



Enhanced Income Fund

Customer Information Statement

Issued 1 July 2024 (Wholesale)

Anglican Funds Management

Anglican Funds Management (AFM) is an activity of the Synod of the Diocese of the Anglican Church of Adelaide Incorporated ABN 63 198 215 958 ARBN 655 122 133.

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Important Information

The AFM Enhanced Income Fund is a charitable scheme under an Instrument issued by the *Australian Securities and Investments Commission (ASIC) (Instrument 2016/813)*.

The ASIC Instrument provides an exemption from various fundraising, managed investment and licensing provisions of the *Corporations Act 2001 (the Act)* for religious, educational, community and other charitable organisations.

The Fund is intended to attract investors whose primary purpose for making their investment is to promote the religious, charitable or educational purposes of the Church, Charity or Educational Institution and for whom performance considerations are not of primary importance in their decision to invest.

The Fund is not comparable to investments that are issued by banks, finance companies or fund managers and investors may be unable to get some or all of their money back when they expect to or at all.

The Fund is not subject to the same *Corporations Act 2001 (Cth)* disclosure requirements which generally apply to registered Managed Investment Schemes and we are not required to issue a Product Disclosure Statement, nor lodge such a document with ASIC.

AFM is required to lodge an Identification Statement with ASIC detailing how the Fund complies with the modified regulatory framework that applies to Charitable Investment Fundraising (*ASIC Corporations [Charitable Investment Fundraising] Instrument 2016/813*).

The Customer Information Statement is not a Product Disclosure Statement governed by the Act. However, the content has been prepared having regard to the content requirements for a Product Disclosure Statement under the Act. Neither Anglican Funds Management nor the AFM Enhanced Income Fund are prudentially supervised by APRA. Contributions to the AFM Enhanced Income Fund do not obtain the benefit of the depositor protection provisions of the *Banking Act 1959*.

By issuing interests in its Managed Investment Scheme, the AFM Enhanced Income Fund, the Synod promotes the charitable purposes of the Anglican Church by providing an income stream directly to missional activities, while providing governance and stewardship of church capital.

The Customer Information Statement for this Fund may only be used by persons who receive it in Australia. The information contained in it does not constitute an offer in any jurisdiction other than Australia.

Table of Contents

| | |
|--|-----------|
| The AFM Enhanced Income Fund | 4 |
| About Us | 4 |
| Fund Overview | 4 |
| Key Features at a Glance | 5 |
| Investing in the Enhanced Income Fund | 7 |
| Investment Objective | 7 |
| Asset Allocation | 7 |
| Who can invest | 7 |
| Applications to Invest | 7 |
| Allocation of Units | 7 |
| Redemptions | 8 |
| Withdrawals and Fund Liquidity | 8 |
| Valuations | 8 |
| Return on the Investment | 9 |
| Capital Growth | 9 |
| Distributions | 9 |
| Statements and Reporting | 10 |
| Fees Explained | 10 |
| Fund Governance and Structure | 12 |
| Governance Structure | 12 |
| Investment Policy | 12 |
| Ethical Investment Policy of the Diocese | 12 |
| Additional Information | 13 |
| Authority to Act | 13 |
| Identification and Signatories | 13 |
| Privacy Statement | 13 |
| Rights Reserved by the AFM Board | 13 |
| Steps to Follow | 14 |
| Application Form | 15 |

The AFM Enhanced Income Fund

About Us

Anglican Funds Management (AFM) is a surplus for purpose social enterprise organisation, providing benefit to the Anglican Community. The fund invests in line with Biblical and ESG (Environmental, Social, Governance) considerations. Currently AFM manages more than \$320m on behalf of Associated Anglican and Non-Associated Wholesale organisations with Religious, Charitable or Educational purposes.

Financial surpluses generated by AFM that are not required for its future growth or capital needs are distributed in support of the mission, education, and charitable works of the Australian Anglican community.

Our Investor Relations team is directly accessible to our investors, share your Christian values, and have all had significant professional experience in the funds management and finance industries.

