TruePillars Investment Trust

SUPPLEMENTARY

Product Disclosure Statement

TruePillars Pooled Units

ARSN: 611 843 317

Manager:

TruePillars Pty Ltd
ACN: 603 933 508
AFSL Authorised Representative number: 1237905
Level 1, 155 Queen Street
Melbourne Vic 3000
1300 320 288

5 March 2021

Important Notices

This information is important and requires your attention

It is important that you read this document carefully in conjunction with the Master PDS for the Trust together in their entirety prior to making your investment decision with respect to investing in the TruePillars Investment Trust. In particular you should pay careful consideration to the risk factors outlined in the Master PDS and **section 3** of the Supplementary PDS and the tax implications in the Master PDS as they relate to your personal investment objectives, financial circumstances and needs. The potential tax effects of an investment in the TruePillars Investment Trust will vary between investors. Other risk factors may exist in addition to those identified in this document which should also be considered in light of your personal circumstances. If you have any queries or uncertainties relating to aspects of this document or an investment in the TruePillars Investment Trust, please consult your adviser before deciding whether to invest.

This Supplementary PDS forms part of the Master PDS and contains an offer to apply for Pooled Units only. The Pooled Units will be referable to a pool of loans provided to a range of Underlying Borrowers. Key information about the investment parameters of the Pooled Units are outlined in this document.

Unless the context requires otherwise, a reference to 'Pooled Units' or 'Units' in this Supplementary PDS and the Master PDS is to be read as a reference to the Pooled Units of a specific Class in the Trust for the purposes of determining the relevant terms applicable to the issue of Pooled Units of that Class.

The disclaimers in the 'Important Notices' section in the Master PDS also apply to this Supplementary PDS and capitalised words or terms used in this Supplementary PDS have the same meaning as in the Master PDS, unless separately defined in this Supplementary PDS.

The issuer

This document is a Supplementary PDS for the purposes of Part 7.9 of the Corporations Act (Cth) and has been issued by TruePillars RE Ltd (ACN 623 138 241, AFSL No. 505578) (Trustee) as responsible entity of the TruePillars Investment Trust (ARSN 611 843 317).

Date

This Supplementary PDS was prepared in consultation with the Investment Manager and is dated 5 March 2021. This Supplementary PDS has not, and does not need to be, lodged with ASIC, and ASIC does not take any responsibility for the contents of this Supplementary PDS or the merits of the investment to which this Supplementary PDS relates.

Further questions?

If you have any queries relating to aspects of this Supplementary PDS, please call **TruePillars on 1300 320 288**.

Contents

1. Investment options

1.1. Welcome

Welcome to the TruePillars Investment Trust ("Trust"). Established in 2016, the Trust offers the opportunity to take exposure to Loans made primarily to Australian small and medium sized businesses, along with everyday consumers. The Trust aims to provide investors with an experience similar to being a lender. As such, investors have the opportunity to earn regular income, while taking account of the impacts of borrower default risk.

The Trust offers different ways for investors to take exposure to Loans. Investors are encouraged to seek independent financial, taxation and legal advice before determining if the Trust and the products it offers are suitable for your needs.

1.2. Multiple Unit classes

TruePillars offers the opportunity to invest in different classes of Pooled Units per **section 1.4**. Investors in Pooled Units receive exposure to pools of Loans undertaken by related and third-party lenders selected by TruePillars. The related and third-party lenders are collectively referred to as Primary Lenders.

1.3. Pooled investments offer exposure to Loan portfolios

TruePillars uses funds from Pooled Units to invest with Primary Lenders who in turn undertake Loans to Australian small and medium sized businesses, including self-employed individuals, along with everyday consumers. Each Primary Lender who receives funding from the Trust will make Loans to Underlying Borrowers through a special purpose vehicle (SPV). The Trust will provide funding directly into the SPV, thereby taking exposure to the Loans the SPV makes and not necessarily every Loan the Primary Lender makes.

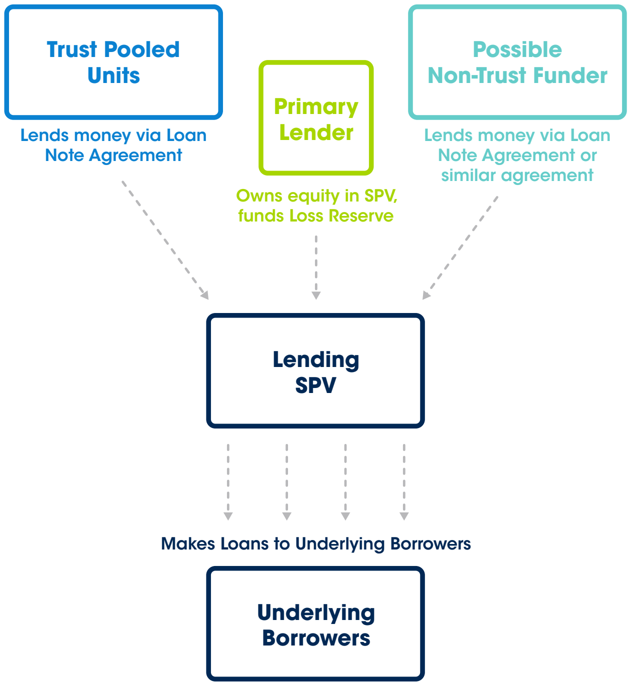
TruePillars may use a combination of the Pooled Unit classes to provide funding to each SPV. Where this occurs, each Pooled Unit class will have a pro rata exposure to the pool of Loans within the SPV.

Each Primary Lender SPV may also receive funding from an entity other than the Trust for the purposes of funding Loans. As this additional funding will not be provided by the Trust, the party providing it may receive different entitlements and a different return compared to the Trust. This may include legally ranking ahead of the Trust funding in the event that Underlying Borrower defaults result in a loss of capital, or a lower than expected return. Unless otherwise disclosed, Pooled Units will rank immediately ahead of the Loss Reserve funded by the Primary Lender (refer to **section 3.11** for more information on Loss Reserves). This means that any capital losses, or reduced returns, due to Underlying Borrower defaults will firstly impact the Primary Lender and then Pooled Unit holders in the Trust. This is sometimes referred to as mezzanine risk.

TruePillars also offers Loan Units, which are offered under a separate Supplementary PDS available electronically at **www.truepillars.com**. Loan Units offer investors the opportunity to take exposure to a specific Loan, rather than a pool of Loans, often referred to as peer-to-peer lending (P2P). Loan Units do not benefit from any Loss Reserve and may therefore be considered as taking first loss or equity like risk, the same as if the investor was the Primary Lender.

Figure 1.1 summarises the investment structure that the Trust will participate in on behalf of Pooled Unit holders.

Figure 1.1: Typical Investment Structure



Each lending SPV will use a different composition of funding to facilitate the Loans it makes. As investment manager, TruePillars will ultimately be responsible for agreeing the required funding structure for each SPV, including the legal rights and entitlements for Pooled Unit holders. These rights and entitlements will usually be documented in a Loan Note Agreement between the Trust and the SPV, but may also be via a unit subscription agreement (not included in the diagram above) if investing in a separate trust.

More detailed information about Pooled Unit risks and FAQs is contained in **sections 3** and **4**.

