

Master Mortgage Fund No. 6

ARSN 114 364 886

PRODUCT DISCLOSURE STATEMENT Dated 6 March 2019

**A contributory mortgage fund offering
investment in selected mortgage loans**

**Issued by Guardian Securities Limited
Responsible Entity
ACN 106 187 731 | AFSL 240506**



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IMPORTANT INFORMATION

This Product Disclosure Statement (or **PDS** for short) is dated 6 March 2019 and was lodged with the Australian Securities and Investments Commission (**ASIC**) on that date. This document supersedes all previous offers issued by the Responsible Entity.

This is an important document which should be read in its entirety before making any investment decision. You should obtain independent advice if you have any questions about any of the matters contained in this PDS.

Master Mortgage Fund No. 6 (**Fund**) is an Australian managed investment scheme structured as a unit trust and registered under the *Corporations Act 2001 (Cth)*, referred to in this PDS as 'the Corporations Act'.

This document is a product disclosure statement for the purposes of Part 7.9 of the Corporations Act and has been issued by Guardian Securities Limited ACN 106 187 731 (**Guardian, we, us and our**).

Purpose of Document

This PDS details the features, benefits, risks and general information about the Fund and the individual Supplementary Product Disclosure Statement (**SPDS**) for a Mortgage Investment (used interchangeably with Class or Sub-Fund) with which it is distributed, makes up the entire PDS for the issue of units in the Fund (**Units**).

The PDS details the features, benefits, risks and general information about the Scheme and the SPDS relates to investment of a Sub-Fund within a specific contributory mortgage investment opportunity and provides information on the rights and obligations attaching, and the assets corresponding to, those Units and the Sub-Fund.

Each part of this PDS and the relevant SPDS must be read in conjunction with the other part. Neither the PDS or the SPDS will be distributed without the other part.

In this PDS, 'you' and 'your' refer to individual Investors, both as potential Investors reviewing

this PDS and as existing Investors with a holding in the Fund, as the context requires.

Responsible Entity and Issuer

Guardian is the issuer of, and solely responsible for, the PDS. Guardian is licensed by ASIC (**AFSL No. 240506**) to operate registered managed investment schemes that hold deposits and mortgages for retail and wholesale clients. ASIC take no responsibility for the content of this PDS.

An electronic version of this PDS and Application Form can be obtained electronically from our website at: www.guardiansecurities.com.au.

Electronic access to the PDS

The following conditions apply if this PDS is accessed electronically:

- you must ensure that you download a complete version of the PDS, including the relevant SPDS;
- your Application will only be considered where you have applied on an Application Form that was attached to or accompanied by a copy of the PDS; and
- the PDS is available electronically to you only if you are accessing and downloading or printing the electronic copy of the PDS in Australia.

A hard copy version of the PDS is available by contacting us.

Information in this PDS is current as at its issue date and may change from time to time. Where changes are not materially adverse, the information may be updated on our website: www.guardiansecurities.com.au.

If information changes that is materially adverse, Guardian will issue a supplementary or replacement product disclosure statement.



No Financial Product Advice

The information contained in this PDS is general information only and does not take into account the individual objectives, financial situation, needs or circumstances of investors.

Accordingly, before you invest you must read this PDS and the relevant SPDS, in full. We also recommend you talk to a financial adviser or other professional adviser before making an investment decision.

Investors should consider the prospects of the Fund in light of their own individual objectives, circumstances or needs.

Capital and Investment Returns are not guaranteed. The Fund is subject to investment risks, which could include delays in repayment, and loss of income and capital invested.

Neither the Responsible Entity or its directors, nor any person, firm or corporation associated with the Fund or their professional advisers and appointed authorised representatives, guarantee, warrant or underwrite any dividend distributions, taxation deductions, capital invested or the performance of the Fund to investors.

An investment in the Fund is not a bank deposit, bank security or other bank liability. There is no guarantee of the repayment of capital from the Fund or the investment performance of the Fund.

Reliance on PDS only

No person is authorised by us to provide any information or to make any statement in connection with the offer of Units to you that is not contained in this PDS and the relevant SPDS, or in Updated Information provided by us.

You should only rely on the information contained in this PDS and the relevant SPDS or any Updated Information before deciding to invest in the Fund.

Fees and Costs Information

As part of the disclosures of fees and costs required by the Corporations Act, certain fees

and costs information disclosed within this PDS are based upon Guardian's reasonable estimates of these fees and costs.

Such fees and costs information are not indicative of the fees and costs that you may actually incur for your investment.

Offering Restrictions

The Offer in this PDS is available only to eligible persons as set out in this PDS, who receive the PDS (including electronically) within Australia, or in other jurisdictions, as set out in this document.

Investment may also be available to investors who have received the relevant offer document in New Zealand and have completed the application form attached to that relevant offer document to make their initial investment.

The offer will be made in accordance with the terms of the Trans-Tasman Mutual Recognition Fund which allows the Responsible Entity to make the offer in New Zealand.

This PDS is not intended to constitute an offer in any jurisdiction where, or to any person to whom, it would not be lawful to make such an offer.

Anyone coming into possession of this PDS should seek advice on its provision and distribution, and observe any relevant legal restrictions on using, providing or distributing it.

Failure to comply with such restrictions may constitute a violation of applicable securities law. It is your responsibility to comply with any laws of any country relevant to your application for Units in the Fund.

Rights and Obligations Attached to the Units

Details of the rights and obligations attached to each specific Sub-Fund are provided in the relevant SPDS. The material provisions of the Fund's Constitution providing information on the rights and obligations attaching, and the assets corresponding to Units, are summarised in Section 3.8. A copy of the Constitution is freely available on request from Guardian.



Risks

Some of the risks involved with an investment in the Fund are considered in Section 5 of this PDS. Additional risks that relate to a Class of Units are set out more fully in the SPDS for that Sub-Fund.

Forward-looking Statements

This PDS contains forward-looking statements, statements identified by use of the words 'believes', 'estimates', 'anticipates', 'expects', 'predicts', 'intends', 'targets', 'plans', 'goals', 'outlook', 'aims', 'guidance', 'forecasts', 'may', 'will', 'would', 'could' or 'should' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions and contingencies that are subject to change without notice and involve known and unknown risks and uncertainties and other factors which are beyond the control of Guardian, its directors and its management.

While Guardian believes that expectations in forward-looking statements in this PDS are reasonable, no assurance can be given that such expectations will prove correct. They are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance.

As set out above, Guardian does not make any representation, express or implied, in relation to forward-looking statements other than required by law and potential investors are cautioned not to place undue reliance on these statements. Guardian does not intend to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this PDS, except where required by law.

Past Performance

Past performance does not guarantee future results. You should not rely on any past performance as a guarantee of future investment performance. Unit values and investment returns will fluctuate. Investors should not base their decision to invest in the Fund based on past returns.

Anti-money Laundering Legislation

We may require further information from you from time to time to comply with our obligations under the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth)* (AML/CTF) or the *United States Foreign Account Tax Compliance Act (FATCA)* and the *Common Reporting Standard (CRS)*. By applying for Units under this PDS, you undertake to provide us with all additional information and assistance that we may reasonably require.

Privacy Act

Please read the privacy statement in Section 11.7 of this PDS. By signing and returning the Application Form you consent to the matters outlined in that statement.

Complaints Handling

The Complaints Handling process for the Fund is detailed in Section 11.11 of this PDS.

Glossary and Currency

Defined terms and abbreviations used in this PDS are explained in the Glossary. References to '\$' in this PDS are to Australian dollars unless stated otherwise.

Diagrams

Diagrams used in this PDS are illustrative only. Photographs shown on this PDS are not assets of the Fund unless stated otherwise.

Enquiries

If you have questions or require assistance with completing the Application Form or require additional copies of the PDS or the relevant SPDS, please contact us on +61 7 5562 0888 or email us at info@guardiansecurities.com.au.

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1. KEY FEATURES AT A GLANCE

The following table summarises the key features of an investment in the Fund and refers to various sections of this PDS where you can find further information.

You should read this PDS and the relevant SPDS in full to properly understand your investment in the Fund.

1.1 Investment Summary

Description	Summary	For additional information, refer to
Name of Fund	Master Mortgage Fund No. 6 ARSN 114 364 886	
Inception	2005	
Manager & Responsible Entity	Guardian Securities Limited ACN 106 187 731, holder of AFSL No. 240506.	Section 9
Investment Objectives	<p>To lend funds to, and invest in, most types of real estate and property developments spread across Australia in accordance with established lending criteria outlined in the Manager's Lending Manual.</p> <p>The Fund seeks to preserve capital and provide Unitholders with attractive regular returns secured by registered mortgages over real property and where appropriate, supporting security which may include second ranking mortgages or caveats and Borrower guarantees. The fixed interest return to a Unitholder is derived from the fixed interest charged to a Borrower.</p> <p><i>This is an objective not a forecast.</i> <i>No returns are guaranteed, and you risk capital loss.</i></p>	Section 3.4 Investors should also refer to the relevant SPDS for specific details about investments pertaining to that Sub-Fund.
Type of Investment	The Fund is a registered contributory mortgage scheme, which allows Investors to choose a range of Mortgage Investments approved by the Responsible Entity, as opposed to a pooled mortgage fund where the Manager of the Scheme decides where to invest your money.	Section 3
Investors	The Fund is open to both retail and wholesale Investors. Wholesale Investors should consider Section 6.4.	Section 3.9
Suitability	For those Investors seeking high yield fixed-interest returns, or exposure to an alternative credit type, as well as those looking for exposure to investments secured by property without physically purchasing a property.	Section 4

Diversification	<p>Mortgage Investments can represent a useful means of portfolio diversification as their performance is not closely correlated to other asset classes. Unitholders are able to spread/diversify investments across multiple Sub-Funds with different property types, locations, returns and terms.</p>	Section 4
Fund Details	<p>The Fund comprises an interest bearing Application Moneys Account and a range of Mortgage Investments. All investments are made first to the Fund's applications account.</p> <p>Once a Mortgage Investment becomes available, Guardian will circulate a SPDS which contains information about that particular investment opportunity. This SPDS provides information to assist Investors in assessing whether the Sub-Fund meets their investment objectives and risk profile, including:</p> <ul style="list-style-type: none"> • the relevant Borrower; • the Security Property value and location; • the interest rate offered; • the duration of the loan; • type of loan; and • the purpose of the loan. <p>Investors can choose to invest in the Sub-Fund by applying for Units in a particular Class corresponding to that Mortgage Investment (Class of Unit).</p> <p>Loans for which the Fund provides finance are based on commercial terms and may include residential, commercial, retail, development sites and industrial properties. Please read Section 8.4 for details about the lending criteria of the Fund.</p>	<p>Section 3.5</p> <p>Investors should also refer to the relevant SPDS for specific details about investments pertaining to that Sub-Fund.</p>
Features of the Fund	<p>The characteristics of the Fund include, the following:</p> <ul style="list-style-type: none"> • Unitholders can choose a suitable Mortgage Investment prior to investing which best suits their risk profile; • an ability for the Unitholder to select a range of Sub-Funds to create a diversified investment portfolio of contributory mortgage Loans; • the returns offered range from 9-13% per annum for first secured mortgages (and 14-20% per annum on second secured mortgages) with payments made on a regular basis direct to nominated bank accounts; • an independent and qualified valuer values the Borrower's Security Property prior to the Mortgage Investment being made by the Unitholder; • loans cannot exceed seventy percent (70%) LVR of an independent property valuation of the Security Property based at the time of investment (unless otherwise disclosed in the relevant SPDS); and 	Sections 3 & 4

	<ul style="list-style-type: none"> the security for the Sub-Fund is a registered first mortgage over real property and where appropriate, supporting security which may include second ranking mortgages, Borrower guarantees and/or caveat in favour of Guardian held in trust on behalf of Unitholders, over real property in Australia. 	
Sub-Fund Features	<p>Each SPDS will set out the following information in relation to the Mortgage Investment:</p> <ul style="list-style-type: none"> details about the Borrower and the Security Property; the minimum investment amount; the interest rate and default interest rate and the timing for payment; the loan term and the overall investment term; and the frequency of distributions. 	Investors should refer to the relevant SPDS for specific details about the terms pertaining to investment in a Sub-Fund.
Investor Reporting	<p>Members will receive:</p> <ul style="list-style-type: none"> confirmation of investment and redemptions; interest statements for whenever interest is distributed to you. You may request a statement for any other period; an annual taxation statement of your investments; and updates regarding each Sub-Fund you have invested in. <p>A copy of the Fund's annual report, which will be available on our website: www.guardiansecurities.com.au and will be sent on request, by email or by post.</p>	Section 6.16
RG 45 Reporting	<p>ASIC has developed 8 Benchmarks and Disclosure Principles designed to provide investors with key information about investing in mortgage funds – Regulatory Guide 45: Mortgage Schemes: Improving disclosures for retail investors. They cover liquidity, fund borrowing, loan portfolio and diversification, related party transactions, valuations, lending principles, distributions and withdrawals.</p>	Section 2
Updated Information	<p>Updated Information concerning key investment information and current RG 45 Reports will be made available on our website: www.guardiansecurities.com.au.</p>	Section 6.17

1.2 Investment Details

Description	Summary	For additional information, refer to
Investment Offer	<p>Investors will be offered the opportunity to invest in a range of mortgages approved for offer by Guardian under various SPDS.</p> <p>Each Mortgage Investment will be secured against the Borrower's Security Property which may comprise a single residential, commercial and industrial property or vacant land for residential, commercial or industrial purposes, or more than one property of the same type or a combination of different types of property. The relevant Security Property/ies for any particular Mortgage Investment is detailed in the relevant SPDS.</p>	<p>Section 3</p> <p>Investors should also refer to the relevant SPDS for specific details about terms pertaining to that Sub-Fund.</p>
Investment Term	The term of each Sub-Fund offer may range from six (6) months to twenty-four (24) months but may be up to a maximum of three (3) years. The term of a particular Mortgage Investment is detailed in the relevant SPDS.	SPDS
Interest Rate	Interest rates applicable to a particular Mortgage Investment are detailed in the relevant SPDS.	SPDS
Rate of Return	1st Mortgages, ranging from 9.0% to 13.0% per annum; 2nd Mortgages and Borrower Guarantees and/or caveats, ranging from 14.0% to 20.0% per annum.	SPDS
Issue Price	\$1.00 per Unit in each Sub-Fund.	Section 11.2 SPDS
Minimum Investment	The minimum investment is \$10,000 and thereafter in multiples of \$1,000. Guardian Securities reserves the right to accept Applications of less than \$10,000 at its discretion.	Section 6.5 SPDS
Distributions	<p>The intended frequency and timing of Distributions for a Mortgage Investment will be detailed in the relevant SPDS.</p> <p>Distributions of income to Unitholders of a Sub-Fund are calculated monthly as at the same calendar day of each month as the day on which the Mortgage Investment is entered into, except where otherwise disclosed in the relevant SPDS.</p> <p>All Distributions of monthly returns to the Unitholder are made solely from the income received from Borrowers in respect of that Mortgage Investment.</p> <p>Each Unitholder in the Sub-Fund has an immediate beneficial interest vested absolutely in the net income to the extent of the Unitholder's present entitlement to that share of the net income. Guardian anticipates that distributions will occur once a month after the interest payments are received from the Borrower.</p>	<p>Sections 6.12 & 6.13</p> <p>Investors should also refer to the relevant SPDS for specific details about terms pertaining to that Sub-Fund.</p>

How Distributions are Paid	Your distribution will be paid directly into your nominated bank account as set out in the Application Form.	Sections 6.13 & 11.5
Transfer	You may transfer your Units to another person but there will be no established secondary market (e.g. stock exchange) for the Fund.	Section 6.14
Withdrawal	You cannot liquidate your investment prior to the Borrower repaying the loan into which your money has been invested.	Section 2 - Benchmark 8 & Section 6.15
Cooling-Off	<p>Investors in the Fund should note that the “cooling off” rights DO NOT apply if the managed investment scheme is illiquid, pursuant to Regulation 7.9.64 of the Corporations Regulation, at the relevant time.</p> <p>As at the date of this PDS, there are limited cooling-off rights for Applicants While your Application Monies are in our interest bearing Application Moneys Account, you may withdraw your funds at any time by providing us with at least five (5) working days’ written notice.</p> <p>As described at Section 6.4, if your money has not been committed to a Sub-Fund within sixty (60) days, we will refund monies to you with interest.</p> <p>There is no cooling off period once your Consent Form has been received and monies are invested into a Sub-Fund.</p>	Sections 6.4 & 6.15
Benefits of the Fund	<p>The benefits of investing in the Fund, include:</p> <ul style="list-style-type: none"> the Fund comprises of Sub-Funds that each have their own investors, and hold separate and distinct assets and security from each other; you can select the Mortgage Investment in which you will hold a beneficial interest in and share in the rewards and risks of that Sub-Fund; fixed term known at the start of the investment and subject to repayment by the Borrower within the loan term; a qualified and independent valuer values the Security Property; there are no entry, exit or management fees payable by the Investor to the Manager as Guardian will receive interest income and fees direct from the Borrower; and access to Guardian’s mortgage team which comprises of investment professionals with considerable experience in mortgage lending and the management of mortgages. 	Section 4
Risks of the Offer	As with all investments, an investment in the Fund is subject to risks. We aim, where possible, to actively manage risks. Some of the key risks that may impact on the value of your investment in the Scheme include:	Section 5

	<ul style="list-style-type: none"> • Borrower default risk • valuation risk • developer risk • priority risk • enforcement / litigation risk • documentation risk • National Consumer Credit Protection Act (NCCP Act) regulated loans risk • external dispute resolution risk • income risk • security property risk • tenant risk • property market risk <p>These and other risks are detailed in Section 2 ASIC Benchmarks and Section 5. Any risks specific to a particular Sub-Fund or Mortgage Investment will be detailed in the relevant SPDS.</p> <p><i>An investment in the Fund and in a particular Sub-Fund is not an investment in a bank deposit. It is not capital guaranteed in any way. There is no guarantee of the investment result, the return of capital, or the amounts payable to Investors.</i></p>	<p>Investors should also refer to the relevant SPDS for specific details about terms pertaining to that Sub-Fund.</p>
Offer Structure	<p>PDS</p> <p>Part 1 of this PDS provides information about the Fund's investment objectives and structure, details about us and our directors, the benefits and risks of investing in the Fund.</p> <p>It also gives details on fees and expenses which may be payable by you as an investor, a summary of the taxation implications of investing in the Fund, summaries of the material terms of key documents and other information relevant to you as an investor.</p> <p>SPDS</p> <p>The relevant SPDS contains information about the particular Mortgage Investment, including:</p> <ul style="list-style-type: none"> • specific details of the Mortgage Investment; • the rights, obligations and term of the Sub-Fund and Units offered; • the issue price of the Sub- Fund Units offered; and • projected returns to Investors. <p><i>This PDS and the relevant SPDS together constitute the entire PDS and you should read both documents in their entirety.</i></p>	