Fund Overview

AFM's Enhanced Income Fund is a medium risk fund, which suits the short-term investment needs of Investors who wish to:

1. Invest in a fund designed to provide an income focused investment and access to funds for short to medium term liquidity requirements.
2. Invest in a portfolio of cash, cash-style investments and other financial assets with returns 'enhanced' by participation in the Enhanced Income Fund which holds a portfolio of investments designed to outperform the benchmark.
3. Invest with ESG (Environmental, Social, Governance) considerations.

Investments in the AFM Enhanced Income Fund are not guaranteed, and their value will rise and fall with the value of the underlying assets that the Fund invests in.

The Fund is a market rated Balanced Conservative Fund that invests in a range of asset classes with a significant proportion of defensive assets.

Performance, fund size, allocations can be sourced from our website:

www.anglicanfundsmanagement.com.au

Key Features at a Glance

| | |
|---|--|
| Investment Strategy | To invest directly or indirectly in a portfolio of cash, cash style investments and other financial assets to outperform the Fund benchmark. |
| Risk Type | Medium – The AFM Enhanced Income Fund is a Balanced Conservative Fund. |
| Minimum Initial Investment | Non-Associated Wholesale organisations with a Religious, Charitable or Educational purpose. (\$500,000 Minimum Investment) |
| Who can invest? | Non-Associated Wholesale organisations with a Religious, Charitable or Educational purpose. |
| Additional Investments | There is no minimum amount. |
| Income Distributions | <ul style="list-style-type: none"> Income is calculated quarterly, at the end of March, June, September, and December and paid by the last day of the following month of each quarter. Distributions can either be paid via electronic funds transfer to an account held with AFM, any other Financial Institution or can be recapitalised into the investors account in the Fund. |
| Investment Benchmark Target Return | Australian 90 Day Bank Bill Index (BBSW) + 0.5% |
| Suggested Investment Term | While there is no Investment term, it is suggested that this Fund is suitable for investors with a time horizon of 1-3 years. |
| Reporting and Investor Communication | Half yearly Investor Statements and online accessibility. |
| Investment Objective and Style | <p>Single or Multi-manager Fund depending on size. The objective of the Fund is to outperform the bench mark over a 12 month period net of fees.</p> <p>The Fund invests in a range of floating and fixed rate securities, Hybrids and Corporate notes.</p> |
| Unit Pricing | Monthly, effective the last day of the month. |
| Unit Allocation | The unit price is calculated as at each calendar month end by dividing the net market value of assets held by the AFM Enhanced Income Fund by the number of units on issue. |
| Buy/Sell spread | 0.10% |
| Management Fee | 0.30% |

| | |
|----------------------------|---|
| <p>Withdrawals</p> | <p>Partial redemption requests received within a month will be paid with 10 business days based on the prevailing unit price on the date of receipt of a completed redemption request. Full redemptions are paid as soon as the unit price has been struck for the end of the month in which clients redemption request received.</p> <p>Where redemption is >5% of the fund, AFM reserves the right to distribute the redemption in whole or in part in specie.</p> |
| <p>How to Apply</p> | <ul style="list-style-type: none"> • Complete the application form found here. • Certification requirements of AML/CTF rules. • (Form) Company client • All signatories (individuals) require a (Form) certification form completed. • Send completed forms to: enquiries@anglicanfundsmangement.com.au • And post originals to 18 King William Road, North Adelaide SA, 5006. |

Investing in the Enhanced Income Fund

Investment Objective

The objective of the AFM Enhanced Income Fund is to outperform the benchmark over a 12-month period net of fees. The Fund aims to meet this objective by generating a reliable income stream from a portfolio of quality interest rate securities while striving to preserve (and grow where appropriate) the capital value of the portfolio through reinvestment.

The target benchmark performance aims to outperform the Australian 90 Day Bank Bill Index (BBSW) plus a margin of 50 basis points.

