

PRODUCT DISCLOSURE STATEMENT  
ISSUED 9 MAY 2012

# LIBERTY HIGH YIELD FUND

Fund	Liberty High Yield Fund
Responsible Entity	Liberty Fiduciary Limited (ABN 80 119 884 623) (AFSL 303137)
Investment Manager	Liberty Financial Pty Ltd (ABN 55 077 248 983) (AFSL 286596)



# IMPORTANT INFORMATION

This Product Disclosure Statement (PDS) is dated 9 May 2012. The offer to which this PDS relates is only available to persons receiving a copy (electronic or paper copy) in Australia. This offer does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. Applications can only be accepted if we receive the completed, current application form which accompanied the electronic or paper copy.

Liberty Fiduciary Limited (ABN 80 119 884 623) (AFSL 303137) is the issuer of this PDS and the Responsible Entity of the Liberty High Yield Fund ARSN 157 915 225 (Fund). Liberty Financial Pty Ltd (ABN 55 077 248 983) (AFSL 286596) is the Investment Manager of the Fund.

This is an important document and you should read it carefully before completing the application form. This PDS contains general information to assist you in making an informed decision about investing in the Fund. It does not constitute advice or contain a recommendation to invest in the Fund. In preparing this document Liberty Fiduciary has not taken into account any individual investor's investment objectives, tax and financial situation or particular needs. Before making an investment decision, it is important that you consider these things. Investors should consider seeking professional advice before investing.



All investments have inherent risks, including the risk of loss of income or capital, a less than expected rate of return on funds invested or a delay in payment. None of Liberty Fiduciary, the Investment Manager, their related bodies corporate, or their associates or directors, or Perpetual Corporate Trust Limited (ABN 99 000 341 533) (Authorised Representative Number 266799) (Perpetual) - as custodian and service provider to the Fund, guarantees the capital value, repayment of capital, payment of income or performance of the Fund.

Information in this PDS is subject to change. If the change is not materially adverse, the information will be updated on our website at **[www.liberty.com.au](http://www.liberty.com.au)**. A paper copy of any updated information will also be available free of charge from the Responsible Entity.

The Responsible Entity may also be required to issue a supplementary product disclosure statement as a result of certain changes, in particular where the changes are materially adverse. This information may include details about investment performance. The Responsible Entity strongly recommends that investors review any such material before making a decision to acquire Units in the Fund.

No person is authorised to give any information or to make any representation in connection with the Fund which is not contained in this PDS. You should not rely on any information or representation not contained in this PDS as having been authorised by the Responsible Entity in connection with the Fund.



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# 1. FUND FEATURES AT A GLANCE

FEATURES		FURTHER INFORMATION (SECTION)
<b>Investment objective</b>	The Fund aims to achieve a return for investors, over a three year period, equivalent to the 30 Day BBSW plus 4% p.a. However, there is no guarantee that the Fund will achieve any particular rate of return.	2.1
<b>Investment strategy</b>	The Fund will invest in high yield interest rate securities, primarily comprised of mortgage backed and asset backed securities. Initially, all of the Fund's assets will be invested in interest rate securities issued by related parties of the Responsible Entity and the Investment Manager.	2.2
<b>Suggested investment timeframe</b>	At least three years.	2.2
<b>Minimum initial investment</b>	\$30,000	9.1
<b>Minimum additional investment</b>	\$10,000	9.1
<b>Minimum Holding</b>	25,000 units	10.4
<b>Unit pricing</b>	Monthly, based on the Net Asset Value of the Fund.	7.1
<b>Distribution frequency</b>	Monthly, unless otherwise advised.	7.4
<b>Distribution reinvestment</b>	Available, unless otherwise advised.	7.4
<b>Fees and Costs</b>	Management Fees 0.66% (GST inclusive) p.a. of the net assets of the Fund.	4
	Expense recoveries Estimated to be 0.33% (GST inclusive) p.a. of the net assets of the Fund.	4
<b>Withdrawal policy</b>	Quarterly, unless otherwise advised.	10
<b>Cooling off rights</b>	Cooling off rights may apply to investors in the Fund.	9.3
<b>Risks</b>	An investment in the Fund is subject to a number of risks which investors should consider before deciding, or continuing, to invest in the Fund.  For a detailed explanation of the risks associated with investing in the Fund, investors should refer to section 3.	3

The key features and benefits set out in this section are a summary only. Potential investors should read the whole PDS before completing the application form as the PDS contains important information about this investment opportunity. Prospective investors should also consider seeking independent financial, taxation and legal advice before investing in the Fund.

## 2. THE FUND

### 2.0 ABOUT THE FUND

The Fund is an unlisted managed investment scheme operated by the Responsible Entity, which provides investors with the opportunity to invest in high yield interest rate securities that are not generally available to retail investors. The returns generated by an investment in the Fund are in the form of income and Units are not expected to generate capital returns.

Investors should read this entire PDS before deciding whether an investment in the Fund is suitable for their needs. Refer to section 3 for further information in relation to the risks of investing in the Fund.

### 2.1 INVESTMENT OBJECTIVE

The Responsible Entity has established the Fund with the aim of delivering a return to investors, over a three year period, of 30 Day BBSW plus 4.00% p.a. after fees and expenses. However, no investment returns are guaranteed.

### 2.2 INVESTMENT STRATEGY

The Fund will invest in a range of interest rate securities. Interest rate securities are securities that pay a fixed or floating rate of return. The interest rate securities that the Fund will invest in will predominantly be residential mortgage backed securities, commercial mortgage backed securities and other asset backed securities. Residential and commercial mortgage backed securities and asset backed securities are created through the process of securitisation which is described in section 2.4. Specific investments are made with a view to achieving the Fund objectives and to comply with the investment guidelines which are set out in the following:

#### Risk of high yield assets

The Fund intends to acquire interest rate securities with a credit rating ranging from B up to and including AA as rated by a major recognised credit ratings agency. These securities have the risk and return profile that meets the overall investment objective of the Fund. The expected returns from high yield assets reflect a higher credit risk and likelihood of loss. The risk and return profile of these types of interest rate securities are explained in section 2.4. Risks are further explained in section 3.

#### Asset allocation

The Fund aims to invest solely in interest rate securities and cash. No specific asset allocation has been set in relation to the types of interest rate securities and cash. Whilst the Fund may hold cash, there is no minimum level of cash which the Fund is required to maintain.

#### Counterparty selection

Assets will primarily be acquired from related parties of the Responsible Entity and the Investment Manager (and in the initial stages of the Fund, will only be acquired from related parties). However, if suitable interest rate securities which meet the investment criteria of the Fund are also available from third parties, then the Responsible Entity (with the assistance of the Investment Manager) may also acquire assets for the Fund from third parties from time to time.

#### Nature of assets

To maintain consistent income returns over the long term, the Responsible Entity intends to hold the securities until their maturity. While it may be difficult to assess the time to maturity for any interest rate securities, the Investment Manager will be responsible for assessing the likely maturity profile of the securities to assist the Responsible Entity to meet the investment return objectives of the Fund.

The interest rate securities acquired by the Fund provide inherent diversification in so far as each interest rate security is backed by a portfolio of individual loans. Accordingly, the underlying credit risk is diversified across many different obligors. However, all of the interest rate securities in a portfolio will relate to a single sector (for example, residential mortgage backed securities are all secured against residential mortgages) and will therefore be subject to the risks associated with the individual asset sector. More information about risks is available in section 3.

#### Liquidity

The Investment Manager will regularly review the liquidity position of the Fund and manage the liquidity position in line with anticipated withdrawal requests such that withdrawal payments may be made within 30 days after the end of a withdrawal period (i.e. each quarter ending on the last day of March, June, September and December).

Withdrawal requests from investors will be primarily funded by cash and liquid assets. Whilst the interest rate securities held by the Fund will not be listed on an exchange, if required to meet withdrawal requests, the Responsible Entity reasonably expects to be able to sell the securities at market value within the time period specified in the Constitution (being within 12 months). This is based on the experience of related parties of the Responsible Entity who sell interest rate securities of this nature as part of their normal business. More information about liquidity and withdrawal of Units in the Fund is set out in section 10.

### Price of assets

Each of the interest rate securities acquired by the Fund will be purchased by the Responsible Entity at market value. Where the Fund acquires interest rate securities from a related party of the Responsible Entity (**Related Party Issuers**), the Responsible Entity will assess the market value of the assets in the following manner:

- ★ Where an independent third party acquires the same interest rate securities as the Fund at or about the same time as the Fund, the price paid by the third party will be considered the market value.
- ★ Where a third party is not purchasing the same interest rate securities at or about the same time as the Fund, the Responsible Entity will be guided by the Investment Manager in relation to the market value of the interest rate securities. The Investment Manager will determine the market value of these securities by referring to a number of considerations including but not limited to:
  - ★ the historical price at which comparable interest rate securities have previously been sold by the related parties of the Responsible Entity;
  - ★ the price at which secondary sales of comparable interest rate securities are being achieved; and
  - ★ information provided by the issuer of the interest rate securities and their adviser(s).

In all instances, the Investment Manager will conduct its own due diligence on the structure and underlying loan portfolio of any interest rate securities purchased by the Fund (which is explained in more detail in section 6.4 of the PDS).

### Derivatives

The Fund may use derivatives to manage specific risks in relation to certain investments as well as the overall portfolio risk. Derivatives may also be used to manage the portfolio's sensitivity to movements in interest rates or currency. Derivatives will not be used for speculative purposes.

### Ethical investments

While the Responsible Entity intends to conduct itself in an ethical and sound manner, our investment criteria does not give additional weight to labour standards or environmental, social or ethical considerations when making or realising an investment of the Fund.

## 2.3 IMPLEMENTATION OF THE INVESTMENT GUIDELINES

All proposed investments of the Fund must be approved by an investment committee of the Investment Manager, having regard to the investment guidelines referred to above. The investment committee is required to include a member who

is independent of the Responsible Entity, the Investment Manager and Related Party Issuers, with experience in buying and selling interest rate securities. The inclusion of an independent member is designed to facilitate the management of the potential conflicts of interest arising from the relationship between the Investment Manager and Related Party Issuers (although the independent member of the investment committee will not be able to control or override any investment decisions made by the committee).

The Responsible Entity also has a documented policy in relation to transactions with related parties to ensure that the Fund transacts on commercial arm's length terms and manages potential conflicts of interest. A copy of the policy is available by contacting Investor Services.

## 2.4 ABOUT SECURITISATION

As stated above, the residential and commercial mortgage backed securities and asset backed securities into which the Fund will invest are created through the process of securitisation. Securitisation itself is a funding process which is explained in more detail below.

It is important to note that the Fund itself is not a securitisation vehicle and the explanation provided in this section of the PDS is to help you understand the nature of the assets which the Fund will acquire being the junior securities which are created and issued as a result of the securitisation process.

### The securitisation process

The process of securitisation is commonly used by financial institutions to fund pools of finance receivables and broadly involves the following steps:

- ★ a trust is formed for the sole purpose of acquiring and financing a portfolio of loans;
- ★ the trust acquires an equitable interest in a portfolio of loans which means it acquires the rights to monies owing rather than outright ownership of the portfolio of loans; and
- ★ the trust issues various classes of notes (interest rate securities) that are secured against the entire portfolio of loans.

An individual interest rate security provides diversification as each interest rate security is secured against a portfolio of loans. Each class of interest rate securities receives interest and principal in a predetermined order of priority. Therefore, each class of interest rate securities has a different risk profile. Figure 2 schematically describes the order of priority of cash flows in a typical securitisation. The classes (e.g., Class A, Class B, etc) do not represent the credit rating of the interest rate securities, rather the priority in which principal and interest are received.