1.3 Fees & Other Costs

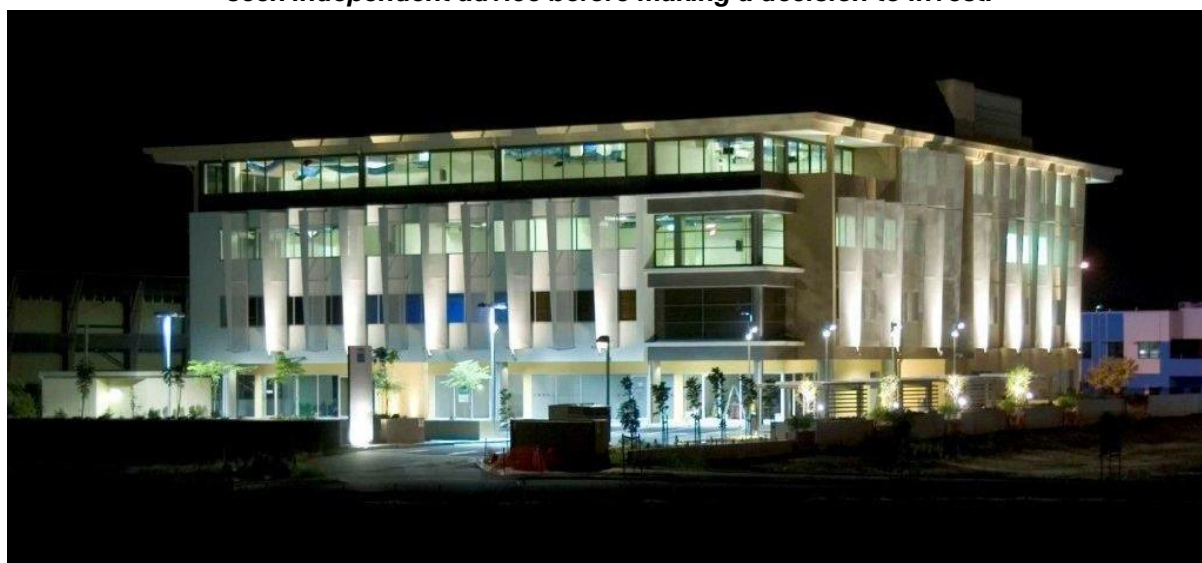
Description	Summary	For additional information, refer to
Establishment Fee	Nil	Section 7
Contribution Fees	Nil	Section 7
Withdrawal Fees	<ul style="list-style-type: none"> Nil – if that part of the Investment is not invested in a Mortgage Investment. Up to 1% - if that part of the Investment is invested in a Mortgage Investment. 	Section 7
Termination Fees	Nil	Section 7
Management Fee	<p>We are entitled to receive a management fee paid from the interest payments that are made by Borrowers for our management as Responsible Entity of the Fund and as manager of each Mortgage Investment.</p> <p>The SPDS specifies the level of management fee which represents the difference between the interest and fees payable by a Borrower in respect of a Mortgage Investment and the interest rate payable to Investors in that Mortgage Investment.</p> <p>The interest rate differential will not exceed 5% at the lower rate of interest charged to the Borrower.</p> <p>Other fees may be payable to Guardian in certain circumstances. See Section 7 for details.</p> <p>We are also entitled to a fee equal to any fee or charges charged to a Borrower in connection with a Mortgage Investment at the times provided in the Loan Documentation.</p> <p>The fees payable by a Borrower in relation to a particular Mortgage Investment are disclosed in the relevant SPDS.</p>	Section 7 Investors should also refer to the relevant SPDS for specific details about terms pertaining to that Sub-Fund.
Fund Operating Expenses	<p>We are entitled to be paid or reimbursed for all expenses and liabilities incurred in connection with operating the Fund. These expenses are expected to be up to 1.0% per annum.</p> <p>Our Fund expenses are built into the Management Fees payable by the Borrower.</p>	Sections 7 & 7.2.4(b)
Adviser Fees	Any Advisor fees or commissions payable are subject to negotiation and payable by Guardian out of its Management Fees at settlement of the loan in which Investor funds are allocated.	Section 7, & 7.2.4(e)

1.4 Additional Information

Description	Summary	For additional information, refer to
Tax	<p>Registered managed investment schemes do not ordinarily pay tax on behalf of their Investors. Investors are generally assessed on any income and capital gains generated by the registered managed investment scheme.</p> <p>The application of tax law depends on your individual circumstances. This PDS is provided as a general statement of disclosure and does not take into consideration your personal circumstances. You should therefore consult your financial adviser or tax accountant, as to the likely taxation implications of an investment.</p>	Section 10
Investment Advice	<p>Guardian generally does not provide any financial product advice, whether in the nature of personal advice or general advice, as to the suitability of an investment in the Fund.</p> <p>It therefore does not advise potential investors. Investors should seek their own independent investment advice before making an investment in the Fund.</p>	Important Information
Complaints Resolution	<p>Any complaints can be made by contacting us. Our contact details are set out below:</p> <p>Phone: 07 5562 0888 Email: info@guardiansecurities.com.au</p>	Section 11.11

Please note, this is a summary only of the key features of an investment in the Fund.

Investment decisions are important. They often have long term consequences. You are urged to read this PDS, and the relevant SPDS, carefully consider them both, ask questions, and seek independent advice before making a decision to invest.



Silver @ the Exchange in Varsity Lakes, Queensland partly funded by the Fund in 2008.



2. SUMMARY OF ASIC BENCHMARK & DISCLOSURE

2.1 Legislative Background

To make an informed investment decision, ASIC *Regulatory Guide 45 – Mortgage schemes: Improving disclosure for retail investors (RG45)* sets out eight benchmarks and eight disclosure principles that unlisted mortgage schemes, such as this Fund, must address to assist Investors in comparing risks and returns across investments in the unlisted mortgage scheme sector.

The benchmarks and disclosure principles, including how Guardian and the Fund measures against them as at the date of this PDS are set out in this section. Where a benchmark or disclosure principle does not apply to Guardian or the Fund, a statement is made to that effect.

A full copy of RG45 can be obtained from ASIC at <http://download.asic.gov.au/media/4373735/rg45-published-13-july-2017.pdf>. We encourage you to discuss the ASIC benchmarks and disclosure principles with your financial advisor.

The information below provides an overview of the benchmarks and disclosure principles.

2.2 Benchmark Disclosure

This PDS will detail whether or not the Fund meets each benchmark. If the benchmark is not met, then we explain why not and how the risk is dealt with in another way:

ASIC Benchmark	Compliance (Yes/No)	If Not, Why Not?
Benchmark 1: Liquidity		
<p>For a pooled mortgage scheme, the Responsible Entity has cash flow estimates for the scheme that:</p> <p>(a) Demonstrate the scheme's capacity to meet its expenses, liabilities and other cash flow needs for the next 12 months;</p> <p>(b) Are updated at least every 3 months and reflect any material changes; and</p> <p>(c) Are approved by the Directors of the RE at least every three months.</p>	N/a	<p>This benchmark is not applicable.</p> <p>The Fund is NOT a pooled mortgage scheme. Guardian is the Responsible Entity of a contributory mortgage scheme and therefore is not required by ASIC to comply with this benchmark.</p>
Benchmark 2: Scheme Borrowing		
<p>The Responsible Entity does not have current borrowings and does not intend to borrow on behalf of the Scheme.</p>	Yes	<p>The Fund meets this benchmark.</p> <p>Guardian complies, in that the Fund does not undertake borrowings secured against its portfolio of Mortgage Investments. Nor does Guardian set up Sub-Funds with the intention of borrowing against the assets of individual Sub-</p>

		Funds. The Constitution does not permit Guardian to borrow against Fund assets.
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Benchmark 3: Loan Portfolio and Diversification

<p>For a pooled mortgage scheme,</p> <p>(a) The scheme holds a portfolio of assets diversified by size, Borrower, class of Borrower activity and geographic region; (b) The scheme has no single asset in the scheme portfolio that exceeds 5% of the total scheme assets;</p> <p>(c) The scheme has no single Borrower who exceeds 5% of the scheme assets; and</p> <p>(d) All loans made by the Scheme are secured by first mortgages over real property (including registered leasehold title).</p>	N/a	<p>This benchmark is not applicable.</p> <p>The Fund is NOT a pooled mortgage scheme. Guardian is the Responsible Entity of a contributory mortgage scheme and therefore is not required by ASIC to comply with this benchmark.</p>
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Benchmark 4: Related Party Transactions

The Responsible Entity does not lend to related parties of the Responsible Entity or to the scheme's investment manager.	Yes	<p>The Fund meets this benchmark.</p> <p>Guardian complies, in that it is the strict policy of its Board that no investor funds are advanced to Guardian, nor to related parties of Guardian.</p>
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Benchmark 5: Valuation Policy

<p>In relation to valuations for the Scheme's mortgage assets and their security property, the board of the Responsible Entity requires:</p> <p>(a) a valuer to be a member of an appropriate professional body in the jurisdiction in which the relevant property is located;</p> <p>(b) a valuer to be independent;</p> <p>(c) procedures to be followed for dealing with any conflict of interest;</p> <p>(d) the rotation and diversity of valuers;</p> <p>(e) in relation to security property for a loan, an independent valuation to be obtained;</p> <p>(i.) before the issue of a loan and on renewal:</p>	Yes	<p>The Fund meets this benchmark.</p> <p>Guardian has an approved list of independent panel Valuers that are registered under the appropriate state registration and ensures that all valuations comply with all relevant industry standards and codes.</p> <p>Valuers need to comply with Guardian's standing instruction to Valuers. Valuations are obtained on a market value "as is" or "as if complete" basis for construction and development loans assuming specified improvements are made.</p> <p>Valuations must be obtained before the issue of a loan and dated not more than ninety (90) days prior to loan approval.</p> <p>New valuations are obtained when:</p> <ul style="list-style-type: none"> • a loan is in excess of two (2) years; • a loan is renewed; • when a loan falls into default; or • where there is a likelihood of a decrease in value of that property.
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<p>A. for a construction or development property, on both an “as is” and “as if complete” basis; and</p> <p>B. for all other property, on an “as is” basis; and</p> <p>(ii.) within two months after the directors form a view that there is a likelihood that a decrease in the value of security property may have caused a material breach of a loan covenant.</p>		<p>Details of valuations in regards to specific Mortgage Investments are disclosed in a relevant SPDS.</p>
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Benchmark 6: Lending Principles – Loan to Value Ratios

<p>If the scheme directly holds mortgage assets:</p> <p>(a) where the Loan relates to property construction or development – funds are provided to the Borrower in stages based on independent evidence of the progress of the construction or development;</p> <p>(b) where the Loan relates to property construction or development – the scheme does not lend more than 70% on the basis of the latest “as if complete” valuation of property over which security is provided; and</p> <p>(c) in all other cases – the scheme does not lend more than 80% on the basis of the latest market valuation of property over which security is provided.</p>	No	<p>Whilst the Fund meets the benchmark for (a) and (b) as it pertains to first mortgage transaction, the Fund does not comply with benchmark (c) for second mortgage transactions where the LVR exceeds 70% of the “as if complete” valuation.</p> <p>The Responsible Entity will consider all loans that meet the following LVR:</p> <ul style="list-style-type: none"> • first mortgages for property development – up to 70% of the “as if complete” market valuation; • first mortgages for completed projects – up to 80% of the “as is” market valuation; and • second mortgages – up to 80% of the “as is” or “as if complete” market valuation. <p>Investment specific LVR are disclosed in the relevant SPDS.</p>
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Benchmark 7: Distribution Practices

<p>The Responsible Entity will not pay current distributions from scheme borrowings.</p>	Yes	<p>The Fund meets this benchmark.</p> <p>Guardian complies with this benchmark as Distributions are paid to Unitholders in accordance with Section 6.13 from the following sources:</p> <ol style="list-style-type: none"> 1) interest payments made by the Borrowers (see Section 6.12); 2) the sale of Security Property; and 3) the pursuit of Guarantors and Borrowers. <p>If, from all viable sources, there are insufficient funds to pay Unitholders their interest and capital Distributions, there is a risk that Investors will suffer a shortfall on the payment of interest and/or capital Distributions (Impairment).</p> <p>There is no provision for the Responsible Entity to meet or subsidise distributions to Investors from other assets of the</p>
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		<p>Responsible Entity or from other schemes controlled by the Responsible Entity.</p> <p>Distributions to Investors vary for Mortgage Investments and details are disclosed in the relevant SPDS.</p>
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Benchmark 8: Withdrawal Arrangements

<p>For liquid schemes:</p> <p>(i) the maximum period allowed for in the constitution for the payment of withdrawal requests is 90 days or less;</p> <p>(ii) the responsible entity will pay withdrawal requests within the period allowed for in the constitution; and</p> <p>(iii) the responsible entity only permits members to withdraw at any time on request if at least 80% (by value) of the scheme property is:</p> <p>(A) money in an account or on deposit with a bank and is available for withdrawal immediately, or otherwise on expiry of a fixed term not exceeding 90 days, during the normal business hours of the bank; or</p> <p>(B) assets that the responsible entity can reasonably expect to realise for market value within 10 business days.</p> <p>For non-liquid schemes, the Responsible Entity intends to make withdrawal offers to investors at least quarterly.</p>	No	<p>The Fund does not meet this benchmark.</p> <p>Each Mortgage Investment will be illiquid. Unless you find a substitute investor, it is not possible to withdraw your investment during the term of a Mortgage Investment.</p> <p>If the loan is not repaid by the Borrower upon maturity then your investment will not be repaid upon expiry of the stated term in the SPDS. Investments in a Sub-Fund last as long as it takes to recover the repayment of the loan from the Borrower and/or the sale of the Security Property.</p> <p>If a loan goes into default and the Security Property has to be realised there may be significant delay before the capital is available to repay Investors. For example, in the case of a development loan, if the builder becomes insolvent another builder may have to be found and this process will often significantly delay completion and sale of the development.</p> <p>However, where monies have not yet been committed to a Sub-Fund and are available in the Application Moneys Account, the Constitution provides that Unitholders may, by providing Guardian with five (5) working days' written notice, withdraw all, or part, of their monies.</p>
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2.3 Disclosure Principles

We are also required to disclose particular information about the Responsible Entity and the unlisted mortgage Fund, as outlined in the disclosure principles, as follows:

Disclosure Principle 1 - Liquidity

As the Fund is a contributory mortgage scheme, ASIC's liquidity disclosure principle does not apply.

Disclosure Principle 2 - Scheme Borrowing

The Fund does not have any borrowings and does not intend to borrow.

Disclosure Principle 3 – Loan Portfolio and Diversification

As the Fund is a contributory mortgage scheme, ASIC's loan portfolio and diversification disclosure principle does not apply to it.

Disclosure Principle 4 – Related Party Transactions

Guardian does not nor does it intend to make loans to related parties from Fund property. We have policies and guidelines in place to manage the risk of any actual or perceived conflict of interest as a result of a related party transaction.

Disclosure Principle 5 – Valuation Policy

Investors can obtain a copy of Guardian's valuation policy by calling us on 07 5562 0888.

Independent valuations in relation to security property for a loan are obtained:

- (a) before the issue of a loan and on renewal:
 - (i) for development property, on both an 'as is' and 'as if complete' basis; and
 - (ii) for all other property, on an 'as is' basis; and
- (b) within two months after the Directors form a view that there is a likelihood that a decrease in the value of security property may have caused a material breach of a loan covenant.

Disclosure Principle 6 – Loan-to-Valuation (LVR) Ratios

As at the date of this PDS, the Fund does not have any current loans.

Disclosure Principle 7 – Distribution Practices

The Distribution Rate for each Mortgage Investment is set out in the relevant SPDS. Generally, all Distributions are sourced from income received from Borrowers in the relevant Distribution period.

We intend to make Distributions monthly in arrears within fourteen (14) days of each month end, except where otherwise disclosed in a particular SPDS. The timing of payments may be more frequent depending upon the Borrower and their internal repayment methods, however this is not guaranteed.

Please note, the payment of a Distribution is subject to the relevant Borrower making interest repayments on their loan on a timely basis.

Please refer to **Section 6.13** for more information about Distributions.

Disclosure Principle 8 – Withdrawal Arrangements

The Fund and each Mortgage Investment will be **illiquid**. Unless you find a substitute investor, it is not possible to withdraw your investment during the term of a Mortgage Investment. If a loan is not repaid by the Borrower upon maturity, then your investment will not be available for withdrawal upon expiry of its stated term in the relevant Fund SPDS.

Investments in a Mortgage Investment last as long as it takes to recover the investment from the Borrower and/or the sale of the Security Property. Please refer to **Section 6.6** for more information about your withdrawal of investment monies prior to the stated SPDS term.

This RG 45 Report stated at **Sections 2.2** and **2.3** is, as at the date of this PDS, unless otherwise specified, and may change during the currency of this PDS. All financial and statistical data is based on information as at 31 December 2018 unless otherwise stated.

The information in the RG 45 Report will be updated at least annually and if there is a significant adverse change. Subsequent updates to our RG 45 Report will be available on our website at www.guardiansecurities.com.au and a paper copy available to Investors free of charge on request.



Phoenix Residential Development is a prestigious waterfront development project in Varsity Lakes with an end value of AUD \$55M. The Fund assisted with the initial funding of this project in 2013.

2.4 Valuation Policy

The Compliance Plan for the Fund prescribes the manner in which Guardian is required to undertake valuations of each Security Property used as security by Borrowers for loans in each Mortgage Investment.

(a) POLICY

Our policy is to obtain an independent and professional valuation of each Security Property for Mortgage Investments prior to entering into a Mortgage Investment or renewing the term of an existing Mortgage Investment.

(b) APPROVED VALUERS

Valuations must be undertaken by approved independent valuers who are chosen from our panel. All valuers we instruct must adhere to our valuation guidelines.

Where a professional valuation is relied on, the valuer must be:

- a member of the Australian Property Institute or similar body, authorised under the law of the State or Territory in which the Security Property is located;
- have not less than 5 years' continuous experience in valuation;
- have experience in valuing properties similar to the Security Property;
- be independent of the Borrowers and guarantors, and the introducing broker;
- must assess the value: for development property, on both an 'as is' and 'as if complete' basis; and for all other Security Property, on an 'as is' basis; and
- hold current and adequate professional indemnity insurance.

We are responsible for appointing valuers and may remove any valuer from our panel who ceases to meet our guidelines.

Rather than commissioning a valuation, we may accept the assignment of an existing independent valuation to us, provided that the valuation meets our requirements.

(c) VALUATION REQUIREMENTS

A valuation must always be conducted on any potential Security Property, which is used for the calculation of the LVR disclosed in the relevant SPDS before a Mortgage Investment is made.

As Responsible Entity of the Fund, we have an overriding obligation to ensuring that the Security Property is valued at regular intervals appropriate to the nature of the property.

The valuer is to prepare the valuation report in a format which clearly sets out the primary methodology used and a secondary check valuation methodology and in accordance with the instructions given by us. The report must comment as to whether the Security Property represents a good security for mortgage and lending purposes as appropriate.

2.5 Loan-to-Value Ratio Policy

It is our policy that the amount of the loan for a Mortgage Investment will not exceed seventy percent (70%) of the valuation of the Security Property unless otherwise stated in the relevant SPDS. The relevant SPDS will disclose the LVR applicable to the Mortgage Investment.

2.6 Insurance

Before settling a loan, we must also ensure that the property is adequately insured to a minimum of 'as is' at market value as stated in the valuation for the relevant SPDS.

