

SVA DIVERSIFIED IMPACT FUND
Information Memorandum
19 SEPTEMBER 2017



IMPORTANT NOTICES

This Information Memorandum is dated 19 September 2017 (the **IM**) and relates to the issue of ordinary partly-paid units (**Units**) in the **SVA Diversified Impact Fund** (the **Fund**) by SVA Nominees No. 2 Pty Ltd (ACN 167 016 999) (the **Trustee**) in its capacity as trustee for the Fund. The Fund is a closed-end unit trust and is managed by Social Ventures Australia Limited (ACN 100 487 572, AFSL 428865) (**Investment Manager**). The Trustee has been appointed as an authorised representative of the Investment Manager.

Capitalised terms in this IM are defined terms and they are listed in Section 8 (*Glossary*) or defined elsewhere in the IM including in Section 5 (*Key Terms and Dates*).

Wholesale clients and disclosure

This IM is not a prospectus or other disclosure document for the purposes of the Corporations Act and does not include all the information that would be required in such documents. Neither this IM nor any other disclosure document in relation to the Units has been, or will be, lodged with ASIC. The offering of the Units has not been, nor will be, examined or approved by ASIC. The Fund will not be registered under the Corporations Act as a registered management investment scheme and an investor is not provided with the protections given to members in a registered scheme.

The Units are only being offered for issue to Australian residents who are not acquiring interests in the Units through a permanent establishment outside Australia and in circumstances where disclosure to investors under Part 7.9 of the Corporations Act is not required to be made.

The distribution and use of this IM, including any related advertisement or other offering material, and the offer or sale of Units may be restricted by law and intending investors should inform themselves about them and observe any such restrictions. In particular, no action has been taken by any Relevant Party which would permit a public offering of any Units or distribution of this IM in any other jurisdiction.

A person may not (directly or indirectly) offer for issue, subscription or sale, or issue an invitation to subscribe for, or purchase, any Units, nor distribute or publish this IM or any other offering material or advertisement relating to the Units except if the offer or invitation complies with all applicable laws and directives.

Responsibility

The information in this IM has been prepared by the Trustee except for (1) the information on the Private Ancillary Funds (**PAFs**) included in Section 2.4, which have been furnished to the Trustee by the PAFs, and (2) the details of the other persons named in the *Directory* section.

Prospective investors to make independent investment decision and obtain professional advice

This IM contains only summary information concerning the Trustee, the Investment Manager, the Fund and the Units. It should be read in conjunction with the documents which are expressed to be incorporated by reference in it. Refer to Section 7.8 (*Documents incorporated by reference*). The information contained in this IM is not intended to provide the basis of any investment-related or other evaluation in respect of the Trustee or any Units or any credit related assessment in relation to the Investment Manager or any other person and should not be considered or relied on as a recommendation or a statement of opinion (or a report of either of those things) by any Relevant Party that any recipient of this IM should subscribe for, purchase or otherwise deal in any Units or any rights in respect of any Units.

An investment in the Units is subject to risks, including loss or delay in the repayment or payment of capital and income. Please refer to Section 6 (*Risk Factors*) for more information.

This IM does not describe all the risks of an investment in any Units or the exercise of any rights in connection with them. Prospective investors should consult their own professional advisers about risks associated with an investment in any Units and the suitability of investing in the Units in light of their particular circumstances.

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FOREWORD

Dear Investor,

Thank you for considering an investment in the SVA Diversified Impact Fund (the **Fund**). The Fund offers an opportunity to generate financial returns while making a meaningful positive social impact on the lives of people in Australia.

The Fund aims to achieve a diversified portfolio of debt, equity and social impact bond (**SIB**) impact investments. As an investor, you will be contributing towards a portfolio which aims to support the growth of impactful organisations, the development of new social and affordable housing stock and intensive support and preventative programs through SIBs.

The Fund features an innovative structure with 20% downside protection from at least eight Private Ancillary Funds (**PAFs**) at no cost to investors. The downside protection will be called upon termination of the Fund if investors have not received a cumulative \$1.00 per Unit (or the amount of paid up capital, whichever is less) in combined capital and income distributions of any form.

