

Trilogy Enhanced Cash

ARSN 614 682 469

Responsible Entity: Trilogy Funds Management Limited ABN 59 080 383 679 AFSL 261425

Investment Manager: Trilogy Financing Pty Ltd ABN 16 615 429 386 (AR number: 1253178)

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IMPORTANT STATEMENT This shorter-form product disclosure statement (PDS) is dated 30 September 2017 and is issued by Trilogy Funds Management Limited ABN 59 080 383 679, AFSL 261425 in its capacity as responsible entity of the Trust ("we" or "Trilogy Funds"). No other member of the Trilogy group makes any statement or representation in this document.

This PDS is a summary of significant information and contains a number of references to important additional information contained in the Information Booklet (which forms part of the PDS). The Information Booklet is available at www.trilogyfunds.com.au/enhancedcash. You should consider the additional information before making an investment decision about this product. These references are highlighted in bold throughout the PDS. You should consider that information before making an investment decision about this product.

This PDS contains general information only regarding the features and risks of the Trust. It does not take into account your individual objectives, financial situation or needs. You should take these and your personal circumstances into account when considering whether the information contained in this PDS is appropriate for you. You should also seek your own financial advice from an adviser (licensed or authorised under an Australian Financial Services Licence) that is tailored to your personal circumstances before investing.

You may request a free printed copy of this PDS and any other document mentioned in or incorporated into this PDS by calling Trilogy Funds on 1800 230 099 (Australia) or +800 5510 1230 (New Zealand) during Australian business hours or by accessing the website www.trilogyfunds.com.au.

Information in this PDS is current as at the date of issue of this PDS and may change from time to time. Where the change is not materially adverse to investors, the information may be updated on the Trilogy Funds website www.trilogyfunds.com.au. A paper copy of any updated information is available free of charge on request. None of Trilogy Funds as the responsible entity, the Investment Manager or any other Trilogy group company guarantees the performance of the Trust, the repayment of capital from the Trust or any particular rate of return. Some terms used in this PDS have special meanings which are generally defined in this PDS or in the Information Booklet. All dollar amounts referred to in this PDS are in Australian dollars.

1.0 ABOUT TRILOGY FUNDS

The Responsible Entity

Trilogy Funds was established in 1998 to provide debt and equity investments. It has a strong background in funds management and a reputation based on the experience and strengths of its key executives. Trilogy Enhanced Cash joins the other funds managed and operated by Trilogy Funds, the investments of which comprise mortgages and direct real property, and financial assets (including cash assets).

Trilogy Funds holds an Australian financial services licence (number 261425) that authorises it to operate the Trust. As the responsible entity of the Trust, Trilogy Funds is the issuer of the units and is responsible for the Trust's operation in accordance with the Trust's constitution, the Corporations Act and trust law. In carrying out the duties of responsible entity, Trilogy Funds must act honestly, exercise care and diligence and properly perform its duties, and treat unit holders in the Trust equally.

For more information about Trilogy Funds, its directors and senior executives, please visit the website www.trilogyfunds.com.au.

The Investment Manager

Trilogy Funds has appointed Trilogy Financing Pty Ltd, a related party, to act as investment manager of the Trust. This role includes carrying out the day to day investment management functions of the Trust. See the *Information Booklet* for further details.

2.0 HOW THE TRUST WORKS

Structure of the Trust

The Trust is a registered managed investment scheme, also known as a 'managed fund', 'pooled investment', or a 'collective investment', which is operated as a unit trust for investors as beneficiaries. Investors are entitled to participate in the Trust in accordance with the provisions of the constitution of the Trust, the Corporations Act, and any other applicable law.

When you invest in the Trust, your money is pooled with that of other investors and invested to generate returns. Investors acquire units which entitle them to a beneficial interest in the Trust as a whole, but not in any particular asset of the Trust. Investors do not have the right to participate in the day to day management or operation of the Trust.

Assets of the Trust

The Investment Manager's strategy is set out in more detail in section 5. It is to invest approximately 70% of the Trust's funds in cash and cash-style investments, which will include direct investments, such as a range of short to medium bank term deposits, and indirect investments through registered managed investment schemes that invest in cash-style assets including bank deposits, bills of exchange, promissory notes, bonds, fixed or floating rate debt securities as well as listed income securities.

Also, approximately 30% of the Trust's funds are invested in another registered managed investment scheme operated by Trilogy Funds, the Trilogy Monthly Income Trust ARSN 121 846 722, a registered pooled mortgage fund which makes loans secured by registered first mortgages.