## 2. THE FUND

### How income receipts are treated

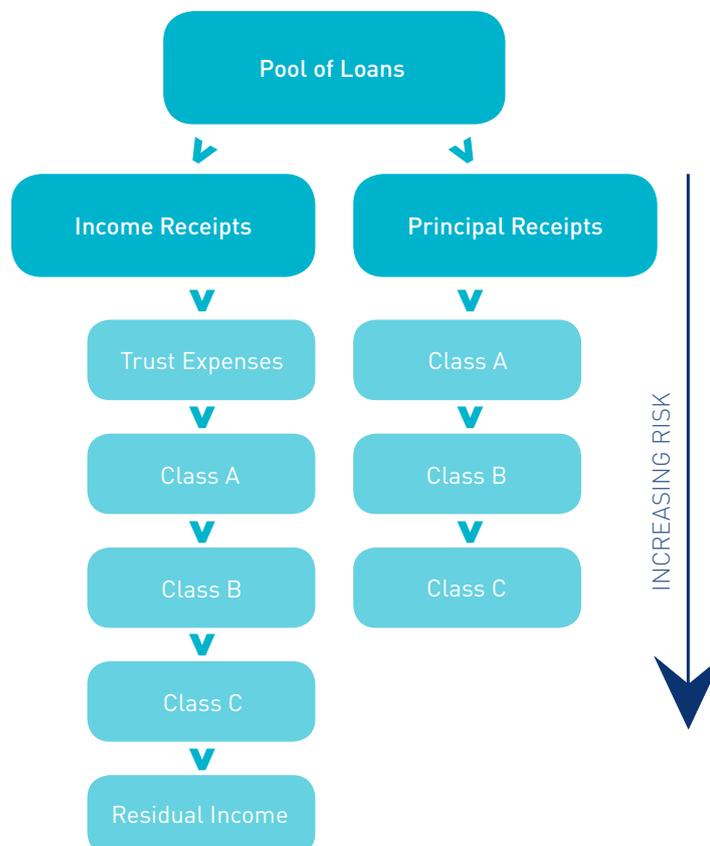
The securitisation trust collects income (e.g. interest and fees) from the underlying borrowers in the loan portfolio. On a regular basis (known as the payment period), these receipts are distributed by the trust in the following way:

- ★ Income receipts are first used to pay the expenses of the trust.
- ★ After trust expenses are met then interest due to holders of the interest rate securities is paid.
- ★ The interest rate security holders are paid interest based on a fixed margin over a benchmark interest rate and are paid in order of priority. Class A security holders, being the most senior in priority, receive their interest payments before Class B security holders, which in turn receive their interest payments before Class C security holders and so on down the order of priority.

In a typical payment period the trust collects more income from its loan portfolio than is required to meet its expenses and pay interest to security holders. Any surplus income, known as residual income, is distributed to the trust's residual income beneficiary. However, if there is not enough interest income in the securitisation vehicle to pay the interest on all of the securities, there will be no residual income and the lower ranking security holders may not receive all (and potentially, any) of their anticipated interest payment.

It is important to note that the Fund will acquire junior (or lower ranking) interest rate securities which usually receive interest payments after the more senior ranking security holders have been paid their interest payments. For this reason, the interest rate securities the Fund will acquire are higher risk investments and accordingly are expected to deliver a higher yield.

Figure 2 – Order of priority of cash flows in a typical securitisation



### How principal receipts are treated

The trust collects principal repayments which are generally distributed each payment period. Principal repayments may be received as part of a regular loan instalment or, for example, when a loan is fully repaid or additional repayments are made by an underlying borrower in the loan portfolio. As principal repayments are received the trust will pass these through to security holders or otherwise as in accordance with the terms of the issue.

This usually follows a similar priority order as income receipts above, so that principal repayments are first directed to the Class A security holders as the most senior priority. Once all the Class A security holders have been fully repaid then any further principal receipts are used to repay Class B security holders. Once these are fully repaid then further receipts are passed through to the remaining security holders in order of priority in a similar manner.

This means that, subject to performance of the underlying loan portfolio, security holders over time will be repaid the original value of their security as the underlying loans are repaid.

As with the interest payments, the lower ranking interest rate securities may not be repaid in full if the underlying portfolio of loans which support the interest rate securities are not repaid in full. The Fund will acquire junior interest rate securities and therefore, will usually receive its principal payments after the more senior ranking security holders have been repaid their principal amounts in full.

Despite the general position outlined above, the order and timing of payments on securities will depend on their actual terms of issue.

### Treatment of losses

In the event that the trust incurs losses on its portfolio of loans then any losses will be borne in reverse priority order to that above. Therefore, any losses in any given payment period will be first suffered by the residual income beneficiary who will forego its residual income sufficient to cover any loss. If losses in any given payment period are greater than the residual income then any losses will be borne, in turn, by the lowest classes of notes in reverse order of priority.

### Risk profile of classes of interest rate securities

The most senior class of interest rate securities in a typical securitisation is expected to have the least likelihood of incurring a loss and thus have the highest credit rating. The most senior classes of interest rate securities typically have a credit rating of AAA and, accordingly, receive the lowest rate of interest.

By contrast, the less senior (or junior) classes of interest rate securities have a higher likelihood of loss and have lower credit ratings. The junior interest rate securities typically have credit ratings ranging from AA through to B. The junior classes of interest rate securities receive a higher rate of interest which reflects their higher credit risk.

# 3. RISKS OF INVESTING IN THE FUND

There are a number of risks which may materially and adversely affect the future operating and financial performance of the Fund and the value of your Units.

This section of the PDS identifies the key risks that the Responsible Entity has identified as being associated with an investment in the Fund. This section is not intended to be a list of every risk of investment in the Fund.

Prior to making an investment decision, you should read this entire PDS carefully and consider the following risk factors. You should also have regard to your own investment objectives and financial circumstances and should seek professional guidance before deciding whether to invest.

You should note that none of the Responsible Entity, the Investment Manager, the Custodian, their employees or directors nor any other related company guarantees the performance of the investments of the Fund or the repayment of capital invested. The Fund is subject to investment and other risks which may result in delays in repayment or loss of interest and capital.

## LIQUIDITY RISK

Liquidity risk is the risk that the Fund will not be able to meet withdrawal requests in a timely manner due to the Fund holding insufficient liquid assets. The Fund will invest in interest rate securities which are generally not listed or traded on a recognised exchange. This risk could arise where the level of withdrawal requests received from investors is greater than the level of liquid assets held by the Fund and it is not possible to realise the securities in a timely manner to meet such requests. While the Responsible Entity believes, if required to do so, it will be able to sell or redeem these securities at market value within the time period specified under the Constitution to meet withdrawal requests, there is a risk that this may not occur. This may result in investors not being able to withdraw their investment in the Fund at the time they wish to do so and may also result in a capital loss.

## CONFLICTS RISK

There is a risk that transactions between the Fund and related parties of the Responsible Entity and Investment Manager may not be conducted on commercial arm's length terms. This may adversely impact the value of the Fund's assets and therefore the value of an investment in the Fund. Notwithstanding the investment committee including a member with experience in buying and selling interest rate securities who is independent of the Responsible Entity, the Investment Manager and Related Party Issuers, a conflicts risk is present.

## CONCENTRATION RISK

Concentration risk is the risk that the assets of the Fund may be too concentrated on a single issuer. In particular, the Fund will invest in interest rate securities issued by related parties of the Responsible Entity and the Investment Manager. The Fund is therefore exposed to, and dependent upon, the origination, underwriting and management skills of a limited set of parties and if these parties experienced financial difficulties this could have a negative impact on the assets of the Fund, even though the underlying portfolio being comprised of a diversified portfolio of loans from different obligors. Also, as the interest rate securities will relate to a single sector (for example, residential mortgage backed securities are all secured against residential property) a downturn in the sector to which the securities relate could have an impact on an entire portfolio of individual loans.

## CREDIT RISK

The Fund may not receive income and/or suffer a capital loss where a security acquired by the Fund does not meet its obligations to pay interest and/or repay capital (or other financial obligations) in full and/or on time.

The performance of securities acquired by the Fund will depend on the quality of the assets backing them, which in turn means they are indirectly subject to risks such as the creditworthiness and performance of underlying borrowers and security assets.

## ASSET RISK

Performance of the Fund will depend on the skills and investment decisions of the Investment Manager in selecting assets and implementing investment strategy. Changes in key personnel of the Investment Manager could impact the investment returns of the fund. The Fund will regularly invest in securities that do not have an investment grade credit rating. Securities which are not considered investment grade have a higher likelihood of default and a greater risk of loss. This may adversely impact the returns to the Fund.

## INTEREST RATE RISK

Interest rate risk refers to the risk that a decrease in interest rates will result in a fall in the level of income paid to investors by the Fund. Investors should note that the returns generated by an investment in the Fund are in the form of income and Units are not expected to generate capital returns.

## COUNTERPARTY RISK

There is a risk that the Fund may suffer losses if a counterparty fails to honour its financial commitment upon completion of a transaction. Losses could be incurred if a counterparty experiences financial difficulties or defaults on its contractual obligations to make payments to the Fund.

## ORIGINATOR RISK

The Fund relies on the origination of suitable interest rate securities that meet the Fund's investment criteria. If there are insufficient interest rate securities meeting the Fund's investment criteria, then this may adversely impact the Fund's returns.

## FUND RISK

Fund risk refers to specific risks associated with the Fund, such as termination and changes to fees and expenses. The Constitution allows us to terminate the Fund at any time, if we believe it is in the best interests of investors. This may occur for a variety of reasons including, but not limited to, the Fund no longer being able to satisfy its investment objective or strategy.

## RESPONSIBLE ENTITY RISK

Liberty Fiduciary is the responsible entity of the Fund and is responsible for the ongoing management of the Fund. There is a risk that if Liberty Fiduciary is, for any reason, unable to continue operating the Fund, that a new responsible entity would need to be found. In such circumstances, if no new responsible entity (appropriately qualified and licensed) is willing to take over the Fund, then the Fund may need to be wound up.

## MARKET RISK

Changes in legal, tax and economic conditions, political events, investor sentiment and market variables such as interest rates, exchange rates and equity indices can all directly or indirectly have an adverse impact on the value of your investment in the Fund and/or the assets of the Fund.

## BUSINESS RISK

Business risk includes those risks that arise from carrying on any business. The operation of the Fund requires us, the Investment Manager, the Custodian, counterparties and other service providers to implement sophisticated systems and procedures. The failure of these systems and processes could adversely impact the Fund's returns.

## PREPAYMENT RISK

Interest rate securities invested by the Investment Manager may be able to be prepaid at the option of the issuer. As there is no assurance that the amount prepaid can be invested in similar securities that earn the same level of return, this can expose the fund to prepayment risk.

## REGULATORY RISK

The value, or tax treatment, of an investment of the Fund, or an investment in the Fund, may be adversely affected by changes in government policies (including taxation), regulations and laws, or changes in generally accepted accounting policies or valuation methods.

## TAX RISK

Due to the operation of the income tax legislation, there is a risk that the taxable income of the Fund could, from time to time, exceed the cash income which the Fund receives. The Fund must distribute all of its taxable income to investors each year. If taxable income exceeds cash income, then investors could receive a distribution of taxable income without receiving sufficient cash distributions. In this instance, the taxable income distribution would be assessable even though investors have not received cash distributions.

