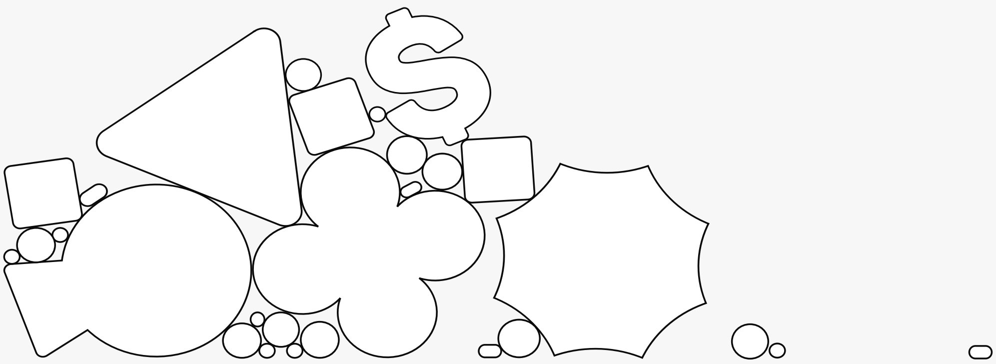
STAKE Accumulate



Product Disclosure Statement

14 Feb 2025

ARSN: 680 653 374

Investment Manager

Stakeshop Pty Ltd

ACN 610 105 505 / CAR No. 001241398

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Responsible Entity

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ACN 085 445 094 / AFSL 244 393

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About this PDS

This Product Disclosure Statement (PDS) sets out important information and the terms and conditions of the Class A Unit Class of the Stake Accumulate Fund (ARSN 680 653 374) (Stake Accumulate Fund or Fund) and is issued by K2 Asset Management Ltd (K2 or the Responsible Entity) (ACN 085 445 094, AFSL 244393) as the Responsible Entity of the Stake Accumulate Fund. The Stake Accumulate Fund was established by K2, by constitution dated 9 September 2024, which is subject to amendment from time to time (Constitution). You should consider the suitability of the Stake Accumulate Fund in view of your financial position, investment objectives and needs before making an investment decision, and if necessary, obtain professional financial advice tailored to your personal circumstances. The information in this PDS is general information only, it is not financial product advice and does not take account of your personal financial situation, objectives or needs.

The Stake Accumulate Fund currently has two classes of units:

1. Class A; and
2. Class B

This PDS is for the Class A Unit Class only. References to "you" and "your" are references to an investor or prospective investor in the Fund.

Units issued under this PDS will be issued by the Responsible Entity on the terms set out in the Constitution for the Fund and this PDS. If any provision of this PDS is inconsistent with the Constitution, then the Constitution prevails to the extent of the inconsistency. By acquiring Class A Units, you agree that your investment in the Fund is subject to the terms of the Constitution and this PDS, each as amended and supplemented from time to time.

The Class A Units are only available via the Stake Platform. The Stake Platform does not form part of the assets of the Fund. Further information regarding the Stake Platform is available from the Stake app, and the web platform at hellostake.com.

All amounts in this PDS are in Australian dollars. All fees are inclusive of goods and services tax (GST) and take into account reduced input tax credits (RITCs) or input tax credits (ITCs) if applicable. All fees in this PDS are rounded to two decimal places.

Information in this PDS is subject to change from time to time. Where a change is not materially adverse to Unitholders, it may be updated via the Stake Platform or will be disclosed to Unitholders online at hellostake.com or the K2 website at k2am.com.au. You can obtain a digital copy of any updated information free of charge on request by contacting Stake or K2 at reservices@k2am.com.au.

The Stake Accumulate Fund is a registered managed investment scheme and this PDS is for the offer of the Class A Units in the Fund. The Fund is open to Retail Investors and Wholesale Investors who have received this PDS. This PDS does not constitute an offer of interests in any jurisdiction other than Australia. Unitholders who are not Australian residents for tax purposes should consult with a local tax expert, as the tax contents of this PDS are not applicable for foreign investors.

Certain information contained in this PDS may constitute "forward-looking statements" that can be identified by the use of forward-looking terminology such as "may," "will," "should," "expect," "anticipate," "estimate," "target," "intend," "continue," or "believe," or the negatives thereof or other variations thereon or comparable terminology. Any estimate, forecast, projection, feasibility, cash flow or words of a similar nature or meaning in this PDS are also forward-looking statements. Any forward-looking statements are subject to change from time to time. Actual events or results or the actual performance of the Fund may differ materially from those reflected or contemplated in such forward-looking statements. Actual future events may vary materially from the forward-looking statements and the assumptions on which those statements are based. Given these uncertainties, prospective Unitholders are cautioned to not place undue reliance on such forward-looking statements.

Any photographs, images, charts and diagrams in this PDS are for illustrative purposes only and may not represent any current or proposed investments of the Fund.

Stakeshop Pty Ltd (Stake) and K2, including their respective employees, agents and officers do not guarantee the success, repayment of capital, rate of return on income or capital, or investment performance of the Fund. Past performance is not a reliable indicator of future performance. It is your obligation to seek any advice, and observe any legal restrictions on investment in the Fund which may apply to you.

Continuous disclosure

When the Fund has more than 100 members it will be considered a 'disclosing entity' under the Corporations Act. This means that the Fund will need to comply with regular reporting and disclosure obligations.

Copies of any documents lodged with ASIC in relation to the Fund may be obtained from, or inspected at, an ASIC office.

Unitholders have the right to obtain a copy, of the following documents in relation to the Fund:

- The annual financial report most recently lodged with ASIC;
- Any half yearly financial reports lodged with ASIC after that most recent annual financial report but before the date of this PDS;'
- Any continuous disclosure notices after the lodgement of that most recent annual report and before the date of this PDS; and
- The sustainability report most recently lodged with ASIC, if any.

Continuous disclosure obligations may arise in relation to the Fund. Any applicable continuous disclosure obligations will be met by following ASIC's good practice guidance via website notices rather than lodging copies of these notices with ASIC. If the Responsible Entity becomes aware of any material information that would otherwise by required to be lodged with ASIC pursuant to any continuous disclosure obligations, any such material information will be made available as soon as practicable on the Stake website at hellostake.com or on the K2 website at k2am.com.au.

Fund features at a glance

Stake Accumulate Fund	
Investment strategy	The Fund will seek to achieve its objective primarily by investing in fixed income securities and other credit investments including illiquid private credit. The Fund will implement an active portfolio management approach, making individual investment decisions based on macro-economic, and company or sector specific views, to capture yield and exploit various inefficiencies across global fixed income and credit markets. The Fund has the flexibility to apply leverage, engage in Short selling and use derivatives for hedging purposes or increasing investment exposure. Foreign currency exposure will be hedged back to the Australian dollar.
Investment objective	The Fund aims to provide investors with the Target Return
Target return	Income distributions to Unitholders (after all fees and expenses) **equal to the** RBA Cash Rate plus 2% per annum, with low capital volatility
Suggested min. investment time frame	3 months
Investment management fee	0.51% p.a. (inc GST, less any RITC/ITC)
Buy/sell spread	+/-0.00% on applications and redemptions
Valuations	Business days
Applications	Business Days by 11:59pm (AEST)
Redemptions	Business Days by 11:59pm (AEST)
Min. initial investment	$500
Min. additional investment	$10
Min. withdrawal	The lesser of $100 or a Unitholder's total holdings
Distributions	Monthly
Reporting	Monthly performance updates via Stake's website at hellostake.com. Holding statements, periodic statements, investment reports, distributions and tax statements available via the Stake Platform.
Responsible entity	K2 Asset Management Ltd ACN 085 445 094 **(K2)**
Investment manager	Stakeshop Pty Ltd ACN 610 105 505 **(Stake)**
Sub investment manager	GF Asset Management Pty Ltd ACN 660 716 343 **(GFAM)**
Administrator and custodian	Apex Fund Services Pty Ltd ACN 118 902 891 **(Apex)**
Unit registry	Xcend Pty Ltd ACN 662 440 959 **(Xcend)**
Auditor	KPMG Australia Pty Ltd ACN 008 644 728 **(KPMG)**

1. About Stake and its partners

Stakeshop Pty Ltd (Stake or Investment Manager) (ACN 610 105 505), a Corporate Authorised Representative (No. 001241398) of Stakeshop AFSL Pty Ltd (AFSL 548196), is a digital investment platform for Australian investors and has been appointed by K2 Asset Management Ltd as the Investment Manager of the Fund. Stake was founded in 2017 in Australia and provides financial services in Australia, including via the Stake Platform. The Stake Platform offers individual investors access to US and Australian listed markets, innovative self-managed Superannuation Fund administration, as well as the Stake Accumulate Fund.

The Sub Investment Manager

Stake has appointed GF Asset Management Pty Ltd (ACN 660 716 343, AFSL 541984) (GFAM) as the Fund's Sub Investment Manager. GFAM is a specialist fixed income investment manager, based in Sydney and established in 2022. GFAM seeks to achieve attractive risk adjusted returns from investing in fixed income securities and other debt instruments. GFAM are credit specialists with deep expertise in evaluating and lending to companies. GFAM implements a value-based, active investment approach that seeks to exploit various inefficiencies in global fixed income markets and achieve attractive absolute returns for investors throughout typical business and credit cycles. GFAM employs a range of techniques to achieve its investment objectives, including the use of derivative instruments, short selling of securities and the application of leverage.

The Responsible Entity

The Responsible Entity of the Fund is K2 Asset Management Ltd (ACN 085 445 094) (AFSL 244393). K2 Asset Management Ltd is a wholly-owned subsidiary of K2 Asset Management Holdings Ltd (ABN 59 124 636 782), which is a public company listed on the Australian Securities Exchange (ASX: KAM). K2 Asset Management Ltd is the issuer of Units in this Fund. K2 was established in Melbourne in 1999 and specialises in managed funds for retail, wholesale and institutional investors.

The responsibilities and obligations of K2 as the Fund's Responsible Entity are governed by the Fund's Constitution, the Corporations Act 2001 (Cth) (Corporations Act) and general trust law. As Responsible Entity, K2 oversees the operation and management of the Fund and is required to act in the best interests of Unitholders.

Indemnity

The Responsible Entity is indemnified out of the Fund against all liabilities and expenses incurred by it in properly performing or exercising its powers or duties in relation to the Fund. Subject to the Corporations Act and except in case of fraud, negligence, breach of duty or breach of trust by the Responsible Entity, the Responsible Entity is not liable to Unitholders of the Fund for losses in relation to the Fund.