The purpose of the Fund is to create impact at three levels: delivering direct social outcomes, acting as a market catalyst and influencing broader system change. The Fund will focus investment on areas where Social Ventures Australia Ltd (**SVA**), the Investment Manager of the Fund, has deep experience – education, employment, housing, First Australians, disability and health.

The Fund is the successor to the SVA Social Impact Fund (**SIF**), which reached its five-year anniversary in May 2017. The \$9 million SIF has returned 7% per annum to investors to date and helped create over 160 jobs and 22 dwellings for people experiencing disadvantage. The Fund will help fill the SIF's place in the market for socially-focused growth capital.

At SVA, we work with our partners to improve the lives of those in need in Australia. Our Impact Investing team consists of seven investment professionals and has approximately \$70 million of funds under management. All investment decisions for the Fund will be made by an Investment Committee highly experienced in private equity, debt financing and venture capital.

The Fund is the next step in the development of the Australian impact investing market. I encourage you to read this Information Memorandum in its entirety and commend the Fund to you for your consideration.



A handwritten signature in black ink, appearing to read 'Rob Koczkar'.

Rob Koczkar
CEO Social Ventures Australia

THE FUND AT A GLANCE

Diversified portfolio

The Fund will invest in **impact organisations** and **housing projects** using a range of assets classes:



DEBT



EQUITY



SOCIAL IMPACT BONDS

Downside Protection

20% downside protection will be provided by at least eight PAFs:

BELLWETHER FOUNDATION

BRYAN FOUNDATION

HANTOMELI FOUNDATION

REEF SHARK FOUNDATION

SKY FOUNDATION

THE HARRIS CHARITABLE FOUNDATION

THE ROBERTSON FOUNDATION

WILSON FOUNDATION

Meaningful impact

Investment in focus areas fundamental to reducing disadvantage:



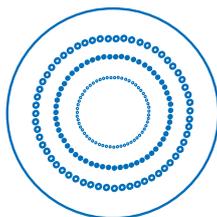
EDUCATION



EMPLOYMENT



HOUSING



FIRST AUSTRALIANS



DISABILITY



HEALTH

Market leader

SVA as Investment Manager has:



PROVEN TRACK RECORD
\$70 million FUM



EXPERIENCED TEAM
7 impact investing experts



ESTABLISHED PIPELINE
350+ opportunities identified over the last five years

Fund Size **\$10 to \$15 million^A**

Target investment size **\$0.5 to \$1.5 million^B**

Target number of investments **10 to 15**

Minimum investor commitment **\$50,000**

Term **10 Years**

Target first close date **31 December 2017**

Notes:

A. Fund size will be capped to ensure that the downside protection equals 20% of total Capital Commitments.

B. The Investment Manager has the ability to make smaller or larger investments, capped at 20% of total Capital Commitments (with the exception of equity investments capped at 10% of total Capital Commitments), unless otherwise approved.

Refer to Section 5 (*Key Terms and Dates*) for more information.

1. THE MARKET

1.1 Social impact investing

Social impact investments are made into organisations, projects and funds with the intention to generate social impact alongside a financial return. In many cases, social impact investing provides flexible financing to meet the needs of social organisations or projects that may not have access to traditional capital markets.

The impact investing market is still relatively young but growing quickly. In 1999, the Global Impact Investing Network recorded the first impact investing cash flow in its Impact Investing Benchmark.¹ Since then, the worldwide market for impact capital has reached at least \$60 billion and is estimated to grow to \$1 trillion by 2020.^{2,3} In Australia, the broad market, including environmental and social impact investments, is estimated to reach \$32 billion by 2022.⁴ Meeting this estimate will require expansion of current impact investing funds and the creation of new funds and new approaches.