## ECONOMIC RISK

The investments of the Fund are subject to unforeseeable shifts in the Australian and global economic climate from time to time which may adversely impact the investments of the Fund and the financial returns from the Fund to investors.

## DERIVATIVE RISK

Whilst it is not the intention of the Responsible Entity to enter into derivatives, generally, in the case of derivatives, fluctuations in price will reflect movements in the underlying asset, reference rate or index to which the derivatives relate. The use of derivatives to hedge the risk of movements in an underlying asset, reference rate or index involves basis risk, which refers to the possibility that derivatives may not move perfectly in line with the underlying asset, reference rate or index. As a consequence, derivatives cannot be expected to perfectly hedge the risk of the underlying asset, reference rate or index. Other risks associated with derivatives may include (i) loss of value because of a sudden price movement or because of the passage of time, (ii) potential illiquidity of the derivative, (iii) the counterparty to any derivative contract not being able to meet its obligations under the contract, and (iv) significant volatility in prices.

**THE FUND'S INVESTMENTS AND YOUR INVESTMENT IN THE FUND ARE SUBJECT TO SOME OR ALL OF THESE RISKS. YOU SHOULD SEEK INDEPENDENT FINANCIAL ADVICE BEFORE MAKING AN INVESTMENT DECISION.**

# 4. FEES AND OTHER COSTS

## CONSUMER ADVISORY WARNING

### Did you know?

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

For example, total annual fees and costs of 2% of your fund 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.fido.gov.au](http://www.fido.gov.au)) has a managed investment fee calculator to help you check out different fee options.

## 4.1 FEES AND OTHER COSTS

This section shows fees and other costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from the Fund assets as a whole. Information on taxation is set out in Section 8 of this document.

You should read all the information about fees and costs because it is important to understand their impact on your investment. All amounts referred to include GST and minus any reduced input tax credits the Fund may be entitled to receive. It is not anticipated that the Fund will be entitled to receive any reduced input tax credits.

TYPE OF FEE OR COST	AMOUNT	HOW AND WHEN PAID
<b>Fees when your money moves in or out of the Fund</b>		
Establishment fee <i>The fee to open your investment</i>	Nil	Not applicable
Contribution fee <i>The fee on each amount contributed to your investment</i>	Nil	Not applicable
Withdrawal fee <i>The fee on each amount contributed to your investment</i>	Nil	Not applicable
Termination fee <i>The fee to close your investment</i>	Nil	Not applicable
<b>Management costs</b>		
Management fee <i>The fees and costs for managing your investment<sup>1</sup></i>	0.66% p.a. of the net assets of the Fund	Calculated and paid monthly from the Fund's assets. <sup>2</sup>
Responsible entity fee	\$3,000 p.a.	Paid from the assets of the Fund annually.
Operating expenses	Estimated to be 0.33% p.a. of the net assets of the Fund	Paid from the assets of the Fund as and when incurred.
<b>Service fees</b>		
Investment switching fee <i>The fee for changing investment options</i>	Nil	Not applicable.

(1) See "Management Costs" under "Additional Explanation of Fees and Costs" for further details.

(2) The amount of this fee may be negotiated. Refer to "Wholesale Clients" under "Additional Explanation of Fees and Costs" for further details.

## EXAMPLE OF ANNUAL FEES AND COSTS FOR THIS FUND

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

EXAMPLE	AMOUNT	BALANCE OF \$50,000 WITH TOTAL CONTRIBUTIONS OF \$5,000 DURING YEAR
Contribution fees	Nil	For every additional \$5,000 you put in, you will be charged \$0. <sup>1</sup>
<b>PLUS</b> Management costs	0.99% p.a. <sup>2</sup> + \$3,000 p.a.	<b>and</b> , for every \$50,000 you have in the Fund, you will be charged \$495 each year <sup>3</sup>
<b>EQUALS</b> cost of the Fund		If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged between \$495 and \$544.50. <sup>4</sup> <b>What it costs you will depend upon the investment option you choose and the fees you negotiate with your fund or financial adviser.</b> <sup>5</sup>

(1) The minimum additional investment amount for the Fund is \$10,000. See section 9.1 for further details.

(2) This figure represents the Indirect Cost Ratio (ICR) of the Fund. The ICR is a measure of the annual management costs charged against the number of Units in the Fund. See "Indirect Cost Ratio" for further details.

(3) In addition, the Responsible Entity is entitled to be paid a fee of \$3,000 p.a. out of the assets of the Fund. This fee is payable in respect of the Fund as a whole, regardless of any individual investor's investment in the Fund. Additional fees may apply. This example only includes estimates of the annual management costs which are likely to be incurred (i.e., the annual management fee and expense recoveries). See "Additional explanation of fees and costs" for further details.

(4) The management costs actually paid will depend upon the timing of your \$5,000 additional contribution. Please note the minimum additional investment amount for the Fund is \$10,000.

(5) The form and content of this example is prescribed by the Corporations Act. No investment options are available. All Units issued are issued on the same terms.

## 4.2 ADDITIONAL EXPLANATION OF FEES AND COSTS

### Management fee

A management fee is payable to the Responsible Entity for administering and managing the Fund and its investments. This is an on-going fee of 0.66% p.a. (GST inclusive) of the net assets of the Fund. The management fee is calculated and paid monthly.

A simple example is as follows: A \$50,000 investment in the Fund at the current management fee of 0.66% p.a. (GST inclusive) would equal a fee of \$330 for a 12 month period, assuming there is no variation in the value of the initial investment. In practice, this fee is based on the Net Asset Value of the Fund at the beginning and end of each month.

The fees include GST less any reduced input tax credit. The Responsible Entity has entered into an investment management agreement with the Investment Manager which is a related company. The Responsible Entity pays the fees owing to the Investment Manager under the investment management agreement out of the management fee which the Responsible Entity receives.

Under the Constitution, the Responsible Entity may recover a maximum management fee of 1.1% p.a. (GST inclusive) of the Net Asset Value of the Fund. The Responsible Entity will not change the current management fee charged in respect of the Fund without giving 30 days prior written notice.

### Responsible Entity fee

Under the Constitution, the Responsible Entity is entitled to charge a fee of \$3,000 p.a. for acting as responsible entity of the Fund.

### Expenses relating to the Fund

Under the Constitution, the Responsible Entity is entitled to be reimbursed for all reasonable outgoings and disbursements in connection with the operation of the Fund. These expenses typically include costs incurred in relation to auditor's fees, legal fees, custodian fees and compliance. The Responsible Entity does not expect these fees to exceed 0.33% p.a. (GST inclusive) of the net assets of the Fund.

If the Responsible Entity becomes liable for any duty, tax or liability (including bank charges or bank accounts debit tax) which directly relates to a particular investor, it is entitled to deduct the appropriate amount from any money, including any income entitlements payable or credited to that investor.

## 4. FEES AND OTHER COSTS

### Adviser service fees

We may pay commission to those who are engaged to promote the Fund. We will only pay commission to advisors who are authorised to operate under an Australian financial services licence or are otherwise permitted by law to receive such payments.

We will pay any commission from our own resources, and payments may be structured as either upfront only or a combination of upfront and trailing commissions. We do not have a standard rate for upfront fees or trail, and these may be determined at our absolute discretion. We may pay up to a maximum of 0.5% p.a. (GST inclusive) of the balance of funds invested by investors to whom the commission relates (for example, if an adviser's client invested \$50,000 the adviser may receive a trailing commission of up to \$250 p.a.). An adviser who receives commission from us will be obliged to disclose this amount to you. Investors may be able to negotiate with their adviser for a rebate of any commissions we pay.

Recent changes to the law regarding payment of commissions to financial advisers have been announced as part of the Federal Government's Future of Financial Advice reform package. If the laws introduced as part of this of this package restrict the payment of commissions on the sale of the Units, then the Responsible Entity will cease making such payments, in accordance with the law.

### Indirect Cost Ratio

The Indirect Cost Ratio (ICR) is the ratio of annual on-going management costs of the Fund (that are not deducted directly from the Investor's account) to the total average net assets of the Fund.

The annual management cost of the Fund is 0.99% p.a. (GST inclusive), based on the net assets of the Fund. As there is no gearing in the Fund, the ICR is also 0.99% p.a. (GST inclusive). This is shown in the "Example of Annual Fees and costs for this Fund" table above. The ICR increases as the gearing level increases and will decrease when the gearing level decreases.

### Waiver or deferral of fees

The Responsible Entity is entitled to waive or defer the payment of any fees. Any deferred fees are payable upon removal of the Responsible Entity as responsible entity of the Fund.

### Investor Directed Portfolio Services

Individuals investing through an investor directed portfolio service (IDPS) should be aware that in addition to the fees and charges described above, they will be liable to pay fees to the operator of the service as outlined in the offer document or guide of that IDPS.

We may pay fees to the operator of an IDPS where they provide marketing and product support in relation to the Fund, or we may draw on our own resources to provide marketing and product support to an IDPS.

### Wholesale clients

We may negotiate with wholesale clients (as defined in the Corporations Act) on an individual basis, in relation to rebates on ongoing management fees in circumstances permitted by the Corporations Act or applicable relief granted by ASIC. These rebates are payable by us from our own resources and therefore, do not affect the fees paid by or any distributions to other investors.

## 5. THE RESPONSIBLE ENTITY

Liberty Fiduciary was established in 2006 to provide financial services for funds management operations. This entity is a related body corporate of the Investment Manager, and holds an AFSL that enables it to provide management and financial advice and services to the existing businesses of the Liberty Group, and to operate certain managed investment schemes. Liberty Fiduciary's responsibilities and obligations, as the Responsible Entity of the Fund, are governed by the Fund's Constitution as well as the Corporations Act and general trust law.

The directors of Liberty Fiduciary are Mr Richard Longes, Mr Peter Hawkins, Mr Sherman Ma and Mr Peter Rollason. An overview of the qualifications and background of the directors is set out below:



### **Richard Longes – Independent Chairman**

Richard was appointed Chairman of Liberty in 2005. He was Deputy Chairman of Lend Lease Corporation Limited and a Director from 1986 to 2006, and Chairman of MLC Ltd until 2000. He was also a Partner in leading law firm Freehills from 1971 to 1988 and a founding Principal of the corporate advisory and private equity group Wentworth Associates. Richard is presently Chairman of Austbrokers Ltd and a non-executive Director of Boral Ltd, Metcash Ltd and Investec Bank (Australia) Ltd. He has Arts and Law degrees from the University of Sydney and an MBA from the University of New South Wales, Australia.



### **Peter Hawkins - Independent Director**

Peter was appointed a Director of Liberty in 2006. Prior to this, he spent 34 years at ANZ in a variety of senior roles. Peter is Director of Treasury Corporation of Victoria, Westpac Bank Ltd, Bank of Melbourne Pty Ltd, Mirvac Group Ltd, Murray Goulburn Co-Operative Co Ltd, Clayton Utz and is a former Director of VISA International. With a Bachelor of Commerce and Administration (Honours) from Victoria University in Wellington, New Zealand, Peter is also a Fellow of the Australian Institute of Company Directors, Fellow of the Australian Institute of Bankers and is an Associate of the New Zealand Institute of Chartered Accountants.