AFM does not guarantee the frequency or level of any returns. It aims to make quarterly distributions to investors but does not guarantee that it will always be able to do so.

While there is no investment term, it is suggested that this fund is suitable for investors with a time horizon of 1-3 years.

Asset Allocation

As of the date of this Customer Information Statement the maximum holding in investments that have a credit rating average of BBB+ or better under the Australian rating standards with:

1. 25% of the assets rated BBB+
2. 15% of the Portfolio by market value issuer rated A- or above; and
3. 10% of the Portfolio by market value for issuer rated A-.

The Fund operates within a set target asset allocation within the following ranges:

4. Interest Rate Securities 90% - 98%
5. Cash 2% - 10%

Who can invest

Investment in the AFM Enhanced Income Fund is open to Anglican entities, and Wholesale clients with Religious, Charitable or Educational purposes.

Investment is not available to individuals.

Applications to Invest

Investment in the AFM Enhanced Income Fund can only be made on the AFM Enhanced Income Fund [Application Form](#).

Only applicants who are considered as Wholesale Organisations with Religious, Charitable or Educational purposes may be accepted to participate into the fund

Investments can only be made by a negotiable instrument such as a cheque or funds transfer.

Cash investments are not accepted.

Allocation of Units

Units in the AFM Enhanced Income Fund are allocated effective on the first day of the month following receipt of the cleared funds, at the unit price struck at the preceding month end.

Funds received prior to unit allocation, are held in a nominated Monthly Income Account.

On the date of allocation, the amount of funds received are divided by the declared unit price in order to determine the number of units to be allocated to your Enhanced Income Fund investment account.

Where the calculation of the number of units results in a fraction of units, the number of units issued is rounded to the nearest fourth decimal place.

These units are subject to the market valuation of the investment portfolio owned by the fund including any undistributed income the fund is holding.

The allocation of a unit in the AFM Enhanced Income Fund does not provide the unit holder any direct ownership or interest in any of the individual underlying assets of the fund.

Worked Example: Allocation of Units

An application is received on the 2nd of May, along with a cheque for an amount of \$100,000. The following occurs:

1. Cheque is deposited in a Nominated Monthly Income Account.
2. On the 1st of June:
 - The unit price for the AFM Enhanced Income Fund is declared (eg \$1.25c/unit).
 - An amount of \$100,000 is invested in the Enhanced Income Fund.
 - The investor receives an allocation of 80,000 units in the AFM Enhanced Income Fund, (ie $\$100,000 \div \1.25).

Redemptions

Withdrawals are made in writing on the AFM Enhanced Income Fund Redemption Form and must be signed by the account's authorised signatories.

There are no entry or exit fees for the fund.

Partial redemption requests received within a month will be paid with 10 business days based on the prevailing unit price on the date of receipt of a completed redemption request. Full redemptions are paid as soon as the unit price has been struck for the end of the month in which clients redemption request received.

Distributions can either be paid via electronic funds transfer to an account held with AFM, any other Financial Institution or can be recapitalised into the investors account in the Fund.

Worked Example: Redemptions

Your account has 15,000 units and you supply a valid notice of withdrawal, which is received on 2nd of March for \$10,000 to be transferred to an AFM Monthly Income Account. The following occurs within the first 5 business days of April:

1. The unit price for the AFM Enhanced Income Fund is declared (eg \$1.3602).
2. The redemption amount is divided by the declared unit price to determine the number of units to redeem from the investment account.
3. $\$10,000 \div \$1.3602 = 7,351.86$ units redeemed.
4. The funds are transferred to the nominated account.
5. The unit balance of your account is adjusted: $15,000 - 7,351.86 = 7,648.14$ units.

Withdrawals and Fund Liquidity

The Funds withdrawal process is designed to safeguard its liquidity levels and to protect the interest of all its investors.

Valuations

The investment is valued by multiplying the number of units held in your investment account by the prevailing unit price.

The unit price is calculated to reflect the market valuation of the underlying investment assets held by the AFM Enhanced Income Fund, including any undistributed income, in proportion to the total number of units on issue to the fund's investors.