1.4. Pooled Unit snapshot

Pooled Units will initially fund Loans undertaken by TruePillars Lending, an SPV lending entity that is 100% owned by TruePillars. TruePillars Lending will provide Loans in the following form:

- **Secured loans:** Loans that benefit from direct security that is likely to have realisable value in the event of an Underlying Borrower default. Secured loans are expected to incur lower capital losses due to unrecoverable debt than unsecured loans in the event of an Underlying Borrower default. TruePillars Lending currently accepts any of the following forms of security:
  - **Property mortgages (usually 2nd ranking).** A mortgage gives TruePillars the right force the sale of the secured property in the event of an Underlying Borrower default. 2nd ranking mortgages are riskier than 1st ranking mortgages, because all debt secured by the 1st mortgage must be cleared before TruePillars Lending can make any recovery from sale proceeds. TruePillars typically requires property mortgage security for larger loans.
  - **Property caveats.** A caveat does not give TruePillars a right to force the sale of a property, but it provides notice of a potential claim to any sale proceeds in the event a property is sold. This claim will typically rank behind any registered mortgages and will therefore only lead to TruePillars debt recovery if there are sufficient sale proceeds to firstly clear all mortgage debt in full. TruePillars offers small to medium sized loans secured only by property caveats.
  - **Tripartite deeds.** An agreement entered into between TruePillars Lending, mortgage brokers (our Underlying Borrower) and an aggregator or franchiser who pays contracted trail commissions to our Underlying Borrower. The tripartite deed gives TruePillars Lending the right to receive the trail commissions directly if the Underlying Borrower defaults.
- **Unsecured loans:** Loans that either have no security at all, or benefit only from a general security charge over the Underlying Borrower entity and/or personal guarantees from the directors and/or major shareholders. While general security charges and personal guarantees are technically forms of security, industry convention is to assume little to no recovery if the borrower defaults, hence loans that benefit from this type of security are still referred to as unsecured loans. Unsecured loans are expected to incur higher losses in the event of Underlying Borrower default.
- **Equipment finance:** Loans or finance leases that benefit from a specific security charge over a tangible asset such as a vehicle, registered on the Personal Property Securities Register (PPSR). The specific security charge gives TruePillars the right to take possession of and sell the secured asset in the event of an Underlying Borrower Default. Loss in the event of Underlying Borrower default is expected to be low for equipment finance.
- **Invoice finance:** Short-term loans of under 12-months in duration made against single invoices or pools of invoices issued by an Underlying Borrower to its debtors (customers of the Underlying Borrower). In some cases, TruePillars Lending will assume the risk of the debtor. In other cases, TruePillars Lending will continue to take risk on the Underlying Borrower. Where TruePillars Lending takes risk on debtors of Underlying Borrowers, the debtors may be businesses, but may also be everyday consumers.

TruePillars has agreed investment parameters with TruePillars Lending that set a target for the percentage of total Pooled Unit funding that can be used for each type of Loan listed above. The agreed investment parameters are summarised in **figure 1.2**.

Note that TruePillars Lending is a single SPV, which means it holds a single pool of Loans. Pooled Unit holders of all classes will take pro rata exposure (based on contributions) to all Loans made by TruePillars Lending that have been funded by Pooled Units. If TruePillars provides funding to any other SPVs, including any that TruePillars is a related party of, this will be disclosed on the website in the format set out in **section 1.5**.

All Primary Lenders, including TruePillars Lending, receiving funds from our Pooled Unit classes will be required to offer a Loss Reserve, which is a form of loss mitigation for investors. Refer to **section 3.11** for more information about Loss Reserves.

Figure 1.2 summarises the three Pooled Unit classes offered by TruePillars as at the date of this PDS. Please check the website **www.truepillars.com** for updated information about the features of each class of Pooled Unit, which may change from time to time.

Figure 1.2: Pooled investments snapshot

Features	GO 30-day rolling	FLOW 12-months	POWER 36-months
Target return (net p.a.)*	**4.35%**	**6.10%**	**8.10%**
Benchmark return (net p.a.)**	RBA cash rate plus 3.0%	RBA cash rate plus 5.0%	RBA cash rate plus 6.5%
Rates of return	Variable	Variable	Variable
Current returns	Not applicable, product launched 5 March 2021	Not applicable, product launched 5 March 2021	Not applicable, product launched 5 March 2021
Investment term‡	30-days	12-months	36-months
Full redemption‡	Permitted with 30-days' notice. If no redemption request made, investment will remain in the GO unit class.	Permitted after 12-months with 30 days' notice. If no redemption request made, investment will automatically transfer to GO (30-day rolling).	Permitted after 36-months with 30 days' notice. If no redemption request made, investment will automatically transfer to GO (30-day rolling).
Early redemption	Permitted subject to Trustee discretion and willingness of other investors to replace redeeming investor	Permitted subject to Trustee discretion and willingness of other investors to replace redeeming investor	Permitted subject to Trustee discretion and willingness of other investors to replace redeeming investor
Unit pricing	Monthly	Monthly	Monthly
Income distributions	Monthly	Monthly	Monthly
Income distribution re-investment	Permitted, your distribution re-investment can be added to rolling investment	Permitted, your distribution re-investment is added to your previously invested amounts within the original investment term	Permitted, your distribution re-investment is added to your previously invested amounts within the original investment term
Investment structure	• Pooled – we select the investment portfolio (risk of investment pool shared) • Risk of investment pool shared	• Pooled – we select the investment portfolio (risk of investment pool shared) • Risk of investment pool shared	• Pooled – we select the investment portfolio (risk of investment pool shared) • Risk of investment pool shared
Permitted investments	• Cash • Secured loans • Unsecured loans • Equipment finance • Invoice finance	• Cash • Secured loans • Unsecured loans • Equipment finance • Invoice finance	• Cash • Secured loans • Unsecured loans • Equipment finance • Invoice finance

Features	GO 30-day rolling	FLOW 12-months	POWER 36-months
Target investment parameters	• Cash: 5%-10% • Secured loans: Up to 100% • Unsecured loans: Up to 20% • Equipment finance: Up to 100% • Invoice finance: Up to 40%	• Cash: 5%-10% • Secured loans: Up to 100% • Unsecured loans: Up to 20% • Equipment finance: Up to 100% • Invoice finance: Up to 40%	• Cash: 5%-10% • Secured loans: Up to 100% • Unsecured loans: Up to 20% • Equipment finance: Up to 100% • Invoice finance: Up to 40%
Target loss reserve§	Greater than 1.0 times expected losses	Greater than 1.0 times expected losses	Greater than 1.0 times expected losses
Minimum investment	$500	$1,000	$5,000
Minimum additional investment (excluding income distribution re-investment)	$100	$100	$100
Maximum investment#	$150,000 unless otherwise agreed by the Investment Manager	$1,000,000 unless otherwise agreed by the Investment Manager	$2,000,000 unless otherwise agreed by the Investment Manager
Fees	• Early redemption fee: 2% of total redeemed amount, minimum $50 • Redemption fee: 0.5% of total redeemed amount • Income distribution fee: $1.00 per bank transfer • Borrower fees: A variable amount of fees charged to and paid by Underlying Borrowers and not debited directly to the Trust or Investors	• Early redemption fee: 2% of total redeemed amount, minimum $50 • Redemption fee: 0.5% of total redeemed amount • Income distribution fee: $1.00 per bank transfer • Borrower fees: A variable amount of fees charged to and paid by Underlying Borrowers and not debited directly to the Trust or Investors	• Early redemption fee: 2% of total redeemed amount, minimum $50 • Redemption fee: 0.5% of total redeemed amount • Income distribution fee: $1.00 per bank transfer • Borrower fees: A variable amount of fees charged to and paid by Underlying Borrowers and not debited directly to the Trust or Investors