2.7 Labour standards and social, ethical and environmental considerations

We do not take into account labour standards, environmental, social or ethical considerations when making investment decisions relating to the Fund.

3. FUND OVERVIEW

3.1 What is a Mortgage

A mortgage is a legal charge given over real estate by the Borrower (mortgagor) to the lender (mortgagee) to secure their promise to repay a debt at a later date.

The Security Property is real estate and the mortgage is registered in a government registry.

Mortgage securities are a valuable part of any investment portfolio where the Investor is seeking high reliable income yields from a relatively conservative investment instrument.

3.2 What is a Mortgage Investment?

A Mortgage Investment through the Fund is any loan or debt, secured by a legal mortgage (or caveat) over real property. The type of loan may include advances in relation to residential, commercial and industrial properties, and includes constructing or development activities by the Borrower.

Details of each Mortgage Investment offered to Investors including details of the Borrower, location of the Secured Property, financial information and background of the Borrower and directors, LVRs, fees and applicable charges, and supporting information such as a valuation summary from an approved valuer will be provided in the SPDS applicable to the relevant Mortgage Investment.

By default, the Fund Constitution provides for Guardian to be registered as lender or mortgagee (**Nominee Mortgage**) with Guardian having entered into a Trust Declaration that the Mortgage is held on trust for the Sub-Fund Unitholder(s) (in this capacity, Guardian is acting as Trustee).

The Mortgage is registered with the relevant State Authority over the legal title of the Security Property which provides Guardian with a power of sale over the Security Property and with priority over subsequent registered and unregistered mortgages and any other non-secured creditors of the Borrower.

Guardian must operate within its approved and prudent guidelines in terms of investment selection, Borrower assessment, the valuation of Security Property and the management of the Mortgage Investment. These guidelines, and the method in which Guardian operates, are detailed in one or more of the following documents:

- (a) this PDS;
- (b) the relevant SPDS for the Sub-Fund, which will contain matters such as the details of the Borrower, the due diligence undertaken, the amount of the loan, the repayments terms, the duration of the loan, the Security Property and valuation, and the LVR;
- (c) the Constitution, which is further described **Section 9.5**; and
- (d) the Compliance Plan, which is further described **Section 9.7**.

3.3 What is a Contributory Mortgage Scheme?

The Master Mortgage Fund No. 6 is designed to provide Investors with an opportunity to invest in a registered contributory mortgage managed investment scheme and as a Unitholder, receive fixed monthly income yields from registered mortgage securities throughout Australia.

The investment is secured by first or second registered Nominee Mortgages and/or caveats over legal interests in real property in Australia.

Each Investment Opportunity approved by Guardian and available for investment are known as “Sub-Funds” and each one is separate and distinct from other Sub-Funds within the Fund.

Each Unitholder contributes investment monies into one or more of the Mortgage Investments and your entitlement to income or capital is based only on your investment in a specific Sub-Fund.

Due to the structure of the Fund, Investors have no right to the income or capital of other Sub-Funds.

3.4 Investment Objectives

The investment objectives of the Fund, based on the investment policy set out by Guardian, are:

- to provide a secure return to Investors;
- to secure loans and investments by taking varying forms of security over the freehold property of the Borrower;
- to provide Investors with an income stream to offset the cost of funds invested, whilst offering them an opportunity to participate in income returns which reflect the risk and reward matrix; and
- to identify and monitor exit strategies for all loans approved by Guardian.

3.5 Fund Structure

3.5.1 The Fund

The Fund is a unit trust established by the Constitution. It is a managed investment scheme which has been registered with ASIC, having its own Australian registered scheme number (**ARSN**).

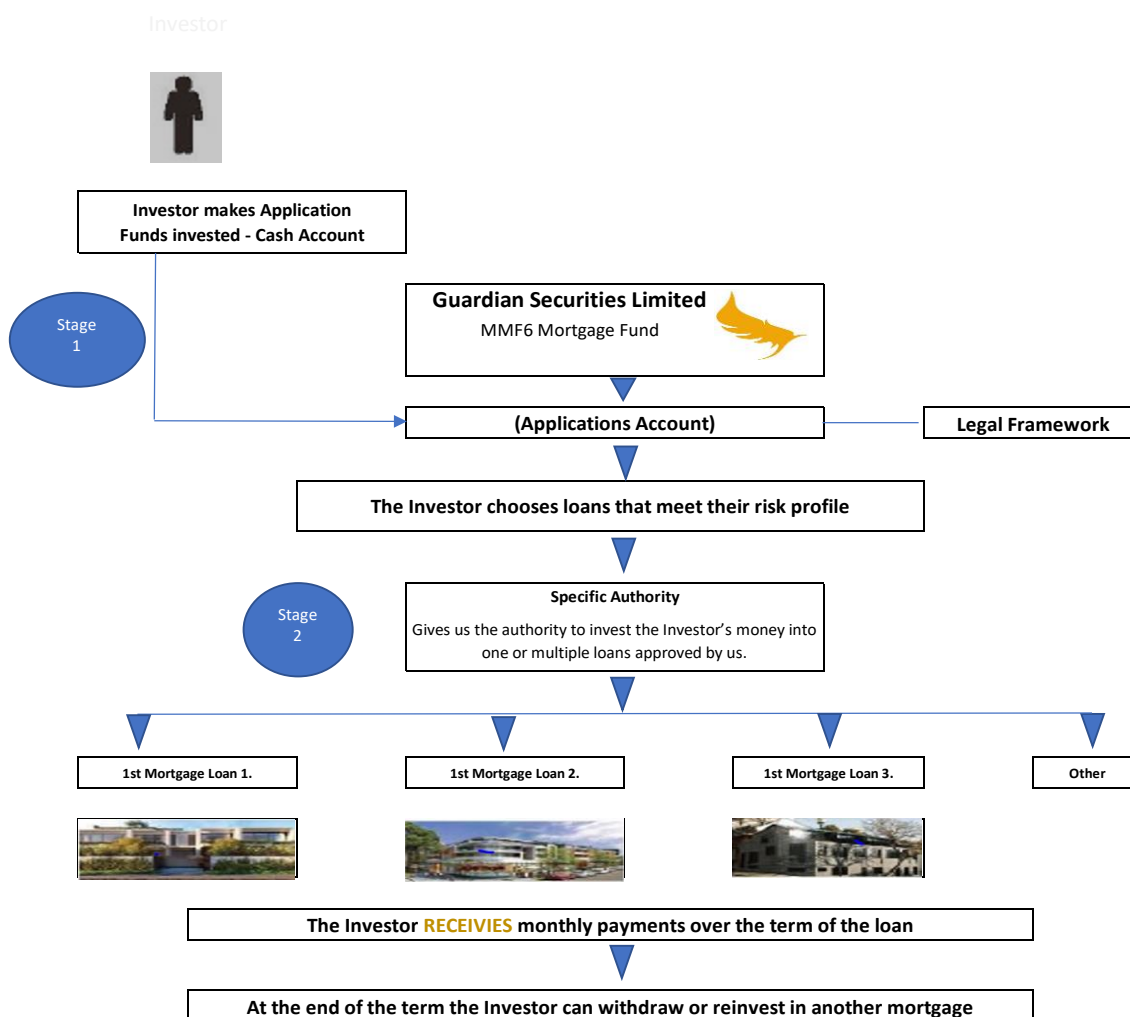
As a contributory mortgage scheme, the Fund seeks to provide investors with a selection of Mortgage Investments in order to provide regular income from the interest payments received from the Borrower. Investors receive the investment outcome, including rate of return, duration and capital security relating to the specific Mortgage Investments in which they invest.

Investors do not invest in a pool or collective of mortgages. Under a “pooled” managed investment scheme, investors’ funds are pooled with those of other investors to facilitate larger scale investments. Investors hold units in the Fund which represent a proportional entitlement in the total assets of the Fund based on the amount invested and the issue price of the units at the time of entry to the Fund.

In a contributory mortgage scheme, like Guardian’s Master Mortgage Fund No. 6, the process is to hold each of the loans to Borrowers in separate Sub-Funds (or sub-trusts) and investors receive a class of Unit which relates to the Sub-Fund that holds the Mortgage Investment in which they have chosen to invest.

The Unit price reflects the value of the assets in the Sub-Fund and may increase or decrease over time with the value of the Sub-Fund’s underlying assets (i.e., the loan and security). When you redeem your investment, the Units you hold in the Sub-Fund are redeemed by the Responsible Entity on the stated term in the relevant SPDS.

The Fund is structured as an interest bearing Application Moneys Account and a selection of Sub-Funds, diagrammatically represented as follows:



3.5.2 Our Sub-Funds

Our Fund is comprised of multiple Sub-Funds that each have their own Unitholders and hold separate and distinct assets and security from each other. Investors join by registering to become a Member of the Fund, and then apply to participate in a specific Sub-Fund as a Unitholder. Investors do not invest in the Fund as a whole.

A particular Mortgage Investment involves a single loan to a specific Borrower (or group of co-Borrowers) secured over real property. Each Sub-Fund derives its income from interest payments made by the Borrower, or in the case of default by the Borrower, from the proceeds of sale of the Security Property belonging to that Sub-Fund.

By investing in a particular Sub-Fund, Unitholders derive income from each Sub-Fund in which they are an Investor in proportion to their share of contribution to the Sub-Fund through the payment of Distributions. In this way, Unitholder's contributions to a particular Mortgage Investment are quarantined within the Sub-Fund as Unitholders in each Sub-Fund do not have recourse to the assets (or debt liability) held in other Sub-Funds.

We will allocate each Mortgage Investment to a Sub-Fund and investors who wish to invest in that particular Investment Opportunity will be able to subscribe for the corresponding Sub-Fund by completing the 'Consent to Invest' Form in accordance with the instructions in the SPDS.

3.6 Your Rights under the Fund

Generally, a Member's right to Fund property is confined to the extent of the Unitholder's contribution to individual Mortgage Investments.

A Unitholder has a right to:

- (a) participate in any Mortgage Investment(s) offered by Guardian;
- (b) participate in Distributions of interest collected by Guardian in respect of the Mortgage Investments to which that Unitholder's funds have been applied;
- (c) have their capital investments redeemed on the date upon which a Borrower repays the loan to which their Mortgage Investment relates;
- (d) inspect the Constitution which will be made available by Guardian upon written request by a Unitholder; and
- (e) have the Fund operated by Guardian in accordance with its legal obligations.

3.7 Units in the Fund

The Units issued by the Fund comprise of fully paid ordinary units in the Sub-Fund of the Fund. Each Unit in the Fund will entitle the holder to receive Units in their chosen Sub-Fund to receive Distributions declared and proceeds on winding up of the Sub-Fund in proportion to the number of Units on issue as it relates to their Sub-Fund. One Unit entitles their holder to one vote, either in person or proxy, at a meeting of the Fund.

3.8 Rights and Obligations Attached to the Units

Details of the rights and obligations attached to each Unit are set out in the Fund Constitution.

Generally, a Unitholder's right to Fund assets is confined to the extent of the Unitholder's contribution to the individual Sub-Fund. The material provisions of the Constitution are also summarised in **Section 9.5**. A copy of the Constitution is available, free of charge on request from Guardian.

3.9 Who can Invest in the Fund

The Offer is open to Retail Investors and Wholesale Investors who have a registered address in Australia or New Zealand and any overseas investors.

An Application may be made in the name of an individual, multiple individuals, a partnership, company including where such persons are acting as trustee of a trust or a Self-Managed Superannuation Fund.

3.10 Warning statement – issues to New Zealand investors

This Offer, if made to New Zealand investors, is a regulated offer made under Australian and New Zealand laws. In Australia, this is Chapter 8 of the Corporations Act and Corporations Regulations.

In New Zealand, this is Part 5 of the Securities Act 1978 and the Securities (Mutual Recognition of Securities Offerings – Australia) Regulations 2008. This Offer and the contents of the offer document are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act and Regulations (Australia) set out how the offer must be made.

There are differences in how securities are regulated under Australian law, for example, the disclosure of fees for collective investment schemes is different under the Australian regime. The rights, remedies and compensation arrangements available to New Zealand investors in Australian securities may differ from the rights, remedies and compensation arrangements for New Zealand securities.

Both the Australian and New Zealand securities regulators have enforcement responsibilities in relation to this Offer. If you need to make a complaint about this Offer, please contact the Financial Markets Authority, Wellington, New Zealand. The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian securities is not the same as for New Zealand securities. The Offer may involve a currency exchange. The currency for the securities is not New Zealand dollars. The value of the securities will go up or down according to changes in the exchange rate between the currency and New Zealand dollars. These changes may be significant.

If you expect the securities to pay any amount in a currency that is not New Zealand dollars, you may incur significant fees in having the Funds credited to a bank account in New Zealand in New Zealand dollars. The dispute resolution process described in this offer document is available only in Australia and is not available in New Zealand.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

The Offer does not constitute an offer in any place in which, or to any person to whom, it would be unlawful to make such an offer.

***** This is the PDS. This Offer comprises both the PDS and a SPDS. If you have not received both parts, please contact us on + 61 7 5562 0888 You should read both the PDS and the SPDS before deciding whether to invest in the Fund. *****

4. INVESTMENT BENEFITS

CONTRIBUTORY MORTGAGE SCHEMES	<p>The offer is a contributory mortgage scheme which means that Investors can select which Mortgage Investment best suits their risk profile. Investments are not pooled with other Investors' money and each Investor holds a beneficial interest in the mortgage in which they choose to invest. In pooled schemes, investors do not have an interest in a particular loan, but have an interest in scheme property as a whole.</p> <p>The details of each Mortgage Investment will be set out in a SPDS. An Investor may only invest in a particular Mortgage Investment by signing the consent form in the SPDS applicable for that Mortgage Investment.</p>
ATTRACTIVE INVESTMENT RETURNS	<p>The returns offered to Investors will range from 9-13% per annum for first mortgage investments (and 14-20% per annum on second mortgage investments) with payments made on a regular basis direct to nominated bank accounts.</p> <p>Details of each investment return will be outlined in a SPDS. Distributions to Investors are generated by interest payments received from the Borrower in the relevant Sub-Fund.</p>
EASY TO UNDERSTAND	A Mortgage Investment is an easily understandable investment as most people have had a mortgage themselves.
NO FEES AND COSTS PAYABLE BY INVESTOR	No entry or exit fees are payable by Investors. The Borrower pays all of the establishment fees and interest costs on the loan. This means that the Investor's total investment capital is receiving interest returns.
FIXED INCOME	The Fund seeks to provide to its Investors a regular and fixed income for a fixed period, with the capital risk minimised by the repayment of the moneys advanced to the Borrower being secured by way of a registered mortgage or caveat over real property.
MINIMUM INVESTMENT	The minimum application is \$10,000 with further increments of \$1,000 providing the flexibility for Investors to choose the level of capital investment into various products and thereby diversifying their investment portfolio.
DIRECTORS EXPERTISE	The Directors of Guardian have considerable knowledge and experience in property valuations and lending to most property sectors and are well known and respected in the property development community in Queensland.
INVESTOR PROFILE	The investment is suitable for a range of investor classes including self-managed superannuation funds, enabling diversity of investment portfolios.
INVESTMENT TERM	Investment terms range from 6 to 24 months providing Investors the ability to select the most appropriate investment strategy suitable for their own cash flow planning.
QUARANTINED RISK	The performance or characteristics of other Mortgage Investments made through the Scheme, which may not suit the investor's particular objectives or tolerance for risk, do not impact on the investors in any other Mortgage Investments.
ASIC AND STATUTORY LICENSING AND LEGISLATION	Guardian currently meets all of the regulatory and legal requirements imposed by ASIC for holders of licenses of this type. Investors can take comfort that their money is held in specified mortgages and that independent parties regularly check on the performance of Guardian.

5. INVESTMENT RISKS

IMPORTANT NOTES

In preparing this PDS and any SPDS, Guardian has not taken into account your investment objectives, financial position or particular needs.

Before making an investment decision on the basis of this PDS or any Sub-Fund, you need to consider or obtain advice about whether this investment is suitable in light of your personal circumstances. As indicated above, an investment in the Fund is subject to investment and other risks. They could result in delays in the repayment of, or loss of, income or capital invested.

INVESTORS SHOULD ALSO NOTE

☐ an investment in a Mortgage Investment is an equity investment, not an investment in a bank deposit. There is a higher risk of losing some or all of their investment than is the case with a bank deposit.

☐ Guardian is not a bank and investors do not have the benefit of any government guarantee of the amounts invested.

Neither Guardian, its directors or associates, nor any of the parties providing services to the Fund, guarantees the investment.

5.1 About Risk

All investing involves risk.

Generally, the higher the expected return, the higher the risk.

An investment in the Fund is subject to various risks and there are a number of risks which can impact on the performance of your investment, should they occur. The risks outlined in this section are not exhaustive, but Guardian considers them to be the key risks of investing in the Fund.

When you invest in a managed investment scheme, you should be aware that:

- (a) returns are not guaranteed – future returns may differ from past returns, and the level of returns may vary; and
- (b) the value of your investment may vary, and there may be the risk of loss of invested capital.

Investment risks can affect your financial circumstances in a number of ways, including:

- (a) your investment in the Fund may not keep pace with inflation, which would reduce the future purchasing power of your money;
- (b) the stated aims and objectives of the Fund may not be met the amount of any distribution you receive from the Fund may vary or be irregular, which could have an adverse impact if you depend on regular and consistent distributions to meet your financial commitments; and
- (c) your investment in the Fund may decrease in value, which means you may get back less than you invested.

Where applicable, information is included on how Guardian aims to manage these risks. However, risks cannot be avoided altogether, and some risks are completely outside the control of Guardian.

Investment in a Mortgage Investment through the Fund, whilst conservative, contains a number of risks. Before making an investment in the Fund, as a potential investor you should consider:

- the entire PDS (including the risks contained in this section and the relevant Sub-Fund SPDS);
- the assumptions underlying the financial forecasts and the risk factors that could affect the financial performance of the Fund (see below);

- specific risks as they relate to a Mortgage Investment through the Fund (see below);
- other investments and their risk compared with those of the Fund;
- your personal risk tolerance; and
- your investment objectives.

5.2 Not a Pooled Fund

It is important to remember that the only assets available to Unitholders of a Sub-Fund for payment of the interest and repayment of the capital are the Sub-Fund assets. You do not have access to any other assets of any other Sub-Fund. The decision whether to invest in a Sub-Fund is yours.

Please note that your level of risk is **NOT** reduced by it being averaged with all other Sub-Funds. There is **NO** pooling of funds as between Sub-Funds from which any shortfall on your Sub-Fund can be drawn.

5.3 General Mortgage Lending Risks

Guardian has established detailed risk management policies, strict lending criteria and internal and external procedures which actively seek to identify and manage the risks associated with mortgage finance and risks faced by the Fund in an appropriate and prudent manner.

Guardian manages the Fund and each Sub-Fund assets with a view to balancing income returns with capital security. This is achieved by:

- employing experienced, professional personnel;
- outsourcing to experienced, industry professionals;
- maintaining a long-term vision for the Fund;
- complying with the Fund's Constitution and Compliance Plan; and
- actively monitoring and managing the assets of the Fund.

The Fund intends to arrange for its Members to lend to persons involved in a wide variety of property-based activities. While some Borrowers are those who have had credit difficulties with other financial institutions, as at the date of this PDS, they are mostly Borrowers who are looking for short-term finance to fund their property development or investment activities. They are typically companies or individuals who operate their own business or who wish to borrow for business or investment purposes.