The Trust itself has no borrowings and there is no intention to borrow on behalf of the Trust.

Units of the Trust

The unit price, both when acquiring units in the Trust and when withdrawing from the Trust, is fixed at \$1.00 per unit. The Investment Manager determines the method for valuing the various assets and income, and complies with accounting standards and ordinary

commercial practice applicable to managed investment schemes and the relevant asset type.

Generally, the price of units in a managed fund varies as the market value of the assets rises or falls, however the Trust is operated using a fixed unit price methodology where the unit price is always fixed at \$1.00. The Investment Manager aims for the net asset value of each unit to be kept at \$1.00 by calculating, allocating and distributing interest and other income (which may include income received or accrued) on the investments at the end of the month. If at the end of any month the net asset value of each unit is less than \$1.00 then, depending on the amount by which the value is less than \$1.00, there are mechanisms under the Trust's constitution to bring the net asset value of a unit to \$1.00, which include suspending applications and redemptions until income is received or accrued to bring the value per unit to \$1.00, choosing to redeem investors' units and, in some circumstances, Trilogy Funds may be bound to compulsorily redeem investors' units on a pro rata basis.

This is explained further below in section 4 under the heading Risk of capital loss and compulsory redemption of your units and in section 1.0 of the Information Booklet: Investing and withdrawing.

Income distributions

The aim of the Trust is to generate returns to provide you with regular income in the form of income distributions. Income distributions are calculated daily and paid monthly in arrears. The amount you receive will be proportionate to the number of units you held each day during the distribution period. The amount will vary and it is possible that sometimes there may be no distribution.

Income distributions are generally paid to investors within 10 business days after the end of the month. All distributions will be automatically reinvested in the Trust as additional unit holdings unless you notify Trilogy Funds via the Application Form available on our website at www.trilogyfunds.com.au/enhancedcash (or, after you become an investor, using the Change of Details form) that you would like your distribution paid to your nominated bank account. You will be sent a monthly statement via email detailing your income distributions.

Investment minimums

An investment in the Trust is subject to the following minimums:

- Initial investment - \$5,000
- Additional investment - no minimum
- Withdrawal - no minimum

Minimum investment balances may apply from time to time; see the *Information Booklet* for further information.

Investment and withdrawal minimums do not apply for Platform Investors (i.e., indirect investors, for example an investment via an investor directed portfolio service (IDPS), wrap platform or master trust). Platform Investors should refer to the relevant offer document for their selected IDPS, platform or master trust to check what investment minimums apply, as well as to further information on investing indirectly in the *Information Booklet*. See section 1.0 *Investing and withdrawing*.

Applications and withdrawals

Generally, you can increase or decrease your investment at any time by applying for or redeeming units.

You may invest in the Trust at any time by completing the relevant application form accompanying this PDS. Additional investments may also be made at any time while the Trust is open for investment. If you are a direct investor, then Trilogy Funds will need to be provided with adequate information and complete satisfactory checks to verify your identity and that of any beneficial owner before your application

is accepted. Trilogy Funds has the discretion to reject applications and may delay processing an application if it believes it is in the best interests of existing investors, or if required by law and may close the Trust to applications in some circumstances.

Similarly, withdrawals from the Trust may be requested at any time and we aim to pay withdrawals within seven days of receipt of a request, (while the Fund is liquid and note that the constitution allows us to pay the request within a 'reasonable period' not exceeding 6 months). Details about how to provide your instructions to Trilogy Funds are available by visiting the Trilogy Funds website at www.trilogyfunds.com.au. All requests must be signed by the appropriate signatories (as registered unit holders in the Trust). Investors who withdraw units will receive \$1.00 for each unit, being the fixed withdrawal price. This \$1.00 represents the capital value of the unit when they are redeemed by Trilogy Funds. In certain circumstances – such as a freeze on or suspension of withdrawals for any reason, including if the Trust became illiquid – you may not be able to withdraw your investment within the usual period.