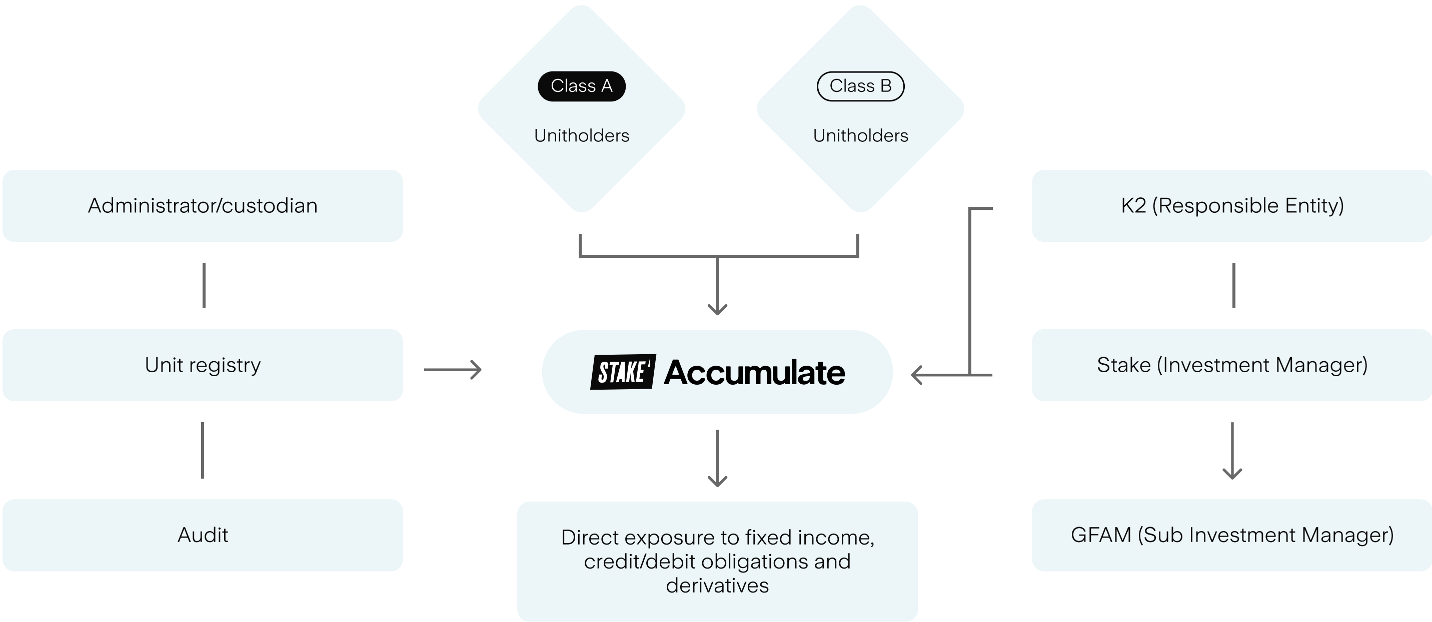
K2, Stake, GFAM, any related parties and external service providers referred to in this PDS do not guarantee the performance of the Fund.

The Fund's past performance is no indication of its future performance. The Fund's returns are not guaranteed.

2. How the Fund works

The Fund is a managed investment scheme that is structured as an Australian unit trust and registered with ASIC under the Corporations Act. In a unit trust, investors' money is pooled together and managed collectively according to the investment strategy and objectives applicable to the unit trust. The rights of Unitholders and the operation of the Fund are governed by the Fund's Constitution and this PDS.

The Fund is a multi-class unit trust. Class A Units are open to Retail Investors and offered under the terms of this PDS via the Stake Platform. Stake has made an initial investment in the Stake Accumulate Fund, via Class B Units. A diagrammatic representation of the Fund is shown below.



Investment Objective

The Fund aims to provide investors with the Target Return, via income distributions to Unitholders (after all fees and expenses) equal to the RBA Cash Rate plus 2% per annum, with low capital volatility. The Fund invests in fixed income securities and other debt instruments, and may include some exposure to illiquid investments such as private credit. The Fund has the flexibility to make use of derivatives, Short selling and leverage, both for the purposes of hedging and increasing investment exposure. For further details on the Fund's investment strategy please refer to Section 6 of this PDS.

Access to Investment

The Fund is valued each Business Day. Applications for the issuance and redemption of Units are normally accepted if submitted by 11:59pm (AEST) on each Business Day. You can usually access the net proceeds of redemptions from the Fund within three Business Days after a redemption request is accepted.

Exceptional circumstances may arise where the ability to redeem your investment in the Fund is restricted and you may have to wait a period of time before you are able to redeem. This may occur, for example, if particular markets suspend trading or if the Responsible Entity deems it to be in the best interests of Fund investors as a whole. Delays may occur if you apply or redeem shortly after the last Business Days of the month, while distributions are being finalised, particularly during the half year (December) and full year (June) distributions.

Distributions

The Fund aims to make monthly distributions. Distributions are calculated based on the Fund's net income at the end of the distribution period, divided by the number of Units on issue. Net income attributable to Class A Unitholders will be supplemented with any available income and capital attributed to Class B Unitholders, where required, to meet the Class A Target Return (see below for further details). Distributions to Class A Unitholders will not exceed the Target Return in any period.

Distributions referable to each holder of Class A Units will be automatically applied towards the issuance of additional Class A Units to such holder, unless the holder elects to receive distributions as cash, which will be paid directly to the Stake account of that holder. Please see Section 9: "How to transact on your investment" for details on how to open a Stake account.

A distribution of income (even if reinvested), generally forms part of a Unitholder's assessable income, and you will be liable to pay tax on that income. At the time of each distribution, the Unit price will be reduced by the distribution amount.

Valuation

The net asset value (NAV) of a Class A Unit is calculated each Business Day by deducting all liabilities (including fees) from the total value of the Fund's assets referable to Class A, and dividing this by the number of Units on issue in Class A. The NAV for Class A Units is published on the Stake Platform at the end of each Business Day. Refer to Section 9: "How to transact on your investment" for more information on Unit pricing procedures.

Reporting

Stake will provide monthly performance updates via the Stake Platform or at hellostake.com. Holding statements, periodic statements, investment reports, distributions and tax statements available via the Stake Platform.

Dual unit class structure

The Fund will issue two classes of Units (Class A and Class B). Class A is open to Retail Investors and issued under the terms of this PDS. Stake has made an initial investment in the Stake Accumulate Fund, via Class B. Other Wholesale Investors may also invest in Class B, although as at the date of this PDS, no wholesale offer of Class B has been made. The terms of issue of Class A and Class B Units are set out in the Constitution, and are summarised below.

i Income Priority

Class A Unitholders have priority entitlement to Fund income. Investment income earned by the Fund in any period is allocated to Class A Unitholders in an amount up to and including the Target Return for that period. **Any additional income above the Target Return in the relevant distribution period will be allocated to Class B.**

ii Limited Income Buffer

If the Fund generates insufficient income to pay Class A Unitholders a distribution equal to the Class A Target Return, then any available Class B capital or income must be used to fund the difference between the Class A Target Return, and the distribution otherwise payable to Class A Unitholders, such that Class A Unitholders receive a distribution equal to the full amount of the Class A Target Return.

iii Class B Reinvestment

If the NAV attributable to Class B capital is lower than 5% of the net Unit value of all Class A Units and Class B Units in aggregate, then after distributions are made to Class A Unitholders in an amount up to a maximum amount equal to the Target Return, any remaining distributions otherwise payable to Class B Unitholders must be re-invested in Class B Units until the NAV of Class B reaches 5% of the net Unit value of all Class A Units and Class B Units in aggregate.

Income and capital accruals between Unit classes are calculated each Business Day and reflected in the Unit price applicable to Class A and Class B. Unitholders should note that while available Class B income and capital must be distributed to Class A Unitholders in the circumstances noted at (i) and (ii) above, there is no guarantee that Class A Unitholders will receive distributions equal to the Class A Target Return. For example, if income referable to Class B for a period is nil, Class A Unitholders may not receive a distribution equal to the Target Return.

Hypothetical Dual Unit Class Structure and Class B Reinvestment example

The operation of the Income Priority, Limited Income Buffer and Class B Reinvestment features are demonstrated in the example below, using a theoretical fund size of $100m, with $95 million in Class A Units and $5m in Class B Units.

In this example, during each distribution period, the RBA Cash Rate is assumed to be 4% per annum, and the Class A Target Return is assumed to be 6% per annum (after the deduction of fees and expenses). This is a simplified example using annual distributions to demonstrate the income features of the Fund, which ignores the impact of market price fluctuations on fund assets and changes to the RBA Cash Rate.

The example is not intended to provide an indication of actual returns of the Fund, and does not demonstrate possible scenarios where the Class A Target Return may not be met (see 'Sufficiency of Class B Capital' below). Figures are rounded to one decimal point.

	Year 1	Year 2	Year 3	Year 4
Total fund size ($m)	100.0	100.0	98.3	100.0
Class A size ($m)	95.0	95.0	95.0	95.0
Class B size ($m)	5.0	5.0	3.3	5.0
Class A Target Return	6%	6%	6%	6%
Realised Income (after fees) on total Fund size	7%	4%	8%	6%
Total Fund Distribution per Realised Income ($m)	7.0	4.0	7.9	6.0
Class A Distribution ($m) (after use of Class B Capital)	5.7	5.7	5.7	5.7
Class B Surplus/shortfall ($m)	1.3	(1.7)	2.2	0.3
Class B Reinvestment ($m)	0	0	1.7	0
Class B Distribution ($m)	1.3	0	0.5	0.3

As shown in this example, Class B capital is used to make up the shortfall in Class A income below the Class A Target Return in year 2. Class B income may also be used. In year 3, returns in excess of the Class A Target Return are re-invested into Class B Units, but only to a maximum of 5% of the total Fund Net Asset Value. The Class B Reinvestment ensures that income distributions to Class B Unitholders are only paid after Class B size reaches 5% of the total Fund size.

Class B distributions shown above ignore the impact of any Class B performance fees that may apply.

Sufficiency of Class B Capital

While Class B capital is designed to support the payment of distributions to Class A Unitholders, there is no guarantee that Class B will have sufficient income or capital to supplement any shortfall below the Class A Target Return. Unitholders should note that except via the Class B Reinvestment, Stake is not required to contribute additional capital to maintain the Class B Capital Ratio of 5% of the total Fund Net Asset Value.

It is possible Class B may only be topped up by income distributions, via the Class B Reinvestment explained above. Successive shortfalls in meeting the Target Return could result in there being no capital in Class B. In other words, if the value of the assets referable to Class B Units falls to zero at any time, then Class A Unitholders will not receive, any payment of distributions sourced from Class B capital. The proportion of Class B capital at the end of each month will be included in the Fund's monthly reports.

Class B Unitholders may redeem their Units in circumstances where the Class B Capital Ratio is above 5% of the total Fund Net Asset Value, but not if the Class B Capital Ratio is 5% of the total Fund Net Asset Value, or lower, or if the redemption would cause the Class B Capital Ratio to be 5% or lower. If any Class B Units are redeemed, then the pool of Class B capital available to fund the Limited Income Buffer will fall.

3. Regulatory Guide 240 Disclosure Benchmarks and Principles

The following table provides a summary of the benchmark and disclosure principles required under ASIC Regulatory Guide 240 and where further detail can be found within this PDS.