* Net of the impact of Underlying Borrower defaults and Underlying Borrower fees, excluding tax. The target return is current at the time of making your investment and could vary during the term of your investment based on economic conditions and Underlying Borrower defaults. If there is a change to the target return, we will notify you in writing to your nominated email account, and also publish an update on the website **www.truepillars.com**. A change in the target rate will be notified to investors as soon as practicable after the change has been made, but at any rate no more than 3 months after the change. A Supplementary PDS updating the target return will be issued as soon as practicable if there is a reduction in the target return. The target return is not a guaranteed return.

** The benchmark return is the return the investment manager considers as satisfactory investment performance. The benchmark return has no bearing on the Investment Manager's fees. The benchmark return is not a guaranteed return.

‡ The Investment Term is the minimum amount of time that you must be invested in the Class before you are eligible to request a return of your money. Please note that you must give at least 30 days' notice to the Trustee that you want a return of your money before the Trustee is required to process your withdrawal. Additionally, the Trustee has 365 days in which to acquire sufficient liquidity to allow for a redemption of your units. As such, you should be aware that it may take significantly longer than 30 days' in order for you to redeem your units in the Class.

§ TruePillars may invest with a range of third-party Primary Lenders, who are in turn required to provide a Loss Reserve to mitigate against borrower default risk. Refer to **section 3.11** for more information regarding Loss Reserves.

This cap represents your total maximum investment allowed in this particular class of Pooled Units, and not your total exposure to Pooled Units as a whole. If you wish to invest more than the maximum investment, please contact the Investment Manager on 1300 320 288 to discuss your requirements.

1.5. Pooled investment metrics

Pooled investment metrics will be updated quarterly on the TruePillars website **www.truepillars/investors.com**. The table below is correct as at the date of this PDS, noting that as Pooled Units have not been previously offered, there is currently not any directly relevant historical data. The table therefore sets out the information that investors will receive via the website in future. Historical information regarding Loans previously funded by Loan Units is provided in **section 1.6**.

Figure 1.3: Pooled investment metrics

Metrics	All Pooled Unit classes
Number of Primary Lenders	1 initially identified (TruePillars Lending)
Assets Under Management	$ Nil (Not yet applicable)
Assets funded by TruePillars Lending	$ Nil (Not yet applicable)
Number of borrowers	(Not yet applicable)
Location of borrowers	• VIC: value % • NSW: value % • QLD: value % • WA: value % • SA: value % • NT: value % • ACT: value % • TAS: value %
Borrower industry	• Financial and insurance services: value % • Retail trade: value % • Rental, hiring and real estate services: value % • Accommodation and food services: value % • Professional, scientific and technical services: value % • Transport, postal and warehousing: value % • Manufacturing: value % • Mining: value % • Construction: value % • Other: value %

Metrics	All Pooled Unit classes

Range of loans	$ lowest
	$ highest
	Top 10 largest loans in aggregate $ value
	(Not yet applicable)

Cash	$ Nil (Not yet applicable)
Secured loans	Number and $ value (Not yet applicable)
Secured loan security type	• Property mortgage (1st ranking): Number and $ value • Property mortgage (2nd ranking) • Property caveat • Tripartite deed (mortgage trail book commission) • Other (All not yet applicable)
Unsecured loans	Number and $ value (Not yet applicable)
Equipment finance	Number and $ value (Not yet applicable)
Equipment finance security type	• Cars: Number and $ value • Trucks: Number and $ value • Trailers: Number and $ value • Yellow goods: Number and $ value • Agricultural equipment: Number and $ value • Other: Number and $ value
Invoice funding	$ value (Not applicable)
Non-performing loans > 60 days overdue#	Number and $ value (Not yet applicable)
Loans written-off	Year ended 30 June 2021: Number and $ value Year ended 30 June 2022: Number and $ value (Not yet applicable)
Loss Reserve information	Amount of Loss Reserve $ 500,000 $ Estimated write-offs (expected losses)## $Nil % Ratio of Loss Reserve value to estimated write-offs (expected losses) (Not yet applicable)

Non-performing Loans comprise any Loan that is more than 60-days overdue, regardless of expected recovery outcome. Where a Primary Lender has formally agreed to a repayment deferral or a reduction to the scheduled repayment, the Loan is considered to still be performing.

The amount of Loans the Trust has exposure to that are estimated to be at risk of write-off, but not yet written-off. This amount may be less than the value of all non-performing Loans, as it is a measure of the expected write-off (or capital loss) amount. For example, a non-performing Loan may benefit from realisable security that once liquidated, would be expected to fully repay the Loan (i.e. in this case, the expected write-off would be $0). The estimate may change at any time without notice. The data is correct as at the date of this PDS, or as at the date updates are provided on the website.

1.6. Historic Loan Unit metrics

The table below summarises the performance of all Loans funded by Loan Units (referred to on our website as the P2P marketplace) issued from the Trust as at the date specified. The information is provided to provide insight into the historic performance of Loans undertaken by TruePillars Lending, as Pooled Units have not been offered historically. As individual Loan Unit holders take exposure to the Loans of their choice, the outcomes for individual investors may have differed from the table below:

Figure 1.4: Historic Loan Unit metrics

Metrics	As at 30 June 2018	As at 30 June 2019	As at 30 June 2020
Total accumulated Loans	$8,925,000	$16,892,990	$26,873,640
Total accumulated borrowers	98	163	302
Loan write-offs for period	$33,916	$398,976	$87,824
Total Loans outstanding	$6,165,886	$9,214,773	$12,186,689
Average investor return per annum^	11.07%	8.41%	9.31%

^ Investor return after fees and write-offs based on all Loans funded by Loan Units from Trust inception in April 2016 to the date specified.

Loan Units are offered in a separate Supplementary PDS available electronically at **www.truepillars.com**. Loan Unit metrics will be updated quarterly on the TruePillars website **www.truepillars.com/investors**.

2. Investment manager

2.1 Introducing TruePillars

TruePillars, a company based in Melbourne, Australia, is the Investment Manager, responsible for the day-to-day running of the TruePillars Investment Trust in respect of Pooled Unit classes contained within this document. TruePillars is authorised by the Trustee, TruePillars RE Ltd, who holds Australian Financial Services Licence number 505578.

TruePillars was founded in early 2015 with the objective of combining strong technical expertise in banking and technology to create a business which focuses primarily on loans for small and medium businesses, funded by Australian investors through an investment product which offers a fair rate of return.

TruePillars operates as an authorised representative of the Trustee in relation to the financial services that it provides in connection with the TruePillars Investment Trust.