3.0 BENEFITS OF INVESTING IN THE TRUST

Features of the Trust

APIR Code	TCY9789AU
Investment type	Unlisted managed fund
Investment strategy	To invest in a portfolio of cash or cash-style investments including via unlisted managed funds to deliver stability with returns enhanced by an investment in the Trilogy Monthly Income Trust
Fixed unit price	\$1.00
Minimum investment	\$5,000
Minimum additional investment	No minimum
Distributions	Monthly
Distribution reinvestments	Automatic reinvestment unless you request otherwise
Applications	Accepted each day
Withdrawals	Accepted each day, aim to pay withdrawals within 7 days (while the Fund is liquid and note that up to 6 months is allowed under the constitution)
Asset diversification	70% allocation to cash, term deposits and units in unlisted managed funds that invest in cash-style investments. 30% allocation to units in the Trilogy Monthly Income Trust

Benefits of the Trust

The Trust aims to provide the following significant benefits:

Capital stable investment	The Investment Manager aims to structure the Trust's investment in cash and other registered funds to limit exposure to capital losses
Investment return objective	The return objective is to provide returns which are above the average returns of traditional cash products after fees and costs.
Enhanced yield	The Investment Manager aims to invest 30% of funds in the Trilogy Monthly Income Trust to enhance the yield provided by investments in cash and other registered funds.
Professional management	The Investment Manager uses a disciplined investment approach aimed at delivering a regular monthly return.
Capital growth via automatic reinvestment	Monthly automatic reinvestment of distributions to grow your capital.
Diversity	The Trust provides diversity across cash style investments, through direct cash investments and the cash-style portfolios of the underlying registered funds and complements this with exposure to a lending portfolio.
Ready access	Aims to fund withdrawals within 7 days (note: longer is allowed under the constitution).

4.0 RISKS OF MANAGED INVESTMENT SCHEMES

All investments carry risk. Different strategies may carry different levels of risk, depending on the assets that make up the strategy. Assets with the highest long-term returns may also carry the highest level of short-term risk.

Investment in the Trust is not guaranteed or otherwise supported by Trilogy Funds, the Investment Manager or any of their respective directors or any other party associated with the preparation of this PDS. You should consider this when assessing the suitability of the investment and particular aspects of risk. You should also note that investments in the Trust are not bank deposits and are not government guaranteed.

Risks can be managed but cannot be completely eliminated. It is important for you to understand that:

- the value of investments will vary;
- investment returns vary and future returns may be different to past returns: past performance is not an accurate predictor of future performance;
- income returns and the capital value of your investment are not guaranteed and there is always the chance that you will not receive income distributions or that you may lose money on any investment you make;
- laws affecting your investment in a managed investment scheme may change over time; and
- the appropriate level of risk for you will depend on a range of factors including your age, investment timeframe, where other parts of your wealth are invested, your overall investment portfolio and how tolerant you are to the possibility of loss of or delay in the return of or access to your investment.

The significant risks of the Trust include the following:

Capital risk

Even though the application price and withdrawal price are fixed at \$1.00, should the underlying investments of the Trust reduce in value then you may suffer a capital loss (see further below in section 4 under the heading *Risk of capital loss and compulsory redemption of your units* and in section 1.0 of the *Information Booklet: Investing and withdrawing*).

Income distribution rate risk

Income distributions to investors of the Trust may be volatile as they depend upon the return that the Trust receives from its investments. Income distributions are not guaranteed.

Market risk

Markets can go up and down. Market conditions are influenced by a variety of factors including economic, technological, social, political, taxation, legal or regulatory factors, as well as general changes in market sentiment. These may have a negative impact on returns. The Investment Manager aims to minimise risk and maximise potential return by investing in a range of investments, including term deposits with varying maturity dates and a portfolio of registered funds with a relatively low level of volatility, as compared to the equities markets.

Diversification risk

The Trust was established in November 2016. While the Trust is in its early growth stage, the Investment Manager expects the Trust to be exposed to diversification risk, as there will be fewer asset holdings as compared to the expected composition, number and diversity of asset holdings when the Trust achieves greater scale. Diversification risk can lead to exposure to volatility, losses or lower returns because of an investment portfolio lacking diversity.

Interest rate risk

Changes in interest rates can have a negative impact, both direct and indirect, on the value and returns of investments. Interest rate risk occurs for a variety of reasons including inflation, economic activity and the Reserve Bank of Australia (RBA) rate decisions.

Delay in withdrawals and frozen funds

The Trust is operated on the basis that it is 'liquid', meaning there is a reasonable expectation that at all times at least 80% of the Trust's assets will be able to be realised for their market value within 10 days. Like the Trust, the underlying funds the Trust invests in are operated as liquid funds with redemptions available in a short period of time. However, it is possible that the underlying investments have assets that can be 'illiquid' in some circumstances, resulting in delays, or at worst, funds may become frozen. Additionally, there could be high volumes of withdrawal requests, which lead to the underlying funds or the Trust delaying or freezing the processing of withdrawal requests and impacting your ability to access your money via withdrawal.