240 Disclosure Benchmarks

Benchmark	Summary
Benchmark 1: Valuation of assets Whether valuations of the Fund's non-exchange traded assets are provided by an independent administrator or an independent valuation service provider.	The Fund meets the valuation of assets benchmark. Any non-exchange traded assets (such as over the counter derivatives or private credit investments) will be valued by the Administrator or another independent third party who is unrelated to the Fund. ⓘ **Section 6**
Benchmark 2: Periodic reporting Whether the issuer will provide periodic disclosure of key information on an annual and monthly basis.	The Fund meets the periodic reporting benchmark. The following information will be available to Unitholders in the Fund monthly report: • Net Asset Value of the Fund and Unit price of Class A Units • Net return of Class A Units after fees and expenses • Proportion of Class B Net Asset Value to Class A & B Net Asset Value • Asset allocation by asset type, geography and credit rating Unitholders will be advised of any changes to the following: • Key service providers • Individuals who make key investment decisions about the Fund • Material changes to the risk profile and investment strategy Unitholders will be provided the following information on an annual basis: • Liquidity profile of portfolio assets as at period end • Maturity profile of any Fund liabilities as at period end • Gross exposure as a measure of Fund leverage as at period end • Derivative counterparties engaged ⓘ **Section 2, 6 & 9**

RG 240 Disclosure Principles

ASIC has established nine disclosure principles under RG 240. Issuers are expected to include information about these principles in their PDS.

The table below outlines disclosures in relation to each of these disclosure principles. It is important to review this information alongside the detailed explanations provided in this PDS and the key risks outlined in Section 5.

Disclosure Principle	Summary
Disclosure Principle 1: Investment strategy Whether investors are made aware of the details of the investment strategy for the fund, including the type of strategy, how it works in practice and how risks are managed.	The Fund will seek to achieve its objective primarily by investing in fixed income securities and other credit investments including illiquid private credit. The Fund will implement an active portfolio management approach, making individual investment decisions based on macro-economic, and company or sector specific views, to capture yield and exploit various inefficiencies across global fixed income and credit markets. The strategy will target investments that offer attractive yield and relative value opportunities while seeking to minimise the risk of default. The Fund has a value-oriented approach and carries out fundamental analysis of company financial metrics in order to select investments with minimal risk and attractive valuations relative to their yield. This includes assessment of various credit metrics and coverage ratios that help GFAM to monitor and minimise the risk of default within the Fund. The Fund can invest in global opportunities but primarily focuses on developed economies with predictable and stable rule of law and significant capital markets, particularly the Australian market. The Fund can invest in a wide range of debt instruments from government bonds to private credit but has a particular focus on investment grade corporate bonds, where investors can earn attractive risk adjusted returns with historically low probability of default. Foreign currency exposure will be hedged back to the Australian dollar. Risk management is central to the Fund's investment strategy. GFAM will monitor limits on exposure to individual issuers, sectors, emerging markets, and illiquid assets. GFAM continually

	assesses the Fund's exposure to interest rate risk and conducts fundamental analysis on portfolio companies to assess their financial strength, credit worthiness and minimise the risk of default. The Fund is dependent on the skills and experience of Sub Investment Manager, GFAM, to achieve its objectives. If the investment strategy does not perform as expected the Fund could fail to deliver the Target Return and investors could incur losses. Unitholders will be notified of any changes to the investment strategy of the Fund via the Stake Platform or online at hellostake.com. It is anticipated that the investment strategy of the Fund will not materially depart from strategy described in section 6 of this PDS. ⓘ Section 2,4 & 6
Disclosure Principle 2: Investment manager Whether investors have the necessary information about the people responsible for managing the fund's investments, such as their qualifications and relevant commercial experience, and the proportion of their time devoted to the hedge fund.	K2, as Responsible Entity of the Fund, has appointed Stake as Investment Manager under an investment management agreement to manage and invest the Fund. K2 as the Responsible Entity, may terminate the agreement and Stake's appointment as Investment Manager of the Fund in various circumstances, including if: K2 considers, having regard to independent legal advice, that it is required to terminate the agreement to satisfy its statutory or fiduciary duties by reasons of the acts or omissions of Stake; A receiver or similar person has been appointed with respect to the assets and undertakings of Stake; Stake goes into liquidation; Stake ceases to carry on business in relation to its activities as an investment manager; and Stake breaches a material provision of the agreement and fails to correct the breach within 10 Business Days of receiving notice from K2 specifying such breach. Stake has delegated the responsibility of managing and investing the Fund's assets to GFAM which is the Sub Investment Manager of the Fund. Stake may terminate the appointment of GFAM as Sub Investment Manager in a number of circumstances, including if: Stake terminates the agreement appointing GFAM as Sub Investment Manager by giving not less than 40 Business Days' notice in writing; The investment management agreement between K2 and Stake terminates; A receiver or similar person is appointed with respect to the assets and undertakings of GFAM; GFAM goes into liquidation (other than for the purposes of a reconstruction or amalgamation on terms previously approved in writing by Stake); GFAM ceases to carry on business in relation to its activities as an investment manager; GFAM breaches a material provision of the agreement and fails to correct the breach within 10 Business Days of receiving notice from Stake specifying such breach; GFAM sells or transfers, or makes any agreement for the sale or transfer of the main business and undertaking of GFAM, to a person other than a related body corporate for purposes of corporate reconstruction on terms previously approved in writing by Stake. As at the date of this PDS, there have been no significant adverse regulatory findings against Stake or GFAM, or its key officers, employees or personnel. The key personnel at GFAM and their experience and qualifications are as follows: Roni Green, Chief Investment Officer Roni is the founder and portfolio manager at GFAM and has over 20 years of experience in fixed income markets. Roni graduated from the University of New South Wales (Commerce, Finance and Information Systems) and worked at JP Morgan in Sydney and New York before joining a highly successful Hong Kong based credit fund, where he managed the developed market portfolio and macro strategy. Roni returned to Sydney in 2022 and established GFAM. Candice Karpes, Chief Executive Officer Candice has 18 years of experience in the finance industry across debt capital markets, investment banking and funds management, having worked at Bank of America, Macquarie Group and RBC Capital Markets in Sydney, New York and Hong Kong. Candice holds a Bachelor of Commerce, Finance and Marketing from the University of New South Wales.

	The key personnel at GFAM will spend 80% or more of their time managing the investment strategy of the Fund. ⓘ **Section 2, 4 & 6**
Disclosure Principle 3: Fund structure Whether the issuer explains the investment structures involved, the relationships between entities in the structure, fees payable to the fund operator and investment manager, the jurisdictions involved (if these involve parties offshore), the due diligence performed on underlying funds, and the related party relationships within the structure.	The Fund is structured as a registered managed investment scheme and unit trust. The Responsible Entity is K2 Asset Management Ltd. The Investment Manager is Stake, and it has delegated investment management responsibility to GFAM. Other important service providers to the Fund include Apex Fund Services Pty Ltd who provide administration and custody services, Xcend Pty Ltd who provide registry services and KPMG Australia has been appointed as the auditor. The Responsible Entity may engage a prime broker. A prime broker can provide access to leverage, derivatives and Short selling, and may take partial custody of Fund assets as collateral against any leverage provided. There are risks associated with holding assets through custodians and prime brokers. These risks are outlined under Section 5: "Risks of investing in the Fund" and "Counterparty risk". K2 monitors the compliance of the service providers with their contractual obligations through receipt of compliance certifications, performance reviews and audit activity performed by the Fund's external auditor KPMG. The Fund issues two classes of Units, Class A and Class B. Class A Units have priority entitlement to Fund income, and Class B income and capital must be paid to Class A Unitholders if there is a shortfall in meeting the Class A Target Return, provided there are any assets of value allocated to Class B. For more detail on the Fund's dual Unit class structure please refer to "How the Fund works" in Section 2. For further information on fees and costs associated with an investment in the Fund please refer to "Fees and other costs" in Section 7. ⓘ **Section 2, 5, 6 & 7**
Disclosure Principle 4: Valuation, location and custody of assets Whether the issuer discloses the types of assets held, where they are located, how they are valued and the custodial arrangements.	The Fund's exchange traded assets are valued by the Administrator using the last traded price on each Business Day. Valuations for any non-exchange traded assets held by the Fund are sourced from third parties independent of the Fund. These will be valued in accordance with the Investment Manager's valuation policy, which is available upon request via support@hellostake.com. Please refer to Section 9 for key aspects of the Fund's Unit pricing policy. Units in the Fund are valued each Business Day and the Net Asset Value is determined in accordance with the Fund's Constitution. The Fund's assets are held in accordance with normal business practices either by a prime broker or in custody accounts with Apex. The roles performed by Apex are set out at Section 10. Apex engages sub custodians in different markets to transact and hold assets on behalf of the Fund. The Fund's investments will predominantly be located in developed economies. At times, the Fund may hold investments in emerging markets. Such investments cannot exceed 20% of the Fund's Net Asset Value. ⓘ **Section 6, 8 & 10**
Disclosure Principle 5: Liquidity Whether investors are made aware of the fund's ability to realise its assets in a timely manner and the risks of illiquid classes of assets.	It is expected that 80% of the Fund's assets can be realised, at the value ascribed to those assets in calculating the Fund's Net Asset Value, within 10 Business Days of the time that such calculation is made. Some investments such as those in private credit are illiquid and it may not be possible to sell or otherwise convert these interests into cash. As a result, they may need to be held to maturity. See Section 5 for risks associated with liquidity. GFAM monitors the Fund's portfolio on an ongoing basis having regard to the overall liquidity profile of the Fund's underlying investments. No more than 20% of the Fund will be invested in illiquid assets or any investment that cannot be liquidated in 10 Business Days or less. Please also refer to Disclosure Principle 9 – Withdrawals. ⓘ **Section 5 & 6**

Disclosure Principle 6: Leverage Whether investors are made aware of the maximum anticipated level of leverage of the fund (including leverage embedded in the assets of the fund).	Leverage may be used to increase the net invested position of the Fund above the Fund's Gross Asset Value, in order to achieve better risk adjusted returns. Leverage may be obtained from authorised deposit taking institutions, private credit providers or other third party leverage providers. To implement any Short positions or derivative exposure, Fund investments and/or cash may be required to be deposited with the prime broker as collateral. The maximum allowable leverage in the Fund is 200% of the Net Asset Value, that is for every $1 invested, the gross invested position of the Fund taking into account, all assets held, is limited to $2.00. Refer to Section 5 for more information on risks associated with using leverage. ⓘ Section 5 & 6
Disclosure Principle 7: Derivatives Whether investors are made aware of the purpose and types of derivatives used by the fund operator or investment manager, and the associated risks.	Derivative instruments (such as futures, options, warrants or swaps) may be used for the purpose of reducing or increasing overall investment exposure, adjusting certain exposures in particular assets and managing risk (such as currency or interest rate risks). Exchange traded or over the counter (OTC) derivatives may be held and derivative contracts with multiple brokers or counterparties may be entered into. The Fund's assets may be used as collateral when entering into derivative contracts. In doing so, the Fund is exposed to the risk that security is forfeited in the event of default of a derivative contract. If the counterparty or clearer becomes insolvent at the time it holds collateral posted by the Fund, the Fund may be an unsecured creditor and may rank behind secured creditors. Counterparty risk is managed by conducting due diligence on prospective counterparties and service providers to assess, amongst other factors, their risk management framework, financial position and the risk they may default on their obligations. Refer to Section 5 for more information on risks associated with derivatives. ⓘ Section 5 & 6
Disclosure Principle 8: Short selling Whether investors are made aware of how short selling may be used as part of the investment strategy, and of the associated risks and costs of short selling.	GFAM may use Short selling in relation to particular securities, as part of the Fund's investment strategy. Short selling may be used to establish positions in securities that GFAM expects will decrease in value, and may also be employed for hedging purposes to offset risk within the Fund's portfolio. Where the Fund engages in Short selling it will borrow securities from the relevant counterparty and may commit other assets of the Fund as collateral. This carries certain risks, including that such assets are forfeited in the event of default or that the Fund ranks as a creditor if the counterparty becomes insolvent. Short positions may be up to 50% of the Fund NAV in size. Short positions will be subject to ongoing risk review by GFAM, implementation of stop loss guidelines and maintenance of adequate liquidity. The risks associated with Short selling are highlighted in "Risks of investing in the Fund" in Section 5. ⓘ Section 5 & 6
Disclosure Principle 9: Withdrawals Whether investors are made aware of the circumstances in which the issuer of the hedge fund allows withdrawals and how this might change.	The Fund generally accepts redemption requests submitted via the Stake platform on each Business Day (until 11:59pm (AEST)). The Fund will usually be able to meet redemption requests received in normal market conditions. Exceptional circumstances may arise where the ability to redeem your investment in the Fund is restricted and you may have to wait a period of time before you are able to redeem. This may occur, for example, if particular markets suspend trading or if the Responsible Entity deems it to be in the best interests of Fund investors as a whole. If the Fund becomes illiquid, withdrawals from the Fund may be suspended at the sole discretion of the Responsible Entity. There may also be potential delays in the usual timeframe for processing redemption requests. The Responsible Entity may accept or reject redemption requests at its absolute discretion. If there are material changes to an investor's withdrawal rights, including where redemptions are suspended, Stake will promptly notify investors in writing via the Stake platform. Refer to Section 9 for more information on how to withdraw from the Fund. ⓘ Section 9