1.2 Impact organisations and projects

Impact organisations and housing projects are common recipients of impact investing capital. We define them as:

	Definition
Impact organisations	<ul style="list-style-type: none">● Non-profit organisations – organisations that direct all surplus income towards delivering social impact;● Social enterprises – businesses that receive the majority of income from trade and reinvest the majority of profits towards delivering social impact; and● Impact businesses – businesses that deliver social impact through their trading activities and use profits to maximise shareholder value.
Housing projects	<ul style="list-style-type: none">● Social housing – housing that is owned and run by the government or not-for-profit agencies;● Affordable housing – housing that is affordable to individuals below the median household income; and● Disability housing – housing catering to people with a physical or intellectual disability, including National Disability Insurance Scheme (NDIS) participants.

1. Global Impact Investing Network, "Introducing the Impact Investing Benchmark". 2015. thegiin.org/assets/documents/pub/Introducing_the_Impact_Investing_Benchmark.pdf.

2. JP Morgan, 'Eyes on the Horizon'. 2015. thegiin.org/assets/documents/pub/2015.04%20Eyes%20on%20the%20Horizon.pdf

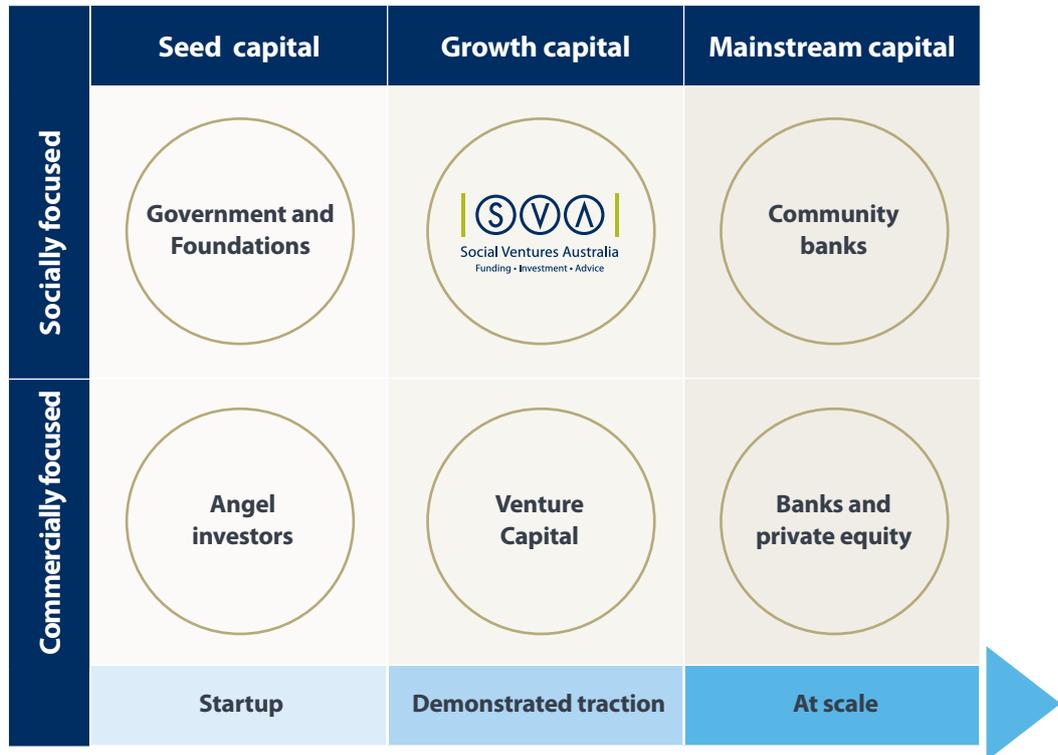
3. The Global Commission on the Economy and Climate, New Climate Economy, 2015

4. Impact Investing Australia, 'Interested in impact investing?'. 2017. impactinvestingaustralia.com/interested-in-investing/

1. THE MARKET (CONT.)

1.3 Socially oriented growth capital

An effective social sector requires a range of capital types, and the Fund will operate in the market for growth capital. Growth capital bridges the gap between seed capital for startups and mainstream capital for organisations at scale. Growth capital typically includes working capital, capital expenditure and financing of acquisitions or construction. Organisations seeking growth capital typically have a demonstrated business model delivering social and financial outcomes and are ready to expand.