In addition, withdrawals may also be suspended by Trilogy Funds from the end of a month in which there has been a loss as explained below.

Risk of capital loss and compulsory redemption of your units

The unit price is fixed at \$1.00 and the Investment Manager aims to maintain a net asset value backing for each unit of \$1.00 per unit. However, it is possible that a capital loss on one or more of the Trust's investments results in the value of a unit (or its 'net asset backing') becoming less than the fixed unit price of \$1.00. The constitution requires Trilogy Funds to take steps to bring the unit value back to \$1.00 which may result in suspension of further applications and withdrawals from the Trust until income received or accrued brings the unit value back up to \$1.00, meaning that you may not be able to make further investments in the Trust, and it may take longer than 7

days for a redemption request to be paid.

Additionally, if the net asset value of a unit is less than \$1.00 at the end of the month, then the constitution of the Trust allows, and in certain circumstances requires, Trilogy Funds to implement a pro rata compulsory redemption and cancellation mechanism to return the net value of each unit on issue to \$1.00. This means that some of your units may be redeemed for nil value and cancelled to bring the net value of each of the Trust's remaining units on issue to \$1.00.

Further information as to the suspension of applications and redemptions and compulsory redemption of units and the cancellation of units is contained in section 1.0 of the Information Booklet: Investing and withdrawing.

Investment risk – structure of underlying managed investment scheme

Where the Trust invests in another managed investment scheme, it carries the risk that there could be a change of that fund's responsible entity or investment manager, loss of key personnel, the responsible entity or investment manager may not meet their obligations or perform as expected, assets may be lost, inaccurately recorded or misappropriated, fees and charges may change, systems may fail and insurance may be inadequate or insurers not pay at all. Additionally, any changes in the economic or regulatory environment that impacts upon the performance of the responsible entity or investment manager of a fund may have an effect upon the returns obtained from the Trust.

Operations risk – structure of underlying managed Investment Scheme

A managed investment scheme that the Trust invests in will carry the operational risks inherent in that particular scheme. For example, the assets in which the scheme invests in could be assigned credit ratings by independent ratings agencies and in the case where they are downgraded this could significantly reduce the value of an asset in the scheme. Additionally, it is possible that the investment manager of a scheme that the Trust invests in uses derivatives from time to time to manage risks of that scheme as considered appropriate by the relevant investment manager. These carry risks as well, including that the value of a derivative fails to move in line with the underlying assets, the potential liquidity of an asset, potential leverage resulting from the position and counterparty risk. A further example concerns borrowing risk. While the Trust does not intend to borrow, it could be that a scheme in which the Trust invests has an ability to borrow indirectly via the RBA's repurchase facilities in the short term to manage withdrawals and distributions. The risk with borrowing is that it magnifies both good and bad returns. Further, where the scheme invests in listed income securities, these will carry the risk of volatility that arises from investment in the share market (including any capital gains or losses that may eventuate), which may have an impact on the returns obtained from the Trust.

More general risks that may impact upon the Trust when investing in a managed investment scheme include liquidity risk (if the scheme cannot meet withdrawal requests, this may have an impact on withdrawals from the Trust), market risk (if the valuation of the scheme's assets are materially affected, this may have an impact on the value of the Trust's assets) and interest rate risk (any change in returns from the assets of the scheme may have an impact on the returns obtained from the Trust).

Credit risk – Mortgage fund investment

At any time approximately 30% of the Trust's portfolio will be invested in the Trilogy Monthly Income Trust (TMIT) which invests primarily in mortgages. Therefore credit risk is relevant in that the Trust could suffer a loss because of the TMIT operations. Specifically, a TMIT

borrower may default under a loan and the full loan amount may not be recoverable (e.g. if the sale of secured property is not sufficient to cover the amount of the loan). Trilogy Funds, in its capacity as the responsible entity of TMIT, minimises mortgage credit risk by applying strict lending criteria, commissioning an independent valuation of the secured assets (TMIT is limited to lending on a loan to a maximum loan to valuation ratio of 70% on an 'as if complete' basis), as well as assessing the borrower's capacity to repay. TMIT also takes a registered first mortgage as security over all mortgages.