### **Sherman Ma - Managing Director**

Sherman was appointed the Managing Director of Liberty in 1997. Before establishing Liberty, Sherman was a management consultant with McKinsey & Company where he completed a number of assignments for global financial institutions. Prior to this Sherman was a fixed income analyst with Credit Suisse First Boston and also an analyst with BlackRock Financial Management. Sherman has an MBA from the Wharton School and was first-in-class in Economics and Operations Research while at the University of Pennsylvania.



### **Peter Rollason – Executive Director**

Peter was appointed a Director of Liberty in 2006. Prior to this he was a partner at Deloitte where he was the national Banking and Finance practice leader. While at Deloitte, Peter advised on various acquisitions in the consumer and specialty finance sector including transactions in the mortgage, asset finance, banking and broking sectors. Prior to Deloitte, Peter held senior executive positions with a number of financial institutions including Salomon Smith Barney (Director), NatWest Markets (Chief Operating Officer, Asia Pacific) and Kleinwort Benson (Chief Financial Officer, Capital Markets). Peter has a Bachelor of Science (Hons) from Liverpool University and qualified as Chartered Accountant in 1982.

## 6. THE INVESTMENT MANAGER

The Responsible Entity has appointed Liberty Financial Pty Ltd (ABN 55 077 248 983) (AFSL 286596), a related party of the Responsible Entity, to provide investment management and administration services to the Fund.

### 6.1 ROLE OF THE INVESTMENT MANAGER

As Investment Manager, Liberty Financial will:

- ★ identify, evaluate and assess potential investments of the Fund in accordance with its investment strategy and policies;
- ★ manage and monitor the Fund's portfolio performance; and
- ★ provide administration services to the Fund including accounting and reporting to investors.

The Investment Manager has an obligation to the Responsible Entity to ensure that all aspects of the Fund are operated in accordance with the investment strategy and policies. Further detail regarding the obligations and remuneration arrangements for the Investment Manager is detailed in Section 12.7. The Investment Manager has appointed its wholly owned subsidiary Secure Credit Pty Ltd to assist in the performance of its services.

### 6.2 ABOUT THE INVESTMENT MANAGER

Liberty Financial is a specialist financial services group with operations in Australia and New Zealand covering lending and funds management.

Liberty Financial was founded in January 1997 to utilise advanced assessment skills in the origination and pricing of financial products and to provide specialist administration for such products. With approximately 200 staff across Australia and New Zealand, Liberty Financial is an integrated financial services group with operational activities including loan origination, underwriting, settlements and servicing. All aspects of its operations are underpinned by its proprietary technology platform. This platform enables Liberty Financial to apply its risk-based practices across different products and though the entire lifecycle of a loan.

As at 30 June 2011 the Liberty Financial had total shareholders' equity in excess of \$250 million. Liberty Financial has, in aggregate over the course of its existence, provided over 88,000 loans to customers in Australia and New Zealand totalling more than \$13 billion in value.

Since 1998, related parties of the Responsible Entity and Investment Manager have issued securities totalling more than \$10 billion to institutional and wholesale investors. The previously issued securities are similar in nature to the securities in which the Fund will invest. Figure 3 lists the notes issued by related parties of the Responsible Entity and Investment Manager which would have met the investment criteria of the Fund as at 31 March 2012. Many classes of securities issued have received ratings upgrades. As at the date of this PDS, no issue has ever been the subject of any ratings agencies downgrade and all issues have made principal and interest payments when due.

**Figure 3 – Relevant securities issued by related parties**

Year of securitisation	Type of underlying security	Face value of issued notes	Months before full repayment
2003	Residential mortgages	\$84.0 million	27
2004	Residential mortgages	\$93.4 million	30
2005	Residential mortgages	\$112.8 million	34
2005	Auto loans	\$18.0 million	34
2006	Residential mortgages	\$134.0 million	52
2006	Auto loans	\$38.3 million	43
2006	Residential mortgages	\$121.6 million	53
2007	Commercial loans	\$43.0 million	45
2007	Auto loans	\$28.0 million	42
2007	Residential mortgages	\$14.0 million	12
2009	Residential mortgages	\$28.2 million	Not yet paid in full
2009	Residential mortgages	\$5.0 million	Not yet paid in full
2010	Auto loans	\$21.1 million	Not yet paid in full
2010	Residential mortgages	\$11.6 million	Not yet paid in full
2011	Residential mortgages	\$25.0 million	Not yet paid in full
2011	Commercial loans	\$50.0 million	Not yet paid in full
2011	Auto loans	\$23.0 million	Not yet paid in full

While past performance is not indicative of future performance, the Investment Manager has experience in dealing with the type of securities that the Fund will acquire.

### 6.3 INVESTMENT COMMITTEE

The Investment Manager has an investment committee which meets on a regular basis to consider investment opportunities and the overall performance of the Fund. The responsibilities of the investment committee include:

- ★ asset allocation strategies;
- ★ investment strategies;
- ★ review and pricing of investment opportunities; and
- ★ portfolio performance review.

The members of the investment committee are set out below. Each member has substantial banking and finance, risk management and asset management expertise. An overview of the qualifications and background of investment committee members is set out below.

#### Sherman Ma - Managing Director

Refer to section 5 for a summary of Sherman Ma's qualifications and experience.

#### Peter Rollason – Executive Director

Refer to section 5 for a summary of Peter Rollason's qualifications and experience.

#### Patrick Eng - Independent Member

Patrick has over 25 years of experience in the Australian banking and finance industry. Most recently, he was the head of Credit Suisse's Asset Finance Capital Markets Group based in Australia, where his responsibilities included overseeing all origination aspects of asset backed businesses in Australia and the Asia Pacific region (excluding Japan). He was also a member of Credit Suisse's Investment Banking Committee in Asia Pacific. Prior to working at Credit Suisse, Patrick was head of Moody's structured finance ratings group in Australia, where he was primarily involved in the initial establishment of Moody's structured finance rating approaches in Australia. Patrick has specialised credit experiences in numerous asset classes including mortgage backed securities, asset backed securities, commercial mortgage backed securities, commercial paper programs, project financing and collateralised debt obligations. Prior to that, he worked for National Mortgage Market Corporation in Victoria as Funding and Strategic Planning Manager. He began his professional career at the Transport Accident Commission in Victoria as an Investment Analyst and Accountant. Patrick has a Bachelor of Economics degree from Monash University.

### 6.4 INVESTMENT APPROACH

The Responsible Entity, in conjunction with the Investment Manager, will invest in assets upon the recommendations of the investment committee. The investment committee will, in making its recommendations, ensure the Investment Manager undertakes the following due diligence tasks:

- ★ Portfolio analysis: A portfolio level analysis of the assets backing prospective investment securities to establish a potential for default and loss under a range of stressed scenarios;
- ★ Security analysis: An analysis of the terms and structure of each security which may include modelling projected cashflows under a range of stressed scenarios;
- ★ Suitability analysis: Confirmation that the investment will meet internal financial criteria necessary to ensure the investment is appropriate for the Fund and offers a risk and return profile that is comparable to similarly rate investments; and
- ★ Portfolio Monitoring: Ongoing and regular monitoring of the portfolio performance in relation to projected income returns, capital value and liquidity.

The Responsible Entity will initially acquire the interest rate securities from Related Party Issuers at market value, determined in the manner described in section 2.2 of this PDS.

There is also a documented policy in relation to transactions with related parties to ensure that the Fund transacts at commercial arm's length terms and manages potential conflicts of interest. Refer to section 2.2 for additional information.

### 6.5 INITIAL INVESTMENT

Shortly after establishment of the Fund, a nominee of Liberty Financial, made an initial investment of \$1 million through the contribution of cash and/or securities. Other than in respect of the Unit Price (which, when the initial investment is made, will be \$1 and thereafter, will be based on the Net Asset Value of the Fund), this initial investment is on the same terms and conditions as offered to other investors.

Although the initial investor is entitled to withdraw all or part of its investment in the Fund at any time while the Fund is liquid, (as defined in the Corporations Act), Liberty Financial has committed to maintaining this investment in the Fund for a period of at least one year from the date of initial investment.

# 7. DISTRIBUTIONS AND UNIT PRICING

## 7.1 UNIT PRICING

The Unit Price is the amount per Unit you must pay to acquire a Unit in the Fund. Upon commencement of the Fund, the application price of the Units will be \$1.00 each.

Thereafter, the Unit Price will be calculated by taking the net value of the assets of the Fund, dividing that by the number of Units. The Unit Price for withdrawals may be adjusted for transaction costs.

The Unit Price is calculated each month on the basis of the Net Asset Value of the Fund on the last Business Day of the previous calendar month. Once calculated, that Unit Price applies for the remainder of the month. We will only suspend the calculation of the Unit Price in exceptional circumstances, such as when we consider existing investors will be disadvantaged.

## 7.2 UNIT PRICING POLICY

We have a formal written policy in relation to the guidelines and relevant factors taken into account when exercising any discretion in calculating Unit Prices (including determining the value of assets and liabilities). A copy of this pricing policy is available free of charge from Investor Services upon request.

## 7.3 OBTAINING A CURRENT UNIT PRICE

You can get an updated Unit Price by contacting Investor Services during business hours. We also publish the Unit Price whenever we send you a statement or report on the Fund.

## 7.4 DISTRIBUTIONS

Investors should be aware that distributions are not guaranteed and will fluctuate depending on the performance of the assets in which the Fund invests.

Your share of income depends on how many Units you hold in the Fund at the end of the distribution period (which generally, will be on the last day of the month). Distributions are calculated on your pro-rata Unit share of distributable income in the Fund adjusted for the management fee and expenses. The amount may vary with each distribution.

Despite the availability of sufficient income, distributions may not be paid if there is insufficient cash available to make the payment.

Distributions are paid monthly, usually within 14 days after each month end.

You may choose to have your distributions either:

- ★ paid directly into a nominated bank or financial institution account; or
- ★ reinvested into additional Units in the Fund.

If you have nominated to reinvest your distributions, your new Units will be issued on the distribution payment date at the prevailing Unit Price.

We may choose to suspend the distribution reinvestment option at any time by giving you notice. If this occurs, all subsequent distributions will be paid directly into your bank account until reinvestments commence.

If we are unable to credit your distribution to your nominated account or if you have not nominated an account, we will reinvest your distribution into additional Units of the Fund.

If you wish to change your distribution details please send us a written request signed by the investor, by mail or fax, and we will amend your details within five business days of receipt of your notification.

Please note that cheques are not issued for the payment of income as distributions will only be paid into your nominated account.

All distributions and distribution statements relating to investments made via an IDPS will be provided to the operator of that service.

# 8. TAXATION

The Australian taxation system is complex and every investor has different circumstances. Accordingly, it is recommended that you seek independent professional taxation advice before you make any investment in the Fund.

The following is a general outline of some of the relevant tax issues and is based on the laws in operation as at the date of this PDS.

## 8.1 INCOME TAX

The Fund is a resident of Australia for taxation purposes. The Fund intends to distribute all of its net taxable income (after deducting Fund expenses) each year. If this occurs, the Fund will not be subject to tax. If this does not occur, income tax will be paid on any income that is not distributed.

All distributions of income, including amounts that are reinvested will form part of an investor's assessable income and may be subject to tax. Distributions, including amounts that are reinvested, should be included in an investor's tax return.

In certain circumstances, certain dealings with an investment such as withdrawals and transfers may have tax consequences for an investor. It is recommended that professional taxation advice be sought in relation to such dealings.

## 8.2 TAX FILE NUMBERS

Quotation of a Tax File Number (TFN) is not compulsory, but if you do not provide a TFN, tax at the highest personal tax rate (plus Medicare levy) may be withheld from any distribution that you receive or that you reinvest. By quoting your TFN, you authorise the Fund to apply it to your investment and disclose it to the Australian Taxation Office.