In Australia, growth-stage impact organisations face ‘challenges associated with accessing suitable social finance, particularly at consolidation and expansion stages of development’, according to a report by Swinburne University and Social Traders.⁵ Government subsidies and philanthropic donations are often inadequate or not appropriate for the needs of growth-stage organisations. Further, current commercial finance models premised purely on financial return are often not suitable for investments that blend commercial and social focus. The SVA Social Impact Fund had served as a source of socially-focused growth capital since 2012.

1.4 Social impact bonds

SIBs are an innovative approach to financing social service programs, whereby Governments, investors and service providers agree a ‘payment by outcomes’ structure under which they effectively share the financial benefits flowing from the social impact of the program funded by investors and delivered by service providers.

Since 2010, over 60 SIBs have been launched around the world spanning more than 15 countries and a diverse range of social issues. It is estimated that over \$200 million of SIB capital has been raised to date.⁶

The first SIB in Australia, Newpin Social Benefit Bond, was launched in 2013 by SVA. Since then, a total of five SIBs have been funded in Australia to 30 June 2017 – of which, SVA arranged four.⁷

5. Centre for Social Impact, Swinburne University of Technology, ‘Finding Australia’s Social Enterprise Sector 2016: Final Report’. 2016

6. Impact Investing Australia, ‘IMPACT INVESTING: Submission to the Australian Government on Social Impact Investing Discussion Paper’. February 2017

7. SIBs funded include Newpin NSW, Benevolent Society, Aspire, Resolve and Newpin QLD. Life Without Barriers Youth Reoffending and YouthCONNECT contracts have been signed but not yet funded. NSW Government defines OnTRACC and Silver Chain as social impact investments, rather than SIBs.

1. THE MARKET (CONT.)

1.5 Return and diversification

Impact investments have delivered financial returns broadly comparable with those of mainstream investments. Globally, impact investing generated 6.9% returns compared to 8.1% for private equity funds from 1998 to 2010.⁸ In Australia, impact investments are delivering financial returns in line with investor expectations.⁹ The table below demonstrates the returns of Australian impact investments by asset class in the data-set of the *Australian Impact Investment Activity and Performance Report 2016*.^{10,11}

	Private debt	Fixed income ^A	Real Assets ^B	Social impact bonds ^C
Amount invested	\$9.5M	\$936.6M	\$99.1M	\$7.0M
Since inception gross return^D (%pa)	7.9%	8.6%	5.3%	13.2%
Return ranges (%pa)	5.4-17%	3.25-12%	0-12.6%	n/a

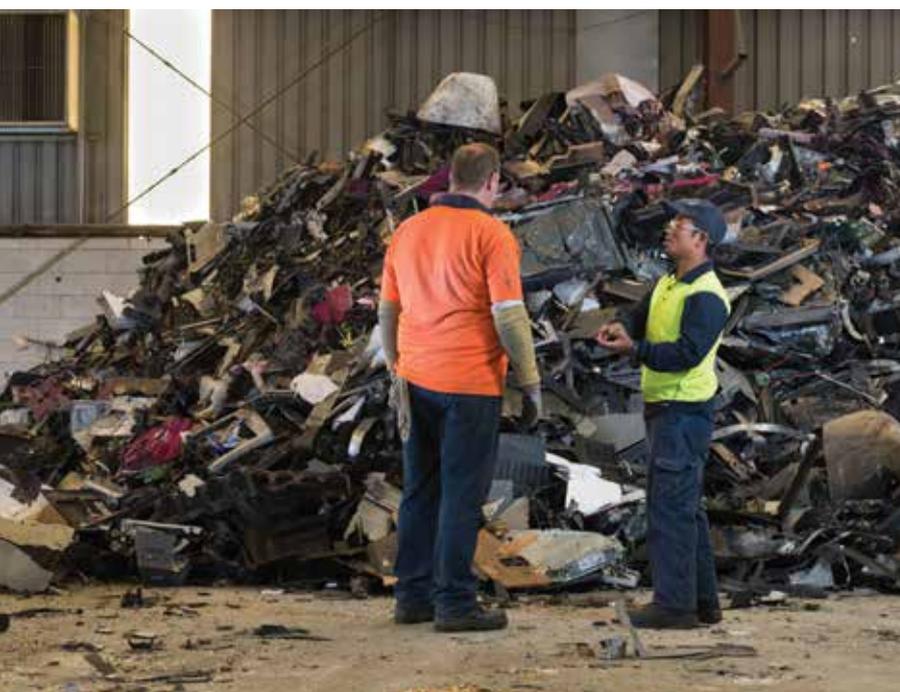
Notes:

A. Includes charity bonds and green bonds

B. Includes property, infrastructure and other real assets

C. Shows the only SIB, the Newpin Social Benefit Bond, in the payment stage

D. Weighted average return % per annum; asset class returns are gross of transaction fees



Investors may see improved diversification by including an allocation to impact investment in their portfolio, according to the G8 Social Impact Investment Taskforce.¹² According to this specific analysis, impact investments are likely to have lower correlation to mainstream business-cycle driven investments. This is particularly the case where financial returns are based on achievement of social outcomes, such as SIBs.¹³

8. Global Impact Investing Network, 'Introducing the Impact Investing Benchmark'. 2015. theiiin.org/assets/documents/pub/Introducing_the_Impact_Investing_Benchmark.pdf.

9. Impact Investing Australia, '2016 Investor Report'. 2016. [impactinvestingaustralia.com/wp-content/uploads/Impact-Investing-Australia-2016-Investor-Report.pdf](https://www.impactinvestingaustralia.com/wp-content/uploads/Impact-Investing-Australia-2016-Investor-Report.pdf)

10. Impact Investing Australia, 'Benchmarking Impact'. 2016. <https://www.impactinvestingaustralia.com/wp-content/uploads/Benchmarking-Impact.pdf>

11. Social impact bond returns are provided by SVA. www.socialventures.com.au/assets/Newpin-SBB-Investor-Report-2016-web.pdf

12. G8 Social Impact Investment Taskforce, 'Allocating for Impact: Subject Paper of the Asset Allocation Working Group'. 2014

13. G8 Social Impact Investment Taskforce, 'Impact Investment: The Invisible Heart of Markets'. 2015

2. THE FUND

2.1 Overview

The Fund is seeking to raise \$10 to \$15 million to generate financial returns and create meaningful impact on the lives of people in Australia. The Fund will invest in a diversified portfolio of:

Investees	In focus areas	Using flexible financing
<p>Impact organisations Non-profits, social enterprises and impact businesses</p> <p>Housing projects Social, affordable and disability housing</p>	<div style="display: flex; flex-wrap: wrap; justify-content: space-around;"> <div style="text-align: center; margin: 10px;">  Disability </div> <div style="text-align: center; margin: 10px;">  Education </div> <div style="text-align: center; margin: 10px;">  Employment </div> <div style="text-align: center; margin: 10px;">  First Australians </div> <div style="text-align: center; margin: 10px;">  Health </div> <div style="text-align: center; margin: 10px;">  Housing </div> </div>	<p>Debt Business loans, property-backed loans and mezzanine debt</p> <p>Equity Ordinary, preference and convertible share capital</p> <p>Social impact bonds Government sponsored bonds with outcome-based coupons</p>

This IM provides an indicative but not exhaustive summary of impact investments that the Fund may hold. The Fund will explore a broad range of opportunities as the impact investing market continues to develop.

2.2 Investment criteria

The Fund will seek to work with investees that demonstrate the following characteristics:

- Focus on creating social impact in Australia;
- High-quality management teams;
- Appropriate risk-return profile;
- Demonstrated readiness for expansion;
- Comprehensive plan for use of funds; and
- Repayment and exit horizons within the term of the Fund.