Please refer to section 8.0 of the Information Booklet: Risks associated with mortgage investments.

Credit risk – Bank term deposits

This is the risk that the value of an individual investment made by the Trust directly or indirectly in a cash related product may change or become more volatile, potentially causing a reduction in the value of the Trust and increasing its volatility. This may be because, amongst other things, there are changes in the Government's policies, Trilogy Funds or the Investment Manager's operations or management, or business environment, or a change in perceptions of the risk of any investment. Various risks may lead to the issuer of the investment defaulting on its obligations and reducing the value of the investment to which the Trust has an exposure.

Currency risk

There is a risk for offshore investors that an investment may involve a currency risk. The currency for a unit in the Trust is Australian dollars. The value of the units will go up and down according to changes in the exchange rate between currencies. These changes may be significant. As any payments made to you by the Trust are in Australian dollars, you may also incur significant fees in having the funds credited to a bank account outside Australia in another currency.

Specific risk for New Zealand Investors: Please refer to section 9 of this PDS: New Zealand investors: Warning statement.

Structure risk

This risk relates to the fact that someone else is managing your investment. Risks particular to the Trust include the risk that the Trust may not achieve its investment objectives, the Trust could be terminated, the fees and costs may change, Trilogy Funds could be replaced as the responsible entity or its key personnel could change.

Related party risk

Trilogy Funds has appointed related parties to act as the Investment Manager of the assets and to provide registry and technology services to the Trust. Relm Australia Pty Ltd (Relm), an entity related to Trilogy Funds, provides registry and technology services in respect of the Trust. Both the fees of the Investment Manager and those of Relm are paid by Trilogy Funds from the management fees it receives and therefore do not represent an additional cost to the Trust. The Trust Company Limited acts as an independent custodian and holds the assets of the Trust. From time to time other service providers may be appointed in respect of the Trust; see the Information Booklet for further details. The key risk with related party transactions is usually that, because of the relationship, an entity may fail to sufficiently monitor and review the service provider's performance and compliance with its obligations to the detriment of investors. Trilogy Funds has a process relating to conflicts of interest and related party transactions and manages the arrangements in accordance with its policies.

Further information about the risks of investing in managed investment schemes can be found on ASIC's MoneySmart website www.moneysmart.gov.au.

5.0 HOW WE INVEST YOUR MONEY

You should consider the likely investment return, risk and your investment time frame when choosing to invest in the Trust.

Investment return objective

The Investment Manager aims to provide investors regular monthly income and enhanced returns, meaning in excess of the returns of traditional cash products, via an investment in a pooled mortgage fund.

Investment strategy

To invest in direct cash investments including a range of term deposits, and indirect investments through registered managed investment schemes that invest in cash and cash-style assets (which may include cash instruments, debt securities, bank bills, bonds, debt securities and income securities) and to enhance returns via exposure to the pooled mortgage portfolio of the Trilogy Monthly Income Trust.

Minimum suggested investment timeframe

None, but suggested short to medium term (3 months to 3 years).

Asset class and target asset allocation

Target asset allocation	Asset class
70%	Cash, direct investments in bank deposit products, indirect investments via registered funds which invest in cash-style products.
30%	Trilogy Monthly Income Trust – a registered pooled mortgage scheme.

Target benchmark

Official Cash Rate plus 1.50%p.a. assuming reinvestment of distributions but before fees and expenses and taxes, over a rolling 12 month period.

Trust performance

For up to date information on the performance of the Trust, including performance history, please visit our website www.trilogyfunds.com.au/enhancedcash.

Risk measure

Very low, based on the FSC/ASFA Standard Risk Measure, meaning that the estimated number of negative annual returns over any 20 year period is expected to be less than 0.5. The Standard Risk Measure is joint guidance issued by the Financial Services Council and the Association of Superannuation Funds in Australia for their members.

The Standard Risk Measure is limited and the aim is only "to provide members with a descriptor to assist in comparing investment options (both within and across funds) utilising a simplified risk measure". Therefore the Standard Risk Measure is not a complete assessment of all forms of investment risk, for instance it does not detail what the size of a negative return could be or the potential for a positive return to be less than an investor may require to meet their objectives. Further, it does not take into account the impact of fees and tax on the likelihood of a negative return. Investors should still ensure they are comfortable with the risks and potential losses associated with the Trust.

Labour standards

Trilogy Funds does not take labour standards or environmental, social or ethical considerations into account when selecting, retaining or realising investments in the Trust.