An investor who invests in the Fund in the course of a business may quote an Australian Business Number (ABN) instead of a TFN.

## 8.3 GOODS AND SERVICES TAX

GST will not be payable on your investments in the Fund or on distributions you receive from the Fund.

The Fund has been registered for GST so expenses charged to the Fund (including management fees) may include GST. The Fund may not be entitled to claim an input tax credit for the full amount of any GST charged. The GST included in the expenses which is not entitled to an input tax credit represents a net cost to the Fund.

# 9. HOW TO MAKE YOUR INVESTMENT

## 9.1 INITIAL INVESTMENT

To make your initial investment, complete the current application form accompanying this PDS and send it to the Investment Manager by mail with your cheque.

Your cheque should be made out to:

### **Liberty High Yield Fund**

The minimum initial investment in the Fund is \$30,000.

Our address for delivery is:

**Liberty High Yield Fund**  
**Attn: Registry Services**  
**P.O. Box 1034**  
**Melbourne VIC 3000**

Once you have made an initial investment, you can make further investments of \$10,000 or more.

Applications will typically be processed on the 15th day of each calendar month (or the prior Business Day) for applications received in the prior month. Investors will be entitled to receive income from the 1st day of the calendar month in which their application was processed. You are not an investor in the Fund until your application has been received, together with your application money, and your application has been accepted by the Responsible Entity. Once your application has been accepted, the Responsible Entity will notify you, in writing, to confirm the issue of Units to you. Any application money received will be held in a trust account until the application is accepted.

The Responsible Entity may accept or reject applications in its absolute discretion. If your application is not accepted, you will be notified in writing and your application money will be returned.

## 9.2 INDIRECT INVESTORS

Investors and potential investors may access the Fund through an IDPS or IDPS-like service (commonly a master trust or wrap account). We authorise the use of this PDS as disclosure for those who wish to access the Fund through an IDPS where the operator has provided us with a written undertaking in accordance with ASIC requirements.

Such indirect investors do not become investors or acquire the rights of an investor of the Fund. The operator of that service acquires those rights and can exercise them, or decline to exercise them, on behalf of indirect investors.

This means that all income, notices, withdrawals, confirmations and regular reports are sent directly to the operator of your service. We do not record any personal information about you. All of this information is recorded by the operator of your service whose obligation it is to inform you about their privacy policy, obligations to protect any personal information and your rights under the Corporations Act.

If you are investing through an IDPS, master trust or wrap account operator, you need to obtain and complete the relevant application forms from that operator. Transaction cut-off times for those indirect investors depend on the transaction cut-off times of their service. No cooling off rights apply to indirect investors. Indirect investors should seek appropriate tax advice.

Your primary point of contact for information or resolution of complaints is your service operator.

## 9.3 COOLING OFF RIGHTS

A cooling off period may apply. If you are a retail client, you may have a right to cool off in relation to an investment in the Fund within 14 days of the earlier of:

- ★ confirmation of the investment being received or available; and
- ★ the end of the fifth Business Day after the Units are issued or sold.

You may exercise this right by notifying us in writing at the address in the Directory. A retail client is entitled to a refund of their investment adjusted for any increase or decrease in the relevant application price(s) between the time we process your application and the time we receive the notification from you, as well as any other tax and other reasonable administrative expenses and transaction costs associated with the acquisition and termination of the investment.

A retail client's right to cool off does not apply in certain limited situations, such as if the issue is made under a distribution reinvestment plan or if, at the time the investment is made, the Fund is illiquid. Also, the right to cool off does not apply to you if you choose to exercise your rights or powers as an investor in the Fund during the 14 day period. This could include selling part of your investment.

Indirect investors should seek advice from their IDPS operator as to whether cooling off rights apply. The right to cool off may not apply if you are investing indirectly in the Fund, for example, through an IDPS, even if you are a retail client. This is because you do not acquire the rights of an investor in the Fund. Rather, you will direct the IDPS operator to arrange for your monies to be invested in the Fund on your behalf. The terms and conditions of the IDPS guide or similar type of document will govern your investment in relation to the Fund and any rights you may have in this regard.

If you have any questions about this right please contact your adviser or Investor Services. Indirect investors should seek advice from their service operator.



*Choose Freedom, Choose Liberty.*

# 10. HOW TO WITHDRAW YOUR INVESTMENT

## 10.1 WITHDRAWING YOUR INVESTMENT

Investors are able to make a withdrawal request by lodging a written request with the Responsible Entity to withdraw some or all of their Units. Whilst the Fund is liquid (as reasonably determined by the Responsible Entity), withdrawal requests will be processed at each calendar quarter end as follows:

- ★ withdrawal requests that are received at least 30 days prior to the end of each calendar quarter will be processed at the end of that quarter. Withdrawal amounts will usually be paid within 30 days of the end of the quarter; and
- ★ withdrawal requests that are received within the last 30 days of any calendar quarter will be processed at the end of the next quarter and withdrawal amounts will usually be paid within 30 days of the end of that subsequent quarter.

The most recent Unit Price prior to payment of withdrawals will be used when processing withdrawal requests. Withdrawal requests from investors will be primarily funded by cash and liquid assets which may be sourced from the issue of new Units (either to new investors or to existing investors making additional investments). The Investment Manager will regularly review the liquidity position of the Fund and manage the liquidity position in line with anticipated withdrawal requests. Whilst the interest rate securities held by the Fund are likely to be listed on an exchange, if required to meet withdrawal requests, the Responsible Entity reasonably expects to be able to sell the securities at market value within the time period specified in the Constitution (being within 12 months). This is based on the experience of related parties of the Responsible Entity who sell interest rate securities of this nature as part of their business. However, under the Constitution, the Responsible Entity may extend the period required to meet withdrawal requests if:

- ★ there are not enough assets in the Fund which can readily be realised for cash to meet the outstanding withdrawal requests;
- ★ we believe it is in the best interests of all investors;
- ★ we are unable to realise assets of the Fund at fair market value due to market disruption or adverse market conditions; or
- ★ we are unable to properly or fairly calculate the value of the assets of the Fund due to an event beyond our control. For example, if the investments are subject to restrictions or if there is material market uncertainty like a property market crash, we can delay payment for so long as this continues.

The amount you receive on withdrawal of your Unit will be the Unit Price on the last day of the quarter, less any transaction costs which are or will be incurred by the Responsible Entity in funding the withdrawal request. No withdrawal fees are charged by the Responsible Entity. If we are unable to credit your withdrawal to your nominated account or if you have not nominated an account we will issue you a cheque for the amount of your withdrawn investment.

## 10.2 SUSPENSION OF WITHDRAWALS

In certain circumstances, we may also suspend withdrawals where we believe it to be in the best interests of all investors to do so.

## 10.3 IF THE FUND IS NOT LIQUID

If the Fund ceases to be liquid (as defined by the Corporations Act) you will only be able to withdraw your interest in the Fund if we make an offer under Chapter 5C.6 of the Corporations Act. The Responsible Entity is not obliged to make a withdrawal offer at any time if the Fund is not liquid.

If the Responsible Entity decides to make a withdrawal offer to investors, this will occur in writing at the end of a calendar quarter. Before making a withdrawal offer, the Responsible Entity will determine the amount that will be available for withdrawal from the Fund, based on its estimate of the liquidity available in the Fund at the relevant time.

At the time of making a withdrawal offer, investors will receive a written notice of the withdrawal notice explaining the process for submitting a withdrawal request. If the withdrawal offer is oversubscribed, then withdrawal requests will be satisfied on a pro rata basis.

## 10.4 MINIMUM HOLDING

Initially, the Minimum Holding has been set by the Responsible Entity at a level which means an investor must maintain a minimum holding of 25,000 Units. If an investor makes a redemption request that would result in the investor holding less Units than the Minimum Holding, then we may treat the redemption request as relating to the balance of the investor's holding.

However, under the Constitution, the Responsible entity may alter the Minimum Holding at any time. The Responsible Entity only intends to reduce the Minimum Holding if the Unit Price increases to such a level that the minimum investment into the Fund would mean that an investor would acquire an amount of units less than the Minimum Holding.

Updated information regarding the Minimum Holding will be available from the Responsible Entity's website at [www.liberty.com.au](http://www.liberty.com.au).

## 10.5 INDIRECT INVESTORS

Any withdrawal requests should be made through the operator of your service. The time taken to process a withdrawal offer may also vary according to the processing requirement and procedures of your service operator. You should refer to your operator's disclosure document to understand this. Any withdrawal offer will be made to the operator of your service.

## 10.6 TRANSFERRING YOUR UNITS

As an Investor you are entitled to transfer your Units to a third party at any time, subject to the transfer procedure in the Constitution. If you have identified a willing acquirer, we will assist you with the transfer process.

# 11. KEEPING YOU INFORMED

## 11.1 TRANSACTION CONFIRMATIONS

We will provide written confirmation of each of your transactions or changes to your investor information within 10 Business Days. This includes initial and additional investments and reinvestments. Confirmation will be made to you by email, fax or post.

## 11.2 ANNUAL REPORT AND OTHER INFORMATION

The audited financial statements for the Fund will be prepared as at 30 June each year and will be made available through Investor Services.

As a disclosing entity, the Fund is subject to regular reporting and disclosure obligations. Copies of documents lodged with ASIC (generally annual and half-year financial reports) may be obtained from, or inspected at, an ASIC office.

We can also provide you with a copy of any continuous disclosure notices given for the Fund after the lodgement of the most recent annual report.

All investor information and communications will be available on the Fund's website, however if you wish to obtain a paper copy, please contact Investor Services and we will send you a paper copy of the document within 10 Business Days.

## 11.3 TAX STATEMENT

A year-end tax statement will be sent to you with tax information as soon as practical after the end of the financial year to help you include the information in your tax return.

## 11.4 STATEMENT OF TRANSACTIONS

Shortly after each monthly distribution you will receive a statement detailing your transactions and your distributions. On request Investor Services can also provide you with a statement of transactions.

If you are investing as an indirect investor (either through an IDPS or IDPS-like service) your service operator will report to you about your investment. Please refer to them about the frequency and nature of reporting on your investment.

## 11.5 PERFORMANCE INFORMATION

Quarterly performance data is available on our website [www.liberty.com.au](http://www.liberty.com.au) or by contacting Investor Services.

## 11.6 COMPLAINTS AND DISPUTE RESOLUTION

Please notify us of complaints by contacting Investor Services. We will acknowledge your concern as soon as possible and follow certain procedures. These are available free of charge and are set out on our website via the Customer Service tab at [www.liberty.com.au](http://www.liberty.com.au).

If you are not happy with how your concern has been dealt with you may contact the Financial Ombudsman Service. This is an independent body and approved by ASIC to consider complaints. Their details are as follows:

Financial Ombudsman Service  
GPO Box 3  
MELBOURNE VIC 3001  
Telephone: 1300 780 808  
Website: [www.fos.org.au](http://www.fos.org.au)

Of course, as you are a valued investor, we would prefer to resolve the issue together first and in fact, the Financial Ombudsman Service will require you to first provide us with the opportunity to address your concern.

## 11.7 REGISTRY SERVICES

The Investment Manager provides registry services on our behalf to the Fund. Registry correspondence should be mailed to:

**Liberty High Yield Fund**  
**Attn: Registry Services**  
**P.O. Box 1034**  
**Melbourne VIC 3000**

or faxed to (03) 8613 1920

# 12. ADDITIONAL INFORMATION

The Fund is registered as a managed investment scheme under Part 5C of the Corporations Act.