The ability of Borrowers to meet mortgage interest payments and to repay the amount borrowed may be influenced by factors over which Guardian has no control, such as a lack of creditworthiness of a Borrowers or the state of the Australian economy generally. Adverse economic conditions, such as economic recession or depression could adversely affect property values.

Other factors such as the movement in interest rates, changes in taxation policies, the imposition of new statutory requirements, or changes in judicial interpretation and application of the law, may impact on the return that investors may receive from their investment in a Sub-Fund, or the enforceability of a Mortgage Investment, when compared with other possible investments.

5.4 Key Risks

RISK	EXPLANATION
LOAN DEFAULT RISK	<p>The primary risk to any Mortgage Investment is the default by the Borrower of its loan contract.</p> <p>A Borrower may default for a number of reasons including, changes in its financial or personal circumstances, changes in the general state of the Australian or international economy, fluctuating business and economic conditions and changes to the Australian property market.</p> <p>A Borrower's ability to comply with loan conditions may also depend on the success of the relevant project. In these instances, there is often little or nothing left for creditors other than the Security Property.</p> <p>If the loan goes into default the payment of Distributions will cease and the recoverability of Distributions will depend upon the money that can be realised from selling the Security Property and pursuing the Borrower and any Guarantors.</p> <p>In the event that Guardian exercises its powers under the mortgage, priority repayment from sales proceeds (after GST and selling costs) will be in the order of:</p> <ul style="list-style-type: none"> (a) legal and recovery costs incurred by Guardian; (b) payment of Investor capital; (c) payment of Investor interest at the lower interest rate; and (d) payment of interest to Guardian Securities at the higher rate of interest. <p>This risk is minimised by the following mitigating factors:</p> <ul style="list-style-type: none"> • prudent assessment of the loan application and the Borrower's financial capacity to repay; • receipt of a comprehensive valuation report chosen from a panel of Valuers approved by the Board of Guardian; • guarantees from the principal director and/or shareholder of the Borrower; • legal signoff regarding enforceability of loan documents; and • construction loan drawdowns on a cost to complete basis. <p>Each loan will be assessed on its merits by Guardian and Guardian's assessment of the Borrower's capacity to repay an approved loan will be outlined in the relevant SPDS.</p>
VALUATION RISK	<p>As with any loan that is secured against property, the valuation provided to the lender may not accurately reflect the true value of the security property at the time the valuation is undertaken. This can occur if the wrong methodology is used, if the comparable properties are not comparable, if assumptions and data about the property (including data from quantity surveyors) are false.</p>

	<p>This becomes a risk if the Borrower defaults or there is a fall in the value of the Security Property. Should this occur during the term of a Mortgage Investment, this may diminish the amount of principal and outstanding interest that can be repaid to Investors and if the Security Property has to be sold, there may be an Impairment or significant loss of your investment.</p> <p>This risk is minimised by the following mitigating factors:</p> <ul style="list-style-type: none"> • engaging only those Valuers approved by the Board who are independent of Guardian and who have the necessary qualifications to value the Security Property; • utilising the combined experience of Guardian's Directors to assess the loan proposal and understand the valuation report; • taking additional security and guarantees to support the loan proposal where applicable; • through careful monitoring of all construction loan drawdowns including reports from quantity surveyors or construction cost managers; and • by ensuring that the valuation report is not older than ninety (90) days from the approval date of the loan and a fresh valuation is obtained for all loans in excess of two (2) years or when a loan is in default.
DEVELOPER RISK	<p>If a Mortgage Investment comprises a construction loan, then much depends upon the developer remaining solvent and completing the development.</p> <p>Construction loans can meet unexpected cost overruns or variations which impact on the viability of the project and may cause increased debt funding for the developer and lenders.</p> <p>If the developer cuts corners (leading to the need for extensive rectification works before the Security Property can be sold) or becomes insolvent, then there are usually delays associated with this and very often the site is shut down while negotiations with council, the builder and contractors take place.</p> <p>Delay can also increase holding costs, affecting interest and Distributions. These extra costs erode the money that is finally recovered from the sale of the Security Property and this can cause Impairment.</p> <p>This risk is minimised by the following mitigating factors:</p> <ul style="list-style-type: none"> • ensuring that the project has a guaranteed maximum price building contract from well-known and respected builders who have experience in the type of proposed construction to be executed between the builder and Borrower. Any variations to the building contract will require the prior approval of the Borrower;

	<ul style="list-style-type: none"> that the project is employing standard construction techniques and that adequate building insurance cover is in place; Guardian or its appointed quantity surveyor/project manager undertaking an ongoing review of building costs to ensure that industry standards are observed and adhered to; and closely monitoring all construction loan drawdowns to ensure that there are always sufficient funds remaining from lenders to complete the development; <p>in the case of construction loans, Guardian will ensure that there are sufficient funds available to complete the project and to verify the completion of each stage of construction prior to the drawdown of funds. A contingency factor on total construction costs is also factored into the debt funding by the Borrower for each project.</p>
WITHDRAWAL RISK	<p>In the event that the Borrower is unable to complete the project or unable to refinance or sell the subject property within the timeline of the loan term and as a result the Borrower requires a loan extension or loan rollover to finalise the transaction and such an extension is granted, then any Investor funds allocated to the subject property may not be available for withdrawal by Investors on completion of the original loan term as stated in the SPDS, unless a replacement investor can be found.</p> <p>Guardian will use its best endeavours to source replacement Investors in the event that existing investors require repayment of their Investment, however Guardian can only permit withdrawal if there is sufficient assets available to it to satisfy any withdrawal requests made in response to the offer.</p>
ENFORCEMENT / LITIGATION RISK	<p>This is the risk that any lender faces when it takes legal action to enforce the mortgage by the sale of the Security Property.</p> <p>Borrowers may defend the enforcement proceedings successfully in whole or in part, in light of judicial interpretation of the borrowing and enforcement arrangements, which may vary over time. In addition, Courts are vested with wide discretionary powers, and these may be exercised in favour of the Borrower.</p>
DOCUMENTATION RISK	<p>There is a risk of deficiency in the accuracy of documentation, including the mortgage documentation entered into for the Sub-Fund, which could, in certain circumstances, adversely affect the recoverability of monies invested by the fund and reduce the value of your investment.</p> <p>There is also the risk of unauthorised dealing with documents of title. Subject to land titles office requirements in different Australian states and territories, the title deeds and security documents are held by Guardian or its lawyers in safe custody, until the loan is fully repaid.</p>

<p>NATIONAL CONSUMER CREDIT PROTECTION ACT (NCCP ACT) REGULATED LOANS RISK</p>	<p>Guardian is not and has no present intention to be in the future, licensed to make loans that are regulated under the <i>NCCP Act</i>. Nevertheless, a court may for some reason hold that a loan is so regulated. In such a case, the actions that Guardian must take in enforcing such a loan are more demanding, and may take longer to implement, than in respect of unregulated loans.</p> <p>In general terms, there are limits on the amount of default interest that may be charged and the actions that Guardian may have to take in enforcing a mortgage regulated by the <i>NCCP Act</i> are more demanding and may take longer to implement. In addition, the terms of the loan may be changed if the Borrower is having or will have trouble making payments by reason of financial hardship caused by illness, unemployment or other reasonable cause.</p>
<p>EXTERNAL DISPUTE RESOLUTION RISK</p>	<p>Guardian is a member of an ASIC approved external dispute resolution scheme (EDR Scheme), in accordance with its obligations in respect of the Unitholders.</p> <p>Such an EDR Scheme may, in addition to considering complaints by Unitholders, also consider any complaint that is lodged by a Borrower from the Scheme, even if the Borrower does not have a <i>NCCP Act</i> regulated loan.</p> <p>There is now the additional risk that either during the course of a loan, or more typically when Guardian seeks to enforce the loan, the Borrower lodges a complaint with the EDR Scheme that has the effect of “freezing” any enforcement action that is being taken or delaying any enforcement action that may be taken, while the EDR Scheme considers the complaint.</p> <p>If Guardian has identified any risks that are specific to a particular Mortgage Investment these will be stated in the SPDS that applies to that Mortgage Investment.</p>
<p>INCOME RISK</p>	<p>Guardian does not guarantee your Distributions. Your investment in a Sub-Fund is dependent upon the ability of the particular Borrower in your Sub-Fund to pay the interest payments when due, and to repay the loan on the due date.</p> <p>Unitholders should be aware that no Distribution is payable if no corresponding payment is received by Guardian from the Borrower. The non-payment of Distributions to a Unitholder will continue until the Borrower rectifies the default or the Security Property is discharged either by way of sale or refinance by the Borrower or the Security Property is sold by Guardian as mortgagee.</p>
<p>SECURITY PROPERTY RISK</p>	<p>There are special risks associated with vacant land and other non-income earning Security Properties.</p> <p>Where a default occurs by the Borrower, Guardian cannot rely on any rental payments or other income in order to assist in rectifying the default.</p>

INSURANCE RISK	<p>If a property or project is not fully or adequately insured the Investors may suffer significant loss. All Security Property upon which funds are advanced will be insured with a licensed insurance company. The nature of the insurance cover will depend on whether the property is completed or under construction.</p> <ul style="list-style-type: none"> • if the property is completed a fire and all risks policy will be obtained; • if the property is under construction a contractors all risks policy will be affected converting to a fire and all risks policy on completion.
TENANT RISK	<p>The value of commercial properties is underpinned by their tenants. If a major tenant does not renew its lease, or becomes insolvent, it can reduce the market value of the property.</p> <p>Even the value of residential property, particularly units, can be significantly affected by failure to obtain tenants at rent levels upon which the valuation was based.</p> <p>If the value of the Security Property drops then, in the event of default (which will be more likely if the Security Property suffers tenancy vacancies), and the property has to be sold, there may be an Impairment or significant loss of your investment.</p>
PROPERTY MARKET RISK	<p>Changes in taxation, interest rates and the economic outlook can have serious dampening effects on the property market. Such decreases in the property market can lead to Impairment in five ways:</p> <ul style="list-style-type: none"> (a) through reduced sale prices attainable; (b) through delays in selling (caused by flooded markets and low demand); (c) through reduced ability of Borrowers and buyers to obtain finance; (d) through increased risk of default as pre-sales fall away and sales projections make the project less viable for the developer; and (e) through purchasers who have bought "off the plan" failing to complete.

5.5 Risks of Investing in the Scheme Generally

RISK	EXPLANATION
LIQUIDITY RISK	<p>An investment in the Fund should be treated as illiquid as there is no secondary market for Units.</p> <p>If you wish to exit your investment prior to the end of the investment term, you will need to source a substitute Unitholder to acquire your Units. We are not obligated to source investors for any Unitholder's holdings, however we will use our best endeavours to help you source prospective investors.</p>

DIVERSIFICATION RISK	<p>Because you are investing in a particular Mortgage Investment as opposed to a pool of Mortgage Investments, there is a higher risk that if a Borrower defaults on the Mortgage Investment in which you have invested you may suffer a loss.</p>
LOAN INVESTMENT CONCENTRATION RISK	<p>The Fund has a very wide mandate for its Mortgage Investments and may make secured loans to a variety of Borrowers, for various purposes and secured by different types of security.</p> <p>However, there is no guarantee or assurance that the Fund's Mortgage Investments will be diversified and there may be a significant concentration among the Borrowers to which secured loans are made and the security supporting the secured loan to which the Mortgage Investments relate.</p> <p>The Fund may invest in multiple Sub-Funds relating to the same Borrower and, at any time, all or a large majority of the Fund's Mortgage Investments may involve the same Borrower. The relevant SPDS for each Sub-Fund will contain a summary of the Fund's existing loans or concentration of loans to any Borrower.</p> <p>Whilst a Mortgage Investment is separate from other Sub-Funds, a concentration of Mortgage Investments among a single, or a small number of, Borrowers may increase the risk of investing in the Fund, particularly if you invest in multiple Mortgage Investments relating to the same Borrower.</p> <p>This is because a default by a Borrower in relation to a Mortgage Investment may result in the Borrower also defaulting on its obligations under the loan agreements corresponding to other Sub-Funds. This may adversely impact the Distributions (if any) paid by the Fund and result in a capital loss for investors.</p>
FUND STRUCTURE RISK	<p>Though each Mortgage Investment is separate from each other Mortgage Investment, there is a risk that performance of a Sub-Fund may be impacted by other Sub-Funds. For example, if a Borrower breaches its obligations under a loan agreement, for example it fails to pay interest, it may impact Mortgage Investments in addition to the Mortgage Investment to which that loan agreement relates.</p> <p>This is because the Fund may incur expenses, such as enforcement costs, or there may be general Fund expenses, such as audit costs, which are intended to be deducted from the defaulting Borrower's interest or paid by the defaulting Borrower.</p> <p>If these expenses are unable to be recovered from the Borrower when payable by the Fund, the Fund may be required to pay such costs from other revenues, including the interest received in relation to other Sub-Funds.</p>

INSURANCE RISK	If a Security Property is not properly insured or an event occurs which is not covered by insurance, it may impact the value of the Security Property or the returns achieved from the leasing or sale of the Security Property which will adversely affect the performance of an investment in that Sub-Fund.
COMPLIANCE RISK	If we fail to comply with the Constitution, Compliance Plan, Corporations Act or the conditions of our AFSL, it may have an adverse impact on the value of your Units and the performance of your investment in the Fund. In particular, this may occur if ASIC takes action to: (a) wind up the Fund; or (b) remove us as the Responsible Entity.
TAXATION RISK	Australian tax laws are constantly in a state of flux with the introduction of various taxation amendments which may affect you. Tax liability is your responsibility. We are not responsible for the taxation consequences of an investment in the Fund or Units in a particular Sub-Fund. You should consult your own taxation adviser to ascertain the tax implications of your investment. See Section 0 for further information on tax issues relating to the Fund.
REGULATORY RISK	The value of some investments may be adversely affected by changes in government policies, regulations and laws, including tax laws and laws affecting registered managed investment Funds.
MACRO-ECONOMIC RISK	The general state of the Australian and international economies as well as changes in monetary policies, interest rates, property market conditions and statutory requirements may affect the demand for, and the market value of, a property and may have a negative impact on the Fund's performance and the performance of the particular Mortgage Investment and corresponding Sub-Fund.

5.6 Conclusion

The preceding list of risk factors is not to be taken as being comprehensive or inclusive of all of the risks that may be attributable to an investment in the Fund. These risks, as well as other risks, which have not been specifically identified, may in the future affect the financial performance of the Fund.

The level of risk that is acceptable to you will vary depending on a range of factors, including your age, investment timeframe, your risk tolerance and what other investments you hold. All investment products are generally subject to some or all of the risks described above.

Consequently, there is no guarantee as to the amount or timing of the payment of capital, Distributions or the value of the units held in the Fund.

Your financial advisor can help you establish an appropriate risk profile in order to manage these risks.

Risks specific to a particular Mortgage Investment will be detailed in the relevant SPDS.

6. INVESTMENT PROCESS

6.1 Stage One

There are three steps to make your initial investment in the Fund. You should read the guidance on the Application Form for information on how to fill it out and refer to our website at www.guardiansecurities.com.au.

Step 1 – Read this document, and consider the offer.

You should read this PDS in full before deciding whether to invest in the Fund. Pay particular attention to the risks set out in Section 5 and other information concerning units, the Fund and its assets. The risks need to be considered in light of your particular investment objectives, financial situation and needs.

You should seek your own financial advice from a licensed adviser before investing.

Step 2 – Complete the Application Form.

To make an investment, complete and lodge the Application Form with your application money to become a Member of the Fund. Please take care to ensure that you complete the Application Form correctly and return it together with documentation required.

We will accept the payment methods listed on our application form.

Step 3 – Lodge your Application Form

Please see the instructions on the Application Form for details about lodging the form with us.

6.2 Stage Two

Stage two involves us offering to you an approved Mortgage Investment in which to invest.

Once a Sub-Fund is approved by us, we will issue you an SPDS providing details of the proposed Mortgage Investment. You can invest in that Sub-Fund or any other Sub-Fund offered by Guardian by completing the 'Consent to Invest' Form forming part of the applicable SPDS.

The SPDS will contain specific details of the Mortgage Investment including:

- (a) details of the address and type of the Security Property;
- (b) an estimation of value made by an independent valuer;
- (c) the total amount to be lent to the Borrower and the LVR;
- (d) details of the Borrower;
- (e) the Borrower's strategy for repaying the loan;
- (f) the term of the loan;
- (g) the Distribution Rate;
- (h) payment dates for Distributions;
- (i) the interest rate payable by the Borrower; and
- (j) other information which we consider may assist you in making your assessment of the risk involved.

You will have the comfort of knowing that you are investing in the Mortgage Investments you select and, unlike a pooled investment fund, you are not invested in any other Mortgage Investments and you will not be exposed to the risks of those other Mortgage Investments.

Performance of your investment is dependent upon the performance of Mortgage Investment in which you are invested and you do not need to monitor the performance of other Mortgage Investments.

6.3 Application Moneys Account

When you forward your Application Money to Guardian, prior to your funds being assigned to a Sub-Fund or where we have not yet received your Consent Form to allocate your funds to a Sub-Fund, subject to clearance, your funds will be held in our interest bearing Application Moneys Account maintained by our bank. The account will be held in Guardian's name as trustee for Unitholders and you will earn the applicable commercial interest rate offered by our bank until your funds are allocated to a nominated Sub-Fund. On request, we will inform you of the applicable commercial interest rate.

The Application Moneys Account will also be utilised for your funds where we have not yet received your Consent Form to invest your funds to a new Sub-Fund upon the partial or full repayment of a Sub-Fund by a Borrower.

If your money has not been committed to a Sub-Fund within sixty (60) days, we will refund monies to you with interest.

6.4 Cooling-Off for Investors

While your Application Monies are in the interest bearing Application Moneys Account, you may withdraw your funds at any time by giving Guardian at least five (5) working days' notice in writing. Upon receipt of such cooling-off request, we will redeem your funds with any interest accrued within five (5) working days'.

Upon receipt of your Consent Form and allocation of your Application Monies into a Sub-Fund, there is no cooling-off and you have no right to withdraw from a Sub-Fund (see Section 6.15 which explains this further). As described at Section 6.4, if your money has not been committed to a Sub-Fund within sixty (60) days, we will refund monies to you with interest.

6.5 Minimum Investment

The minimum application is \$10,000 and thereafter in multiples of \$1,000, which provides flexibility for Investors to choose the level of capital investment into various Sub-Fund products with a view to diversifying their investment portfolio. Guardian may also increase the minimum investment for a particular Mortgage Investment which will be set out in a relevant SPDS. Guardian reserves the right to accept Applications of less than \$10,000 or multiples of less than \$1,000 at its discretion.

6.6 Investment Term

The term of an investment in a Sub-Fund is disclosed in the relevant SPDS. Most loans are contracted for a term of six (6) to twenty-four (24) months, however the duration of the loan can be much shorter (if the Borrower discharges the loan early) or much longer (if the Borrower defaults by failing to repay on time) than the term disclosed in the SPDS.

As not all loans are repaid on the due date we strongly advise Investors against committing their funds elsewhere until the funds have actually been returned.