2. THE FUND (CONT.)

2.3 Portfolio construction

The Fund will target a portfolio of debt, equity and SIB investments in impact organisations and housing projects, as defined in Section 1 (*The Market*). The portfolio construction targeted by the Fund is outlined in the following table.

Asset classes	Target allocation	Target return	Strategy
<p>Debt</p> 	<p>50% (25-75% range)</p>	<p>7% interest rates (range 5-9%)</p>	<p>The Fund will provide loans to impact organisations and housing projects. The Fund will consider a range of debt instruments, including secured and unsecured business loans, property-backed loans and mezzanine debt.</p> <p>Each investment will be tailored to meet the borrower's needs, including flexibility of tenor, amortisation and security arrangements.</p>
<p>Equity</p> 	<p>35% (15-50% range)</p>	<p>15% IRR (range 10-20%)</p>	<p>The Fund will target ordinary and preference share capital investments in growth-stage impact businesses with:</p> <ul style="list-style-type: none"> • Demonstrated business model and revenue; • Actionable growth strategy; and • Clear exit pathways. <p>For earlier stage investments, the Fund will generally target an initial investment of around \$0.5 million with the opportunity to follow on successful investments in later rounds. For later stage equity investments, the Fund may seek to deploy more capital. Initial equity investments will be capped at 10% of total Capital Commitments. SVA will seek board representation, where appropriate, to provide guidance and support.</p>
<p>SIBs</p> 	<p>15% (10-25% range)</p>	<p>7.5% IRR (range 6-9%)</p>	<p>The Fund will invest in SIBs, which are financial instruments used to fund social programs with financial returns linked to social outcomes. The Fund has identified three SIBs as seed investments. Refer to Section 2.7 (<i>Seed assets</i>).</p>

2. THE FUND (CONT.)

If the Fund was fully deployed with the asset mix and returns shown above, it will seek to generate returns of approximately **7% IRR per annum net of fees and expenses**.