None of the Responsible Entity, the Investment Manager, their related bodies corporate, or their associates or directors, or the Custodian, guarantees the repayment of your capital or the performance of your investment.

## 12.1 KEEPING US INFORMED

Our records about you are important. Please inform us in writing of any changes to details which you have given us. Any changes must be signed by all investors. This may be a new postal address, a change of name or new financial institution account details for payments.

We will send you written confirmation of any changes.

Please quote your Investor Number whenever you contact us.

## 12.2 PRIVACY

You can access, correct or update any personal information we hold about you, subject to some exceptions allowed by law, by contacting Investor Services. If for any reason access is denied the reason will be given. We may charge a reasonable fee for access to your personal information. Please contact Investor Services if you have questions about how we handle your personal information. You can also obtain a copy of our Privacy Policy on request.

To find out more about your rights and remedies for breaches of privacy, you can visit the Office of the Australian Information Commissioner's web site at [www.oaic.gov.au](http://www.oaic.gov.au) or contact the hotline on 1300 363 992.

## 12.3 HOW WE USE YOUR INFORMATION

We collect information for the following purposes:

- ★ to process your application;
- ★ to administer your investment and provide you with reports;
- ★ to monitor and improve the quality and timeliness of the service we provide to you; and
- ★ to comply with regulatory or legal requirements, including Australian taxation laws, the Corporations Act and other applicable laws and regulations.

We also ask you for some personal details so that we, and our related companies, can keep in touch with you and tell you about our other products and services that could be useful to you. Please contact us if you do not wish your details to be used for marketing purposes.

## 12.4 DISCLOSING YOUR INFORMATION

We disclose your information to your consultant or adviser if you complete Section 10 of the application form, or if you request us to, and to any other authorised representative of yours (such as your accountant or lawyer) from time to time. In addition, we may disclose information we hold about you in the following circumstances:

- ★ if you consent to disclosure;
- ★ to any joint investor;
- ★ to companies that provide services to us, to our related companies, to the Fund, or on our behalf (e.g. administration, custody, investment management, technology, identity verification, auditing, registry, mailing or printing services);
- ★ if the disclosure is required or authorised by law, which may include disclosures to the Australian Taxation Office and other Government or regulatory bodies; or
- ★ organisations related to us such as Liberty Financial and its related bodies corporate whether in Australia or any overseas jurisdiction.

## 12.5 OUR ROLE

We are the trustee of the Fund. Under the Corporations Act we are described as the responsible entity. We, as the responsible entity of the Fund, and the Fund are regulated by ASIC under the Corporations Act.

Under the Corporations Act we must act honestly and in the best interests of investors. We have a compliance plan for the Fund which details the methods we follow to ensure that in operating the Fund we comply with the Corporations Act and the Constitution of the Fund. The compliance plan has been lodged with ASIC and is audited annually. Any breaches of the compliance plan are reported to the Board of Directors and, if required, to ASIC.

## 12.6 THE CONSTITUTION

The rights and obligations of investors are governed by the Constitution and this PDS, but are also affected by the Corporations Act, any exemptions and declarations issued by ASIC, and the general law relating to trusts. To the extent of any inconsistency between this PDS and the Constitution, the Constitution prevails.

The Constitution includes provisions relating to:

- ★ the nature of the Units;
- ★ how we calculate Unit Prices, and what you are entitled to receive when you withdraw or the Fund is wound up;
- ★ the times and circumstances we can delay processing withdrawals;
- ★ your right to requisition, attend and vote at investor meetings; and
- ★ your right to share in any Fund income and how we calculate it.

The Constitution states your liability is limited to the amount you paid for your Units but you should be aware that the effectiveness of such a limitation has never been tested before a court.

There are also provisions governing our powers and duties:

- ★ our powers to invest, borrow and generally manage the Fund are practically unrestricted;
- ★ we have discretion to refuse transfers and applications;
- ★ we can change the Constitution, but we need approval from a meeting of investors if the change will adversely affect your rights;
- ★ we can terminate the Fund, and if we do, you will share in the net proceeds from us selling the investments;
- ★ we can retire, but in most situations only if a new Responsible Entity is appointed; and
- ★ we can charge fees and recover expenses.

As Responsible Entity we are also subject to many duties under the Corporations Act including duties to act honestly, exercise care and diligence and treat all investors fairly.

The Constitution also deals with our liabilities in relation to the Fund and when they can be reimbursed to us out of the Fund's assets, for example:

- ★ we are not liable for acting in reliance in good faith on professional advice;
- ★ we are not liable for any loss unless we fail to comply with our duties under the Corporations Act;
- ★ we exclude liability under other laws as much as possible;
- ★ we can be reimbursed for liabilities we incur in connection with the proper performance of our duties for the Fund, including any circumstances where an unrelated act or omission for which we have responsibility has caused loss to the Fund.

The Constitution allows us to terminate the Fund at any time if we believe it is in the best interests of investors. This may occur for a variety of reasons including, but not limited to, the Fund no longer being able to satisfy its investment objective or strategy. If this occurs, we will issue a termination notice after which all assets in the Fund will be realised and paid out to investors in proportion to and to the extent of their unit holding (subject to any Fund expenses). The termination process will be completed as quickly as possible but the time taken will depend on the nature of the assets in the Fund. While we will only terminate the Fund if we believe it is in the best interests of investors as a whole, consequences for individual investors (for example in relation to taxation) may vary depending on their own circumstances at the time the Fund is terminated.

The Constitution has been lodged with ASIC and is available for inspection. Copies may also be obtained free of charge by contacting Investor Services.

## 12.7 INVESTMENT MANAGEMENT AGREEMENT

We have appointed Liberty Financial Pty Ltd, a related party, as Investment Manager of the Fund. The management agreement is for an initial term of ten years. It permits the Investment Manager to acquire assets that meet the Fund's investment policies and specifies minimum service standards that the Investment Manager must meet in acquiring, managing and reporting on the assets of the Fund.

The Fund will also invest in assets that are issued or sold by the Investment Manager or a related party of the Investment Manager. We have a documented policy in relation to such transactions to ensure that the Fund transacts on commercial arm's length terms. A copy of the policy, and documents relating to it, is available by contacting Investor Services.

In summary, however, this policy requires that all assets acquired by the Fund from the Investment Manager or a related party of the Investment Manager be based on similar transactions involving similar assets with third parties.

The Investment Manager also provides certain advisory and administrative services to us. These services include:

- ★ asset and liability management;
- ★ liquid asset administration;
- ★ accounting and administrative services; and
- ★ information technology services.

## 12. ADDITIONAL INFORMATION

The Investment Manager is entitled to a management fee equal to 0.66% (GST inclusive) of the net assets of the Fund. This will be paid by the Responsible Entity to the Investment Manager from the management fee payable to the Responsible Entity.

The Investment Manager is entitled to appoint agents to assist it to perform its duties. The Investment Manager has appointed its wholly owned subsidiary, Secure Credit Pty Ltd, to assist it to perform certain investment management services. Secure Credit Pty Ltd will be remunerated in accordance with the terms of appointment of the Investment Manager.

In the event that Liberty Fiduciary Limited ceases to be the responsible entity of the Fund, the Investment Manager will be entitled to terminate the management agreement. Under the Constitution, the Responsible Entity is entitled to receive a fee of up to 5% of the Net Asset Value of the Fund, in the event it retires or is removed as Responsible Entity. This fee is payable on retirement or removal of the Responsible Entity for the services provided in establishing the Fund and facilitating the orderly replacement of the responsible entity.

### 12.8 CUSTODY AGREEMENT

We have appointed an external custodian to hold the assets of the Fund. The Custodian has no supervising role in the operation of the Fund and is not responsible for protecting your interests. It only acts in accordance with the relevant custody agreement. The Custodian has no liability or responsibility to you for any oversight or omission made in accordance with the terms of their custody agreement.

The Custodian is an authorised representative of Perpetual Trustee Company Limited (AFSL No 236643).

The Custodian was not involved in preparing, and takes no responsibility for this PDS. The Custodian makes no guarantee of the success of the Fund or the repayment of capital or any particular rate of capital or income return.

### 12.9 CONSENTS TO BE NAMED IN THIS DOCUMENT

The Investment Manager and Directors of the Responsible Entity consent to be named in this PDS and have not withdrawn their consent as at the date of this PDS.

### 12.10 RELATED PARTIES

The Constitution specifies that we may seek professional advice and services for the Fund and allow us to recover all proper expenses from the Fund. Where we engage the services of a third party, these services will be provided on an arm's length basis at commercial rates.

The Responsible Entity, the Investment Manager, their related bodies corporate, their employees, directors and their officers may hold Units in the Fund from time to time.

# 13. GLOSSARY

**ABN:** Australian Business Number.

**AFSL:** Australian Financial Services Licence.

**ARSN:** Australian Registered Scheme Number.

**ASIC:** Australian Securities and Investments Commission.

**\$:** Australian dollars.

**Bank Bill:** A bill of exchange of which the acceptor or the endorser is a bank.

**BBSW:** The Bank Bill Swap Rate, a floating interest rate set by reference to Australian Dollar bank bills.

**Constitution:** The written document lodged with ASIC which governs the operation of the Fund dated 8 February 2012, as amended from time to time.

**Corporations Act:** Corporations Act 2001 (Cth).

**Custodian:** Perpetual Corporate Trust Limited (ABN 99 000 341 533) (AR 266799).

**Derivative:** A financial instrument whose price is dependent upon or derived from one or more underlying assets and whose value is determined by the fluctuations of the underlying asset.

**Distribution:** Income paid from the Fund to an investor.

**Fund:** Liberty High Yield Fund (ARSN 157 915 225).

**GST:** Goods and services tax.

**ICR:** Indirect Cost Ratio

**IDPS:** Investor directed portfolio service.

**Investment Committee:** a committee made up two directors from the Investment Manager and one independent member.

**Investment Manager:** Liberty Financial.

**Liberty Financial:** Liberty Financial Pty Ltd (ABN 55 077 248 983) (AFSL 286596).

**Net Asset Value:** Refers to the assets of the Fund less the liabilities of the Fund excluding member liabilities. Net asset value does not include any amounts held in the distribution account for the Fund or amounts which have been set aside for distribution but which have not yet been paid.

**PDS:** This Product Disclosure Statement, issued by the Responsible Entity on 9 May 2012.

**Responsible Entity:** Liberty Fiduciary Limited (ABN 80 119 884 623) (AFSL 303137).

**TFN:** Tax file number.

**Unit:** A unit in the Liberty High Yield Fund.

**Unit Price:** The price of a Unit.

# COMPLETING THE APPLICATION FORM

## INTRODUCTION

The Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (the Act) requires us to identify our new investors and verify their identity. Our application form captures personal information about investors to comply with the requirements of the Act. Certified copies of your identification documentation will be required and details of the certification process are contained on page 30 of this PDS. We will not be able to process your application until we receive the identification information we require.

We may need to collect further information about you to comply with our ongoing customer due diligence obligations under the Act. Please see page 24 for more details.

The following instructions for completing the application form will assist you to provide the information we require. The provision of complete and accurate information will enable us to process your application efficiently and to meet our obligations under the Act.