The value of the investment will therefore rise and fall in relation to the rise and fall of the Fund's declared unit price.

As the unit price incorporates any undistributed income, investors who redeem their investments will also receive their share of any undistributed surpluses held in the Fund.

Worked Example: Investment Valuations

Say that the Fund holds \$10,000 in investment assets and \$1,250 in income held as cash. Investors hold 9,500 units in the Fund, of which you hold 500 units in your investment:

1. The total value of the Fund is:
 $\$10,000 + \$1,250 = \$11,250$.
2. Dividing this value by the total units on issue gives the unit price that AFM issues at the end of the month:
3. $\$11,250 \div 9,500 = \1.1842 .
4. Multiplying the declared unit price by your individual until holding gives your investment value:
5. $\$1.1842 \times 500 = \592.10 .

Return on the Investment

The return on an investment in the Fund is derived in two ways – through capital growth given through movements in a unit price, and through income distributions.

Capital Growth

The Fund invests in tradable Australian fixed income asset classes, diversified with cash, term deposits, government and corporate bonds, interest and mortgage-backed securities, along with hybrid securities that are issued by APRA regulated ADI, convertible into equity in the form of shares listed on the ASX200 Index. The Fund makes notional capital gains and losses whenever the value of these assets rise and fall, and realised capital gains and losses whenever these assets are traded in the market.

Many assets held in the Fund also pay income, either through dividends or interest payments. The value of this income is included in the capital value of the Fund.

The assets of the Fund, including any income held, are revalued monthly, and a unit price is calculated.

The unit price is issued as soon as practicable after the first business day of the month.

Investors receive capital growth in the underlying assets of the Fund through the movement in the unit price. Therefore, even though the value of your investment may increase or decrease as the market value of the Fund's assets changes, the number of units held in your investment account remains constant. The number of units held in your account changes only when you make a withdrawal or an additional investment, in which case units are sold from or allocated to your investment account at the prevailing unit price in order to satisfy the request.

Distributions

Income distributions are calculated and anticipated to be paid quarterly in arrears, within 30 days from end of June, September, December and March each year.

The amount each investor receives will be proportionate to the number of units held during the distribution period. The amount will vary, and it is possible that sometimes there may be no distribution.

Investors can elect to either reinvest their distribution, or receive it as a payment made into their nominated AFM Community Fund, or bank account. Reinvested distributions will be allocated on the basis of the unit price calculated immediately after the distribution is declared.

Distributions are calculated on the basis of your per unit share of distributable income and realised capital gains of the Fund for the entire distribution period and not just for the period your investment is held.

Unit prices will fall after the end of the distribution period to reflect the distribution entitlements. If you invest just before the end of a distribution period, you may find that you get an immediate return of some of your investment capital as income.

Worked Example: Distributions

Your account has 15,000 units and you receive a statement for 30 June announcing a distribution of 3,5c per unit:

1. Your distribution will be:
 $15,000 \text{ units} \times 3,5\text{c} = \$525,00$
2. On the date of the distribution (in the case of this example, 31 August), \$525,00 is paid to you or reinvested into your Enhanced Income Fund as per your instructions.

Statements and Reporting

Performance Reports are issued semi-annually for the six-month periods to June 30 and December 31. The AFM Enhanced Income Fund aims to make these statements available online as soon as possible after the unit price for that month is issued and audited.

Fees Explained

There are no entry or exit fees other than those associated with the spread calculated between the net value per unit price and the redemption price.

The spread calculated between the net value per unit and the application and redemption price is 0.10%.