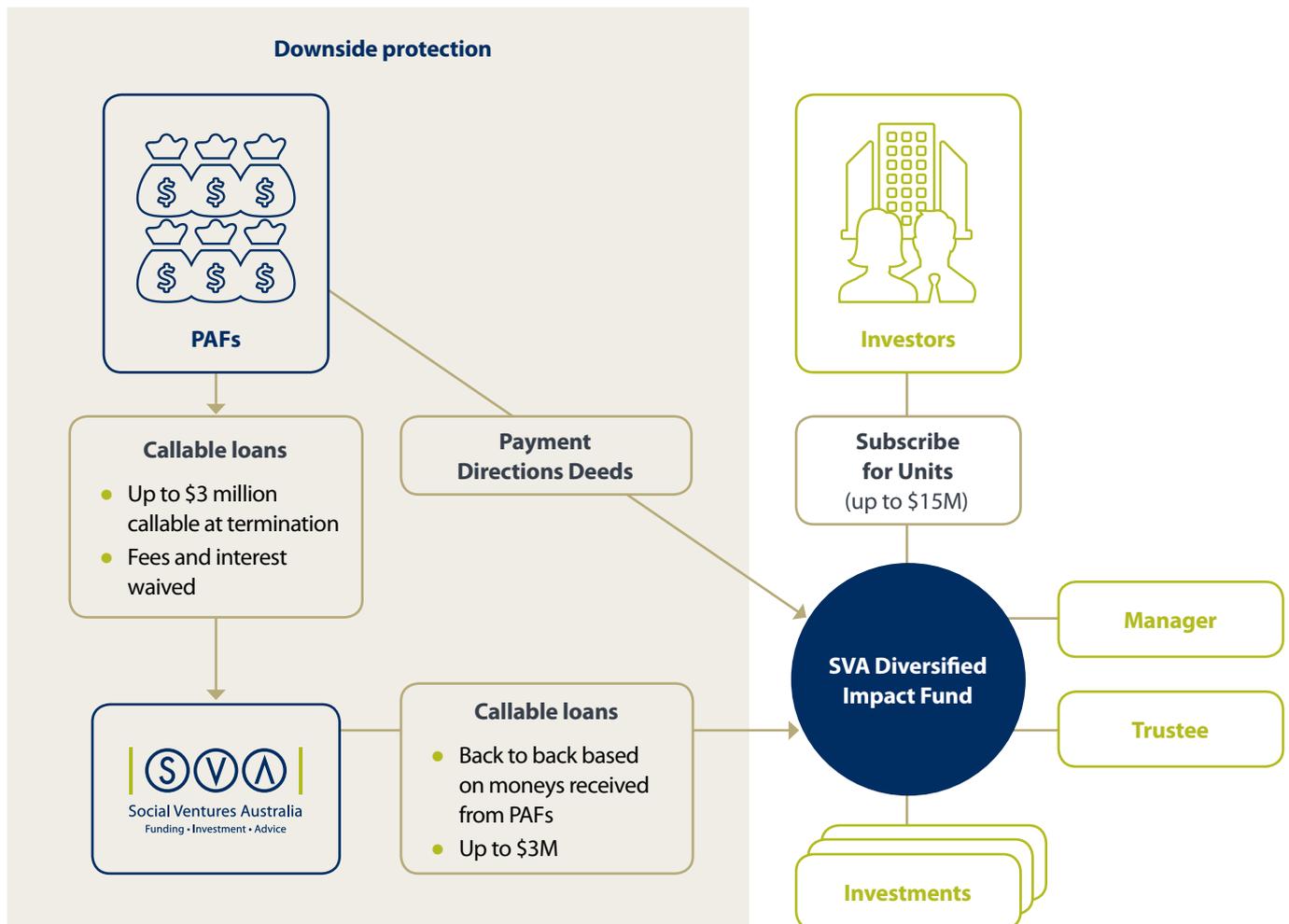
The Fund is targeting 10 to 15 investments with a target range of \$0.5 million to \$1.5 million. SVA intends to limit any individual investment to a maximum size of 20% of total Capital Commitments with the exception for initial equity investments, which will be capped at 10% of total Capital Commitments. SVA will seek approval from the Investor Advisory Committee to pursue opportunities exceeding these limits. Refer to Section 3.4 (*Investor Advisory Committee*). Capital called awaiting investment will be held in cash, including term deposits.



2. THE FUND (CONT.)

2.4 Downside protection

The Fund features downside protection equal to 20% of total Capital Commitments provided by at least eight Australian PAFs. The downside protection will help the Fund raise capital to provide affordable, flexible finance that meets the needs of impact organisations and housing projects. The downside protection comes at no cost to investors, as PAFs have agreed to waive all relevant fees and interest. The downside protection is structured as follows:



How the downside protection works

- The downside protection will take the form of back-to-back callable loans from the PAFs to SVA (pursuant to the respective PAF-SVA Loan Agreements) and from SVA to the Fund (pursuant to the respective SVA-DIF Loan Agreements). Payment Directions Deeds will direct funds from the PAFs directly to the Fund.
- The downside protection may be called on the first to occur of the ten year anniversary of the Fund's First Close Date, realisation of all assets in the Fund and distribution of all of the proceeds of that realisation to the holders of Units, or the date on which the Fund is otherwise terminated.
- If, at this time, Investors have not received \$1.00 per Unit (or the amount of paid up capital, whichever is less) in combined capital and income distributions, the loans will be called and the proceeds used to pay Investors up to \$0.20 per Unit under the downside protection.
- Payment will be made over two financial years. The first payment will be made to Investors no more than 10 business days after the above dates. The second payment will occur in the following financial year.

Refer to Section 5.5 (*Key Terms and Dates – Downside protection*) and documents referenced in Section 7.8 (*Documents incorporated by reference*) for further details.

2. THE FUND (CONT.)

The PAFs

At the date of this IM, eight PAFs (listed in the table below) have signed binding term sheets in relation to the PAF-SVA Loans enabling the downside protection. It is a condition of First Close that (a) binding PAF-SVA Loan Agreements equal to 20% of the First Close Amount are executed; and (b) binding SVA-DIF Loan Agreements are executed. The Fund will disclose to Investors any additional PAFs that agree to enter into PAF-SVA Loans following the release of this IM. The Maximum Fund Size will be capped at the lesser of \$15 million or five times the committed downside protection - ensuring that downside protection remains at 20% of total Capital Commitments.

