition to any identification documents required by the Customer Identification Form required for the Investor.

**13. Adviser use only**

By submitting this form with this section completed by your advisor you consent to your advisor receiving information about your investment in the Fund.

Office name   
Surname   
Given name(s)   
Title (Mr/Mrs/Miss/Ms)   
Phone (business hours)   
Advisor group email   
Advisor group name   
Advisor group AFSL   
Advisor Signature  Date / /   
 ADVISER STAMP

**Important notes**

This application must not be handed to any person unless the relevant SIM and access to the information incorporated into the SIM is also being provided. Vasco may in its absolute discretion refuse any application for Units. Persons external to Vasco or other entities who market Vasco products are not agents of Vasco but are independent investment advisers. Vasco will not be bound by representations or statements which are not contained in information disseminated by Vasco. Application monies paid by cheques from investment advisers will only be accepted if drawn from a trust account maintained in accordance with the Corporations Act.

## Signatories

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

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

\* Beneficial owner means an individual who ultimately owns or controls (directly or indirectly) the investors. Owns mean ownership (either directly or indirectly) of 25% or more of the investor.

\*\*This is not required in some circumstances.