Fees Explained (Continued)

The table below shows fees and other costs that you may be charged. These fees and costs may be deducted from your investment or from the assets of the Fund as a whole.

| Type of fee or cost | Amount | How and when paid |
|---|----------|--|
| Fees when your money moves In or out of the Fund | | |
| Establishment Fee The fee to open your account | \$0 | Not applicable |
| Contribution Fee The fee on each amount contributed to your investment. | \$0 | Not applicable |
| Withdrawal Fee The fee on each amount you take out of your investment. | \$0 | Not applicable |
| Exit Fee The fee to close your investment. | \$0 | Not applicable |
| Type of fee or cost | Amount | How and when paid |
| The fees and cost for managing your investments | | |
| Management Fees | 0.30%p.a | The management fee is calculated and accrued and is paid to AFM monthly. The management fee is deducted from the Funds assets. |
| Indirect Transaction Cost Buy/Sell spread | 0.10% | Used to allocate buy and sell transaction cost to a member who is transacting in the Fund rather than members who are not transacting. |

Fund Governance and Structure

Governance Structure

AFM Board

The AFM Board have oversight of the Fund operations and meet on a regular basis to oversee the Funds stability and performance.

Investment Committee

The Investment Committee is a sub-committee of the AFM Board, and monitors Investment Managers of the Fund according to the Investment Policy adopted by the AFM Board.

Investment Policy

The Fund has been designed to meet the investment needs of organisations who have a medium-term investment perspective, that seek regular income on a quarterly basis.

The AFM Enhanced Income Fund is open to Anglican Entities, and Wholesale clients with Religious, Charitable or Educational purposes. While there is no investment term, it is suggested that the Fund is suitable for investors with a time horizon of 1-3 years. The Fund invests directly or indirectly in a portfolio of cash, cash style investments and other style investments to out-perform the funds benchmark over a 12 month period net of fees (90 day Bank Bill rate + a margin of 0.5%).

The AFM Investment Policy for the Enhanced Income Fund outlines parameters on which the fund operates. These investment parameters ensure robust oversight and portfolio construction.

The Fund appoints a minimum of two Investment Managers to invest in a range of assets. The Fund only appoints Investment Managers with the following professional criteria:

1. The manager must hold an Australian Financial Services Licence (AFSL).
2. Manage a minimum of \$100M in funds under management; and
3. Provide evidence that they have adequate Professional Indemnity Insurance cover and a certificate of Currency confirming this.

The investment policy for the Fund as adopted by the AFM Board allows investment in the following asset classes:

4. Australian Stock Exchange listed securities (or securities which are due to be listed on the Stock Exchange within 6 months) such as hybrids, converting preference shares and subordinated notes.
5. Unlisted Over the Counter (OTC) securities such as bonds, subordinated notes and interest rate securities.
6. Term Deposits and Short Term Securities.
7. Cash
8. Unit trusts that invest in the above securities.

Ethical Investment Policy of the Diocese

The AFM Investment Policy integrates Environmental, Social, and Governance (ESG) criteria in alignment with the values and considerations of the Anglican Church. This policy ensures that investments are made responsibly, reflecting the church's commitment to ethical stewardship.

Key components of the policy include stringent parameters for selecting investments, which are carefully evaluated by asset managers. To ensure adherence to these guidelines, the Investment Committee regularly reviews the portfolio construction. Additionally, AFM employs an external asset consultant to provide expert advice and oversight, further enhancing the rigor of the investment process.

AFM's policy specifically aims to exclude investments associated with harmful practices. These include:

- The manufacture, sales, or distribution of armaments;
- The manufacture, sales, or supply of gambling services;
- Excessive pollution of the atmosphere;
- Repressive regimes;
- Unfair exploitation of employees and disadvantaged individuals;
- Tobacco production or other products that damage human health.

While AFM strives to avoid investments linked to these harmful practices, it acknowledges that absolute divestment from companies engaged in these activities cannot be guaranteed. The policy represents AFM's commitment to ethical investment practices, balancing financial returns with social and environmental responsibility.

Additional Information

Authority to Act

Investors must nominate signatories who are authorised to deal with their investment account on behalf of the investor. Any number of signatories may be nominated with a stipulation that either:

- any one to sign;
- any two to sign

By investing in the AFM Enhanced Income Fund and supplying signatory information, you authorise AFM to act on any valid and duly authorised instruction received in relation to dealing with your investment.