4. Benefits of investing in the Fund

The key benefits of investing in the Fund are:

The potential for steady monthly distributions

The Fund seeks to provide consistent monthly distributions through typical business and market cycles. The Fund's Target Return is equal to the RBA Cash Rate plus 2% per annum, after payment of fees and expenses (this is a target and may not always be achieved).

Income priority

The Fund's multi-class structure, and the investment by Stake in Class B Units, provides Class A Unitholders with priority entitlement to Fund income up to the Class A Target Return.

Limited Income Buffer

Class B capital or income can be used to supplement a shortfall in Class A income below the Class A Target Return in any distribution period, if Class B capital or income is available (for more detail on the features please see Section 2).

Diversification

The Fund invests in a diversified portfolio of fixed income securities and other debt instruments. The Fund's active allocation between yielding investments and cash, aims to provide diversification which may be of benefit under various market conditions.

Daily liquidity

The Fund aims to update Unit prices and process applications and redemptions, subject to available liquidity, on each applicable Business Day. In doing so, the Fund aims to provide investors with daily access to their investment. Note that during some situations, such as periods of heightened market volatility the Responsible Entity may restrict the processing of applications and redemptions. For more information about the risks associated with liquidity, see "Liquidity risk" in Section 5.

Investment expertise

By investing in the Fund, you benefit from the skill and expertise of the Fund's Sub Investment Manager, GFAM. GFAM has significant experience in fixed income markets and achieving attractive risk adjusted investment returns.

5. Risks of investing in the Fund

Any financial investment comes with associated risk. All asset classes carry varying degrees of risk. When considering any investment in a managed investment scheme, it is important that you understand:

- The value of investments can go up and down;
- The level of returns can vary, and future returns may differ from historical returns;
- Returns are not guaranteed, you may not receive any distributions, and you may lose some or all of the money you invested in the Fund;
- Past performance is not necessarily indicative of future performance;
- Distributions are dependent on the performance of the Fund, which may vary;
- Laws affecting registered managed investment schemes may change in the future;
- The appropriate level of risk for each investor will vary depending on a range of factors, including age; investment time frames; where other parts of the person's wealth are invested; and the investor's risk tolerance.

Before making an investment in the Fund, you should consider the risks of doing so, whether the Fund is appropriate for your individual circumstances, and if necessary, seek professional advice.

Risks that should be considered when investing in the Fund include, but are not limited to, the following:

Insufficiency of Class B capital risk

While the investment of Class B capital is designed to support the payment of income distributions to Class A Unitholders, there is no guarantee that Class B income or capital will be sufficient to make up any shortfall of income below the Class A Target Return at any time.

If the value of the assets referable to Class B Units falls to zero at any time, then Class A Unitholders will not be entitled to receive, and will not receive, any payment of distributions sourced from Class B capital.

Further, Class B Unitholders may redeem their Units in circumstances where the Class B Capital Ratio is above 5% of the total Fund Net Asset Value, but not if the Class B Capital Ratio is 5% of the total Fund Net Asset Value, or lower, or where the redemption would cause the Class B Capital Ratio to drop below 5%. If any Class B Units are redeemed, then the pool of Class B capital available to fund the Limited Income Buffer will fall.

In addition, Unitholders should note that Stake is not required to contribute additional capital to maintain the Class B Capital Ratio of 5% of the Fund Net Asset Value.

Active management risk

The Fund does not invest in a predetermined basket of investments, such as a basket of securities that reflects an index, but instead selects investments that are consistent with the investment strategy of the Fund. There is the risk that the Fund may underperform broader fixed income markets.

Company specific risk

The Fund invests in corporate debt securities and other debt obligations that represent loans made to individual companies. Specific factors can impact the performance of these companies, and affect the value of outstanding debt instruments. These factors can include economic conditions, market cycles, management strategy, competition from similar companies, any use of leverage by a company, and other factors that may affect demand for the company's products or services.

Counterparty risk

Counterparty risk is the risk of loss caused by another party, defaulting on its financial obligations either because they become insolvent or cannot otherwise meet their obligations to the Fund. A party defaulting on its obligations could subject the Fund to substantial losses.

Credit margin risk

Credit margin risk is the risk of a change in the value of the asset due to the change in credit margins. Longer term assets are generally more impacted by credit margin risk than short term assets. As credit margins increase (decrease), the security value may decrease (increase).

Credit rating risk

The credit risk of companies that issue fixed income securities are usually assessed by credit rating agencies. The credit rating agencies are influential and the ratings they issue can have a significant impact on the market value of fixed income securities. If the rating of a fixed income security held by the Fund is downgraded by a rating agency, then the market value of the investment is likely to fall.

Credit risk

Credit risk is the risk that a borrower fails to meet its principal or interest payment obligations, as they fall due. If the financial strength of a borrower deteriorates, then generally their credit risk will increase, and the value of their outstanding debt obligations will fall. There may be a number of reasons why a borrower's credit worthiness declines including market, business and sector specific factors. In times of difficult economic and market conditions, lower quality credit investments may be more volatile and price sensitive than higher quality investments. Any Fund investments in sub-investment grade, unrated or unsecured loans will expose the Fund to a larger amount of credit risk, compared to a fund that invests solely in investment grade credit.

Unsecured loan risk

Any investments in unsecured loans carry risks. In the event of default, the ability to recover funds from the borrower may be limited, where the Fund has no recourse to any assets, and as such, the potential for loss on such a default may be higher compared to secured loans.

Unrated debt risk

Unrated debt investments have lower credit quality than rated debt investments. Unrated debt investments are generally subject to greater risk of loss than rated debt investments. Since investors generally perceive that unrated debt investments have greater risks than rated debt investments, the yield and prices of such investments may be more volatile than rated securities. Further, the market for unrated debt investments is often less liquid than for rated securities which may make it difficult to sell such investments.

Currency risk

Investing in assets denominated in a currency other than the Fund's base or reporting currency may cause the value of such investments to be affected favourably or unfavourably by fluctuations in exchange rates relative to the Australian dollar. Changes in the exchange rate between the Australian dollar and the currency of the assets held by the Fund may lead to a loss of value of the Fund's assets as expressed in Australian dollars. Currency risk is the sensitivity of the portfolio value to movement in foreign exchange rates. While the Fund's foreign currency exposure is hedged, the hedge may not provide complete protection from adverse currency movements.

Derivative risk

The Fund may use exchange-traded and over-the-counter derivative instruments, including swaps, futures, forward contracts and options, for the purpose of hedging investment risk and adjusting investment exposure. The volatile and leveraged nature of these instruments may impact the returns of the Fund. Derivative instruments may become illiquid, or not perform as expected and always carry counterparty risk.

Emerging markets risk

The underlying assets of the Fund may be exposed to emerging markets. Emerging markets are more likely to experience greater volatility than markets in developed countries. Securities traded in emerging markets also have more limited liquidity when compared to investments traded in developed countries. This means that those securities may fall more sharply and rapidly than securities traded in developed countries. Further risks include differences in auditing and financial accounting standards, less regulated markets, less developed corporate laws and political risk.

Fund risk

As with all managed funds, there are risks particular to the Fund including that the Fund could be terminated, the fees and expenses could change, or service providers are changed.

Distribution risk

The Fund's ability to pay distributions to Class A Unitholders is contingent on the income from the Fund's investments and Class B capital and income. No guarantee can be given concerning the future earnings of the Fund, the earnings or capital appreciation of the Fund's portfolio or the return of your investment.

Interest rate risk

Interest rates and bond prices have an inverse relationship. Changes in interest rates can have a direct impact on bond prices and the returns available on the investments in the Fund. They can also have an indirect positive or negative impact on the relative attractiveness of fixed income instruments to other asset classes or on the capacity to service any borrowings by the Fund.

Investment Manager risk

The skill and performance of the Investment Manager and Sub Investment Manager can impact the Fund's investment returns. Changes in the key personnel and resources of these entities may also have an impact on the Fund. The Fund may underperform compared to other funds with a similar investment strategy.

Legal risk

The Fund may be affected by the actions of governments and regulatory bodies. Legislation could be imposed retrospectively or may be issued in the form of internal regulations of which the public may not be aware. Legislation (including legislation relating to tax) or regulation may be introduced which inhibits the Fund from pursuing its strategy or which renders an existing strategy less profitable than anticipated. These actions may take any form and may be imposed without warning by any regulator. This risk is generally higher in developing countries.

Leverage risk

The Sub Investment Manager may leverage the Fund's capital because it believes that the use of leverage may enable the Fund to achieve a higher rate of return. Accordingly, the Fund may pledge its investments to borrow additional funds for investment purposes. The Fund may also leverage its investment return with derivatives. The amount of borrowings which the Fund may have outstanding at any time may be substantial in relation to its capital. Leverage can magnify both the gains and losses and investments may experience increased volatility in the value of their investments.

Liquidity and redemption risk

The Fund may invest in privately held debt instruments, including private credit. These investments are not traded on public or secondary markets and are generally considered to be illiquid. It may not always be possible to find a buyer for illiquid credit investments, and as a result these investments may need to be held until maturity. The realisation of illiquid investments is subject to several factors, including general economic and market conditions, as well as the terms attached to each investment. Often the rights attached to illiquid investments are more restrictive than rights attached to more liquid instruments. As there will be times when securities and assets cannot be readily sold, this will affect the Fund's overall liquidity. The Fund has a limit on exposure to illiquid investments of 20% to manage the overall risk and liquidity of the Fund, however this may not prevent the Fund becoming illiquid in all scenarios.