Where the Mortgage Investment is a development or construction loan the principal may be recovered progressively as apartments or lots in the development are progressively sold in stages. Where this occurs, we will return the repaid capital to the Unitholders pro rata according to the amount they invested in the relevant stages.

6.7 Payment of Application Moneys

6.7.1 Cheques

Cheques must be made payable to **Guardian Securities Limited - MMF No. 6**. All cheques must be drawn on an Australian authorised deposit taking institution and crossed "not negotiable".

6.7.2 Direct Credit / Electronic Transfer

Applicants wishing to pay by direct credit or electronic transfer should call Guardian Securities on 07 5562 0888 to receive particulars of the Application Moneys Account and other instructions necessary to complete payment. Details are also provided in the Application Form attached to this PDS.

6.8 Acceptance of Application

In the event that an Offer is oversubscribed or does not proceed for any other reason, Guardian has the sole discretion to accept or to decline a 'Consent to Invest' Form, or a portion of funds to be applied via a 'Consent to Invest' Form.

To the extent that your investment application is unsuccessful, all Application Moneys received will remain in the Application Moneys Account and/or returned to you within five (5) business days of notification of unsuccessful investment.

6.9 Investor Statement / Certificate

Investors are issued with an Investment Certificate confirming the amount of their Investment, loan conditions and date received within seven (7) business days of receipt of the 'Consent to Invest' Form and allocation to a specific Mortgage Investment.

6.10 Completion of the Investment Term

On completion of the investment term and/or on repayment of the loan in full or in part by the Borrower, each Sub-Fund Unitholder ceases to be a Unitholder and the proceeds of realisation of the Mortgage Investment, including capital and interest Distributions, are distributed to the Unitholder of that Sub-Fund within thirty (30) business days, unless you instruct Guardian that such funds are to be invested into another Mortgage Investment.

Once again, you will receive a new SPDS and Consent Form prior to allocation to a new Sub-Fund.

6.11 Extension of the Loan Term

Where a Borrower requests that the loan term be extended, Guardian will assess the Borrower's current circumstances and servicing history and if we are of the view that it is appropriate, we may grant an extension of the loan term for a period of up to four (4) months.

Loan extension documents will be executed by the Borrower at the Borrower's cost. Unitholders in the Mortgage Investment will be informed of this decision after the event.

In the event that an extension is sought for a longer period, a new valuation for the Sub-Fund Property will be obtained to ensure that the relevant LVR is maintained and Unitholders will be given the option of agreeing.

Where a Unitholder does not wish to participate in the further extension, Guardian will attempt to replace the Unitholder. However, if no replacement can be found the loan extension will not be granted.

All loans, Borrowers and projects are monitored closely and Investors are advised of any changes in the status of the loan conditions. A contributory mortgage investment will last as long as it takes to receive or recover the investment from the Borrower at the end of the loan term and/or the sale of the Security Property in the case of default.

Guardian strongly advises Investors against committing their funds elsewhere until the funds have actually been returned.

6.12 What return will I receive on my Investment?

A Contributory Mortgage Investment is designed to provide returns in the form of interest payments calculated at the rate disclosed in the relevant SPDS. The interest rate is negotiated between Guardian and the Borrower and is fixed for the term of the Mortgage Investment (subject to the Borrower incurring a higher interest rate amount).

Past performance is not indicative of future performance.

6.13 Distributions

Interest is usually paid by Borrowers monthly in arrears and as disclosed in Section 5, there may be delays in receiving interest payments if the Borrower does not repay the loan (or the interest) in full within the time stipulated in the lending documentation. Notwithstanding, interest at the higher rate will continue to accrue in this event, although not paid to Guardian, and in these circumstances would not be available for Distribution to Unitholders until recovered from the Borrower.

Distributions of income to Unitholders are calculated monthly in arrears at the same calendar day of each month as the day on which the Mortgage Investment is entered into, except where otherwise disclosed in the relevant SPDS. All Distributions of monthly returns to Unitholders (subject to money being available) are made solely from the income received from Borrowers in respect of that Mortgage Investment. Each Unitholder has an immediate beneficial interest vested absolutely in the net income to the extent of the Unitholder's present entitlement to that share of the net income.

Payments are made by electronic transfer, into the bank account you nominate on the Application Form attached to this PDS. Distributions cannot be paid by cash or cheque. Distributions are taxable in the hands of the Investor. Guardian is not responsible for incorrect bank details provided by Investors. Any changes to the bank details of Investors should be notified in writing as soon as practicable to enable distributions to continue on a regular basis.

Guardian anticipates that Distributions will occur once a month after the interest payments are received from the Borrower. Distributions to Investors will be made in accordance with the Constitution of the Scheme and as outlined in the relevant SPDS. There is no obligation on Guardian to meet or subsidise Distributions to Investors from other assets of the Fund or from other managed investment schemes controlled by Guardian.

Your initial investment capital is available for redemption by you once the Borrower repays the loan in full, within fourteen (14) days of receipt from the Borrower. Not all loans are repaid on the due date. In all cases, interest continues to be payable until the loan is repaid.

6.14 Transfer of a Unitholder's interest in the Fund

No Unitholder can dispose of his or her interest in the Fund except as provided in the Constitution. The Constitution permits the transfer of a Unitholder's interest provided such transfer is in accordance with the Act and is done with the consent of Guardian in its capacity as Responsible Entity of the Fund. In the event that such a request is granted, any cost of transferring the Unitholder's investment will be borne by that Unitholder, as disclosed in Section 7.

6.15 Withdrawal of Investment prior to the Term

A Mortgage Investment by an Investor is made for a fixed term. A Unitholder does not have the right to withdraw from a Mortgage Investment until completion of the Mortgage Investment (that is, the date the Mortgage Investment is repaid in full to Guardian by the Borrower or Guarantor).

Once invested into a Sub-Fund, your monies will be available for withdrawal in the following circumstances:

- (a) Upon the repayment of funds by the Borrower at the expiration of the term of the Sub-Fund; or
- (b) On early repayment of funds by the Borrower; or
- (c) Prior to the expiration of the term of the Sub-Fund at the discretion of Guardian. Guardian will only consider such withdrawal if and when there is available a replacement Member to take your place in the Sub-Fund, and the replacement Member completes all documentation required by Guardian.

You are NOT able to withdraw your funds from a Sub-Fund where the Loan is in default. You may only withdraw your funds subject to the above, once the default has been rectified.

6.16 Reporting to Investors

Investors will be provided with regular updates detailing the progress of their Investment.

Investors will be provided with a tax certificate within fourteen (14) days of receipt of the annual audited accounts of the Fund (generally 30 September) outlining details of their investment and the amount of income earned for the previous financial year.

Investors will also be kept informed of any significant changes in the operations of Guardian that may impact on their Investment.

6.17 Updated Key Investor Information

The information contained in this PDS is current as at the date of this PDS. However, some information can change from time to time. Where required, we will notify investors of material changes to key Updated Information.

Where there is updated information or a material change to the key investor information contained in this PDS we may issue a supplementary, replacement or new PDS. Information that is not materially adverse may be updated and made available at www.guardiansecurities.com.au.

We will also provide you with a regular update on key investor information.

7. FEES & OTHER COSTS

7.1 Consumer advisory warning statement

The warning below is required by law. The fees and other costs associated with investing in the Scheme are described in this section.

DID YOU KNOW

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

For example, total annual fees and costs of 2% of your Scheme balance rather than 1% could reduce your final return by up to 20% over a 30-year period (for example 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 Scheme or your financial advisor.

TO FIND OUT MORE

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

7.2 Fees and Other Costs

The table below shows the fees and other costs that you may be charged in relation to a Mortgage Investment. These fees and costs may be deducted from your money, from the returns on your investment or from the Fund and/or Sub-Fund assets as a whole.

Taxation information is set out at **Section 10** of this PDS.

Amounts shown are inclusive of GST.

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

7.2.1 Fees when your Money moves in and out of the Fund

TYPE OF FEE OR COST	AMOUNT	HOW AND WHEN PAID
<i>Establishment fee</i> The fee to open your investment	Nil while this PDS is in force	N/A
<i>Contribution fee</i>	Nil while this PDS is in force	N/A

TYPE OF FEE OR COST	AMOUNT	HOW AND WHEN PAID
The fee on each amount contributed to your investment - either by you or your employer		
<i>Transfer fee</i> A fee payable to Guardian for transferring your invested funds between Sub-Fund options.	Nil while this PDS is in force	N/A
<i>Withdrawal fee</i> The fee on each amount you take out of your investment	Nil – if that part of the Investment is not invested in a Mortgage Investment. Up to 1.1% - if that part of the Investment is invested in a Mortgage Investment. Guardian has sole discretion to determine whether an Investor may withdraw from the Fund.	Deducted from the Member's investment balance at the time of withdrawal.
<i>Termination fee</i> The fee to close your investment	Nil while this PDS is in force	N/A

7.2.2 Management Costs – The Ongoing Fees and Costs for Managing your Investment

TYPE OF FEE OR COST	AMOUNT	HOW AND WHEN PAID
<i>Management Fees¹</i> The fees and costs for managing your investment and administering the Fund.	This fee is an amount equal to the difference between the interest rate charged to the Borrower and the Distribution Rate paid to Unitholders in a SPDS for that Mortgage Investment. The interest rate differential will not exceed 5.0% at the lower rate of interest.	Our Management Fee is paid monthly from the interest paid by Borrowers <i>after</i> payment of Distributions to investors. Our Management Fee is not deducted from the amount you invest. Management Fees may also be deducted from Sub-Fund Assets ² or collected from the Borrower as they pay or as funds become available. <i>Refer to 'Management Fee' in the 'Additional Explanation of Fees and Costs' section below for further details.</i>

¹ The amounts shown are necessarily estimates only of management costs. Actual amounts will differ from this estimate.

² Sub-Fund Assets consist of the Security Property, money deposited in the Applications Trust Account on behalf of the Sub-Fund, plus rights against property, Borrowers, Guarantors, and others.

OTHER EXPENSES	AMOUNT	HOW AND WHEN PAID
<p><i>Scheme Operating Expenses</i></p> <p>The fees and costs associated with the operation and administration of the Fund which are to be reimbursed to the Responsible Entity, or paid directly to service providers including, but not limited to, costs associated with registry, tax, custodian, valuation, accounting, legal and audit.</p>	N/A	<p>Guardian pays these costs from the management fees it receives from the Borrower.</p> <p>Guardian does not separately charge these fees and costs to Investors.</p>
SERVICE FEES		
<p><i>Investment switching fee</i></p> <p>The fee for changing investment options</p>	Nil	N/A
<p><i>Adviser service fee</i></p> <p>A fee or commission payable to advisers or parties who introduce Investors to the Fund.</p>	Negotiable	Any fee or commission payable is subject to negotiation and payable by Guardian out of its Management Fees at settlement of the Investment Mortgage in which Investors funds are allocated.

7.2.3 Example of annual fees and costs

The following table gives an example of how the fees and costs of the Fund can affect your investment over a one (1) year period. You should use this table to compare this product with other managed investment products.

EXAMPLE – Master Mortgage Fund No. 6		BALANCE OF \$50,000 WITH A CONTRIBUTION OF \$5,000 DURING YEAR
Contribution Fees	Nil	For every additional \$5,000 you put in, you will be charged \$0.00.
PLUS Management Costs	Up to 5.00%	And , for every \$50,000 you have in the Scheme you will be charged \$0.00 each year (our Management Fee is <u>paid by the Borrower</u>).
EQUALS Cost of Scheme		<p>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 of \$0.00.</p> <p><i>What it costs you will depend on the investment option you choose and the fees you negotiate with your Fund or financial adviser.</i></p>

1. Additional fees may apply. If, with our approval, you leave the Fund early prior to completion of the Mortgage Investment in which you are invested, you may also be charged an early withdrawal fee of up to 1.1% of the amount withdrawn (\$110 for every \$1,000 you withdraw).
2. It is a requirement of the Corporations Regulations that the above example assumes a balance of \$50,000 and an additional contribution of \$5,000.
3. This example does not include any additional fees that your financial adviser may charge you.

7.2.4 Additional Explanation of Fees & Costs

(a) Management Costs

This is the fee payable to us for managing the Fund's loans. Typically, these fees are paid from the interest paid by the Borrower or otherwise deducted from the income and assets of a Sub-Fund and are not deducted from the amount you invest.

(b) Fund Operating Costs

We are entitled to be reimbursed for expenses and costs incurred in the proper management of the Fund as Responsible Entity. Typically, these fees are paid from the interest paid by the Borrower or otherwise deducted from the income and assets of a Sub-Fund and are not deducted from the amount you invest.

These disbursements and expenses include matters, such as:

- (a) all costs, charges and expenses incurred in connection with the acquisition, maintenance, improvement, custody, transfer, financing or disposal of the assets, including commissions, procuration fees, brokerage, legal fees, taxes, bank charges and stamp duty;
- (b) all taxes (save those payable in respect of the income of the re) whether payable or which may become payable in respect of the Fund;
- (c) fees and expenses of any approved valuer and of any expert;
- (d) the costs of convening and holding any meeting of Investors;
- (e) costs incurred by the Responsible Entity in taking necessary action in respect of any monies lent by it;
- (f) insurance premiums involved in insuring any asset, professional indemnity insurance or other cover deemed required by the re;
- (g) all other costs and disbursements and outgoings in connection with the management and administration of the assets and the performance of the functions and duties of the re under the Constitution;
- (h) all costs, charges and expenses associated with the establishment and maintenance of the compliance plan, compliance committee and a dispute resolution service for the fund; and
- (i) all costs, charges and expenses (including legal, accounting, tax, financial and other services) of establishing the constitution including all costs of preparation, execution and stamping of this constitution and any constitution supplemental thereto, and including the preparation, due diligence, registration, promotion and distribution of the PDS or supplementary PDS, and the preparation, registration, distribution, due diligence and promotion of any other document prepared in respect of the constitution, or the Fund.

A full list of disbursements are detailed in the Constitution of the Fund.

For example: upon prompt payment by the Borrower, if the interest rate charged to the Borrower is 12.00%, and the Distribution is 9.00%, then the Management Fee will be 3.00% per annum (\$30.00 per \$1,000 invested).

(c) **Other Fees**

We receive fees from the Borrower under a Mortgage Investment for operational and transactional costs associated with the formation and management of the loan in respect of that Mortgage Investment. Such other fees are usually paid by the Borrower to Guardian upon repayment of the loan.

These fees are payable by the Borrower and are not paid from the amount you invest.

Such fees and costs payable to Guardian include and are defined in the Constitution:

EXPLANATION OF FEE / COST	AMOUNT
<p><i>Loan Establishment Fee</i></p> <p>A fee payable to Guardian to establish the loan.</p> <p>Such fees are generally calculated as a percentage of the total Loan value and paid by the Borrower.</p>	<p>Up to 4.4% inc. GST of the loan value payable on approval of the Loan by Guardian and acceptance by the Borrower.</p> <p>Introduction fees and other costs are payable by Guardian out of proceeds from fees received from the Borrower.</p>
<p><i>Loan Management Fee</i></p> <p>A fee payable to Guardian by the Borrower for the general administration and management of the loan.</p> <p>Such fees are generally calculated as a percentage of the total loan amount.</p>	<p>Up to 3.3% inc. GST of the loan value payable on approval of the loan by Guardian and acceptance by the Borrower.</p>
<p><i>Early Repayment Fee</i></p> <p>A fee payable by the Borrower if a loan is fully repaid prior to loan maturity.</p>	<p>An early repayment fee may be payable by the Borrower and will be retained by Guardian.</p> <p>Generally this will not exceed two (2) months interest at the lower rate.</p>
<p><i>Expense Recoveries</i></p> <p>Expenses related to the arrangement of the loan including but not limited to valuation costs, legal fees, searches and other professional charges.</p>	<p>The Borrower is required to reimburse Guardian for any costs related to the arrangement of the loan.</p>
<p><i>Interest</i></p> <p>Loans to Borrowers will be at a rate of interest (not exceeding 5.0%) above the interest rate paid to Investors.</p>	<p>On a loan of \$100,000 the interest differential may be up to \$5,000 per annum.</p>

The difference between the amount Guardian receives in interest payments on a loan from a Borrower and the interest payments payable to Investors is applied to payment of Management Fees.	
<p><i>Default Interest</i></p> <p>Each loan is structured so that the Borrower must pay a higher interest rate on the loan and when they comply with the terms of the loan a lower interest rate will apply. Generally the difference between the higher rate of interest and the lower rate of interest is 5% per annum.</p>	<p>If the Borrower is in default the higher rate of interest will apply.</p> <p>On a loan of \$100,000, the higher interest charge will be \$5,000 per annum. The default interest charge is payable to Guardian to offset increased administration and recovery costs.</p>
<p><i>Removal, Retirement or Replacement as Responsible Entity of the Scheme</i></p> <p>Costs associated with replacing the existing Responsible Entity with a new Responsible Entity</p>	<p>Under the Constitution, Guardian is entitled to a fee equal to 2.0% of the total value of the loans under management at the time of its removal, retirement or replacement as the Responsible Entity of the Fund (other than as a result of a determination by ASIC or an Australian Court, or an acknowledgement by us, of gross negligence in the management of the Fund or a material fiduciary breach), calculated as at the date that the Responsible Entity facilitates the transfer of the Fund to another Responsible Entity (the New Responsible Entity).</p>

As these costs outlined in 7.2.4(c) are paid directly by Borrowers to Guardian in its personal capacity, they do not reduce the rate of return that Unitholders receive on their funds invested.

In the event that the fees charged to a Borrower in relation to a particular Sub-Fund differ from those above, or where additional fees are charged to the Borrower, the fees will be disclosed in the SPDS for the particular Sub-Fund.

(d) **GST and stamp duty**

All fees stated in this PDS exclude (if applicable):

- (i) GST less any Reduced Input Tax Credits (**RITC**); and
- (ii) stamp duty.

Unless otherwise stated, all fees and charges are shown inclusive of GST net of any available RITCs. The management fees are based on the GST rate (currently 10%) however this estimate may vary from time to time depending on a variety of factors including the types of fees and costs paid and any changes to the GST rate and the RITC available. See 'Goods and Services Tax' in **Section 10.7**.

Where the Responsible Entity becomes liable to pay GST in respect of its services in relation to the Fund, it may, in the future, recover that amount from the Fund, after deducting any available RITCs.

(e) **Adviser or referral fees**

If you are referred to us by another party, we may, from our own funds, pay that party an adviser fee, subject to the requirements of the law. The payment may be in the form of an upfront payment or an ongoing brokerage fee based on the amount invested. This fee will be disclosed in the SPDS for the Sub-Fund.

(f) **Third Party Payments**

Third party payments are made by Guardian to service providers, mortgage brokers and the authorised representatives of ours. The service providers include inter alia Guardian's legal advisors, panel valuers, auditors, quantity surveyors, engineers, other related property development advisers and the authorised representatives (to the extent permitted by law) who are registered with ASIC.

Where applicable, GST is payable on all fees.

7.2.5 Variation and Waiver of Fees

Guardia reserves its right to waive, rebate or refund any entitlement it may have to fees under the Constitution, this PDS or any relevant SPDS.