2.2. Associated companies

TruePillars Lending is a wholly owned, 100% subsidiary of the Investment Manager, TruePillars. TruePillars Lending primarily undertakes loans to small and medium sized businesses, but also everyday consumers. Pooled Units are used to provide funding to Primary Lenders, thereby giving investors the opportunity to take exposure to the Loans the Primary Lenders undertake. TruePillars provides all human and financial resources to TruePillars Lending (as one of the Primary Lenders) so it can perform its functions including:

- Risk assessment
- Preparation and execution of all loan-related documentation
- Loan monitoring, collection and processing of repayments
- Restructuring and recoveries support, including the initial funding of any costs incurred
- Website platform and ongoing IT support
- Compliance services as per the requirements of the Trustee

3. Risks of investing

This summary of risk that may apply to the Polled Units should be read in conjunction with the risk disclosure contained in the Master PDS.

3.1. General risks

When making an investment decision you should understand that all investments carry a degree of risk, including the potential for loss of income and/or capital, a less than expected rate of return or a delay in payment. An investment in the Trust is subject to these and other specific risks. When considering your investment in the Trust it is important that you consider such things as:

- The risks involved in investing in the Trust;
- The extent that the Trust fits your financial objectives and goals;
- your risk appetite; and
- the risks that other investment opportunities have.

The terms "risk" and "volatility" are often interchangeable. Volatility is generally used to describe the extent to which an investment can vary in value over time. It is generally considered that investments offering a higher level of return potentially carry a higher level of volatility or risk.

Accordingly, the term "risk" can mean different things to different people. It may refer to the likelihood that an investment may fail to achieve its expected return or where the investment has a reduction in its capital value.

Investors should seek their own independent financial advice before investing in the Trust.

Warning: Risks attaching to the Trust's investments include:

- You may not receive the return you expected and may lose some or all of your return on investment; and
- you may lose some or all of your funds invested.

The degree of risk associated with an investment in this Trust as to the loss of capital or investment return relates to the financial performance of the class of Units (or combination of different Units) chosen by you and to fluctuations in the value of the underlying Loans. These will be affected by factors including the Underlying Borrower's ability to repay their Loan, TruePillars' competence in acquiring, managing and servicing the Trust's investments. The Trust's investments are also influenced by external factors such as general economic conditions and government policy.

While we are unable to eliminate all investment risks, we aim to reduce the impact of risk through our established management procedures and by providing the opportunity to diversify individual borrower default risk.

Neither the Trustee, the Investment Manager, nor their employees, nor any other related company, nor the Trustee's authorised representatives, guarantee the performance of the investments of the Trust or the repayment of capital invested. The Units of the Trust are subject to investment and other risks.

This could involve delays in repayment of Loans, loss of investment returns and capital, and investment returns that fluctuate.

3.2. Documentation risk

Documentation risk is the risk that a deficiency in documentation could, in certain circumstances, adversely affect both the return on an investment and the recovery of the investment.

3.3. Credit risk

Credit risk is the risk that the Underlying Borrowers may not meet their obligations in full and not pay interest and repay capital or other financial obligations on time, and the value of the investment might become impaired where underlying Loans are not repaid in full.

Examples of credit risk include where the borrower or guarantor is:

- An individual and becomes bankrupt, or dies; or
- A company and becomes insolvent or under external administration.

We seek to reduce credit risk by offering exposure to a diversified portfolio of Loans across a range of borrowers, industries and geographic sectors. We employ a range of investment and risk management strategies to identify, evaluate and manage the Trust's credit risk.

3.4. Investment Manager risk

Investment Manager risk exists in all managed investments and refers to the possibility, amongst other things, that the Investment Manager may fail to anticipate market movements, to manage the investment risks appropriately or to execute the Trust's investment strategy effectively. Secondary risks associated with the death or departure of the Investment Manager's key personnel are also inherent in the operations of managed investments.

The Trustee and the Investment Manager are required to continuously have sufficiently trained personnel in the management of the Trust to minimise this risk, and to ensure adequate succession planning.

3.5. Regulatory risk

Regulatory risk is the risk that the value of some investments may be adversely affected by changes in government policies, regulations and taxation laws - for example, changes to the rules on business purpose lending.

You should be aware that GST may be payable on the sale of any property that a Primary Lender is mortgagee in possession of and this will reduce the funds available for distribution to Investors with exposure to the underlying Loan.

Borrower hardship relief may also delay or reduce funds available for distribution.

The Trustee cannot predict future policy changes but monitors updates from ASIC and regularly reviews changes in the law.

3.6. Economic risk

Economic risk is the risk that a downturn in general economic conditions either inside or outside Australia may adversely affect investments. The Covid-19 pandemic is an example of this.

3.7. Concentration risk

Concentration risk is the risk that the underlying Loan portfolios may lack diversification of Borrowers, Loan type, Loan security, industry or geography. TruePillars manages concentration risk in the Trust by the following six methods:

1. The different Pooled Unit options allow Investors to diversify by having exposure to a pool of multiple Loans.
2. The various Pooled Unit options all have different maturity and risk profiles. By spreading investments across Unit classes, Investors can diversify cash flows and exposure to particular Loans.
3. Our Pooled Unit options have been designed so the different Pooled Unit classes can co-fund individual Loans. This means that each Pooled Unit class and Investors can increase the number of investments they hold, or decrease the size of each of these investments and so diversify your overall portfolio.
4. We diversify our underlying Loan portfolio by primarily targeting Primary Lenders who undertake smaller Loans. This increases the number of holdings in each of the Pooled Unit classes and decreases the effect that the performance of any one Loan can have on the performance of our portfolio.
5. We source Loan exposure from across Australia, broadly in line with Australia's population and economic activity. This geographic diversification mitigates the effect that specific regional factors may have on overall Loan portfolio performance.
6. We select Primary Lenders who diversify their Loans by sector. We also prefer Primary Lenders who have a credit policy that assess sector risk on an ongoing basis. This ensures any specific sector risks that arise are factored into the lending decisions made by Primary Lenders.

3.8. Trust liquidity risks

The key objective of the Trust is to provide exposure to Loans, which by their nature are illiquid as an asset class. This may in some circumstances potentially impact the ability of the Trust to meet redemption requests within the time frames provided for in the Constitution and this Supplementary PDS.

Your redemption request could be delayed for any of the following reasons:

- Unforeseen circumstances have resulted in underlying Loans being extended beyond their originally contracted maturity date.
- An individual Loan or multiple Loans are non-performing, meaning the Underlying Borrower is not making scheduled repayments. Even if recovery proceedings have been initiated against the non-performing borrower(s), this is likely to extend the original expiry date of the underlying Loan or Loans.

3.9. Trust income risks

Trust income is dependent on Underlying Borrowers making scheduled repayments on time. This risk is managed by diversifying investor exposure across multiple Loans.

The potential impact of Underlying Borrowers not making scheduled repayments on time are:

- A lower than expected return and possibly a capital loss.

TruePillars and the Primary Lenders the Trust invests with have absolute discretion to determine the strategy for managing Underlying Borrowers who are not making scheduled repayments on time, or who are in default of their Loan contract for any other reason. This may include legal enforcement against Loan obligors.