If the Fund becomes illiquid, withdrawals from the Fund may be suspended at the sole discretion of the Responsible Entity. There may also be potential delays in the usual timeframe for processing redemption requests. The Responsible Entity may accept or reject redemption requests at its absolute discretion.

Neither the Responsible Entity or Stake guarantees the liquidity of the Fund or the ability of an investor to redeem their Units from the Fund.

Market risk

Changes in regulatory and economic policy, political events, technology, economic cycles, investor sentiment, environmental and social climate can all impact financial markets and the value of investments, including fixed income securities, and the value of Units in the Fund.

Operational risk

Operational risk addresses the risk of trading and back office or administration issues that may result in a loss to the Fund's portfolio. This could be the result of oversight, ineffective security processing procedures, computer system problems, cyber risk or human error. Stake, K2 and GFAM have instituted certain practices and processes within their respective operations and business administrations designed to wherever possible mitigate the operational risk consequences that arise.

Political risk

There may be high political risk in certain countries due to the fragile political environment of those countries. Political instability and/or political disturbances are more common in emerging markets than in developed nations. There may be higher economic risk from policy mistakes, as governments are less accountable than in developed nations. Examples of severe currency depreciation have also occurred in some nations.

Selection risk

The Investment Manager or Sub Investment Manager may make poor investment decisions resulting in sub-standard returns (for example where they invest in a security, fund or issuer that significantly underperforms). If the Investment Manager and Sub Investment Manager make poor investment selections, poor asset allocation decisions and/or poor strategy and trade execution, this will impact the Fund.

Short selling risk

The Fund may choose to open Short positions, which carry particular risks that do not apply to traditional investments. Short positions are typically where an investor will profit from a decline in price of the underlying security. With a Short position the theoretical downside of an investment is unlimited, since there is no limit to which a position can appreciate before it is closed out. Short selling can be a form of leverage, and may magnify other gains or losses achieved in the Fund.

Unlisted fund risk

Unlike listed securities and funds, unlisted funds are not traded on a market and as a result are generally not as liquid as their listed counterparts. This in turn may affect the liquidity of the Fund overall which may delay the Unitholder's ability to withdraw from the Fund. If the unlisted fund does not offer daily pricing the Fund may not be able to accurately price the Unit prices of the Fund on the Valuation Day.

6. How we invest your money

Investment objective

The Fund aims to provide Class A Unitholders with the Target Return via income distributions to Unitholders (after all fees and expenses) equal to the RBA Cash Rate plus 2% per annum, with low capital volatility. The Fund invests in fixed income securities and other debt instruments, and may include some exposure to illiquid investments such as private credit. The Fund has the flexibility to make use of derivatives, short selling and leverage, both for the purposes of hedging and increasing investment exposure.

The Fund's Target Return is not guaranteed. The Fund's actual return may be lower than the Target Return.

Suggested Minimum Investment Timeframe

3 months

Returns are not guaranteed. Investors may lose some or all of their investment in the Fund, including where an investment is held for the suggested minimum investment timeframe.

Potential risk level

Moderate

Investment strategy

The Fund will seek to achieve its objective primarily by investing in fixed income securities and other credit investments. The Fund will implement an active portfolio management approach, making individual investment decisions based on macro-economic, and company or sector specific views, to capture yield and exploit various inefficiencies across global fixed income and credit markets.

The strategy will target investments that offer attractive yield and relative value opportunities while seeking to minimise the risk of default. The Fund has a value-oriented approach and carries out fundamental analysis of company financial metrics in order to select investments with minimal risk and attractive valuations relative to their yield. This includes assessment of various credit metrics and coverage ratios that help GFAM to monitor and minimise the risk of default within the Fund.

The Fund can invest in global opportunities but primarily focuses on developed economies with predictable and stable rule of law and significant capital markets, particularly the Australian market. The Fund can invest in a wide range of debt instruments from government bonds to private credit but has a particular focus on investment grade corporate bonds, where investors can earn attractive risk adjusted returns with historically low probability of default.

The Fund has the flexibility to apply leverage, engage in Short selling and use derivatives for hedging purposes or increasing investment exposure. There will be times when these tools are not deployed in managing the Fund assets.

Risk management is central to the Fund's investment strategy. GFAM will monitor limits on exposure to individual issuers, sectors, emerging markets, and illiquid assets. GFAM continually assesses the Fund's exposure to interest rate risk and conducts fundamental analysis on portfolio companies to assess their financial strength, credit worthiness and minimise the risk of default.

The Fund is dependent on the skills and experience of Sub Investment Manager GFAM to achieve its objectives. If the investment strategy does not perform as expected the Fund could fail to deliver the Target Return and investors could incur losses.

Stake and K2 will notify you of any change in the Fund's investment strategy.

Types of assets held

The Fund invests predominantly in liquid, fixed income securities, but may also allocate to illiquid securities, including private credit. Liquid fixed income securities can include government or government related bonds (such as those issued by government backed entities).

The Fund also invests in corporate credit; these are typically bonds issued by large companies in Australia or overseas. These bonds are freely traded on exchanges or in active secondary markets. The Fund will seek to maintain an average credit rating across its liquid portfolio of investment grade or better. This means on average the portfolio of liquid bonds will be rated BBB or higher.

The Fund can make allocations to private credit. This asset class typically represents loans made to consumers and small to medium sized businesses, by non-bank financial institutions. These investments are not actively traded and are typically held to maturity. Private credit has been a growing source of funding in Australia over recent years since regulatory changes have reduced the volume of traditional bank lending in certain market segments. Individual loans are typically pooled together to form investable securities. The underlying assets act as collateral for the security and cash flows generated from the assets are used to make interest and principal payments to investors.

In addition to liquid and illiquid forms of credit, the Fund will invest in cash and cash equivalents and derivatives including futures, options, interest rate swaps, and other such exchange traded or over the counter instruments.

Asset allocation

The Fund will be invested in and will adhere to the following asset allocation ranges:

- Liquid credit: 0 – 100%
- Cash: 0 – 100%
- Private credit (illiquid): 0 - 20%

Additionally, the Fund cannot maintain more than 20% exposure of Net Asset Value to any of the following:

- Any individual issuer (excluding government)
- Any single industry (excluding government and financials)
- Emerging market securities

Liquidity

K2 reasonably expects to be able to realise 80% of the Fund's assets, at the value ascribed to those assets in calculating the Fund's Net Asset Value, within 10 Business Days. Some investments such as those in private credit are illiquid and it may not be possible to sell or otherwise convert these interests into cash. As a result, they may need to be held to maturity. See Section 5 for risks associated with liquidity. GFAM monitors the Fund's portfolio on an ongoing basis having regard to the overall liquidity profile of the Fund's underlying investments.

No more than 20% of the Fund will be invested in illiquid assets or any investment that cannot be realised in 10 Business Days or less.

Cash

The Fund may hold up to 100% of the Fund portfolio in cash or cash equivalent instruments depending on market conditions.

Regional exposure

The Fund will be invested predominately in developed markets, with an allocation of up to 20% in emerging markets allowed under the Fund's investment mandate (per MSCI Market Classification).

Leverage

The Fund may use leverage to increase the net invested position of the Fund above the Fund's Gross Asset Value. In addition, in order to implement any Short positions or derivative exposure, Fund investments and/or cash may be required to be deposited with the prime broker as collateral. The maximum allowable leverage in the Fund is 200% of the Net Asset Value, that is for every $1 invested, the gross invested position of the Fund taking into account, all securities and derivatives held, is limited to $2.00. Refer to Section 5 for more information on risks associated with using leverage.

The following is a simplified worked example of how leverage works in the Fund.

This example assumes the level of leverage being, Gross Exposure of 200%. This example additionally assumes that the Fund is fully invested and ignores fees and expenses.

As the example shows, the use of leverage increases the size of any potential gains or losses to your investment.

Please note that the example has been provided for reference purposes only. Any assumptions underlying these examples are hypothetical.

Leverage Example

Utilising leverage at 200% will mean that for each $100,000 invested, the Gross Exposure will be $200,000:

- A 10% increase in the value of Fund positions results in a 20% increase in return to investors ($20,000 gain for the Gross Exposure of $200,000); and
- A 10% decrease in the value of Fund positions results in a 20% loss to investors ($20,000 loss for the Gross Exposure of $200,000).

In the above example, if no leverage was used, the Gross Exposure on $100,000 invested would be $100,000:

- A 10% increase in the value of Fund positions results in a 10% increase in return to investors ($10,000 gain for the Gross Exposure of $100,000); and
- A 10% decrease in the value of Fund positions result in a 10% loss to investors

Derivatives

The Fund has the flexibility to use derivative instruments (such as futures, options, warrants or swaps) for the purpose of reducing or increasing overall investment exposure, adjusting certain exposures in particular assets and managing risk (such as currency or interest rate risks). The use of derivatives may be for but not limited to managing particular risks (such as currency or interest rate risks).

The Fund may use exchange traded or over the counter (OTC) derivatives and may enter into derivative contracts with multiple brokers or counterparties.

The Fund's assets may be used as collateral when entering into derivative contracts. In doing so, the Fund is exposed to the risk that security is forfeited in the event of default of a derivative contract. If the counterparty or clearer becomes insolvent at the time it holds collateral posted by the Fund, the Fund may be an unsecured creditor and may rank behind secured creditors.

Counterparty risk is managed by conducting due diligence on prospective counterparties and service providers to assess amongst other factors, their risk management framework, financial position and the risk they may default on their obligations. Refer to Section 5 for more information on risks associated with derivatives.

Short selling

GFAM may use Short selling in relation to particular securities, as part of the Fund's investment strategy. Short selling may be used to establish positions in securities that GFAM expects will decrease in value, and may also be employed for hedging purposes to offset risk within the Fund's portfolio.

Where the Fund engages in Short selling it will borrow securities from the relevant counterparty and may commit other assets of the Fund as collateral. This carries certain risks, including that such assets are forfeited in the event of default or that the Fund ranks as a creditor if the counterparty becomes insolvent.

Short positions may be up to 50% of the Fund NAV in size. Short positions will be subject to ongoing risk review by the GFAM, and stop loss guidelines.

The risks associated with Short selling are highlighted in the section "Risks of investing in the Fund" in Section 5.

Valuation, location and custody of assets

The Fund's exchange traded assets are valued by the Administrator using the last traded price on each Business Day. Valuations for any non-exchange traded assets held by the Fund are sourced by the Administrator or from third parties independent of the Fund. These will be valued in accordance with the Investment Manager's valuation policy, which is available upon request via **support@hellostake.com**. Units in the Fund are valued each Business Day and the Net Asset Value is determined in accordance with the Fund's Constitution. Please refer to Section 9 for key aspects of the Fund's Unit pricing policy.

The Fund's assets are held in accordance with normal business practices either by the prime broker or in custody accounts with Apex. The roles performed by Apex are set out at Section 10. Apex engages sub custodians in different markets to transact and hold assets on behalf of the Fund.

The Fund's investments will predominantly be located in developed economies. At times, the Fund may hold investments in emerging markets. Such investments cannot exceed 20% of the Fund's Net Asset Value.