7.2.6 Investor Administration

If Guardian is requested by a Unitholder to perform a role outside its normal administration function as contemplated by the Constitution and this PDS, there may be a fee payable for such role. The fee will vary depending on the request by the Unitholder and will be disclosed to the Unitholder before any work is commenced.

8. GUARDIAN SECURITIES OVERVIEW

Guardian Securities Limited is an unlisted public company holding an Australian Financial Services Licence No. 240506. Guardian Securities was established in 2004 to provide the framework for good business practices, underpinned by highly skilled and motivated professionals who actively manage carefully selected and thoroughly investigated investment opportunities to mitigate risks and maximise returns to stakeholders.

Guardian Securities is supported by a board of directors with many years' experience in property transactions, construction and development funding, property syndications, compliance and company directorships. Our Directors have been actively involved in all types of construction and property lending for over 30 years with major financial institutions such as Westpac, Citibank, and St George.

Having funded billions of dollars' worth of property projects for most of the major developers in South East Queensland, our Directors bring this expertise and knowledge to Guardian Securities.

8.1 Previous Investment Offers

Our team have successfully completed a number of Contributory Mortgage schemes, as detailed below, where Investors have been paid their nominated interest as disclosed in the applicable investment offering document along with a return of their original capital investment.

Examples of completed projects funded by Guardian, include:

PROPERTY TYPE	MORTGAGE TYPE	END SALE PRICE	INVESTOR RETURN	LVR	TERM
Residential units	1 st mortgage	\$ 10,800,000	10.0% pa	66%	12 months
Civils on land project	1 st mortgage	\$ 2,500,000	9.5% pa	40%	6 months
Commercial complex	1 st mortgage	\$ 4,080,000	10.0% pa	70%	12 months
Residential units	2 nd mortgage	\$ 16,900,000	20.0% pa	85%	12 months
Mixed use comm./residential	2 nd mortgage	\$ 7,600,000	20.0% pa	80%	12 months
Commercial offices	2 nd mortgage	\$ 23,300,000	14.0% pa	85%	24 months

Past performance is not an indication of future performance or a return of principal or interest to Investors. Investors may lose part or all of their investment in property mortgage schemes due to a decline in real estate values or other risks associated with property construction and development.

8.2 Investment And Lending Diversification

Guardian may approve loans that meet its lending criteria. Our lending criteria does not limit the type or purpose of loans. We expect that loans may be advanced for and secured by:

- Vacant land;
- Improved residential land;
- Development and construction projects;
- Completed commercial, industrial and retail property.

Our lending manual does not restrict the location of the Security Property but the loan portfolio does have a Queensland bias. Details of the Secured Property will be disclosed in the relevant SPDS.

8.3 Security of Investor Funds

Prior to advancing funds to a Borrower, our team undertakes due diligence on the project and the Borrower to ensure that the criteria below (where applicable) is properly satisfied.

We will only approve loans to Borrowers for development projects if these conditions (as appropriate) are met:

A DETAILED LOAN PROPOSAL IS PROVIDED, OUTLINING:	<ul style="list-style-type: none"> ➤ the use of funds required; ➤ proposed repayment schedule; ➤ a detailed risk assessment of the project; ➤ financial information on the Borrower and guarantors; ➤ information on the builder and their capacity to complete the project within time and budget; ➤ sensitivity analysis on the project; ➤ competition in the immediate area; ➤ sales rate and price range of similar individual strata sales; ➤ current status of sales and expressions of interest; ➤ background and experience of the developer; ➤ copies of council approvals and consents.
RECEIPT OF AN INDEPENDENT VALUATION REPORT PREPARED BY A REPUTABLE VALUATION FIRM, ADDRESSING THE FOLLOWING INFORMATION:	<ul style="list-style-type: none"> ➤ An “as is” and “on completion” valuation; ➤ comment on construction costs and timing; ➤ comment on profit margins to ensure that the project can meet projected interest costs and fees; ➤ rate of sale of the individual strata title units; ➤ sale prices and rentals proposed for the project; ➤ and a range of valuation methodologies.
EXECUTION OF THE FOLLOWING DOCUMENTATION BY THE BORROWER/ GUARANTOR ON TERMS ACCEPTABLE TO GUARDIAN:	<ul style="list-style-type: none"> ➤ loan agreement outlining the terms and conditions of the loan; ➤ registered mortgage(s) over the site and improvements; ➤ registered general security agreement over all assets and undertakings of the company Borrower; ➤ deed of guarantee and indemnity from the principal director(s) of the Borrower; ➤ If required, deed of priority from the 1st mortgagee limiting their debt to principal advanced plus outstanding interest and costs.
BUILDING CONTRACT (IF APPLICABLE)	If applicable, receipt of a guaranteed maximum price building contract between the Borrower and a reputable builder on terms acceptable to Guardian. A tripartite agreement will also be taken where required.
SOLICITOR’S CERTIFICATION	Guardian receives from a qualified solicitor a certificate confirming the enforceability of the loan documents. That solicitor must be independent

	of the Borrower and practice in the jurisdiction in which the security property is located.
LETTER OF OFFER	If required, the Borrower receives and accepts a formal Letter of Offer for the senior debt from a major bank or financial institution for an amount and on terms and conditions acceptable to Guardian.

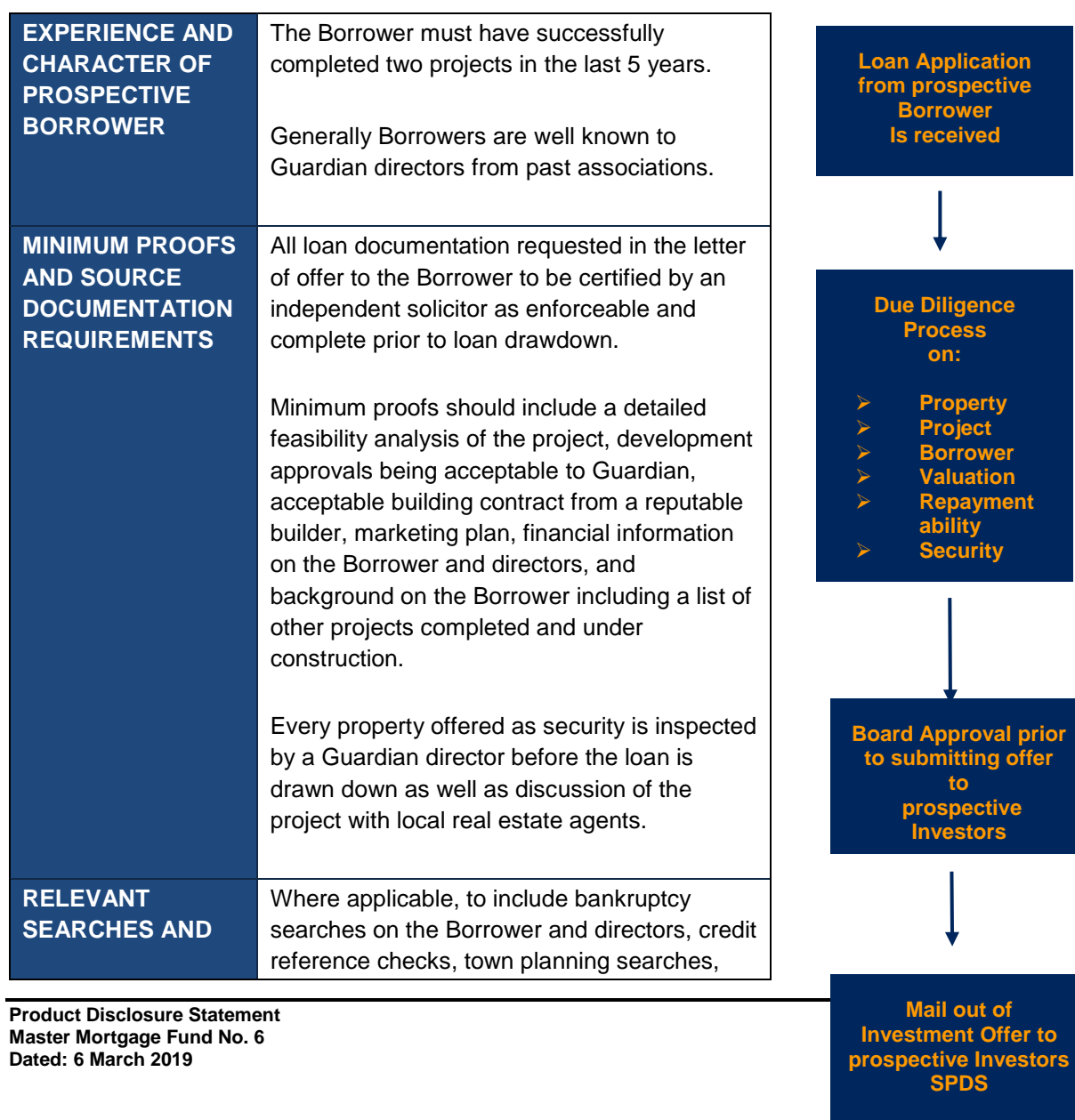
Guardian will only invest some or all of an Investor's funds in a particular Mortgage Investment, if that Investor applies to invest in that Sub-Fund on the 'Consent to Invest' Form accompanying the SPDS in respect of that Mortgage Investment.

If a default under a Mortgage Investment occurs, that default will only have an effect on the return to Investors who have invested in that Sub-Fund and not on any other Investor.

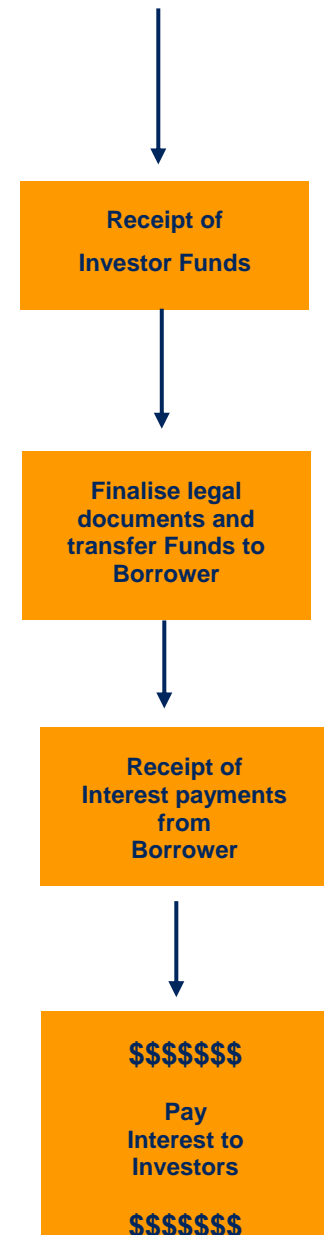
The Investments held in other Mortgage Investments or on trust pending investment in a Mortgage Investment are not available to make up any shortfall or loss on a defaulting mortgage Investment.

8.4 Lending Criteria

The salient issues that form the parameters set out in our lending manual include but are not limited to:



BANKRUPTCY PROOFS	statutory searches, subdivisional approvals, survey and Development Approvals.
CONSTRUCTION DRAWDOWNS	Normal construction funding conditions such as receipt of independent engineers and/or quantity surveyors report confirming costs expensed and cost to complete project will be required before any construction loan advances are made direct to the contractor.
RELEVANT PRESALE REQUIREMENTS	<p>Where considered necessary, all presales to be on at least 5% deposit to arm's length purchasers.</p> <p>Deposit bonds are acceptable and must be from reputable suppliers with at least a 6 month term beyond the proposed completion date of the project.</p>
LOAN TO VALUE RATIOS	<p>For first mortgage construction and development funding, no more than 70% of gross realisation "as if complete" LVR.</p> <p>For all other first mortgage loans, no more than 80% of the current "as is" market value.</p> <p>For second mortgage or mezzanine funding, no more than 80% of gross realisation "as if complete" LVR.</p>
SECURITY REQUIREMENTS	All first and second mortgage funding will be secured by registered mortgages over the property supported by guarantees of directors and fixed and floating charges over the Borrower. Where required a deed of priority from the first mortgagee will also be held as well as caveats and other charges.



LOAN AND PAYMENT TERMS	Generally up to two (2) years with interest payable either monthly, quarterly or annually in arrears or upon completion of the project. In the case of construction loans, the interest may be capitalised into the facility.
PANEL OF VALUERS AND	Only those Valuers and quantity surveyors who are independent of the Borrower, approved by Guardian, and having the

QUANTITY SURVEYORS	<p>necessary skills and qualifications to value the property will be accepted.</p> <p>Valuations cannot be older than ninety (90) days from the loan approval date and must include an analysis of valuation methods, such as discounted cash flows, direct comparison and capitalisation rates.</p>
INSURANCE	<p>All property upon which funds are advanced will be insured with a licensed insurance company. The nature of the insurance cover will depend on whether the property is completed or under construction.</p> <ul style="list-style-type: none"> ➤ If the property is completed - a fire and all risks policy will be obtained. ➤ If the property is under construction - a contractor's all risks policy will be obtained converting to a fire and all risks policy on completion.

Repayment of loan by Borrower from sale of property or refinance

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Repayment of Capital Investment to Investors

9. ABOUT GUARDIAN AS RESPONSIBLE ENTITY

9.1 Responsible Entity - Guardian Securities Limited

Guardian is the Responsible Entity of the Fund and Issuer of this PDS. As Responsible Entity, Guardian is responsible for the day-to-day operation of the Fund in accordance with its AFSL, the Constitution, Compliance Plan and Corporations Act. The directors and senior management of Guardian have considerable experience in the evaluation of development project feasibility, funds management, mortgage lending, finance, banking, property development and accounting.

9.2 Directors of the Responsible Entity

Our Board currently comprises a total of three directors, Guy Hasenkam, Christopher Wilson & Errol Jackson. The Board sets the strategic direction of the Fund and has ultimate responsibility for the performance of the Fund. The Board seeks to create Investor value and ensure that Investors' investments in the Fund are prudently managed.

For more information about us please visit our website: www.guardiansecurities.com.au.

9.2.1 Guy Hasenkam - Managing Director

Guy has had many years' experience in banking, property syndication, equity raising, property development, funding, and company directorships. Guy was State Manager Property for Advance Bank (now St George) with a loan portfolio in excess of \$400M and 13 staff. He has had many years' experience in funding large scale property projects in south east Queensland.

Guy is a Fellow of both the Australian Institute of Company Directors and the Financial Services Institute of Australasia and holds a Diploma in Financial Advising. He is also a member of the Urban Development Institute of Australia and is a licenced real estate salesperson in Queensland.

9.2.2 Christopher Wilson - Director

Christopher has a Bachelor of Business (accounting & computing). He is an experienced financial management professional with in excess of twenty-five years' managerial and commercial experience in a wide range of disciplines. During his career Christopher has developed and implemented a number of managed investment schemes.

Christopher has been a director on multiple companies and has held position as general manager, compliance officer, finance director and financial controller, responsible manager for both AFS Licences and Credit Licences.

9.2.3 Errol Jackson - Director

Errol is a qualified accountant and has a Bachelor of Commerce (accounting major) and is a former member of the professional accounting bodies in Australia. He has been an accountant for more than 30 years commencing his professional career with a major international accounting firm as a senior manager assisting partners with significant exposure in the areas of corporate governance, taxation, restructuring, audit and risk management.

Errol has also held positions as finance manager and financial controller of a diverse range of industry segment, including property development and construction, transport logistics and manufacturing. He also has extensive knowledge of the operational structures and compliance regimes of managed investment schemes.

9.3 Duties of the Responsible Entity

Guardian is subject to a number of duties under the Corporations Act and the Constitution. For example, in exercising its powers and carrying out its duties, the Responsible Entity must:

- (a) act honestly;
- (b) exercise the degree of care and diligence that a reasonable person would exercise if they were in the Responsible Entity's position;
- (c) act in the best interests of the Investors and, if there is a conflict between the Investors' interests and the Responsible Entity's own interests, give priority to the Investors' interests;
- (d) treat Investors of the same class equally and Investors of different classes fairly;
- (e) ensure that the Fund's assets are:
- (f) clearly identified as Fund assets; and
- (g) held separately from property of the Responsible Entity and the property of any other managed investments scheme;
- (h) receive all Fund monies and deposit these into a designated bank account held by the Custodian; and
- (i) arrange annual audit of the Fund's financial accounts within ninety (90) days of financial year end.

9.4 Indemnity of the Responsible Entity

Subject to the Corporations Act, the Responsible Entity is entitled to be indemnified out of the Fund's assets for all debts, liabilities, damages, costs, taxes, charges, expenses and outgoings incurred by it in the proper performance of its functions and duties and exercising its powers under the Constitution or at law. However, this indemnity does not apply to debts, liabilities, damages, costs, taxes, charges, expenses or outgoings incurred or payable in respect of or as a result of the negligence, fraud, or breach of trust of or by the Responsible Entity.

9.5 Constitution

The Fund was established by its original Constitution dated 12 May 2005 which has been lodged with ASIC and has been amended from time to time.

The Constitution is the primary document governing the legal relationship between Guardian, as Responsible Entity, and investors and provides a framework for the operation of the Fund. As an Investor, you will be bound by the provisions of the Constitution. The Constitution, in conjunction with the Corporations Act, regulates the operation of the Fund and sets out the rights and obligations of investors and our responsibilities and duties as the Responsible Entity.

The following is an outline of the main terms of the Constitution, apart from those provisions which are disclosed elsewhere in this PDS. Capitalised terms in this section, not defined in the Glossary, have the same meaning as in the Constitution:

DURATION OF SCHEME	80 years or until wound up by the Manager.
ASSETS OF THE SCHEME	The Manager declares that it holds and will at all times hold assets on trust for Investors of the Scheme subject to the terms and conditions contained in the Constitution.

CONSTITUTION IS BINDING ON THE PARTIES	The Constitution operates as a deed and is binding on Guardian and each Investor and all persons claiming through them as if they were parties to this Constitution, and each Applicant by signing the Application, acknowledges being so bound.
INTEREST OF INVESTORS	Guardian holds the Investor's funds of each Investor on separate trust for that Investor.
EXERCISE OF POWERS OF GUARDIAN	Guardian has extensive powers to manage and deal with the Scheme's assets as if Guardian was the owner of those assets.
ROLE OF GUARDIAN	Please refer to Section 9.1 for more detail.
RETIREMENT, REMOVAL OR LIQUIDATION OF THE RESPONSIBLE ENTITY	The Constitution outlines the manner in which: (a) Guardian may retire; (b) the Investors may remove Guardian; (c) the consequences of a change in Guardian; (d) the winding up of the Scheme.
INDEMNITY	Subject to the Corporations Act, Guardian is indemnified out of the Scheme's assets for all debts, liabilities, damages, costs, taxes, charges, expenses and outgoings incurred by it in the proper performance of its functions and duties and exercising its powers under the Constitution or at law. This indemnity does not apply to debts, liabilities, damages, costs, taxes, charges, expenses or outgoings incurred or payable in respect of or as a result of the negligence of, fraud of, or breach of trust by Guardian.
LIABILITIES OF INVESTORS	The liability of Investors is limited to their Investment in the Scheme.
GENERAL RIGHTS OF INVESTORS	The Constitution otherwise includes provisions dealing with the general rights of Investors in the Scheme and the rights of Investors to receive notice, attend and vote at meetings of Investors.
INTERESTED DEALINGS BY GUARDIAN	The Constitution does not, other than subject to the Act prevent Guardian (or any succeeding Responsible Entity of the Scheme) from:— (a) being interested in any contract or transaction with itself (as Responsible Entity of the Scheme or in another capacity) or as Investor, including any contract or transaction involving the sale of property by the Scheme or the purchase of property by the Scheme, (b) acting in the same or similar capacity in relation to any other managed investment Scheme; or (c) holding Interests in the Scheme in any capacity.