Further details are set out in the Information Booklet.

Trilogy Funds, with the Investment Manager, may from time to time vary the investment strategy of the Trust, including by changing the target benchmark or asset allocation targets for the Trust. It will notify investors of any such changes and reissue the PDS if required. You should also check the information at www.trilogyfunds.com.au/enhancedcash before making an investment. That material may change between the time when you read this PDS and the day when you acquire the product.

6.0 FEES AND COSTS

Consumer advisory warning

DID YOU KNOW?

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

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

You should consider whether features such as superior investment performance or the provision of better member services, justify higher fees and costs. You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the fund or your financial adviser.

TO FIND OUT MORE

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

The above warning is prescribed for inclusion in product disclosure statements and aims to alert investors to the importance of value for money; and the compounding value of fees and costs as well as their impact over time on ultimate benefits. The example given is not intended to represent an investment in this Trust.

You should read the important information contained in section 6.0 of the Information Booklet: Fees and costs before making an investment decision.

Trilogy Funds may also receive management fees and fees payable by borrowers from investments in the Trilogy Monthly Income Trust in its capacity as responsible entity of the Trilogy Monthly Income Trust. Distributions in this Trust are paid to investors net of these fees.

Fees and other costs

The table in this section shows the fees and costs that you may be charged for investing in the Trust. It can be used to compare costs between different funds. Note, that there are no contribution fees for the Trust. When comparing an investment in this Trust through this PDS with other products in the marketplace, please recognise that other products may charge a contribution fee and you may be able to negotiate a lower contribution fee with the fund or your financial adviser.

Fees and costs for products can be paid directly from your account or deducted from investment returns. In the case of the Trust, fees and costs are deducted from investment returns.

Fees and costs outlined in this section table are inclusive of goods and services tax (GST) and take into account any reduced input tax credits (RITCs).

TYPE OF FEE OR COST	AMOUNT
Fees when your money moves in or out of the Trust	
Establishment fee	Nil
Contribution fee	Nil
Withdrawal fee	Nil
Exit fee	Nil
Management costs	
The fees and costs for managing your investment	<p>Responsible entity fees: 0.35%p.a.¹ of the funds under management of the Trust, calculated daily and payable monthly in arrears.</p> <p>Direct costs: nil²</p> <p>Indirect costs: 0.46%³ of the forecast average funds under management of the Trust for the financial year ended 30 June 2018</p>

Note 1: This fee may be waived or deferred at Trilogy Funds' discretion and may be negotiated for wholesale clients, see section 6.0 of the Information Booklet: Differential fees.

Note 2: There are no direct costs because Trilogy Funds pays the costs of the Trust's operations from its management fee (not including abnormal expenses, see section 6.0 of the Information Booklet: Fees and costs).

Note 3: As the Trust has not been operating for a full financial year at the date of this PDS a forecast for the financial year ended 30 June 2018 is included in this calculation. Indirect costs are not an additional cost to the Trust, but are included because they represent the amount by which the returns to the Trust are reduced because of the investment through interposed entities (which have their own management cost structures).

Additional explanation of fees and costs is included in section 6.0 of the Information Booklet.

Example of annual fees and costs for the Trust

This table gives an example of how the fees and costs for the Trust can affect your investment over a one year period. You should use this table to compare this product with other managed investment products:

BALANCE OF \$50,000 WITH A CONTRIBUTION OF \$5,000 DURING YEAR		
Contribution Fees	0%	For every additional \$5,000 you put in, you will be charged \$0.00.
PLUS Management costs	0.81%p.a. ¹	And, for every \$50,000 you have in the Trust you would be charged \$405* each year.
EQUALS Cost of Trust		If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during the year ² , you would be charged fees of from:
		\$405*
		What it costs will depend on the investment option you choose and the fees you negotiate.

Note 1: This management costs figure is the indirect cost ratio of the Trust which includes the indirect costs and the management fees charged by the Responsible Entity. See section "Management costs" and Section 6 of the Information Booklet.

Note 2: This example assumes the contribution of \$5,000 during the year is made at the end of the year, and therefore the fees and costs have been calculated on the balance of \$50,000 only.

*Additional fees may also apply. Trilogy Funds may also waive or defer its management fees in full or part which may impact this calculation in future periods.

WARNING: If a Financial Adviser is consulted, additional fees may be paid to that Financial Adviser. Please refer to the Statement of Advice (SOA) issued by your Financial Adviser, which will provide details of the fees that may be payable.