Labour Standards and Environmental, Social and Ethical Considerations

The Fund is not designed for persons wishing to invest in a fund that meets any environmental, social or governance (ESG) objectives, or objectives relating to labour standards or other ethical matters. The Fund is not marketed as an ESG product.

The Fund does not apply any specific environmental, social or ethical screening of potential investments. The Fund also does not have any predetermined view about how far it will take into account labour standards or environmental, social governance or ethical considerations as part of its investment strategy. It also does not place any particular emphasis on considering labour standards and environmental, social and ethical factors as part of its investment strategy, however these factors may be taken into consideration in the selection, retention or realisation of Fund investments alongside many other factors that impact business operations, to the extent that they may affect investment performance.

7. Fees and other costs

It is a legal requirement to display the following consumer advisory warning at the beginning of the fees section of a PDS.

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 investment balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from $100,000 to $80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the fund or your financial adviser.

To find out more

If you would like to find out more, or see the impact of the fees based on your own circumstances, the Australian Securities and Investments Commission (ASIC) Moneysmart website (https://moneysmart.gov.au/) has a managed investment 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 the document. You should read all the information about fees and costs because it is important to understand their impact on your investment.

Fees and Costs Summary

Stake Accumulate Fund [1]		
Type of fee or cost [2]	**Amount [3]**	**How and when paid**
Ongoing annual fees and costs		
Management fees and costs The fees and costs for managing your investments [4]	Management fees and costs of 0.87% p.a. of the NAV of the Fund referable to Class A Units, comprising: Management fee: 0.51% p.a. of the NAV of the Fund referable to Class A units **PLUS** Estimated indirect costs: 0.00% p.a. of the NAV of the Fund referable to Class A units **PLUS** Estimated expenses recoveries of 0.36% p.a. of the NAV of the Fund referable to Class A units.	Management fees and costs are comprised of: • A management fee; [5] • Indirect costs; and • Estimated expenses recoveries. The management fees and costs are calculated and accrued daily in the unit price of Class A units and is generally paid monthly in arrears. The management fees and costs are paid from the assets of the Fund referable to Class A units. Indirect costs (which are included in the management fees and costs) are calculated on the basis of reasonable estimates of such costs and expenses. These costs and expenses are paid directly from the Fund as they are incurred and are reflected in the unit price. Estimated expenses recoveries are paid from the Fund's assets as and when incurred and are reflected in the unit price of Class A units in the Fund. Expenses recoveries are subject to a maximum of 0.36% p.a. of the NAV of the Fund referable to Class A units and are to cover the costs incurred in operating the Fund. Any amount of expenses that exceed this cap will be paid by Stake and not borne by the Fund.
Performance fees Amounts deducted from your investment in relation to the performance of your product	Nil	Although entitled to do so, the Fund does not currently charge a performance fee.
Transaction costs [6] The costs incurred by the scheme when buying or selling assets	Estimated transaction costs of 0.10% p.a. of the NAV of the Fund referable to Class A units.	This estimated transaction fee is incurred on the buying or selling of Fund assets (as applicable). The amount shown is net of any transaction costs recovered from investors via buy-sell spreads.

Activity related fees and costs (fees for services or when your money moves in or out of the Fund) [7]		
Establishment fee The fee to open your investment	Nil	Although entitled to do so under the Constitution, the Fund does not currently charge an establishment fee.
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	0.0% / 0.0%	The buy/sell spread is incurred when you enter or exit the Fund. The money is retained in the Fund and is not paid to Stake or K2.
Withdrawal fee The fee on each amount you take out of your investment	Nil	Although entitled to do so under the Constitution, the Fund does not currently charge a withdrawal fee.
Exit fee The fee to close your investment	Nil	Although entitled to do so under the Constitution, the Fund does not currently charge an exit fee.
Switching fees The fee for changing investment options	Nil	Not applicable

1 All estimates and information in this section are based on information available as at the date of this PDS. As the Fund is newly established, the costs are based on reasonable estimates at the date of this PDS of those costs that will apply for the current financial year (adjusted to reflect a 12-month period). Please refer to the 'Additional explanation of fees and costs' section below for more information on fees and costs that may be payable. The Fund may change fees or introduce fees without your consent if permitted by the Constitution.
2 Unless otherwise stated, all fees and costs are quoted inclusive of GST and net of any input tax credits (ITCs) or reduced input tax credits (RITCs) that are expected to be available to the Fund and are shown without any other adjustment in relation to any tax deduction available to the Fund.
3 'Nil' means there is an entitlement under the Constitution, but the Responsible Entity has elected not to charge it. 'Not applicable' means there is no entitlement for the Responsible Entity to charge this fee under the Constitution.
4 The costs component of management fees and costs reflects costs that the Responsible Entity reasonably estimates, as at the date of this PDS, will apply for the current financial year (adjusted to reflect a 12-month period) as a percentage of the Net Asset Value of the Fund referable to Class A units.
5 In addition to management fees and indirect costs, management fees and costs could include other fees and costs, such as recoverable expenses which can include responsible entity fees, custody, administration, registry and compliance expenses. As at the time of this PDS, the recoverable expenses are capped at 0.36% of the Net Asset Value of the Fund.
6 The transaction costs are based on the Responsible Entity's reasonable estimate of the transaction costs for the current financial year for the Fund attributed to the Fund (adjusted to reflect a 12-month period).
7 Additional fees and costs may apply, including any additional fees incurred by you if you consult a financial adviser. Please refer to the "Advice fees" sub-section for further information.

Example of annual fees and costs for the Fund

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

Fees and Costs Summary

Example - Stake Accumulate Fund		BALANCE OF $50,000 WITH A CONTRIBUTION OF $5,000 DURING YEAR
Contribution fees	Nil	For every additional $5,000 you contribute, you will be charged **$0**
PLUS Management fees and costs [1]	0.87% of the NAV of the Fund referable to Class A units	**And,** for every $50,000 you have in the Stake Accumulate Fund you will be charged or have deducted from your investment **$435**
PLUS Performance fees	Nil	**And,** you will be charged or have deducted from your investment **$0** in performance fees each year
PLUS Transaction costs	0.10% of the NAV of the Fund referable to Class A units	**And,** you will be charged or have deducted from your investment **$50** in transaction costs
EQUALS Cost of the ***Stake Accumulate Fund*** [2]		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: **$485**

1 Additional fees and costs may apply, including any additional fees incurred by you if you consult a financial adviser. You should refer to the Statement of Advice which details any fees that may be payable for their advice. Please refer to the 'Additional explanation of fees and costs' in this PDS for further details.
2 This example is prescribed by the Corporations Act, and each is based on an assumption that the additional $5,000 investment in the Fund occurs on the last business day of the year (and therefore, the management fees and costs are calculated using an investment balance of $50,000 only). This example also assumes that the value of your investment in the Fund remains constant at $50,000 throughout the year and that there are no abnormal or extraordinary expenses during the year. Please note that this is just an example for illustrative purposes only. In practice, the amount payable depends on the circumstances of each investor and may vary.
3 All estimates of fees and costs in this section are based on information available as at the date of this PDS. All fees reflect K2's reasonable estimates of the typical fees for the Fund for the current financial year. As the Fund is newly established, the costs reflect K2's reasonable estimates at the date of this PDS of those costs that will apply for the Fund for the current financial year (adjusted to reflect a 12-month period). Please refer to the 'Additional explanation of fees and costs' section for more information on fees and costs that may be payable. K2 may change fees or introduce fees without your consent if permitted by the Constitution. At least 30 days' notice will be provided in the event investment management fees increase or there is any other change that requires us to give you prior notice.

Additional explanation of fees and costs

Management fees and costs

The management fees and costs of the Fund are expressed as a percentage of the Fund's Net Asset Value. The management fees and costs of the Fund include management fees, indirect costs (if any) and expenses recoveries. These costs are reflected in the Unit price. Management fees and costs do not include transaction costs.

Management fees

The Management Fee is 0.51% p.a. (incl. GST & RITC/ITC) of the NAV of the Fund referable to Class A Units.

Management fees are payable to the Investment Manager. The management fees are accrued daily and paid from the Fund monthly in arrears and reflected in the Unit price.

Indirect costs

Indirect costs include management fees and costs that may be incurred by, or payable in respect of, the interposed vehicles in which the Fund invests. As at the date of this PDS, it is not expected that the Fund will invest in interposed vehicles.

Recoverable expenses

There are recoverable expenses other than those referred to in the management fees section above that may be reimbursed from the Fund. Responsible entity fees as well as custody, administration, registry and compliance expenses are recoverable expenses. There are also other costs incurred in relation to the operation of the Fund and are not expected to be incurred on a regular basis such as (but not limited to) holding investor meetings; audit, tax and legal costs; preparation of disclosure documents and overheads. As at the date of this PDS, recoverable expenses are subject to a maximum of 0.36% p.a. of NAV of the Fund referable to Class A Units, and have been included in the Management Fees and Costs section in the table in Section 7. Recoverable expenses in excess of the 0.36% cap will be borne by the Investment Manager, Stake.

Transaction Costs

The Fund may incur transaction costs, such as brokerage, buy-sell spread (on portfolio securities), settlement and clearing costs (including custody costs) and government charges such as stamp duty, as a result of the management of the Fund's investment portfolio. This generally happens when the assets of the Fund are bought or sold in connection with day-to-day trading, or when there are applications or withdrawals which cause net cash flows into or out of the Fund.

Transaction costs could also include due diligence costs, legal advisory and other professional costs and any failed deal costs of the Fund. Transaction costs also include transaction costs of the interposed vehicles in which the Fund invests.

Transaction costs are paid out of a Fund's assets and are reflected in the Fund's Unit price and are not a fee paid to the Responsible Entity or Stake.

As at the date of this PDS, total transaction costs are estimated to be approximately 0.10% p.a. and will be reflected in the net investment return of the Fund.

Estimates provided may differ from actual costs over a period and actual costs may vary in the future.

Buy and sell spreads

The buy-sell spread is an amount deducted from the value of an investor's application money or withdrawal proceeds that represents the estimated costs incurred in transactions by the Fund as a result of the application or withdrawal, including buy-sell spreads charged by any underlying funds or other investments.

As at the date of this PDS, applicants and redeeming investors or Unitholders will not be charged a 'buy spread' or a 'sell spread'.

Other fees and costs

Borrowing costs

Borrowing costs are the costs associated with borrowing money or securities. The Fund may enter into borrowing facilities and, if so, the costs of a borrowing facility would be deducted from the Fund's assets and reflected in the Unit price. Borrowing costs are in addition to other fees and costs disclosed in the table "Fees and Costs Summary".

Wholesale Clients

K2 may enter into arrangements for the charging, rebating or waiving of fees, with investors of the Fund on a basis that differs from that applying to other investors who hold interests of the same class. Such arrangements may be negotiated between K2 and Wholesale Clients as defined by the Corporations Act. These arrangements reflect terms privately agreed with each Wholesale Client. Neither Stake nor K2 are under any obligation to make arrangements on these terms available to all other investors (including other Wholesale Clients).

Advice Fees

Your financial adviser may receive payment for providing advice services to you. These advice services are additional to the fees and costs shown in the PDS and are paid to your adviser not to the Fund or the Responsible Entity.