We may amend the Constitution without investor consent where we reasonably believe the amendment will not adversely affect investors' rights. Otherwise, the Constitution can only be amended where at least 75% of votes cast by investors (at a meeting convened in accordance with the Constitution and the Corporations Act) vote in favour of the amendment (**Special Resolution**).

A copy of the latest Constitution may be obtained by searching ASIC records or by contacting us by phone on +61 7 5562 0888 or email at info@guardiansecurities.com.au.

9.6 Investor Meetings

Under the Constitution, the Responsible Entity of the Fund must call and arrange to hold an Investor Meeting to consider and vote on a proposed special or extraordinary resolution on the request of:

- (i) Investors with at least 5% of the votes that may be cast on the resolution; or
- (ii) at least 100 Investors who are entitled to vote on the resolution.

The request by the Investors must be in writing; state any resolution to be proposed at the meeting; and be signed by the Investors proposing to move the resolution. The Responsible Entity must call the meeting within twenty-one (21) days after the request is given to it. The meeting must be held not later than two (2) months after the request is given to the Responsible Entity.

A Member who is entitled to attend and cast a vote at a meeting of Investors may appoint a person as the Member's proxy to attend and vote for the Member at the meeting. Under the Constitution, Investors may elect to remove the Manager as Responsible Entity of the Scheme by holding an Investors' meeting in line with *section 601FM* of the Corporations Act.

9.7 Compliance Plan

Guardian, as Responsible Entity, has prepared a Compliance Plan which has been lodged with ASIC. The Compliance Plan is a document that outlines the principles and procedures in relation to the conduct of the Fund that we follow to ensure we comply in all respects with our Australian Financial Services Licence (AFSL 240506), with the provisions of the Corporations Act, ASIC policies and the Constitution.

The Compliance Plan deals with a wide range of issues including, but not limited to, the following:

- (a) the establishment of the Compliance Committee;
- (b) the appointment of an auditor for the Scheme;
- (c) the appointment of an auditor of the Compliance Plan;
- (d) having a documented valuation policy in place;
- (e) having a documented dispute resolution process in place, including being a member of an external dispute resolution service approved by ASIC; and
- (f) the Responsible Entity is required to maintain adequate records and systems including in relation to the acceptance of applications, income distribution, accounting, record keeping, monitoring external service providers and risk management.

Each year, adherence to the Compliance Plan is audited by an external Compliance Plan auditor and the audit report is lodged with ASIC.

The Compliance Plan is available for inspection at the offices of Guardian Securities Limited. Alternatively, a copy of the Compliance Plan can be made available to you, free of charge, upon request by contacting us by phone on +61 7 5562 0888 or email at info@guardiansecurities.com.au.

9.8 Compliance Committee

In accordance with the Corporations Act, we have appointed a Compliance Committee, which consists of two external committee members being independent of the Board and one internal member. The Compliance Committee is responsible for monitoring our compliance program to ensure we adhere to the Compliance Plan.

The functions of the Compliance Committee include:

- (a) assessing the adequacy of the Compliance Plan and recommending any changes; and
- (b) monitoring compliance with the Compliance Plan and report the findings to Guardian.

9.9 Compliance Audits

External audits of the accounts of Guardian, the Fund's accounts and the Compliance Plan, are performed annually. PKF Chartered Accountants & Business Advisors Gold Coast (**PKF**) has been appointed as Auditors of Guardian Securities Limited and as at the date of this PDS, PKF are the auditors of the Fund and the Compliance Plan.

PKF are required to audit the annual financial report of the Responsible Entity, the Fund and the Compliance Plan:

- (a) on an annual basis; and
- (b) on winding-up of the Fund

These financial accounts are generally lodged with ASIC within ninety (90) days of fiscal year end.

9.10 Net Tangible Assets

Guardian is required under its AFSL to hold minimum net tangible assets (**NTA**) being the greater of:

- \$150,000;
- 0.5% of the average value of scheme property (capped at \$5 million); or
- 10% of the average Responsible Entities revenue (uncapped),

The net tangible assets of Guardian is disclosed in our Annual Reports and our level of net tangible assets is monitored on a monthly basis.

9.11 Insurance

Guardian must maintain adequate professional indemnity compensation arrangements at all times in accordance with our AFSL. To meet these requirements, we have in place a primary comprehensive insurance policy for \$5,000,000 which covers professional indemnity, directors' and officers' liability and crime.

9.12 Conflict of Interest

Where there is a conflict of interest for a member of the Board or senior management or the potential for a perception of a conflict of interest, the Director or manager concerned will not participate in the investment decision.

9.13 Documents Available for Inspection

Copies of the following documents are available for inspection during normal office hours at our registered office:

- (a) Constitution;
- (b) Compliance plan;
- (c) pro-forma letters of offer;
- (d) Auditor's report on the compliance plan;
- (e) most recent financial statement of Guardian; and
- (f) most recent financial statements for the Fund.

10. TAXATION

10.1 General Information Only

Investing in a registered managed investment scheme is likely to have tax consequences. The Fund is a conventional unit trust that Guardian believes will allow for a flow through of tax benefits to Unitholders. This means that each Unitholders will be taxed upon their proportional share of the net income of the Fund derived through the Sub-Fund into which their funds are allocated.

We are of the view that the Fund will not be taxed as a company pursuant to the provisions of Division 6C of the *Income Tax Assessment Act (Cth)* 1936 provided the Fund limits the nature of its transactions to those outlined in this PDS.

However, it is noted that taxation laws can change at any time, which may have adverse taxation consequences for Unitholders concerned. It is recommended that Unitholders seek their own professional advice, specific to their own circumstances, of the taxation implications of investing in the Fund as taxation treatments may differ according to individual circumstances and may change from time to time.

10.2 Distributions

Under current legislation the Fund will not be subject to taxation provided its taxable income (including assessable realised capital gains) is distributed in full to investors.

The Fund will fully distribute its distributable income, calculated in accordance with the Constitution and applicable taxation legislation, to investors who are entitled to the income under the Constitution.

Should realised capital losses arise, they are not distributed to investors but are retained in the Fund to be offset against any future realised capital gains.

10.3 Income Tax

You may be liable to pay income tax on Distributions received from the Fund depending on your total level taxable income and your income tax rate.

The tax impact for you in relation to Distributions from the Fund will depend on:

- (a) your personal tax position;
- (b) your marginal tax rate; and
- (c) the composition of the Distribution, i.e. the proportion of income or tax offsets making up the Distribution.

We will send you an annual statement indicating the taxable and non-taxable component of Distributions (including any tax offsets) for the financial year, to assist in the preparation of your income tax return.

10.4 Superannuation Schemes

As any loans will be in the name of Guardian, Unitholders are not deemed to be lending in their own name. This means, under current law, that an investment in the Fund is an eligible investment for superannuation schemes, subject to the terms of the superannuation scheme's constitution and the rules applying to superannuation schemes in general.

10.5 Tax File Numbers and Australian Business Numbers

The Fund Application Form requests that Unitholders supply their Tax File Number (**TFN**). If a TFN is not supplied, or appropriate TFN exemption information is not provided, tax will be deducted from Distributions at the highest marginal rate plus the Medicare levy.

In the case of an Investor applying for Units in the course of carrying on an enterprise, it may be appropriate to quote an Australian Business Number (**ABN**) instead of a TFN. You should seek expert advice if you think this situation applies to you.

10.6 Non-residents

An Investor who quotes an overseas address will be treated by the Scheme as a non-resident for Australian tax purposes. Non-resident Unitholders are subject to withholding tax and non-resident income tax deductions in proportion to any Distributions made. It is recommended that non-resident Unitholders seek their own tax advice in relation to their taxation position.

10.7 Goods and Services Tax (GST)

Fees and expenses incurred by the Fund, such as management costs, will generally attract Goods and Services Tax (**GST**) at the rate of 10%. Given the nature of the Fund's activities, the Fund will generally not be entitled to claim input tax credits for the full amount of the GST incurred. However, Reduced Input Tax Credits (**RITCs**) should be available for the GST paid on the expenses incurred by the Fund. Where RITCs are available, the prescribed rate is currently 55% or 75% depending on the nature of the fee or cost incurred.

GST will be charged on, or incorporated into, various expenses and disbursements paid by AMFL. The amount of any GST deduction is set out in the investor's annual statement which may be treated as a tax invoice. GST registered eligible investors may be able to claim back part or all of the GST paid.

GST applies to fees and charges only. No GST is payable on any Application for Units or on the sale or redemption of Units. No GST is payable on any Distributions.

10.8 Capital Gains Tax

There should be no capital gains tax liabilities for investors as the capital Distribution returned to investors will generally equal the amount initially invested, except if the Fund suffers a loss.

10.9 Transfer Duty

Depending on the application of relevant State and Territory laws, transfer duty may be payable upon a transfer of Units. Investors should seek professional advice in relation to the application of transfer duty prior to transferring Units.

10.10 Accounts and Audit

Guardian must keep proper books of accounts for the Fund to enable true and accurate accounts of the Fund to be kept and audited by the nominated auditor.

11. ADDITIONAL INFORMATION

11.1 Summary

Guardian is experienced in Contributory Mortgage Scheme investment. Its qualified team has a depth of knowledge that has allowed this business to operate successfully since 2004.

All investments in property involve varying degrees of risk and are influenced by multiple factors, many of which are beyond the control of Guardian. As in all investments, the underlying assets of a Sub-Fund will be subject to unforeseen shifts arising from variations in the economic climate at a particular period of time. You should consult your business adviser, financial planner, accountant or such other expert as you may deem fit to ensure that your investment is in compliance with your needs and meets with your investment criteria.

It is important to note that should you have any queries, uncertainty or lack of understanding in relation to any matter contained in this PDS, the Sub-Fund SPDS, the Fund or a Sub-Fund you should seek clarification from your own legal, property, valuation, financial or accounting advisers.

11.2 Nature of Investment

The Fund is a unit trust established by the Constitution. When you invest in the Fund you acquire Units that, at the time of acquisition under this PDS, are priced at \$1.00 each. Your investment in the Fund entitles you to share in the income generated by your particular Sub-Fund.

11.3 Applications and Application Monies

This PDS invites Investors to invest in the Fund. Once an application to invest in the Fund is accepted, the investment will be held in an interest bearing Application Moneys Account. Upon approval of a specific Mortgage Investment, Guardian issues a SPDS in respect of that Mortgage Investment.

The SPDS provides details of the Mortgage Investment on Offer and invites Investors to invest a nominated amount of their investment monies into that Mortgage Investment.

Guardian will not invest any Investment in a specific mortgage Investment until the Investor has applied to do so on the "Consent to Invest" Form' attached to the applicable SPDS.

11.4 Interests Requiring Disclosure

GSL Services Pty Ltd ACN 124 411 329 provides services to the Fund for which it receives fees on normal commercial terms.

One of our Directors have a beneficial interest in Guardian and will benefit from any fees derived by it through dividends as shareholders in Guardian. These fees derived by Guardian are payable by the Fund from the fees disclosed in Section 7 and are not separately recoverable.

11.5 Distribution Account Details

Distributions will be paid to you by direct electronic transfer to your bank account. Please ensure that the bank and account details you provide to us on your Application Form are correct.

Your BSB Number is a six digit number which identifies your financial institution and branch. If unsure, please contact your financial institution to confirm the correct number.

11.6 Investors' Liability

The Constitution seeks to limit the liability of investors to the amount of their investment plus other monies payable to us or the Scheme pursuant to the Constitution (if any). However, because this is a matter which can only ultimately be determined by the courts, no assurance or guarantee is given that investors' liability will be limited in this manner.

11.7 Privacy Statement

Guardian has a Board approved privacy policy which details the manner in which Guardian collects and manages personal information in accordance with its policy, the Privacy Act 1988 (Cth) and the Australian Privacy Principles. The privacy of your personal information is important to us. The purpose of collecting your information on the Application Form is to process your application and manage your investment in the Fund.

If you use a financial adviser who recommended you invest in the Fund, details of your investment will be provided to your financial adviser. All personal information collected will be collected, used and stored by us in accordance with our privacy policy, a copy of which is available on request.

From time to time, we may wish to advise you about other services and products which could suit your needs. By making an application, you agree that we may disclose your personal information to other corporations specifically, but not solely, for marketing purposes.

However, if you do not want this information to be used for this purpose, you must exercise your right to instruct us not to disclose any details concerning your personal information. You may do this by ticking the 'non-disclosure' box on the Application Form.

If you tick the 'non-disclosure' box we may still be required to disclose personal information where required by law. You are entitled to request reasonable access to your personal information. We reserve the right to charge an administration fee for collating the information requested.

For a copy of our privacy policy, please visit our website at www.guardiansecurities.com.au.

11.8 Foreign Account Tax Compliance Act and Common Reporting Standard

The Fund is required to collect and report financial account information about US tax residents or certain entities that have US controlling persons to the Australian Taxation Office (ATO). This information may be forwarded by the ATO onto the US Internal Revenue Service.

The Fund is also required to separately collect and report financial account information for all non-resident investors and certain entities with non-resident controlling persons under the Common Reporting Standard (CRS) to the ATO. CRS applies from 1 July 2017. The ATO may exchange this information with the participating foreign tax authorities of those non-residents.

To assist us in complying with these obligations, we may request certain information from you.

11.9 Anti-Money Laundering and Counter- Terrorism Financing

In making the offer contained in this PDS and in operating the Fund, Guardian is required to comply with the Anti-Money Laundering and Counter-Terrorism Financing (AML/CTF) legislation. This means that Guardian will require investors to provide personal information and documentation in relation to their identity when they

invest in the Fund. Guardian may need to obtain additional information and documentation from an investor to process their application or subsequent transactions or at other times during their investment.

Guardian needs to identify an investor (including all investor types noted on the application form), an investor's legal representative or anyone acting on the investor's behalf (including under a power of attorney), prior to the issue or transfer of units in the Fund. Guardian cannot issue units until all relevant information has been received and an investor's identity has been satisfactorily verified, and in these circumstances we will not be liable for any resulting loss.

In some circumstances, Guardian may need to re-verify this information.

Guardian may be required to disclose this information to the Australian Transaction Reports and Analysis Centre (**AUSTRAC**) or other government bodies. Guardian may be prohibited from informing you of such disclosure.

By applying to invest in the Fund, investors also acknowledge that Guardian may decide to delay or refuse any request or transaction, including by suspending the issue, transfer or withdrawal of units in the Fund, if it is concerned that the request or transaction may breach any obligation of, or cause Guardian to commit or participate in an offence under AML/CTF legislation. Guardian will incur no liability to any investor if it does so.

11.10 Correspondence

All correspondence will only be addressed to the person and address stated on the Application Form. For joint applicants, please specify the applicant and relevant postal address you would like all correspondence to be mailed to.

11.11 Complaints Handling

The Constitution sets out the procedure by which Guardian is to receive, consider, investigate and respond to complaints by Investors who are dissatisfied with the management or administration of the Fund.

If Investors wish to make a complaint, Guardian can be contacted via:

Email: info@guardiansecurities.com.au
Phone: +61 7 5562 0888

In writing: The Compliance Officer
Guardian Securities Limited
Level 4 / Suite 45
58 Riverwalk Avenue
ROBINA QLD 4226
AUSTRALIA

Guardian will acknowledge any complaint in writing immediately.

Guardian will within forty-five (45) days investigate, properly consider and decide what action (if any) to take or offer regarding the complaint and communicate its decision to the investor.

Guardian may, at its discretion, give any of the following remedies to a complainant:

- (a) information and explanation regarding the circumstances giving rise to the complaint;

- (b) an apology;
- (c) compensation for loss incurred by the investor as a direct result of the breach (if any); and/or
- (d) other such remedies as Guardian considers appropriate.

If the investor is dissatisfied with the decision made by Guardian, the investor may refer the complaint to the Australian Financial Complaints Authority (**AFCA**), an external complaints resolution scheme of which Guardian is a member, at the address set out below:

Australian Financial Complaints Authority
GPO Box 3
MELBOURNE VIC 3001
AUSTRALIA

Alternatively, further information is available by contacting AFCA on:

Phone: 1800 931 678
Website: www.afca.org.au
Email: info@afc.org.au

11.12 Consents

11.12.1 PKF Chartered Accountants & Business Advisers

PKF Chartered Accountants & Business Advisers (**PKF**) has given its written consent to being named in the PDS as auditor for the Fund in the form and context in which it is named and has not withdrawn its consent prior to the issue of this PDS. PKF does not make any statement, actual or implied, in this PDS, nor is a statement in this PDS based on a statement made by PKF. PKF has not authorised or caused the issue of any part of this PDS and take no responsibility for any part of this PDS.

11.12.2 AETP Law

AETP Law Pty Ltd has given its written consent to being named in this PDS as legal advisor to the Fund in the form and context in which it is named and has not withdrawn that consent prior to the issue of this PDS. AETP Law Pty Ltd has not authorised or caused the issue of any part of this PDS and takes no responsibility for any part of this PDS.

11.13 Directors' Authorisation

Each Director of Guardian has given and has not, at the date of this PDS, withdrawn their written consent to the issue of this PDS.

This PDS is issued by **Guardian Securities Limited ACN 106 187 731**. The Directors have consented to, and authorised, the issue of this Product Disclosure Statement. Its issue was authorised by a resolution of the Directors. The Directors of Guardian have not become aware of any circumstances which have or will materially affect Guardian's trading and profitability or the value of its assets and liabilities.

The Directors believe that Guardian is in a position to meet its statutory and commercial commitments as they fall due. The maintenance of Net Tangible Assets levels, as required by the Act, is part of Guardian's financial management, which remains under constant compliance monitoring.

Signed on behalf of the Directors dated, all of whom have consented (and have not withdrawn their consent) to the issue of this PDS dated 6 March 2019.