Income and/or capital repayments may be made to the Trust from the Loss Reserve maintained by the Primary Lender responsible for the non-performing Loan. More information about Loss Reserves is contained in **section 3.11**.

3.10. Defaulting Underlying Borrowers

The actions taken against Underlying Borrowers who have defaulted on their Loan contracts are ultimately at the discretion of each Primary Lender, subject to any legal parameters that TruePillars may have put in place as part of the investment with that Primary Lender. Investors will not be consulted and have no formal role in determining the course of action.

Where TruePillars Lending is the Primary Lender, a consensual resolution with the Loan obligors will be pursued wherever possible. This reflects TruePillars Lending's belief that maximum recovery is usually best achieved by Underlying Borrowers being able to continue generating income and thereby repaying debt. Consensual resolution will often involve an amendment to the original Loan terms, usually in the form of an extension to the maturity date and/or a variation in the amount of scheduled repayments that are due. Where TruePillars Lending believes a consensual resolution is not possible, other options including third party debt collection services and/or legal enforcement through the courts will be considered.

Where TruePillars has invested via a Primary Lender other than TruePillars Lending, TruePillars will consider that Primary Lender's policy in respect of non-performing Loans before investing. TruePillars will also manage risk by having certain contracted parameters in place to require the Primary Lender to provide information and take certain actions when Loans become non-performing.

Updated information will be provided on a portfolio basis per **figure 1.3**.

3.11. Loss Reserves

Holders of Pooled Units will benefit from Loss Reserves provided by Primary Lenders. A Loss Reserve is an amount of money set aside by a Primary Lender that can be used to:

- Cover the cost of legal enforcement against Loan obligors.
- Make repayments of interest income and/or capital against a non-performing Loan.

The Loss Reserve is held within the SPV, owned by the Primary Lender and is therefore not property of the Trust. The Trustee will have some form of legal recourse to each SPV, such as via a security charge or unit subscription agreement. The Trustee and the Investment Manager will also monitor the performance of each SPV, including the amount of the Loss Reserve, on a regular basis.

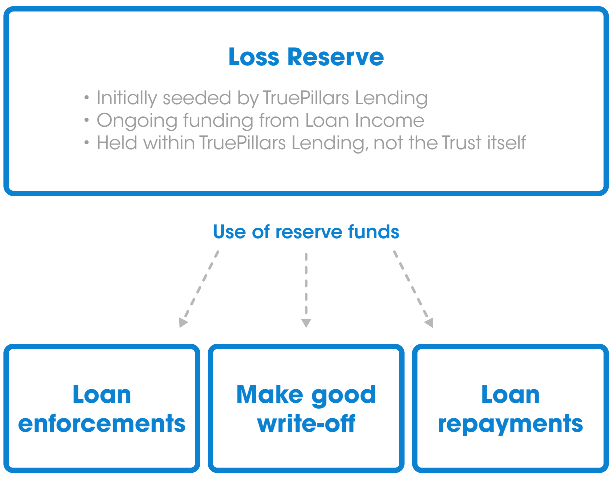
Loss Reserves act as a "first loss" to protect Investors. Where an Underlying Borrower fails to make a scheduled repayment, or defaults on all remaining scheduled repayments, funds from the Loss Reserve will be used to repay the Trust in lieu of the Underlying Borrower not paying. If the given Loss Reserve has sufficient funds to fully repay Investors, then Investors will not suffer any loss of capital.

As funds from Loss Reserves are used to repay investors, Primary Lenders are expected to replenish funds either by contributing income they would have otherwise received, or by allocating additional capital. Primary Lenders are also entitled to use recovery proceeds from defaulted Underlying Borrowers to replenish the Loss Reserve. What is required of each Primary Lender will depend on its contractual arrangements with TruePillars, the detail of which is not disclosed to investors.

The amount of the total Loss Reserves relative to the amount of expected write-offs (losses) from Loans being funded by Pooled Units will be disclosed to investors on a regular basis per **section 1.5**.

TruePillars Lending will be providing a Loss Reserve to support all Loans it funds with Pooled Units.

Figure 3.1: Example of TruePillars Lending Loss Reserve



The amount of the total Loss Reserve supporting Loans funded by Pooled Units at any one time will depend on:

- The contractual arrangements in place between TruePillars and each Primary Lender.
- The ability and willingness of the Primary Lender to continue funding its Loss Reserve.
- The use of the Loss Reserve to make repayments to Loans when Underlying Borrowers have failed to make scheduled repayments.

If a given Loss Reserve falls below its contracted level, or falls to a zero balance and the Primary Lender does not take steps to replenish the Loss Reserve, the next steps will depend on the legal arrangements between TruePillars (on behalf of the Trust) and the relevant Primary Lender. TruePillars will typically have options including, but not limited to:

- Preventing the Primary Lender from entering into any new Loans using Trust funds.
- Preventing the Primary Lender from receiving any income from the Loans held by the SPV.
- Appointing a different Primary Lender or 3rd party Loan servicing business to manage the Loans held by the SPV.
- Selling the pool of Loans held by the SPV to a 3rd party lender as a portfolio sale.

What TruePillars decides to do is ultimately at its sole discretion, noting that it will be required to demonstrate to the Trustee that its actions are in the interests of Members. The contractual arrangements between TruePillars and Primary Lenders are not available to investors.

It is important for investors to note:

- The presence of Loss Reserves does not fully mitigate against the potential for capital loss and/or a return that is less than the target return.
- Loss Reserves are not property of the Trust and are not an Investor entitlement. They are a feature that TruePillars negotiates with each Primary Lender for the ultimate benefit of Investors.
- Loss Reserve funding is held outside of the Trust. Each Primary Lender will hold the Loss Reserve funding in the nominated SPV, which the Trustee will have some form of legal recourse to. TruePillars Lending is an example of an SPV.
- If a Primary Lender ceases to fund a Loss Reserve or does not fund it to the contracted level, the Trustee will not be able to legally enforce against the Primary Lender for additional funding.

3.12. Technology failure or security breach

No technology is immune to a security breach or failure. Any such occurrence could result in a breach of your privacy and in extreme cases, financial loss. TruePillars management has extensive experience in establishing robust technology infrastructure and cyber security measures.

We have put in place a series of protections including identity checks for all Members and Underlying Borrowers using reputable third party and Government databases; two-factor authentication any time an instruction is given to move cash; ongoing penetration tests performed by third party technology experts; data encryption and; backup copies of data regularly made and stored offsite. Taken together, all of these measures significantly reduce risk, but cannot eliminate it. TruePillars constantly reviews its technology infrastructure and cyber security measures to mitigate these risks as far as possible.

3.13. Related party and conflict of interest risk

The Trustee, TruePillars and TruePillars Lending have significant roles and responsibilities to the Trust and are related parties. Any potential related party risk is managed by all transactions being conducted on arms' length terms. The Trustee has a conflicts of interest policy to manage any potential or actual conflicts of interest which may arise with respect to the Trust. TruePillars is required to adhere to the Trustee's policy.

3.14. Force majeure

A force majeure is an unexpected event such as war, a criminal act or a natural disaster results in one or more parties to a contract being unable to fulfill their obligations. A force majeure event could be significant enough to impact large numbers of Underlying Borrowers and therefore render them unable to repay their Loans. In such circumstances, Members will suffer higher than anticipated financial loss.