**PLEASE COMPLETE THE ACCOMPANYING APPLICATION FORM IN BLOCK LETTERS AND SIGN SECTION 11 AND PART A OF SECTION 12 OF THE APPLICATION FORM.**

## 1 COMPLETING INVESTOR DETAILS

Please complete the investor details as follows:

If you are an Australian tax resident, please tick the box "Australian tax resident" to confirm your status.

If you are an existing investor please tick "Existing" and provide the name in which your investment is held and your investor number; or

If you are a new investor please tick "New" and proceed to Section 2.

## 2 INVESTMENT DETAILS

Indicate how much you wish to invest in the Fund.

Minimum initial investment: \$25,000.

Minimum additional investment \$10,000.

Cheque: Make your cheque payable to "Liberty High Yield Fund" and crossed "Not Negotiable". Please note we do not accept third party cheques.

## 3 INCOME DISTRIBUTIONS

Please indicate your preferred account for income distributions. If income is to be credited to an account with an Australian bank, building society or credit union, we require your complete account details. If you do not nominate your preferred option, it will be assumed that you require the income to be reinvested in additional units in the Fund.

## 4 REDEMPTION PAYMENTS

Please indicate your preferred account for payment of redemptions. If redemptions are to be credited to an Australian bank or financial institution, we require you to complete account details. Unless specifically requested otherwise, we will pay all redemptions to your nominated bank account. Please note that third party payments will not be issued.

## 5 COMPLETING THE CATEGORY YOU FIT INTO

Please indicate the category you fit into for unit holding as follows:

- ★ Individual(s) or joint names, tick "Individual(s)" and proceed to Section 6.
- ★ Company, cross "Company" and proceed to Section 6.
- ★ Trust, cross "Trust" and proceed to Section 6.
- ★ Superannuation Fund (including self-managed superannuation funds), cross "Superannuation Fund" and proceed to Section 4. Corporate Trustees proceed to Section 3.
- ★ Partnership, cross "Partnership" and proceed to Section 6.

## 6 COMPLETING APPLICANT DETAILS

To complete this section, please indicate your applicant status (e.g. trustee and beneficiary).

Note: All documents supporting the identification of applicants must be certified. Instructions for identification are covered in Certification on page 30.

For an Individual please complete this section and proceed to Section 10.

For a Company registered as a proprietary company, please complete this section as an individual for each director and beneficial owner (any individual who owns through one or more shareholdings, more than 25% of the issued capital of the company). For a company registered as a public company, please provide the full name and residential address of each director (attach separately). Once this section is completed proceed to Section 10.

For a Trust or Superannuation Fund the full details of only one of the trustees needs to be completed in this section as an individual and only the full name and residential address of the other trustee(s) and beneficiary(ies) is also required in Section 6. However, if any of the trustees is a company, then for each one of those companies you must complete this section as an individual for each director and beneficial owner. Once this section is completed proceed to Section 7 or 8 depending upon whether the trustee is a company or individual. In both cases, once completed, please proceed to Section 9.

For a Partnership only one of the partners needs to complete this section in full as an individual. However, the full name and residential address of each partner is required (attach separately). Once this section is completed proceed to Section 10.

#### **Tax File Number Lodgement or Australian Business Number Lodgement**

Collection of TFN information is authorised and its use and disclosure are strictly regulated by Tax Laws and the Privacy Act. It is not an offence if you choose not to supply your TFN or exemption, but tax may be taken out of your income distributions, currently at 46.5%. For any further investments if the TFN provided corresponds to the Applicant Details the TFN will be automatically applied. You have the right to indicate at any time that you no longer wish to quote a TFN for an investment. You may choose to provide your ABN instead of your TFN if your investment is made in the course of carrying on an enterprise. For more information about the use of tax file numbers, please contact your nearest tax office.

#### **Tax Exemption**

You may not be required to lodge a tax return if you fit into one of the following categories:

- ★ Recipient of Age, Service, Invalid, Veteran, Care, Sole Parent or Special Benefit pension – specify type; or
- ★ Other – please specify.

Please also indicate which applicant is to be granted authorisation for your account and indicate how you would like to receive your transaction statements.

#### **7 COMPANY OR CORPORATE TRUSTEE**

Please complete if you are applying on behalf of a company or corporate trustee.

#### **8 TRUST OR SUPERANNUATION FUND**

Please complete if you are applying on behalf of a trust, deceased estate or superannuation fund.

#### **9 DECLARATION OF BENEFICIAL OWNERSHIP FOR TRUST APPLICANTS**

Please complete if you are applying on behalf of a trust.

#### **10 CONSULTANT OR ADVISER**

Please indicate if you do not wish us to send information relating to your investment to your consultant or adviser.

Consultants or advisers are requested to complete their details and stamp the application form.

#### **11 DECLARATION AND SIGNATURE**

All applications (including joint applications) must be signed by all parties, in the presence of an Acceptable Certifier.

If signed under power of attorney, the attorney must certify that he or she has not received notice of revocation of that power (the power or a certified copy is required to be forwarded).

If you are a corporation, you may use your common seal if you wish; witnessed by two directors or a director and a secretary (please check your constitution). Otherwise, two directors or a director and secretary may sign or, if a proprietary company with a sole director, that director alone may sign.

# COMPLETING THE APPLICATION FORM

## 12 CERTIFICATION

Each applicant must provide either:

- ★ one form of primary photographic identification; or
- ★ one form of primary non-photographic identification and one form of secondary identification.

Please provide your identity documents to an Acceptable Certifier who must sign this section in your presence. Refer to page 37 for a list of Acceptable Certifiers.

Please copy this section for each person for whom identification documents are required.

### LODGEMENT OF APPLICATION FORM

Forward the completed application form, together with your cheque to:

**Liberty High Yield Fund**  
**Attn: Registry Services**  
**P.O. Box 1034**  
**Melbourne VIC 3000**

If you have any questions, please call Investor Services on freecall 13 11 80.

## CHECKLIST

✓	Use a black or blue pen
✓	Write in BLOCK Letters
✓	Make your cheque payable to: "Liberty High Yield Fund" crossed "Not Negotiable"
✓	Send your application form and cheque to: Liberty High Yield Fund Attn: Registry Services P.O. Box 1034 Melbourne VIC 3000
✓	Supply your TFN or ABN if you wish to do so
✓	I have provided my residential/ registered address
✓	I have attached required identification documentation
✓	The documentation provided has been certified

We take no responsibility for any delay in the processing of an incomplete application. In that event, you will be contacted as soon as practicable and asked to supply the necessary additional information in order for your application to be processed.

Should the information above be unclear to you or if you are unsure of what classification your application falls under, please contact Investor Services directly for clarification prior to submitting your application.



# LIBERTY HIGH YIELD FUND APPLICATION FORM



Product Disclosure Statement  
Liberty Fiduciary Limited  
ABN 80 119 884 623  
AFS Licence No. 303137  
9 May 2012

Make cheque payable and send to:  
Liberty High Yield Fund  
Attention: Registry Services  
P.O. Box 1034  
Melbourne VIC 3001

## 1. YOUR DETAILS

Australian tax resident

Existing - Give details of your account below, If any of your details have changed, please update them in section 6.

Account Name:  Investor Number:

New

## 2. INVESTMENT AMOUNT

Minimum initial investment \$30,000, minimum additional investment \$10,000.

Amount A\$:

## 3. INCOME DISTRIBUTIONS

Note: If no election is made, distributions will be reinvested in additional units.

Reinvest income as additional units; or

Pay income into the account shown below.

Name of Australian bank or financial institution  Name in which the account is held

Account No  BSB No

## 4. REDEMPTION PAYMENTS

The bank account into which we will make redemption payments.

Pay into the account identified above in section 3; or

Pay using the account details provided below.

Name of Australian bank or financial institution  Name in which the account is held

Account No  BSB No

## 5. WHICH CATEGORY DO YOU FIT INTO?

Individual(s)  Corporate Trustee or Company

Partnership  Individual Trustee or Superannuation Fund

## 6. APPLICANT DETAILS

You are investing as (please complete, and make copies if more than 4 applicants):

- An individual or Partnership (complete below)
- A Trust or Superannuation Fund with corporate trustee (complete below for all named beneficiaries and all directors of the corporate trustee, then go to section 7)

- A company (if a proprietary company complete below for all directors and shareholders who own at least 25% of shares; if a public company complete below for all directors only, then go to section 7)
- A Trust or Superannuation Fund with individual trustee (complete below for all named beneficiaries and all trustees, then go to section 8)

### APPLICANT 1

Title	Given name
<input type="text"/>	<input type="text"/>
Middle name	Last name
<input type="text"/>	<input type="text"/>
Date of birth [dd/mm/yyyy]	
<input type="text"/>	
Home phone number	Work phone number
<input type="text"/>	<input type="text"/>
Mobile	Fax number
<input type="text"/>	<input type="text"/>
Email address	
<input type="text"/>	
Tax file number (or reason for exemption-refer to p 29 for details)	
<input type="text"/>	
Passport number	Driver's licence number
<input type="text"/>	<input type="text"/>
Residential address (street number & name)	
<input type="text"/>	
Suburb	State
<input type="text"/>	<input type="text"/>
Postcode	Country
<input type="text"/>	<input type="text"/>
Postal address (if different from residential)	
<input type="text"/>	
Suburb	State
<input type="text"/>	<input type="text"/>
Postcode	Country
<input type="text"/>	<input type="text"/>
<input type="checkbox"/> Authority to act	

How you would like to receive statement(s) below:

<input type="checkbox"/> Post	
<input type="checkbox"/> Email	Email address <input type="text"/>
<input type="checkbox"/> Fax	Fax no. <input type="text"/>

I/We acknowledge that undelivered email or fax statements will be sent out by post.

### APPLICANT 2

Title	Given name
<input type="text"/>	<input type="text"/>
Middle name	Last name
<input type="text"/>	<input type="text"/>
Date of birth [dd/mm/yyyy]	
<input type="text"/>	
Home phone number	Work phone number
<input type="text"/>	<input type="text"/>
Mobile	Fax number
<input type="text"/>	<input type="text"/>
Email address	
<input type="text"/>	
Tax file number (or reason for exemption-refer to p 29 for details)	
<input type="text"/>	
Passport number	Driver's licence number
<input type="text"/>	<input type="text"/>
Residential address (street number & name)	
<input type="text"/>	
Suburb	State
<input type="text"/>	<input type="text"/>
Postcode	Country
<input type="text"/>	<input type="text"/>
Postal address (if different from residential)	
<input type="text"/>	
Suburb	State
<input type="text"/>	<input type="text"/>
Postcode	Country
<input type="text"/>	<input type="text"/>
<input type="checkbox"/> Authority to act	

How you would like to receive statement(s) below:

<input type="checkbox"/> Post	
<input type="checkbox"/> Email	Email address <input type="text"/>
<input type="checkbox"/> Fax	Fax no. <input type="text"/>

I/We acknowledge that undelivered email or fax statements will be sent out by post.



## 7. COMPANY OR CORPORATE TRUSTEE

Name of company, incorporated association or body

.....

ABN / ACN / ARBN

.....

Contact person (full name)

.....

Registered address

.....

TFN

Daytime phone number

Fax number

.....

.....

.....

## 8. TRUST OR SUPERANNUATION FUND

Name of trust, superannuation fund, minor, deceased estate or unincorporated association. Trustees must complete section 9 as applicable and provide appropriate documentation (i.e. extract of trust deed).

.....

Trustee / executor name(s)

.....

Registered address

.....

ABN / ARBN

.....

Contact person (full name)

.....

TFN

Daytime phone number

Fax number

.....

.....

.....