Identification and Signatories

The Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (AML Act) requires that we identify all investment holders and signatories to accounts. If you already hold or are a signatory to an investment held at AFM you may already have provided sufficient identification.

Identification forms are available on the Anglican Funds website:

www.anglicanfundsmangement.com.au

Privacy Statement

Our Privacy Policy governs access to and usage of all information collected by AFM. Full details of this

policy are available on our website.

If you are a signatory to an investment, we collect and use your information to substantiate your identity and enable us to provide and manage that investment. If you are an acceptable certifier we may also use your information to substantiate the signatory's identity. We may also use your information to provide you with details about other products provided by AFM unless you explicitly instruct us in writing not to do so.

We do not provide your information to any other organisation without your consent, other than as required to those organisations that, in connection to the Fund, provide administrative or other operational services to AFM, or unless required to do so by law.

Rights Reserved by the AFM Board

The AFM Board reserve the right to accept or refuse any application. Funds received with any application not accepted will be refunded as soon as practicable.

The terms and conditions governing investments with the AFM Enhanced Income Fund may be modified by the provision of one month's written notice to investors.

Steps to Follow

Step 1

Read this Customer Information Statement and consider the offer.

Investors should read this document in full before deciding to invest in the Fund. Please pay particular attention to the risks set out in this Customer Information Statement and other information such as our ASIC Identification Statement and our Financial Statements regarding the Enhanced Income Fund before proceeding. Please consider if this Fund is suitable and aligned to the objectives and governance requirements before proceeding.

Step 2

Complete the Application form

To make an investment, please complete the [Application Form](#).

New Investors will be required to contact our office to ensure eligibility to participate in the Fund.

AFM will require Proof of Identification Forms to be completed for the entity and each Signatory. These forms are found on our website.

Investments can only be made by a negotiable instrument such as a cheque or funds transfer. Cash investments are not accepted.

Step 3

Lodge your application.

Please see the instructions on the [Application Form](#) for details about lodging the form with us:

Please note the minimum initial investment \$500,000 for Wholesale entities with Religious, Charitable or Educational purposes.

AFM reserves the right to reject any application. If this occurs, then any application money not accepted will be returned to the Investor without interest.

If funds for investment are not cleared and recalled then all associated costs with the dishonour charged by Third Parties will be allocated and charged to the Investor.

Current Investors wishing to add to their investment may do so at any time. Please use the following banking details:

Account Name: Anglican Funds Management

BSB: 705-077

Account Number: 00041345

Reference your entity name

Please Complete: New Amend Existing

1. Investor Information

Investor Name

Address

2. Contact Details

Title Surname

Given Names

Role in Organisation

Phone Number Mobile of account signatory *

Email of account signatory *

Postal Address

3. Restrictions

General Purpose Fund Building Fund

Other - Please attach documentation

7. Authorisation

I/We confirm that the terms and conditions of the attached *Enhanced Income Fund Customer Information Statement* have been read and understood.
I/We authorise Anglican Funds Management to establish the specified account.
I/We confirm that we are duly authorised to enter into this agreement on behalf of our Church/organisation.

Name

Signature

Date

4. Investment Amount

\$ to be funded by

Existing AFM Account Or Cheque

BSB Account Number

5. Signatories

Please attach a completed identification form for each authorised signatory.

Any One to Sign Any Two to sign

Please supply a Company Identification form if application is a Company

6. Distribution Instructions

Reinvest

Transfer to AFM account

Transfer to bank account nominated below

Name of Financial Institution

Account Name

Branch

BSB Account Number

For assistance in completing this form please contact AFM:

- P National 1300 059 305 | Direct 08 8305 9305
- E enquiries@anglicanfundsmangement.com.au

* Mandatory

Please return the completed form to:

- E enquiries@anglicanfundsmangement.com.au
- M Anglican Funds Management
18 King William Road,
North Adelaide SA, Australia 5006