4. FAQs

General

The following Frequently Asked Questions (FAQs) are a guide only and are not a substitute for proper advice. Should you have any questions concerning the information contained in this Supplementary PDS please contact TruePillars on **1300 320 288**. You must take responsibility for your own investment decisions and to this end you should consider obtaining independent advice before making any investment or financial decisions.

4.1. How do I become a Member of the Trust?

You become a Member of the trust by visiting **www.truepillars.com** and following the instructions to apply.

4.2. Who can invest?

Participation is available to all Australian residents including individuals over the age of 18, trusts and other entities. You must apply online to be a member of the TruePillars Investment Trust and your membership application must be accepted by TruePillars before you can invest.

Non-Australian residents may apply subject to meeting identification requirements and any other investing criteria at the discretion of the Trustee.

4.3. What does the Trust invest in? Who is my money lent to? What sort of loans does my money fund?

The Trust aims to provide investors with exposure to Loans made primarily to small and medium sized Australian businesses, but also everyday consumers. We do this by lending money to Primary Lenders, who in turn make Loans to Underlying Borrowers. TruePillars Lending, a 100% owned subsidiary of TruePillars is one of the Primary Lenders that borrows money from the Trust for the purposes of funding Loans.

4.4. What is the role of TruePillars?

TruePillars is the Investment Manager for the Pooled Units offered in this Supplementary PDS, as well as Loan Units that are offered in a separate Supplementary PDS. TruePillars role is to manage the Trust, including all aspects of investors services, as well as source investment opportunities for the Trust.

TruePillars is also the parent company of TruePillars Lending, a Primary Lender. In this capacity, TruePillars provides risk assessment on Underlying Borrowers, loans administration, collections and recovery support.

4.5. Are there risks in investing?

Yes, please refer to **section 3** of this Supplementary PDS and the risk disclosure in the Master PDS for more information about the risks of investing.

4.6. Is the Trust the same as a bank?

No. Your investment is not a deposit and does not benefit from the Financial Claims Scheme as it might if it were an amount deposited with a bank.

4.7. Is my investment capital protected?

No. By becoming a member of the Trust, you risk not receiving your capital back and not receiving your expected rate of return. Your potential investment outcome is similar to that of a lender. This includes the possibility of Underlying Borrower defaults, which can lead to less than expected return and/or not receiving all of your capital back.

Pooled Units reduce your exposure to single Underlying Borrower default risk by offering exposure to a pool of multiple Loans, rather than a single Loan. Pooled Units also benefit from Loss Reserves, a form of loss mitigation (refer to **section 3.11**).

You should always seek advice from a qualified financial advisor before finalising your investment strategy.

Please read **section 3** of this Supplementary PDS and the risk disclosure in the Master PDS for more information about the risks that could impact your investment return and result in loss of some or all of your capital.

4.8. What happens if TruePillars or a Primary Lender fails?

The Trustee has regular reporting obligations in place with TruePillars and will require regular reporting from any Primary Lender that receives investment from the Trust. This regular reporting is used to assist with anticipating any problems that might arise, but it is not fail safe.

The Trustee has a legal obligation to take the actions necessary to protect the interests of Members. The Trustee may also have enforceable options under the contracts it has entered into with TruePillars (Investment Managers Agreement) and Primary Lenders (Loan Note Agreement and supporting security).

The actions the Trustee may consider include:

- Appointing a different Investment Manager in place of TruePillars
- Taking over the management of the Loan assets owned by a Primary Lender via an SPV
- Appointing a third party to manage the Loan assets owned by a Primary Lender via an SPV
- Selling the Loan assets owned by a Primary Lender via an SPV to a third party

The above options are not a complete list of options available to the Trustee and the Trustee is not obliged to follow any particular course of action.

4.9. What happens if the Trustee fails?

Your investment may be impacted in the unlikely event the Trustee becomes insolvent or goes into administration. However, in such circumstances the Loan contracts with Underlying Borrowers remain valid and the Members may appoint a replacement Trustee. If the Members do not appoint a replacement Trustee then the Trust will be wound up and the assets of the Trust will be sold. In that case, Members will likely lose some of their money, depending on the costs of winding up the Trust and the amount for which the Trust assets are realised.

4.10. What happens in the event of a Member's death?

Upon receipt of a death certificate we will stop activity under the Members' registration, including any automatic investment instructions that may have been established. TruePillars will not recognise anyone except the personal legal representative of the deceased member as having any title to the Cash Units, Pooled Units or Loan Units registered in the name of a deceased member.

If the personal representative gives TruePillars information that satisfies the Trustee of the representative's entitlement to be registered as holder of the Units owned by the deceased Member, then TruePillars will register the personal representative as the holder of the Units as soon as practicable. The new holder will have the same rights as other Members and TruePillars will provide assistance should the new holder wish to liquidate the portfolio.

4.11. How do I lodge a complaint?

In the first instance, contact TruePillars on **1300 320 288** or by email at **contact@truepillars.com**. If you are not satisfied, you are able to lodge a complaint with the Australian Financial Complaints Authority (AFCA) on **1800 931 678** or by visiting the website **www.afca.org.au**.

4.12. What do I receive when I invest in Pooled Units?

Pooled Units fund pools of Loans made by Primary Lenders, providing all unit holders with a pro rata exposure to the pool of Loans. Holders of Pooled Units have an entitlement to income distributions. There are different classes of Pooled Units available to investors, refer to **figure 1.2** for more information.

4.13. Do I choose which Underlying Borrowers receive Loan funding from my money?

No. Pooled Units are fully managed by TruePillars who in turn invests with Primary Lenders. It is the responsibility of Primary Lenders to decide which Underlying Borrowers ultimately receive Loans.

4.14. Am I a party to Loan contracts with Underlying Borrowers?

No. The Trustee enters into a loan note agreement with each Primary Lender, who in turn enters into Loan contracts with Underlying Borrowers. The loan note agreement provides certain protections for the Trustee on behalf of investors, as well as setting out the terms on which funding is provided to the Primary Lender. Loan note agreements are not made available to investors.

4.15. What information do I receive about Underlying Borrowers?

No specific information is provided regarding individual Underlying Borrowers. Portfolio level information regarding Loans funded by Pooled Units will be regularly provided to investors per **figure 1.3**.

4.16. How long do I need to commit my money to the Trust?

Each class of Pooled Units has a different minimum term commitment. Refer to **figure 1.2** for more information.

4.17. How do I redeem my investment at its scheduled maturity?

You must login to your personal dashboard and request your redemption, allowing for the minimum notice period, currently 30-days for all Pooled Units (refer to **figure 1.2**). Note that redemptions will not necessarily be processed on the final day of the minimum notice period. Under the constitution for the fund, the Trustee has 365 days to meet any redemption request, and as such investors should be aware that it may take significantly longer than 30 days to meet a redemption request. Redemptions will be generally be processed within 5-10 business days of each calendar month end for all redemption requests that have met the minimum notice period where there is sufficient liquidity to do so.

4.18. How do I rollover my investment at its scheduled maturity?

You must login to your personal dashboard and nominate your selected new investment option prior to scheduled maturity.