Management costs

The table and annual example above include the Responsible Entity's management fee of 0.35%p.a. (from which Trilogy Funds pays for the usual ongoing costs of the Trust) and the indirect costs. The indirect costs represent the amount by which returns on the Trust's investments are reduced because of the costs associated with investing through interposed entities (i.e., the investment in underlying managed funds). The indirect cost ratio (ICR) (including the management costs and indirect costs) is 0.81%p.a, based on Trilogy Funds' current calculation. As the Trust has not been operating for a full financial year, the ICR includes performance data for the Trust's underlying investments during the financial year ended 30 June 2017, and a forecast component based on a number of assumptions about the Trust's expected funds under management and investment allocations for the next financial year.

Changes to fees and costs

Trilogy Funds may change fees or introduce fees without your consent if permitted by the Constitution of the Trust. At least 30 days' prior notice will be given to investors before any fee increase or the introduction of a new fee takes effect.

Further information and updates

ASIC provides a managed funds calculator on its MoneySmart website www.moneysmart.gov.au which can be used to help you calculate the effect of fees and costs on account balances.

You should read the important information about fees and costs in the Trust before making a decision. Go to section 6.0 of the Information Booklet for further details. The material relating to fees and costs may change between the time when you read this PDS and the day when you acquire the product.

7.0 HOW MANAGED INVESTMENT SCHEMES ARE TAXED

WARNING: Investing in a managed investment scheme such as the Trust is likely to have tax consequences. Importantly, registered managed investment schemes do not pay tax on behalf of members and members are assessed for tax on any income and capital gains generated by the registered managed investment scheme.

Trilogy Funds strongly advises you to seek professional tax advice on your proposed investment in the Trust before making a decision to invest.

The tax comments below are only in respect of Australian tax and are based on the current law in Australia as at the date of this PDS. The tax comments in this section are only relevant for Australian resident investors that hold their interests in the Trust on capital account. Further, they may not be relevant to investors that are subject to special tax rules such as banks, insurance companies, tax exempt organisations and dealers in securities.

Trusts are generally not subject to tax on their net income. Rather, the investors in the trust are generally assessed on their proportionate share or attributed portion of the net income of the trust. This is the case even where distributions are reinvested into the trust, or where no cash distributions are made by the trust to its investors. The trustee of a trust may be liable to withhold tax on any distribution made to non-residents to the extent that the distribution is interest, dividends or a fund payment, and is from an Australian source. Trilogy Funds will send investors an annual tax distribution statement each year to assist in the preparation of their income tax return.

Taxable distributions from the Trust should primarily be in the form of interest income and revenue gains from financial arrangements. Where temporary differences exist, non-assessable distributions may also be made by the trust. Any tax losses made by the Trust cannot be distributed to investors.

For an Australian resident investor, the disposal or withdrawal of any unit in the Trust may give rise to a capital gain or capital loss that is included in the net capital gain calculation of that investor for the relevant period. Australian income tax should be payable on any net capital gain that is made for a period. For a non-resident investor, the disposal or withdrawal of any unit should not give rise to a taxable capital gain or capital loss on the basis that the Trust will not hold a direct or indirect interest in real property.

Tax file numbers and Australian business numbers

Resident investors will be asked to provide their tax file number (TFN) or Australian Business Number (ABN) or exemption number in the application form. You need not provide this information but if it is not provided, the Trust is required to deduct tax from the taxable component of any distributions at the highest marginal rate plus the Medicare levy and the budget deficit levy.

Attribution Managed Investment Trust Regime

A new regime governing the income tax outcomes for trusts that qualify as Attribution Managed Investment Trusts (AMITs), and the investors that invest in these AMITs has recently been enacted. The AMIT regime will apply to you as an investor in the Trust for a particular income year if the Trust satisfies the requirements to qualify as an AMIT for that year and the responsible entity of the Trust makes an election to apply the regime. *Please refer to section 7.0 of the Information Booklet for further details.*

FATCA and CRS

Trilogy Funds has a program for compliance with the Foreign Account Tax Compliance Act (FATCA) and the Common Reporting Standard (CRS). It will need to attend to certain due diligence and reporting obligations which may mean it could require further information from you, and provide information in accordance with the regime.

You should read the important information in section 7.0 of the Information Booklet: Taxation before making an investment decision. That material may change between the time when you read this PDS and the day when you acquire the product.