## 9. DECLARATION OF BENEFICIAL OWNERSHIP FOR TRUST APPLICANTS

This declaration requires you, as the contracting party with Liberty Fiduciary, to verify the identity of the beneficial owner(s) for the account to be opened. For the purpose of this declaration a beneficial owner is the person(s) who owns or benefits from this account. In making this declaration you undertake to inform Liberty Fiduciary immediately if there are any changes to the information disclosed herein.

Nature of trust (e.g. Discretionary)

.....

Revocable

Irrevocable

Date trust deed settled [dd/mm/yyyy]

□□ / □□ / □□□□

### A. SETTLOR DETAILS

Please complete the details of the Settlor in section 6.

### B. GUARDIAN / APPOINTOR DETAILS

Please complete the details of the Guardian / Appointor in section 6.

### C. TRUST BENEFICIARIES

DISCRETIONARY TRUST - Please specify the beneficiaries of the trust as defined in the Trust Deed. If the trust is a Discretionary Trust please describe the class of beneficiaries.

.....

FIXED TRUSTS - If the trust is a fixed trust (e.g. named beneficiaries) please complete the details in section 6 for each beneficiary.

### D. AUTHORISATION FOR INSTRUCTIONS FOR THE TRUST

Please specify parties that are authorised to give instructions to the trustees

.....

### Glossary of terms

Revocable Trust, a trust that may be changed or cancelled by its settlor or another person. Irrevocable Trust, a trust that can not be changed or cancelled once it is set up, without the consent of the beneficiaries. Settlor, the person that creates the trust, to hold property for the benefit of another. Guardian/Appointor, a person who holds a power to direct the trustee of an irrevocable trust in matters relating to the trust.

## 10. CONSULTANT OR ADVISER

I/We agree that information relating to my/our investment be supplied to my/our consultant/advisor.

Indicate here if you do not want information relating to your investment be supplied to your consultant/advisor.

Consultant/advisor name

Advisor stamp



Consultant's/advisor's address

Dealer group

Dealer branch

Phone number

ABN

AFS Licence / Authorised representative number



# 11. DECLARATION AND SIGNATURE

I/We declare that:

- ★ I/we have carefully read the Product Disclosure Statement dated 9 May 2012 for the offer of Units in the Liberty High Yield Fund (Fund) to which this application form is attached (PDS);
- ★ all details in this application form are correct;
- ★ I/we agree to be bound by the terms and conditions of the PDS and the Constitution pursuant to which the Fund was established as amended from time to time;
- ★ if this application is signed under a power of attorney, the attorney hereby declares that he/she has not received notice of revocation of that power. [A certified copy of the power of attorney must be submitted with this application form, unless we have already sighted it]; and
- ★ if this application form is signed on behalf of a trustee of a superannuation fund or trust, the trustee has the power and authority under the relevant trust deed to invest on behalf of the superannuation fund or trust.

I/We acknowledge that:

- ★ as with any investment, there are inherent risks investing in the Fund. These risks include less than expected returns, loss of income or capital invested, and delays in payment;
- ★ none of Liberty Fiduciary Limited, Liberty Financial Pty Ltd, or Perpetual Corporate Trust Limited, or any of their officers, employees or agents, guarantees the repayment of capital investment, the payment of income or the investment performance of the Fund;
- ★ a person who gives another person access to this application form must, at the same time and by the same means, give that person access to the PDS;
- ★ I/we will be the beneficial owner of the Units to be purchased, or can identify the beneficial owner of the Units if required to by Liberty Fiduciary Limited for regulatory purposes;
- ★ Liberty Fiduciary Limited reserves the right to reject an application for Units in the Fund for any reason; and
- ★ Liberty Fiduciary Limited is bound by laws about the prevention of money laundering and the financing of terrorism, including the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth) (AML/CTF laws). By completing this application, I/we agree that:
  - (a) I/we do not subscribe to the Fund under an assumed name;
  - (b) any money used by me/us to invest in the Fund is not derived from or related to any criminal activities;
  - (c) any proceeds of my/our investment will not be used in relation to any criminal activities;
  - (d) if Liberty Fiduciary Limited, Liberty Financial Pty Ltd, or Perpetual Corporate Trust Limited asks, I/we will provide any additional information reasonably required for the purposes of the AML/CTF laws (including information about an investor, any beneficial interest in the Fund, or the source of funds invested);
  - (e) Liberty Fiduciary Limited, Liberty Financial Pty Ltd, or Perpetual Corporate Trust Limited may obtain information about me/us or any beneficial owner from third parties if Liberty Fiduciary Limited, Liberty Financial Pty Ltd, or Perpetual Corporate Trust Limited believe this is necessary to comply with AML/CTF laws; and
  - (f) in order to comply with AML/CTF laws, Liberty Fiduciary Limited, Liberty Financial Pty Ltd, or Perpetual Corporate Trust Limited may be required to take action, including disclosing information that is held about me/us or any beneficial owner of Units in the Fund to their related bodies corporate or service providers or relevant regulators of AML/CTF laws (whether inside or outside Australia).

I/We consent to providing Liberty Fiduciary Limited, Liberty Financial Pty Ltd or any related party with:

- ★ personal information pursuant to the Privacy Act 1988 (Cth) and for use as described on page 24 of the PDS; and
- ★ information required to verify my/our identity as described on page 30 of the PDS.

Redemption requests must be signed by:

Applicant 1  Applicant 2

**Note: If no election is made, it is assumed that any one signatory may sign.**

Authorisation of Applicant 1 (signature)

[Signature line for Applicant 1]

Name

[Name line for Applicant 1]

Date [dd/mm/yyyy]

[Date line for Applicant 1]

Authorisation of Applicant 2 (signature)

[Signature line for Applicant 2]

Name

[Name line for Applicant 2]

Date [dd/mm/yyyy]

[Date line for Applicant 2]

## 12. CERTIFICATION (please copy this form for each person required to be identified)

### PART A

The certifier needs to view sufficient documents to be satisfied as to the identity of the individual and to be able to record his/her residential address

Mr  Mrs  Miss  Ms Other

Given names

Last name

Account name

Account number (if known)

Signature

Date [dd/mm/yyyy]

### PART B (see page 37)

#### Primary photographic identification document (e.g. Passport or Driver's Licence)

Type of document

Name on document

Date of birth [dd/mm/yyyy]

Date of expiry [dd/mm/yyyy]

Document no.

Issued by

Date of issue [dd/mm/yyyy]

Office/Country of issue

#### Primary non-photographic identification document (e.g. Birth Certificate, Citizenship Certificate or Pension Card)

Type of document

Name on document

Date of birth [dd/mm/yyyy]

Date of expiry [dd/mm/yyyy]

Document no.

Issued by

Date of issue [dd/mm/yyyy]

Office/Country of issue

#### Secondary identification document (i.e. Rates Notice, Utility Bill or Tax Assessment)

Type of document

Name on document

Address

Date of birth [dd/mm/yyyy]

Date of expiry [dd/mm/yyyy]

Document no.

Issued by

State

Postcode

Date of issue [dd/mm/yyyy]

Office/Country of issue

### ACCEPTABLE CERTIFIER. DETAILS OF CERTIFIER

Mr  Mrs  Miss  Ms Other

Given names

Address

Work phone number

Home phone number

Occupation

Last name

State

Postcode

Category of certifier 1-8 (refer to list on page 37)



## 12. CERTIFICATION (CONTINUED)

- ★ I am an acceptable certifier as set out below.
- ★ I have examined the identification documents detailed in Part B of this form and have certified them to be a true and correct copy.
- ★ The copy of the identification documents that I have attached to this application is a true and correct copy of the original examined by me.
- ★ The signatory signed the identification certification in my presence.

Signature of the certifier

.....

Date [dd/mm/yyyy]

□□ / □□ / □□□□

### PART B - GUIDANCE NOTES FOR ACCEPTABLE CERTIFIERS

The certifier needs to view sufficient documents to be satisfied as to the identity of the individual and to be able to record his/her residential address. An identification certification must be signed in the presence of an acceptable certifier. An identification certification is to be provided for each signatory to an account.

#### Primary photographic identification document

1. a driver's licence or permit issued under the law of a State or Territory or equivalent authority of a foreign country for the purpose of driving a vehicle that contains a photograph of the person;
2. an unexpired Commonwealth or foreign government passport that contains a photograph and signature of the person (providing the certifier understands the language it is written in, otherwise an English translation is required). An expired Commonwealth passport will be accepted if the expiry was in the past two years;
3. a card issued under a law of a State or Territory for the purpose of providing a person's age which contains a photograph of the person; or
4. a national identity card issued for the purpose of identification that contains a photograph and the signature of the person.

#### Primary non-photographic identification document

1. a birth certificate or birth extract issued by a State or Territory;
2. a citizenship certificate issued by the Commonwealth;
3. a citizenship certificate issued by a foreign government (providing the certifier understands the language it is written in, otherwise an English translation is required);
4. a birth certificate issued by a foreign government, the United Nations or an agency of the United Nations (providing the certifier understands the language it is written in, otherwise an English translation is required); or
5. a pension card issued by Centrelink.

#### Secondary identification document

1. a notice issued to an individual by the Commonwealth, a State or Territory within the preceding 12 months that contains the name and residential address of the individual and records the provision of the financial benefits under relevant law;
2. a notice issued to an individual by the Australian Tax Office within the preceding 12 months that contains the name and residential address of the individual and tax assessed; or
3. a notice that was issued to an individual by a local government body or utilities provider within the preceding 3 months that contains the name of the individual and residential address and records the provision of services to that address or that person.

### ACCEPTABLE CERTIFIERS

1. a legal practitioner enrolled in a Supreme Court of a State, Territory or the High Court of Australia;
2. a Justice of the Peace;
3. a police officer;
4. a member of the Institute of Chartered Accountants in Australia, CPA Australia, or the National Institute of Accountants with 2 or more years continuous membership;
5. an agent of Australia Post who is in charge of an office supplying postal services;
6. a permanent employee of Australia Post who supplies postal services;
7. an officer with, or authorised representative of, a holder of an Australian financial services licence, having 2 or more continuous years service with one or more licensees; or
8. an officer with two or more continuous years service with one or more financial institutions.

# DIRECTORY

## RESPONSIBLE ENTITY

Liberty Fiduciary Limited  
ABN 80 119 884 623  
AFSL 303137  
Level 16, 535 Bourke Street  
Melbourne VIC 3000  
Freecall: 13 11 80

## CUSTODIAN

Perpetual Corporate Trust Limited  
ABN 99 000 341 533  
AR 266799  
Level 12, 123 Pitt Street  
Sydney NSW 2000

## INVESTMENT MANAGER

Liberty Financial Pty Ltd  
ABN 55 077 248 983  
AFSL 286596  
Level 16, 535 Bourke Street  
Melbourne VIC 3000

## INVESTOR SERVICES

Freecall: 13 11 80  
Fax: (03) 8613 1920  
Email: [investorservices@liberty.com.au](mailto:investorservices@liberty.com.au)  
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## REGISTRY SERVICES

Liberty High Yield Fund  
Attn: Registry Services  
P.O. Box 1034  
Melbourne VIC 3000



# LIBERTY HIGH YIELD FUND

## BENEFITS

- ★ Opportunity to invest in high yield interest rate securities
- ★ Pooled fund providing access to investments otherwise difficult to achieve individually
- ★ Monthly income distributions
- ★ A low management fee
- ★ Managed by a team of experienced professionals

[www.liberty.com.au](http://www.liberty.com.au)

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