4.19. What happens if I do not make a redemption request or a rollover request for my investment at its scheduled maturity?

Your investment will automatically move to the "GO" 30-day rolling option per **figure 1.2**.

4.20. Why have I received a capital distribution when I did not make a redemption request?

The Trustee may redeem your investment before maturity if the Investment Manager deems that there are insufficient suitable investments and the cash balance of the underlying investment pool is too high.

4.21. What happens if I need my money before the scheduled maturity of my investment?

You may make an early redemption request at any time, but the Trustee is not obliged to fulfil the request. If there are other investors applying for Pooled Units at the time of your early redemption request, the Trustee has the option of allowing the new investors to replace you. This is achieved by cancelling your Pooled Units and issuing you with Cash Units equivalent to your redemption value. This is not an investor entitlement, but it is a feature that the Trustee offers at its discretion. An early redemption fee may apply (refer to fee **section 5**).

4.22. When do I receive income distributions?

Pooled Unit income distributions are processed monthly within 5-10 business days of each calendar month end.

4.23. How are my income distributions paid?

The obligation of the Trust to pay income distributions will be satisfied by subscribing for new Cash Units for an equal value. Cash Units may be either withdrawn or re-invested.

4.24. Can I have my income distributions automatically transferred to my bank account?

Yes, you can set up a standing instruction via your personal dashboard. A processing fee may apply (refer to fee **section 5**).

4.25. Can I automatically re-invest my income distributions?

Yes, you can automatically re-invest your income distributions on the same terms as your original investment. For example, if you originally selected the "FLOW" 12-month term investment and you re-invest your income distributions monthly, then those amounts will be added to the amount that matures 12-months from the date of your original investment.

You can enable automatic re-investing via your personal dashboard.

4.26. Can I make additional investments?

Yes, once you are a Member of the Trust you can invest in new holdings of Pooled Units at any time, subject to the product features in **figure 1.2**, which may include a minimum investment amount.

4.27. How is Underlying Borrower risk assessed?

Underlying Borrower risk is assessed by each Primary Lender, subject to their own credit policy and processes. TruePillars reviews each Primary Lender credit policy and process prior to investing and may impose additional risk parameters as a condition of investing with a Primary Lender.

Where TruePillars Lending is the Primary Lender, Underlying Borrower risk is assessed by considering a range of information about the Underlying Borrower and any guarantors that may include:

- Financial statements
- External credit bureau scores (business and personal)
- Electronic bank statements
- Australian tax office statements
- Credit history checks (business and personal)
- Confirming existing assets and liabilities (business and personal)
- Industry sector and geographic region risk assessment
- Management track record
- Macro-economic considerations

The above is not a complete list of information considered and the information required to assess each type of Loan may differ depending on TruePillars Lending's credit policy. Information about the Underlying Borrower is used by TruePillars Lending to form a view as to whether an Underlying Borrower has the capacity to meet scheduled repayments on the Loan being applied for.

4.28. Could I suffer capital losses as a result of Underlying Borrower defaults?

Yes, your investment is at risk of capital loss. Loss Reserves provide some mitigation against losses due to Underlying Borrower defaults (refer to **section 3.11**), but they are finite and not guaranteed. Per **figure 1.3**, TruePillars will provide regular updates via the website as to the value of all Loss Reserves, along with the estimated amount at risk of write-off.

4.29. How are Pooled Units valued?

Pooled Units will be valued based on the Net Asset Value of the underlying investments for each class of Pooled Units.

4.30. Are the target returns guaranteed?

No. While each class of Pooled Units has a target return (refer to **figure 1.2**), the Trust may not be successful in meeting this objective. The ability to pay income distributions depends on the performance of the Loans the Trust has taken exposure to. The amount and frequency of income distributions is ultimately at the discretion of the Trustee.

5. Fees and other costs

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 account 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 a superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower fees. 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 Commissions (ASIC) Moneysmart website (www.moneysmart.gov.au) has a managed funds fee calculator to help you check out different fee options.

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 assets of the managed investment scheme as a whole.

Taxes are set out in another part of this document.

You should read all the information about fees and costs because it is important to understand their impact on your investment.

Figure 5.1: Fees and costs summary

TruePillars Investment Trust - Product Disclosure Statement - Pooled Units		
Type of fee or cost	**Amount**	**How and when paid**
	Ongoing annual fees and costs	
Management fees and costs The fees and costs for managing your investment2	Estimated to be 2% per annum.	The Investment Manager receives returns that are ultimately funded by Underlying Borrowers by the Investment Manager retaining the difference between what it receives from the Primary Lender and what it provides to Investors. The amount of additional return received by the Investment Manager from each Primary Lender varies based on multiple factors including the commercial arrangements made with each party, the types of underlying Loans and the performance of the Underlying Borrowers. The management fee represents the expected difference between what the Primary Lender is paying to the Investment Manager and what investors receive as income distributions after the Investment Manager has retained its additional return.
	And	
	A fee equal to the interest generated on all Cash Units held by the Trust. For the financial year ended 30 June 2020, this was an amount equivalent to 0.15% (calculated as the total value of interest received for the financial year ended 30 June 2020 divided by the average value of Cash Units) of net Trust assets.	TruePillars takes as a fee any interest earned on all cash balances which are held in the Trust bank account.
	And	
	An income distribution fee of $1.00 per income distribution paid to nominated bank account.	Paid when an investor instructs income distributions to be paid to a nominated bank account.

Type of fee or cost	Amount	How and when paid
	And Indirect costs in the form of a return paid to Primary Lenders that exceeds the return distributed to Investors. These costs are expected to be equivalent to 4.0% of the net total of all Pooled Units (calculated as the average value based on each month end) offered in this Supplementary PDS for the financial year ending 30 June 2021.	Primary Lenders receive returns that are ultimately funded by Underlying Borrowers through a combination of fees and interest charges payable under the Loan agreements with each Primary Lender. The Primary Lender retains the difference between what it receives from Underlying Borrowers and what it is required to pay under any agreement it has entered into with the Investment Manager / Trustee on behalf of the Trust. The indirect cost represents the expected difference between what it is estimated that Underlying Borrowers are paying and what investors receive as income distributions, after the Primary Lender has retained its additional return.
Performance fees Amounts deducted from your investment in relation to the performance of the product	Nil	Not applicable
Transaction costs The costs incurred by the scheme when buying or selling assets	Nil	Not applicable
Member activity related fees and costs (fees for services or when your money moves in or out of the scheme)		
Establishment fee The fee to open your investment	Nil	Not applicable
Contribution fee The fee on each amount contributed to your investment	Nil	Not applicable
Buy-sell spread An amount deducted from your investment representing costs incurred in transactions by the scheme	Nil	Not applicable
Withdrawal fee The fee on each amount you take out of your investment	Nil	Not applicable
Exit fee The fee to close your investment	0.5% of the amount redeemed	Deducted on conversion to Cash Units
Switching fee The fee for changing investment options	2% (minimum of $50) of the amount redeemed	Deducted on conversion to Cash Units

Example of annual fees and costs

This table gives an example of how the ongoing annual fees and costs for this product can affect your investment over a 1-year period. You should use this table to compare this product with other products offered by managed investment schemes.