12. DEFINITIONS & GLOSSARY

When reading this PDS terms shown below have the following meanings:

AFSL	Australian Financial Services Licence issued by ASIC
APPLICANT	A person who has applied to become a Member in the Fund by completing the Application Form accompanying this PDS
APPLICATION FORM	A paper or electronic form (as the context requires) attached to, or accompanying, this PDS upon which an Application to become a Member of the Fund may be made
APPLICATION MONEY	All money paid by the Applicant pursuant to this PDS, accepted by Guardian and held by the Guardian in an interest bearing Application Moneys Account
APPLICATION MONEYS ACCOUNT	The interest bearing bank account held by Guardian where your funds will be placed if necessary, before being allocated to a Sub-Fund upon receipt of your Consent Form and described at Section 3.5.
ASIC	Australian Securities and Investment Commission
BOARD	The board of Directors of Guardian
BORROWER	Individuals or corporate entities as the mortgagor identified in the Loan Documents for the relevant Sub-Fund
CLASS OF UNITS	Used interchangeably with Sub-Fund and relates to classes of units that a Unitholder invests which may have different rights to income/capital attached to them.
COMPLIANCE COMMITTEE	The committee responsible for monitoring Guardian's compliance program to ensure Guardian adheres to the Compliance Plan
COMPLIANCE PLAN	The document outlining the principles and procedures that Guardian uses to ensure that it complies with all of its obligations
CORPORATIONS ACT	<i>Corporations Act</i> (Cth) 2001
CORPORATIONS REGULATIONS	<i>Corporations Regulations</i> (Cth) 2001
CONSTITUTION	Constitution dated 12 May 20015 which establishes the Fund, summarised in Section 9.5 of this PDS
CONTRIBUTORY MORTGAGE	Two or more Members registered as mortgagee on a mortgage in a Sub-Fund for their respective contributions
CONSENT FORM	The Consent Form attached to the SPDS, which Guardian must receive from you in order to allocate your funds to a Sub-Fund
DIRECTOR	A director of Guardian, from time to time
DISTRIBUTION	The distributable amount that is distributed to Unitholders in a Sub-Fund
DISTRIBUTION RATES	The rate at which Distributions are made as an annual percentage of the capital invested
FUND	Master Mortgage Fund No. 6 ARSN 114 364 886
GUARANTOR	Individuals or corporate entities as the guarantor identified in the Loan Documents for the relevant Sub-Fund
IMPAIRMENT	A shortfall on the payment of Distributions or the return of Unitholder's capital

INVESTOR, YOU OR YOUR	Any person wishing to become a Member for the purpose of investing in a Sub-Fund
LENDING COMMITTEE	The committee responsible for evaluating loans in accordance with the loan criteria set out in this PDS, the Compliance Plan and the Lending Criteria Manual and comprises of Directors of Guardian
LVR	Loan to value ratio
MEMBER	A person who has signed the Application Form and made a monetary contribution for a current or future Mortgage Investment in the Fund
MORTGAGE INVESTMENT	The loan, secured by a mortgage/caveat, into which a Sub-Fund's capital is invested
NOMINEE MORTGAGE	Mortgage security in a Sub-Fund under the Fund with Guardian identified as mortgagee and holds as trustee for one or more Members identified in a Trust Declaration for a specific Sub-Fund
OFFER	Means the offer of Units made in this PDS, specific details of which are contained in the relevant SPDS
RESPONSIBLE ENTITY, US, WE OUR	Guardian Securities Limited ACN 106 187 731
PDS	The existing product disclosure statement dated 15 November 2013 and this replacement PDS dated 6 March 2019.
'CONSENT TO INVEST' FORM	The application form at the back of a SPDS by which the Member chooses to invest in a specific Sub-Fund
FUND PROPERTY	The funds, investments, assets and any other property derived from the money contributed by Members, but excluding any assets or other property vested directly in the Members
SECURITY PROPERTY	Real estate mortgaged as security for repayment of money due to Members in a Sub-Fund
SUPPLEMENTARY PRODUCT DISCLOSURE STATEMENT	The document that must be read in conjunction with this PDS and which provides specific details of a Sub-Fund Mortgage Investment
SUB-FUND	One of many similar Funds coming under the same umbrella type Contributory Mortgage investment Fund in which individual Members have their interests recorded against the Sub-Fund property in proportion to their monetary contribution in the Sub-Fund
TRUST DECLARATION	A deed by Guardian stating it holds a Nominee Mortgage security on trust for one or more Members identified in a specified Sub-Fund
UNITHOLDER	An investor in a Sub-Fund
UNITS	A subdivision of the beneficial ownership of the assets in a Sub-Fund
UPDATED INFORMATION	Is explained in Section 6.17

13. CORPORATE DIRECTORY

RESPONSIBLE ENTITY AND ISSUER

Guardian Securities Limited ACN 106 187 731 (AFSL: 240506)

Registered Office

Suite 45 HQ@Robina
58 Riverwalk Avenue
ROBINA QLD 4226

Mailing Address

P O Box 170
ROBINA QLD 4226

Contact Details

Phone: 07 5562 0888

Email: info@guardiansecurities.com.au

Website: www.guardiansecurities.com.au

AUDITOR

PKF (Gold Coast)
Level 5
9 Beach Road
SURFERS PARADISE QLD 4217

Contact Details

Phone: 07 5553 1000

Website: <https://pkf.com.au/locations/gold-coast/>

HOW TO INVEST IN THIS FUND

This Product Disclosure Statement along with the associated SPDS contains important information about the Scheme and the Offer. To invest we suggest:

READ	Please read this PDS and any associated SPDS(s) carefully.
CONSIDER	Consider all the risk factors (refer Section 5) and other information concerning the Fund in light of your own particular investment objectives and circumstances.
COMPLETE	Complete the Application Form which is included in this PDS.
SEND	Send a completed Application Form together with payment of your Application Monies to Guardian at the address provided on the Application Form.
IN THE MEANTIME	<p>We will deposit your Application Monies into an interest bearing trust account until you nominate which Mortgage Investment you wish to allocate your funds.</p> <p>Any interest earned on this bank account deposit will be paid to you (less any bank fees) pending drawdown of the applicable loan by the Borrower.</p>
AND FINALLY	When you decide which Mortgage Investment you wish to invest in, send a completed 'Consent to Invest' Form for the applicable SPDS by following the instructions provided.

GUIDE TO COMPLETING THE APPLICATION FORM

The Interests being applied for are interests in a managed investment scheme Master Mortgage Fund No 6 (MMF 6) ARSN 114 364 886 (**Fund**). The Product Disclosure Statement (**PDS**) dated 6 March 2019 which relates to the Fund is issued by the Responsible Entity Guardian Securities Limited ACN 106 187 731 AFSL No 240506.

This Application Form is included in the PDS for Master Mortgage Fund No 6 and contains important information about investing in the Fund. You should read in full the PDS for Master Fund No 6 ARSN 114 364 886 dated 6 March 2019 and any SPDS before applying for interests in the Fund.

ASIC requires that a person who provides access to an electronic Application Form must provide access by the same means and at the same time, to the relevant PDS and SPDS.

If you are in doubt as to how to deal with this Application Form, please contact your accountant, lawyer, stockbroker or other professional adviser or by contacting Guardian on +61 7 5562 0888.

This completed Application Form together with details of the amount you wish to invest in the Fund (either by cheque or electronic transfer) and the required Identification should be forwarded to us at:

P O Box 170

Robina Qld 4226

info@guardiansecurities.com.au

INSTRUCTIONS FOR COMPLETING THE APPLICATION FORM

Please complete all relevant sections of the Application Form in **BLOCK LETTERS** using blue or black ink.

Only legal entities are allowed to invest in the Scheme. Applications must be in the name(s) of natural persons, companies or other legal entities acceptable to the Responsible Entity.

Type of Applicant	Correct	Incorrect	Signatures required
Individual	Fred John Jones	F.J. Jones	Each Applicant
Company	ABC Pty Ltd	ABC P/L ABC Co	Two Directors, a Director and Secretary, or single Director if a sole Director company
Minor	Fred John Jones <Bill Jones>	F.J. Jones	Each Applicant (not a minor)
Trusts	Jane Jones <Jane Jones Family Trust> OR XYZ Pty Ltd <XYZ Family Trust A/C>	Jane Jones Family Trust OR XYZ Trust	Each Trustee
Deceased Estates	Patrick Jones <Est. Fred Jones A/C>	Estate of the Late Fred Jones	Each Executor
Clubs Incorporated Bodies Business Names	Fred Jones and Patrick Jones <Jones Brothers A/C>	ABC Golf Association	Each authorised person
Superannuation Funds	Fred Jones Pty Ltd <Super Fund A/C>	Fred Jones Pty Ltd Superannuation Fund	Each Trustee of the SMSF

Contact Details

Enter your street address – either the residential for natural persons or the registered office for companies. Post office boxes are not acceptable.

Company and super fund/trust investors should provide a contact name. Company investors will also need to provide their principal place of business (if it is different from the registered office).

All communications to Investors from the Responsible Entity will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.

Confidentiality of information

Guardian will not collect any personal information about you unless you provide it to us voluntarily. When you do provide us with personally identifiable information, we will

only use that information to contact you regarding matters which we think you may be interested in.

These details including your email address will not be disclosed to a third party (unless we are legally required to do so) without your written permission.

While we will take every precaution to ensure the confidentiality of all personal information provided to us, we accept no responsibility for any unauthorised access to or dissemination of this information.

Tax File Numbers

Providing Applicants' Tax File Number to the Responsible Entity is not compulsory but tax may be withheld from any distribution at the highest marginal rate if a Tax File Number or Exemption number is not provided.

Applicants' Tax File Numbers or Exemption numbers will only be used for tax-related purposes in accordance with the Income Tax Assessment Act 1936, Income Tax Assessment Act 1997 and Tax Administration Act 1974. It is not an offence to decline to provide a Tax File Number or Exemption number. The collection of Tax File Numbers and Exemption numbers is authorised by taxation legislation.

The Responsible Entity will store all Tax File Numbers and Exemption numbers securely. Access to Investor Tax File Numbers or Exemption numbers is restricted to employees or agents of the Responsible Entity.

Investor Tax File Numbers or Exemption numbers will be securely disposed of when no longer required for administrative or legal purposes.

Application for Interests

Applicants will need to state the dollar amount they intend investing in the Scheme.

Applicants need to attach a cheque made payable to "**Guardian Securities Limited – MMF 6 Application Account**" or transfer funds electronically to:

Bank Name	St George Bank Brisbane
Account Name	Guardian Securities Limited – MMF 6 Applications Account
B/S/B	334-025
Account No.	5528 08577
Reference	Investor name

Applicants must note the cheque details on the Application Form when attaching to the Application Form.

Bank Details

Applicants will need to provide bank details on the Application Form to the Responsible Entity for payment of distributions or interest as they become payable.

Proof of Identity

The Australian Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (**AML/CTF Act**) requires issuers of interests in investment schemes to collect and verify identification information for new investors. These identification obligations apply to the Responsible Entity as the issuer of the Scheme.

You must attach **certified copies** of your identification documents to your Application Form.

Please refer to the information sheets accompanying the Application Form to see what you must provide if you are an individual, a company or a Superannuation Fund or Trust and how it must be certified. Please note that if the Investor is a Superannuation Fund or Trust, identification documents will be required for both the Fund and Trust AND one of the trustees.

The Responsible Entity may be required to disclose personal information to AUSTRAC as the regulator of the Anti-Money Laundering and Counter Terrorism Financing legislation in Australia.



Investor Identification Information Form

If you are investing as:	Documentation required ² : (to accompany return of this completed Application Form)	Application must be in the name of:	Complete Application Form sections: (names are used as examples only)
Individual/s	A certified ¹ copy of <u>one</u> of the following for <u>each</u> applicant: (a) passport; (b) driver's licence; or (c) any other form of photographic identification advised by the Responsible Entity as required.	Full name of Applicant(s) (Unless indicated otherwise, multiple applicants are assumed to apply to hold interests as joint tenants and agree that correspondence be sent only to address specified for first named applicant.)	'Mary Citizen' and 'John Sample Citizen'
A company	Certified ¹ copy of the Certificate of Registration	The name of the company	'ABC Company Pty Ltd'
A trust	Certified ¹ copy of an extract ³ of the trust deed. The extract should include the pages which show the: (a) name of the trust; (b) trustee(s) name(s); and (c) trustee's signature(s) with witness signatures. For corporate trustees a certified copy of the trustee's Certificate of Registration will also be required.	The trustees of the trust ⁴	Natural person(s) as trustee(s) Mary Citizen and John Sample Citizen <as trustee for the Citizen Family Trust> Corporation(s) as trustee(s) XYZ Company Pty Ltd <as trustee for the Citizen Family Trust>
A superannuation fund	Certified ¹ copy of an extract ³ of the trust deed. The extract should include the pages which show the: (a) name of the trust; (b) trustee's name(s); and (c) trustee's signature(s) with witness signatures. For corporate trustees a certified copy of the trustee's Certificate of Registration will also be required.	The trustees of the superannuation fund ⁴	Natural person(s) as trustee(s) Mary Citizen and John Sample <as trustee of the Citizen Superannuation Scheme> Companies XYZ Citizen Pty Ltd <as trustee for the Citizen Pty Ltd Superannuation Scheme>
A partnership	Certified ¹ copy of Partnership Agreement or Certificate of Partnership Registration or Business Name Certificate	The principals of the partnership	Mary Citizen and John Sample Citizen as partners of Sample & Associates

1. A certified copy which is certified as being a true and accurate copy of the original by an Australian Justice of the Peace, a lawyer, police officer, judge, notary public, accountant, Authorised Representative of an AFSL, permanent employee of Australia Post or a medical doctor. Do not send original documents. Certified copies will not be returned to you.
2. Additional documentation may be required in some circumstances.
3. Please do not send us a full trust deed. Only an extract of the deed identifying the trustee(s), the trust name, and the date of execution of deed is required.
4. Applications in the name of a trust, rather than a trustee will not be accepted.

APPLICATION FORM

Issued by Guardian Securities Limited ACN 106 187 731 AFSL No 240506.

FOR INTERESTS IN MASTER MORTGAGE FUND NO 6 ARSN 114 364 886

PRODUCT DISCLOSURE STATEMENT DATED 6 MARCH 2019

Application Form for Master Mortgage Fund No 6 Scheme

I / we wish to apply for interests in the Master Mortgage Fund No 6 Scheme ARSN 114 364 886 and hereby agree to be bound by its Constitution.

1. Type of Investor

Are you applying as:			
<input type="checkbox"/>	Individual Investor (go to Section 2)	<input type="checkbox"/>	A Trust (go to Section 3)
<input type="checkbox"/>	Joint Investors (go to Section 2)	<input type="checkbox"/>	A Company (go to Section 3)
<input type="checkbox"/>	Partnership (go to Section 2)	Self-Managed Superannuation Fund (SMSF) as (see below)	
		<input type="checkbox"/>	Individual Trustee
		<input type="checkbox"/>	Corporate Trustee
		go to Section 2	go to Section 3

2. Individual or Individual Trustee of a Trust or Superannuation Fund

Applicant 1		Individual <input type="checkbox"/>	Joint-2 <input type="checkbox"/>	Partnership <input type="checkbox"/>	Trustee <input type="checkbox"/>
Surname (Mr, Mrs, Ms)					
First Names					
Date of Birth			Tax File Number		
Contact Details (Street Address and a phone number must be supplied as a minimum)					
Street Address					
		State	Post Code		
		Country			
Phone Number			Mobile Number		
Email Address					
Postal Address					
Notices and correspondence will be sent to the postal address if provided or the street address if a postal address is not provided.					

Application Form (continued)
Applicant 2 **Individual** ☐ **Joint-2** ☐ **Partnership** ☐ **Trustee** ☐

Surname (Mr, Mrs, Ms)

First Names

Date of Birth

Tax File Number

Contact Details (Street Address and a phone number must be supplied as a minimum)

Street Address

State

Post Code

Country

Phone Number

Mobile Number

Email Address

Postal
Address

If there are additional account holders please attach details in writing to this Application Form.

3. Name of Company, Corporate Trustee of a Trust or Superannuation Fund

Name of Company or Corporate Trustee

Account designation i.e. name of trustee / superannuation fund

Registered Office

ABN/ACN and / or Tax File Number

Contact Details (Street Address and a phone number must be supplied as a minimum)

Street Address

State

Post Code

Country

Contact Name

Title

Phone Number

Mobile Number

Email Address

Postal Address

4. How would you like to receive your payments?

Interest payments or distributions will be made by credit transfer to your nominated bank account. Please provide details of your bank account below.

Distributions or Interest payments will be made by electronic transfer to the nominated account below:	
Account Name (for interest or distributions - account must bear the name of the Applicant and match the supporting AML-CTF identification documentation supplied)	
Name of Bank or Financial Institution	Address
B/S/B	Account Number

Financial Adviser, Agent or Broker (If applicable)		
Person		Company
Phone Number		Mobile Number
Email Address		
Postal Address		
Stamp	Name	Signature

APPLICATION FORM COMPLETED WITH CORRECT DETAILS

☐

If investing through a Superannuation fund or Trust, has the correct trustee been used?

☐

A cheque for \$ being the Minimum Subscription made out to: "Guardian Securities Limited – MMF 6 Account" is attached.

☐

I have included the correct Anti-money Laundering documentation

- Investing as an individual – Individual ID forms
- Investing as a company – Company ID form
- Super Fund or Trustee – depending on the Trustee

☐

If individual trustees, Anti-money laundering documentation for each Trustee has been included.

☐

If Corporate Trustee – company Anti-money laundering documentation certified copy of the relevant ID for each Investor or Trustee.

Important Notice – This Application Form must be accompanied by the Product Disclosure Statement.

- The offer under this PDS issued and dated 6 March 2019 is available to people receiving the PDS within Australia.
- It is advisable to read the PDS & any SPDS before applying to invest because the PDS & any SPDS may contain important information about Guardian Securities Limited and an Investment in the Fund.
- I/We have read and understood the attached Product Disclosure Statement for Master Mortgage Fund No 6 and agree to be bound by the provisions of the Fund's Constitution and any other additional obligations or restrictions contained in the PDS and any SPDS.
- I/We acknowledge receipt of and have read the Financial Services Guide and the General Warning Statement (if applicable) that applies to the Fund.
- I/We acknowledge the Responsible Entity's privacy policy and acknowledge that it will hold personal information about me/us and will disclose this information to my/our authorised representative in relation to the Investment described in this Application Form.
- I/We acknowledge that Guardian will cease to disclose this personal information if I/we notify Guardian Securities Limited that the authorised representative mentioned above no longer acts on my/our behalf.
- I/We acknowledge that Guardian is not bound to accept my/our application, but may accept it in part or in whole.
- I/We have made an offer to become an Investor in the Fund which cannot be revoked, subject to any cooling-off period.
- I/We confirm that I/we have had opportunity to seek professional advice regarding all aspects of this Investment and have not relied on any statements or representations made by any party (including Guardian Securities Limited and its officers, employees and agents) prior to applying, other than those written representations made in the PDS.
- I/We acknowledge that no company in the Guardian Securities group or its associated entities, its shareholders or directors guarantees the performance of the Fund, the return of my/our capital or any specific rate of return.

SIGNING THE APPLICATION FORM

Identification (AML/CTF Act legislation requirement, see section "Guide to completing the Application Form")	
Has the required supporting documentation been included with this application?	Yes <input type="checkbox"/>
Contact Method Authority (ID questions will be asked for phone instructions and a call back for email and facsimile instructions)	
Instructions from the Applicant can be accepted by phone, email or facsimile	Yes <input type="checkbox"/>
I/we acknowledge and declare that by signing this Application Form I/we have read and understood the attached PDS & any SPDS and where applicable give the declarations, acknowledgements and consents set out in the section "Guide to Completing the Application Form".	
Applicant(s) Signature (Individual, Joint Applicants)	
Print Name	Sign
Date	Position held (for a Company, Trust or Self-Managed Super Fund)
Print Name	Sign
Date	Position held (for a Company, Trust or Self-Managed Super Fund)
Completed Applications - signed original Application Forms and application monies along with certified copies of supporting identification documentation should be sent to the Responsible Entity whose address is shown in the Corporate Directory at: Guardian Securities Limited Suite 45 58 Riverwalk Avenue Robina Qld 4226	