8.0 HOW TO APPLY

Step 1 – Read this PDS, including the Information Booklet available at www.trilogyfunds.com.au/enhancedcash or from Trilogy Funds, free on request, and consider the offer.

Step 2 – Complete the application form accompanying this PDS and either scan and email or post it to Trilogy Funds with the required AML/CTF documentation.

Option 1: Free post your application to Trilogy Funds Management Limited Reply Paid 1648 Brisbane QLD 4001

Option 2: Scan and email your application to investorrelations@trilogyfunds.com.au

The application form has details about how your application money can be provided to Trilogy Funds with your completed application form.

Cooling-off

For so long as the Trust is a 'liquid' fund cooling off rights apply to the Trust. Those investors who are 'wholesale clients' within the meaning of the Corporations Act do not have any cooling off rights.

If you are investing directly then to exercise this right, if available, an investor must do so within 14 days after the earlier of receiving a confirmation of their investment with Trilogy Funds, or the end of the fifth day after the date units were issued.

Trilogy Funds must receive instructions before the end of the 14 day period for the exercise of cooling off rights to be effective. Repayment of application monies under cooling off rights is subject to an adjustment if Trilogy Funds has re-valued the assets of the Trust during the period the investment is held.

For subsequent investments made via reinvestment of distributions the cooling off right does not apply.

Complaints

Please notify us of complaints in writing or by calling Investor Relations. Trilogy Funds has a process for dealing with complaints which includes that we will acknowledge your complaint immediately or as soon as practicable and then . Trilogy Funds will attempt to resolve your complaint within 45 days. If you are still unhappy, and you are a retail client, you may take your complaint to the Financial Ombudsman Service (FOS) Australia, an external complaints resolution scheme of which Trilogy Funds is a member. FOS's free call telephone number is 1800 367 287, email address is info@fos.org.au and mailing address is, GPO Box 3, Melbourne VIC 3001. Details of their processes can be obtained from www.fos.org.au.

9.0 OTHER INFORMATION

Warning statement for New Zealand investors

This section contains information that is required under the *New Zealand Financial Markets Conduct Regulations 2014*.

1. This offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the *Corporations Act 2001 (Aust)* and regulations made under that Act. In New Zealand, this is subpart 6 of Part 9 of the *Financial Markets Conduct Act 2013* and Part 9 of the *Financial Markets Conduct Regulations 2014*.
2. This offer and the content of the offer document are principally governed by Australian rather than New Zealand law. In the main, the *Corporations Act 2001 (Aust)* and the regulations made under that Act set out how the offer must be made.
3. There are differences in how financial products are regulated under Australian law. For example, the disclosure of fees for managed investment schemes is different under the Australian

regime.

4. The rights, remedies, and compensation arrangements available to New Zealand investors in Australian financial products may differ from the rights, remedies, and compensation arrangements for New Zealand financial products.
5. Both the Australian and New Zealand financial markets regulators have enforcement responsibilities in relation to this offer. If you need to make a complaint about this offer, please contact the Financial Markets Authority, New Zealand (<http://www.fma.govt.nz>). The Australian and New Zealand regulators will work together to settle your complaint.
6. The taxation treatment of Australian financial products is not the same as for New Zealand financial products.
7. If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.
8. The offer may involve a currency exchange risk. The currency for the financial products is not New Zealand dollars. The value of the financial products will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.
9. If you expect the financial products to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.
10. The dispute resolution process described in this offer document is available only in Australia and is not available in New Zealand.

Information Booklet

You should read the important information in the Information Booklet, which includes further information about privacy and other important matters before making a decision to invest.

The Information Booklet is available on request by calling us on free call 1800 230 099 or from our website at www.trilogyfunds.com.au/enhancedcash. The material in the Information Booklet may change between the time when you read this PDS and the day when you acquire the product.

Information relating to the Trust and this PDS may change from time to time. Where the change is not materially adverse to an investor, this information may be updated and made available to you on our website at www.trilogyfunds.com.au/enhancedcash. You may also request a copy of the most up to date information by contacting us. A paper copy of any updated information is available free on request. If a change is considered materially adverse we will reissue the PDS. The offer to which this PDS relates is only available to persons receiving the PDS (electronically or otherwise) while physically in Australia or New Zealand unless expressly authorised by us. The offer does not constitute an offer or invitation in any place in which, or to any person to whom, it would be unlawful to make such an offer or invitation.