Example Pooled Units		**Balance of $50,000** with a **contribution of $5,000** during year
Contribution fees	$0	For every additional $5,000 you put in, you will be charged $0
+		
Management fees and costs	Estimated $3,300	And, for every $50,000 plus additional $5,000 you have in the Pooled Units offered in this Supplementary PDS, TruePillars and the Primary Lenders will earn an estimated margin of $3,300 each year.
+		
Performance fees	$0	And, you will be charged or have deducted from your investment $0 in performance fees each year
+		
Transaction costs	$0	And, you will be charged or have deducted from your investment $0 in transaction costs
=		
Cost of Pooled Units offered in this Supplementary PDS	$3,300	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 fees and costs in the range of: **$3,300*** **What it costs you will depend on the investment option you choose and the fees you negotiate.**

*Additional fees may apply

Additional explanation of fees and costs

All fees and other costs incurred by the Trustee in relation to the proper performance of its duties in respect of the Trust are payable or reimbursable out of the Trust in accordance with the Trust's constitution.

All fees and other costs disclosed in this Supplementary PDS are subject to change by the Trustee. We will give you 30 days' notification of any fee changes and inform you of the date proposed for implementation to the revised fee, or introduction of a new fee.

Normal government charges will apply to all Trust transactions.

Management costs for Pooled Units offered in this Supplementary PDS

The Investment Manager receives an additional return from the Primary Lenders it invests with on behalf of Members. In practice, this means that of the total return paid by Primary Lenders, some is retained by the Investment Manager and some is paid to the Fund for distribution to Members. As the Investment Manager intends to make investments with multiple Primary Lenders, the amount it receives as a return will vary.

In practice, the margin that TruePillars earns will be deducted by TruePillars before funds are transferred to the Trust for distribution to Pooled Unit holders. Target returns in this Supplementary PDS, on the website and in other promotional material are net of these costs.

Indirect costs:

Primary Lenders receive an additional return from the Underlying Borrowers than what is paid to the Investment Manager and/or the Trust, over which neither the Investment Manager nor the Trustee has the ability to control. The difference between what the Primary Lender receives represents an indirect cost for Investors. As the Investment Manager intends to make investments with multiple Primary Lenders, the amount of this indirect cost will vary.

In practice, the margin that Primary Lenders earn will be deducted by Primary Lenders before funds are transferred to the Trust for distribution to Pooled Unit holders. Target returns in this Supplementary PDS, on the website and in other promotional material are net of these costs.

Exit fee

When you become a Member of the Trust, a Foundation Unit costing $1 is issued to you. Upon exit of the Fund, investors will not be refunded the cost of the Foundation Unit.

The cost of the Foundation Unit is currently paid by the Trustee so investors do not incur any exit fee.

When you request to have your Units redeemed as you exit your respective Pooled Unit investment(s), an amount of 0.5% of the amount redeemed is chargeable upon conversion of the relevant number of Pooled Units to Cash Units.

Switching fee

A fee of 2% (with a minimum of $50) of the amount switched to Cash Units prior to the maturity date for the relevant Pooled Units is chargeable upon conversion of the relevant number of Pooled Units to Cash Units.

Fund costs

The Fund has ongoing costs, which include custodian costs and external audit costs, which would ordinarily form a part of management fees and costs. The Investment Manager reimburses the Trustee for these costs under the terms of its Investment Manager's Agreement. However, if the Investment Manager is unable or unwilling to pay these costs, the Trustee has a right to deduct these costs from Fund assets. This would have the effect of increasing management fees and costs to investors.

6. Tax section

For information relating to taxation and the tax treatment of Pooled Units, please refer to **section 7** of the Master PDS for the Trust.

7. How to apply

7.1. To become a Member of the Trust, apply at **www.truepillars.com**. Applications are only accepted using the online application form and after providing sufficient identification.

7.2. Once you become a Member of the Trust, you will be able to transfer funds following the instructions on your personal dashboard and acquire Cash Units. You will then be able to make your selected Pooled Unit investment(s).

8. Corporate Directory

Manager

TruePillars Pty Ltd

ACN: 603 933 508
AFSL Authorised Representative number: 1237905

Level 1, 155 Queen Street
Melbourne Vic 3000

Telephone: 1300 320 288
Email: contact@truepillars.com

Custodian

Sandhurst Trustees Limited

ACN 004 030 737

Level 5, 120 Harbour Esplanade
Docklands Vic 3008

Legal Advisor

Hall & Wilcox Lawyers

Level 11, Rialto South Tower
525 Collins Street
Melbourne VIC 3000

Responsible Entity and Trustee

TruePillars RE Ltd

ACN: 623 138 241
AFSL number: 505578

Level 1, 155 Queen Street
Melbourne Vic 3000

Compliance Plan Auditor

Morrows Audit Pty Ltd

ABN 18 626 582 232

Level 13, Freshwater Place, 2 Southbank Boulevard,
Southbank Vic 3006

Tax Advisor

Pitcher Partners Advisors Pty Ltd

Level 13, 664 Collins Street
Docklands Vic 3008

Telephone: +61 3 8610 5000

9. Glossary

9.1 Terms specific to this Supplementary PDS:

Authorised Representative: A person or entity authorised by the Trustee to promote the investment products offered by the Trust and/or provide general advice on the investment products offered by the Trust.

Borrower: Underlying Borrower.

Financial Claims Scheme: The Financial Claims Scheme is an Australian Government scheme that provides protection to deposit-holders with Australian incorporated banks, building societies and credit unions (known as authorised deposit-taking institutions or ADIs), and general insurance policyholders and claimants, in the unlikely event that one of these financial institutions fails. The FCS is a government-backed safety net for deposits of up to $250,000 per account holder per ADI. It also covers most general insurance policies for claims up to $5,000, with claims above $5,000 eligible if they fulfil certain criteria.

Investment Manager: TruePillars Pty Ltd ACN 603 933 508.

Investment Managers Agreement: A legal document between the Trustee and each Investment Manager that sets out the responsibilities of the Investment Manager, including all contractual obligations such as fees, information reporting and parameters for promoting the investment products.

Investors: Members or prospective Members.

Loan, loan: Loans made by Primary Lenders to Underlying Borrowers.

Loss Reserve: Has the meaning given to it in **section 3.11** of this document.

Net Asset Value: The current value of Trust assets referrable to any particular Class of Pooled Units less the total amount of liabilities and accrued distribution entitlements for that Class of Pooled Units as calculated by the Trustee, allowing for any capital amounts considered unrecoverable.

PDS means the Master PDS and a Supplementary PDS together.

Pooled Units means a unit issued pursuant to this Supplementary PDS.

Primary Lender: A lender selected by TruePillars who enters into Loans, in part, using funds invested by the Trust.

SPV: A special purpose vehicle, usually a company or unit trust, owned by a Primary Lender to make and hold Loans that have been in part funded by investments made by the Trust.

TruePillars means the investment Manager.

TruePillars Lending: TruePillars Lending Pty Ltd ACN 607 063 785

Underlying Borrower: The party that borrows money from Primary Lenders in the form of a Loan, most commonly, for business purposes, but also for consumer purposes.

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