Changing the fees

All fees and expenses in this PDS can change without your consent, however it is not expected that the investment management fees will change while this PDS is current. At least 30 days' notice will be provided in the event investment management fees increase or there is any other change that requires us to give you prior notice.

K2 has the right to recover all proper and reasonable expenses incurred in managing the Fund. Changes in the amount of fees and costs charged by service providers, regulators and other third parties may cause the amount of expenses recovered by K2, including estimated responsible entity fee, to increase or decrease from time to time. The Fund's Constitution defines the maximum that can be charged for fees described in this PDS.

Tax and Duties

In addition to the fees and costs described in this section, you should also consider the government taxes and other duties that may apply to an investment in the Fund.

All fees and expenses referred to in the PDS and this section are quoted on a GST inclusive basis less any RITC available to the Fund, unless otherwise specified. The benefits of any tax deductions are not passed on to Unitholders in the form of a reduced fee or cost.

See further information on taxation at section 8 of this PDS.

8. How managed investment schemes are taxed

Warning: Investing in a managed investment scheme is likely to have tax consequences and you are strongly advised to seek professional tax advice relevant to your particular situation.

Investing in a managed investment scheme is likely to have tax consequences. This registered managed investment scheme does not pay tax on behalf of investors and as a result you will be personally assessed for tax on any net income and capital gains generated by the scheme. In normal circumstances you should expect that some income and/or capital gains will be generated each year. The taxation of managed investment schemes is complicated and you are advised to seek professional tax advice relevant to your own circumstances before investing in the Fund.

The Responsible Entity will provide an annual summary of distributions made to you during each financial year as well as the relevant information required to complete your Australian tax return

Attribution Managed Investment Trust

The Fund is an Attribution Managed Investment Trust (AMIT) and falls into the AMIT regime.

The AMIT provisions apply an attribution model whereby the Responsible Entity attributes an amount of trust components of a particular character to investors on a fair and reasonable basis consistent with the operation of the Fund's Constitution, which includes provisions in relation to AMIT. Under the AMIT rules, the following will apply:

Fair and reasonable attribution: Each year, the Fund's determined trust components of assessable income, exempt income, non-assessable non-exempt income and tax offsets (i.e. credits) will be allocated to investors on a "fair and reasonable" attribution basis, rather than being allocated proportionally based on each investor's present entitlement to the income of the Fund.

Unders or overs adjustments: Where the Fund's determined trust components for a year are revised in a subsequent year (e.g. due to actual amounts differing to the estimates of income, gains / losses or expenses), then unders and overs may arise. Unders and overs will generally be carried forward and adjusted in the year of discovery.

Cost base adjustments: Where the distribution made is less than (or more than) certain components attributed to investors, then the cost base of an investor's Units may be increased (or decreased). Details of cost base adjustments will be included on an investor's annual tax statement, referred to as an AMIT Member Annual Statement (AMMA).

Large withdrawals: In certain circumstances, gains may be attributed to a specific investor, for example, gains on disposal of assets to fund a large withdrawal being attributed to the redeeming investor.

Penalties: In certain circumstances (e.g. failure to comply with certain AMIT rules), specific penalties may be imposed on the Responsible Entity of the Fund.

The AMIT regime is intended to reduce complexity, increase certainty and reduce compliance costs for managed investment trusts and their investors. Where the Fund does not elect into the AMIT regime, or has made the election but the election is not effective for the income year (e.g. the Fund does not satisfy the requirements to be a managed investment trust for the income year), the taxation laws applicable to non-AMITs should be relevant. In particular, the Fund should not generally pay tax on behalf of its investors and instead, investors should be assessed for tax on any income and capital gains generated by the Fund to which they become presently entitled.

Foreign Tax Resident and Reporting

Laws have been introduced in Australia to implement global standards relating to the automatic exchange of financial account information between tax authorities to ensure that everyone pays the right amount of tax. As a financial institution, K2 must identify accounts held by investors who are foreign tax residents or entities connected to foreign tax residents and report this account information to the Australian Tax Office. This information is then shared with tax authorities in:

- The United States (U.S.) under a system known as the Foreign Account Tax Compliance Act (FATCA). This is for U.S. citizens and tax residents only and applied from 1 July 2014; and
- Other countries under the Common Reporting Standard (CRS). The CRS applies to all foreign tax residents from 1 July 2017.

It is important that you provide us with information about your tax residency, the nature of your business and any beneficial owners. This will enable us to comply with our obligations under the FATCA and CRS laws. If you do not respond, we may be required to treat you as if you are a foreign tax resident, even if you are not. Penalties may apply if you deliberately or recklessly provide false or misleading information.

Tax file number (TFN) and Australian Business Number (ABN)

It is not compulsory for an investor to quote their TFN or ABN. If an investor is making this investment in the course of a business or enterprise, the investor may quote an ABN instead of a TFN. Failure by an investor to quote an ABN or TFN or claim an exemption may cause the Responsible Entity to withhold tax at the top marginal rate, plus the Medicare Levy, on gross payments including distributions or attribution of income to the investor. The investor may be able to claim a credit in their tax return for any TFN or ABN tax withheld. Collection of TFNs is permitted under taxation and privacy legislation.

By quoting their TFN or ABN, the investor authorises the Responsible Entity to apply it in respect of all the investor's investments with us. If the investor does not want to quote their TFN or ABN for some investments, the Responsible Entity should be advised.

Goods and Services Tax (GST)

The Fund is registered for GST. The issue or withdrawal of Units in the Fund and receipt of distributions are not subject to GST.

The Fund may be required to pay GST included in management and other fees, charges, costs and expenses incurred by the Fund. However, to the extent permissible, the Responsible Entity will claim on behalf of the Fund a proportion of this GST as a Reduced Input Tax Credit (RITC) or Input Tax Credit (ITC). Unless otherwise stated, fees and charges quoted in this PDS are inclusive of GST and take into account any available RITC or ITC.

The impact of GST payments and credits will be reflected in the Unit price of the Fund. Unitholders should seek professional advice with respect to the GST consequences arising from their investment in the Fund.

Taxation of Australian Resident Investors

Distributions

For each year of income, each Australian resident investor will be required to include within their own tax calculations and tax return filings the assessable income, exempt income, non-assessable non-exempt income and tax offsets (i.e. credits) of the Fund attributed to them by the Responsible Entity.

The tax consequences for investors in the Fund depends on the tax components of assessable income, exempt income, non-assessable non-exempt income and tax offsets (i.e. credits) attributed to them.

Unitholders will receive an AMMA, detailing all relevant taxation information concerning attributed amounts and cash distributions. This will include any Foreign Income Tax Offset (FITO), returns of capital, assessable income, and any upwards or downwards cost base adjustment in the capital gains tax cost base of their Units in the Fund.

An investor may receive their share of attributed tax components of the Fund or net income in respect of distributions made during the year or where they have made a large withdrawal from the Fund. In this case their withdrawal proceeds may include their share of net income or attributed tax components of assessable income, exempt income, non-assessable non-exempt income and tax offsets (i.e. credits). In addition, because Australian investors can move into and out of the Fund at different points in time, there is the risk that taxation liabilities in respect of gains that have benefited past investors may have to be met by subsequent investors.

Foreign Income

The Fund may derive foreign source income that is subject to tax overseas, for example withholding tax. Australian resident investors should include their share of both the foreign income and the amount of the foreign tax withheld in their assessable income. In such circumstances, investors may be entitled to a FITO for the foreign tax paid, against the Australian tax payable on the foreign source income. To the extent the investors do not have sufficient overall foreign source income to utilise all of the FITOs relevant to a particular year of income, the excess FITOs cannot be carried forward to a future income year.

Disposal of Units by Australian Resident Investors

If an Australian resident investor transfers or redeems their Units in the Fund, this may constitute a disposal for tax purposes depending on their specific circumstances.

Where an investor holds their Units in the Fund on capital account, a capital gain or loss may arise on disposal and each investor should calculate their capital gain or loss according to their own particular circumstances. As noted above, proceeds on disposal may include a component of distributable income. In calculating the taxable amount of a capital gain, a discount may be allowed where the Units in the Fund have been held for 12 months or more.

Australian Taxation of Non-Resident Investors

Tax on Income

The Fund expects to derive income which may be subject to Australian withholding tax when attributed by the Responsible Entity of the Fund to non-resident investors.

Australian withholding tax may be withheld from distributions of Australian source income and gains attributed to a non-resident investor. The various components of the net income of the Fund which may be regarded as having an Australian source include Australian sourced interest, Australian sourced other gains, Australian sourced dividends and CGT taxable Australian property.

We recommend that non-resident investors seek independent tax advice before investing, taking into account their particular circumstances and the provisions of any relevant Double Taxation Agreement/ Exchange of Information Agreement (EOI) between Australia and their country of residence.

Disposal of Units by Non-Resident Investors

Based on the Fund's investment profile, generally non-resident investors holding their Units on capital account should not be subject to Australian capital gains tax on the disposal of Units in the Fund unless the Units were capital assets held by the investor in carrying on a business through a permanent establishment in Australia or taken to have derived Australia source income. Australian tax may apply in certain circumstances if the non-resident holds their Units on revenue account. CGT may also apply in some cases where the Fund has a direct or indirect interest in Australian real property.

Taxation Reform

The tax information included in this PDS is based on the taxation legislation and administrative practice as at the issue date of this PDS. However, the Australian tax system is in a continuing state of reform, and based on the Government's reform agenda, this is likely to escalate rather than diminish. Any reform of a tax system creates uncertainty as to the full extent of announced reforms, or uncertainty as to the meaning of new law that is enacted pending interpretation through the judicial process. These reforms may impact on the tax position of the Fund and its investors. Accordingly, it will be necessary to closely monitor the progress of these reforms, and investors should seek their own professional advice, specific to their own circumstances, of the taxation implications of investing in the Fund.

9. How to transact on your investment

Before investing in the Fund, investors must read this PDS.

Unitholders will need to create an account at hellostake.com or via the Stake mobile application and fund their account in accordance with Stake's procedures and the terms and conditions of Stake and its service providers. To enable compliance with the AML/CTF Act, new investors must complete the relevant identification forms as part of the new account opening process. Once a Stake account has been opened investors will be able to apply to invest in the Fund.

Applications

Applications are only available to investors receiving this PDS (electronically or otherwise) in Australia.

To invest in the Fund, investors must complete the Target Market Determination assessment and application process via their Stake account, using the Stake mobile application or at hellostake.com.

Investor accounts can be funded prior to a Fund application, or during the application process (when using certain methods of instant funds transfer) and those funds will be held in accordance with the terms and conditions of Stake and its service providers. If application monies are held on trust, the Responsible Entity will keep any interest earned on the application monies in the relevant application money trust account. Instructions on how to fund your Stake account are provided on the Stake website at hellostake.com. A surcharge may apply for some deposit methods, as set out on the Stake website.

A minimum investment amount of $500 applies to all initial applications.

Applications completed by 11:59pm (AEST) on any Business Day will receive the Unit price applicable for that day (Valuation Day). Applications will generally be processed and unitised on the following Business Day, when investors will typically receive a confirmation notice, detailing their holding in the Fund.

Delays may occur if you apply shortly after the last Business Days of the month, while distributions are being finalised, particularly during the half year (December) and full year (June) distributions.

The Responsible Entity reserves the right to refuse any application. If the Responsible Entity refuses or is unable to process an application, the application money will be returned to the applicant who will not be entitled to any interest on that money. K2, Stake and the Unit Registry accept no responsibility for any loss caused as a result of non-receipt of any application funds.

Additional investments

Unitholders can make additional investments in the Fund by completing the application process via their Stake account, using the Stake mobile application or at hellostake.com. Unitholders can also set up recurring investments via their Stake account, in order to make regular contributions to their Fund holding.

Redemptions

To redeem from the Fund, investors must complete a redemption request via their Stake account, using the Stake mobile application or at hellostake.com.

The minimum withdrawal amount is the lesser of $100 or a Unitholder's total holdings. However, if a Unitholder submits a redemption request that is greater than 95% of the Unitholder's total holdings as at the date of the redemption request, the Responsible Entity will process a redemption of the Unitholder's total holdings.

Redemption requests completed by 11:59pm (AEST) on any Business Day will receive the Unit price applicable for that day (Valuation Day). Redemptions will generally be processed on the following Business Day, when investors will typically receive confirmation of their redemption. Redemption proceeds will typically be credited to your Stake account within 3 Business Days of the Valuation Day on which the Unitholder's redemption request was received. While Stake aims to credit redemption proceeds within this timeframe, there is no guarantee that this timeframe will be met.

Delays may occur if you redeem shortly after the last Business Days of the month, while distributions are being finalised, particularly during the half year (December) and full year (June) distributions.

The Responsible Entity reserves the right to deny any redemption request. If the Responsible Entity refuses or is unable to process a redemption request, it will notify the Unitholder requesting the redemption.

Suspension of applications and redemptions

Under the Fund's Constitution, the Responsible Entity may suspend the redemption of Units in the Fund or the payment of proceeds of redemptions for up to 28 days in certain circumstances.

Where the Fund is not liquid (as defined in the Corporations Act), an investor does not have a right to withdraw from the Fund and can only withdraw where the Responsible Entity makes a withdrawal offer to investors in accordance with Part 5C.6 of the Corporations Act. The Responsible Entity is not obliged to make such offers. You will be notified in writing of any such changes to your withdrawal rights.

Cooling-off period

If you are an eligible Retail Investor, you may have a right to a cooling off period to ensure that the investment meets your individual needs. The period commences on the earlier of confirmation of the investment being received or available, or the end of the fifth day after Units are issued, and lasts for 14 days. The investor is entitled to a refund of their investment, adjusted for any increase or decrease in the NAV between the time the Unit Registry processed the application and the time it receives the notification, as well as any tax and other reasonable administrative expenses and transaction costs associated with the acquisition and termination of the investment. A client's right to cool off does not apply in certain limited situations, such as if the issue is made under a distribution reinvestment plan or represents additional contributions made under an existing agreement. To exercise this right Stake must be notified in writing.

Complaints resolution

If you wish to discuss any aspect of the Fund or wish to lodge a complaint, please contact K2 and we will endeavour to resolve your concerns quickly and fairly. If you have a complaint about your investment, please contact K2 Asset Management:

by telephone: 03 9691 6111;

by post: K2 Asset Management

Level 44, 101 Collins Street

Melbourne VIC 3000; or

by email: compliance@k2am.com.au

If K2 cannot resolve your complaint, you may seek assistance from:

Australian Financial Complaints Authority (AFCA)

GPO Box 3 Melbourne Vic 3001

Phone: 1800 931 678

Website: www.afca.org.au

Email: info@afca.org.au

Please quote our AFCA membership number: 12481

The AFCA scheme is generally available to Retail Clients only.

Unit pricing

The calculation of Unit prices is set out in the Constitution for the Fund and is performed by the Fund's Administrator in respect of each Valuation Day (typically the calculation is carried out on the Business Day following Valuation Day). Broadly, the NAV per Unit is calculated by:

1. Calculating the Gross Asset Value of the Fund as at the relevant Valuation Day;
2. Deducting any liabilities (including the investment management fee);
3. Deducting any relevant accruals, after the deduction of liabilities; and
4. Dividing the resulting NAV by the number of Units on issue, this amount being rounded to the nearest cent (0.5 of a cent will be rounded up).

Constitution

The operation of the Fund is governed by its Constitution, this PDS, the Corporations Act and other laws such as the general law relating to trusts. The Constitution of the Fund addresses matters such as Unit pricing, applications and redemptions, the issue and transfer of Units, Unitholder meetings, K2's powers to invest, borrow and generally manage the Fund and fee entitlement and right to be indemnified from the Fund's assets.

You can inspect a copy of the Constitution at ASIC or request a copy by contacting K2 or Stake.

Privacy

When processing an application, Stake and K2 will be collecting personal information which they may need to provide to third parties, such as service providers and regulatory authorities, as required by law. In some cases, the organisations to which Stake and K2, or relevant service providers, disclose your information may be located outside Australia. For further information about how we collect, hold, use and disclose your personal information, please read Stake's privacy policy, which can be viewed on our website at hellostake.com and the K2 privacy policy available at k2am.com.au.

10. The Fund's service providers

The following service providers to the Fund are not responsible for the preparation of this document or the activities of the Fund and therefore accept no responsibility for any information contained in this document. These service providers do not participate in the investment decision-making process. K2 as Responsible Entity of the Fund monitors the compliance of all of the following service providers with their contractual obligations through receipt of compliance certifications, performance reviews and audit activity performed by the Fund's external auditor KPMG.

About the Administrator and Custodian

K2 has appointed Apex Fund Services Pty Ltd (ABN 81 118 902 891) (Apex) as the Fund's Administrator and Custodian. Apex has been appointed by K2 to hold the Fund's assets and may also provide other services (including service relating to trade and transaction settlement, corporate action reporting and administration, proxy voting, income and distribution processing and cash management). As is standard practice for global investment dealings, Apex engages third party sub-custodians around the world to transact and hold assets for the Fund. Apex in its capacity as the Administrator of the Fund will be calculating the NAV and Unit price for the Fund on the Valuation Day, preparing unaudited financial statements for the Fund and providing certain other administrative services. Apex's obligations in relation to its Administrator role are limited to the provision of services to K2 and Apex has not undertaken any obligations to Unitholders as Administrator.

About the Unit Registry

K2 has appointed Xcend Pty Ltd (ACN 662 440 959) (Xcend) to provide unit registry services to the Fund. K2 and Xcend have entered into an agreement that sets out Xcend's responsibilities, which include:

- Receiving and processing application and withdrawal payments;
- Maintaining the Fund's register of Unitholders;
- Preparing annual fee statements for the Fund in accordance with legislation; and
- Providing certain other administrative services.

Xcend's obligations in relation to the Fund are limited to the provision of services to K2 under their agreement. Xcend has not undertaken any obligations to Unitholders.

Appointment of new service providers

K2 may remove the Fund's service providers, including the Custodian, Administrator or Unit Registry and appoint a replacement at any time without notice to investors. K2 may also appoint additional service providers, such as a prime broker, at any time without notice to investors. Changes to key service providers will be disclosed to investors in the Fund's periodic disclosures.

11. Terms and definitions

Administrator means Apex Fund Services Pty Ltd.

AFSL means Australian Financial Services Licence.

AML/CTF Act means Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth).

ASIC means the Australian Securities and Investments Commission.

ATO means Australian Taxation Office.

Business Day means a day other than a Saturday or Sunday on which banks are open for general banking business in Sydney, NSW.

Buy/Sell Spread means the amount deducted from an investor's investment representing costs incurred in transactions.

Class A Units means Class A Units purchased pursuant to this PDS. See Section 2 for a description of the Unit classes.

Class B Capital Ratio means the aggregate net value of the Class B units, divided by the sum of the aggregate net value of the Class A Units and the aggregate net value of the Class B Units.

Class B Units means Class B Units as described in Section 2.

Class A Target Return or Target Return means the target return of the Class A Units, being equal to the RBA Cash Rate plus a 2.0% margin per annum.

Class B Reinvestment means the Class B Reinvestment defined in Section 2.

Constitution means the constitution of the Fund dated 9 September 2024 as amended from time to time.

Corporations Act means the Corporations Act 2001 (Cth).

Custodian means Apex Fund Services Pty Ltd.

Distribution means the amount that is paid to Unitholders after the end of a distribution period. This generally includes any income and realised capital gains. The distribution period for the Fund is monthly.

Gross Asset Value means the value of the assets and liabilities of the Fund, prior to fees.

Gross Exposure means the exposure value of Long positions plus the absolute exposure value of Short positions.

GST means Goods and Services Tax.

Income Priority means the priority entitlement of Class A Units to investment income earned by the Fund, until the Class A Target Return is met. As described in Section 2.

K2 means K2 Asset Management Ltd ACN 085 445 094.

Limited Income Buffer means the use of Class B capital to supplement any shortfall in Class A income below the Class A Target Return, described in Section 2.

Long positions or Long refers to an asset which is held with the expectation that the value of the asset will appreciate.

MSCI Market Classification means the Morgan Stanley Capital International framework, for categorising countries into different market segments based on various factors.

Net Asset Value or NAV means the value of the assets of the Fund less the value of the liabilities of the Fund, or the value of the assets allocated to a class of Units, less the value of the liabilities allocated to that class of Units.

Privacy Policy means the policy of the Responsible Entity which governs how it manages investor privacy.

RBA Cash Rate means in respect of any period, the cash rate target varied from time to time at a monetary policy meeting (or similar) of the board of the Reserve Bank of Australia, applicable for that period.

Retail Investor/Retail Client means any person which is a 'retail client' as defined in section 761G of the Corporations Act.

RE or Responsible Entity means K2 Asset Management Ltd, as the Responsible Entity of the Fund.

Short position, Short, or Short selling refers to an investment technique in which an asset is borrowed and then immediately sold in the expectation that the asset will then depreciate. The borrowed asset is repaid by buying back the asset on the market, with the intention of obtaining it at a lower price. The asset is then returned to the original lender.

Stake or Investment Manager means Stakeshop Pty Ltd (ACN 610 105 505).

Stake Platform means the proprietary technology and associated products devised by Stake to provide customers with its services. This includes both the Stake app, and the web platform at hellostake.com.

Sub Investment Manager means a third-party investment manager contractually appointed by the Investment Manager to manage some or all of the Fund's assets. The Sub Investment Manager of the Fund is GF Asset Management Pty Ltd (ACN 660 716 343).

Target Market Determination means the Fund's Target Market Determination, describing the attributes of investors that comprise the Fund's target market, which can be found via the Stake mobile application or at hellostake.com.

Unit means a beneficial interest in the assets of the Fund as determined in accordance with the Constitution.

Unitholder or investor means a person registered as the holder of Units in the Fund.

Unit Registry means Xcend Pty Ltd.

Valuation Day means the Business Day on which a request is received (provided it is before 11:59pm on that day), or the following Business Day.

Wholesale Investor/Wholesale Client means any person which is a 'wholesale client' as defined in section 761G of the Corporations Act.