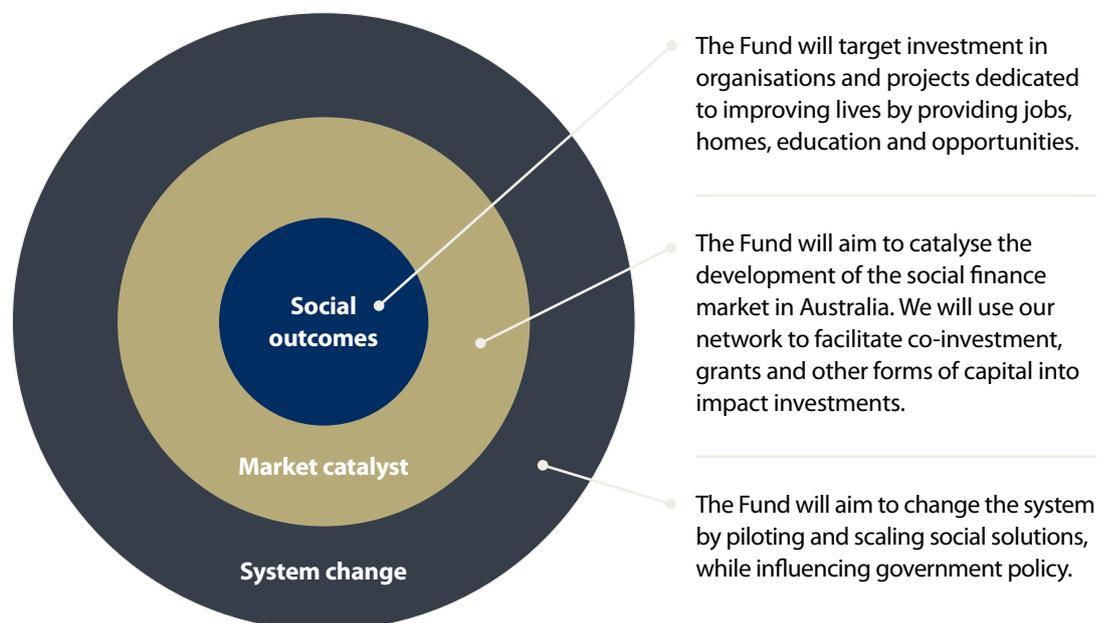
PAF Name	Key Supporters
Bellwether Foundation	Craig Family
Bryan Foundation	Bryan Family
Hantomeli Foundation	Roche Family
Reef Shark Foundation	Koczkar Family
Sky Foundation	Skrzynski Family
The Harris Charitable Foundation	Harris Family
The Robertson Foundation	Robertson Family
Wilson Foundation	Wilson Family

Each PAF agrees that it will:

- Demonstrate that the loan commitment represents no more than 10% of its net assets in its most recent set of audited accounts; and
- Maintain net assets greater than, or equal to, two times the loan commitment at all times during the term of the loan.

2.5 Social impact

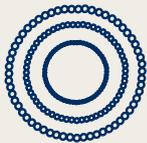
The Fund seeks to create meaningful positive impact in the lives of people in Australia. The Fund's strategy is to create social impact at three levels – delivering direct social outcomes, acting as a market catalyst and influencing broader system change (detailed below).



2. THE FUND (CONT.)

2.6 Focus areas

The Fund will focus investment on areas where SVA has deep experience – education, employment, housing, First Australians, health and disability. There is strong evidence that these areas are fundamental to improving people's lives.¹⁴

	The issue	Opportunities
Education 	High-quality education is the path to a sustainable, independent and meaningful livelihood. Education is one of the most important contributors of lifetime earning capacity. ¹⁵ People who do not receive a good education are more likely to be unemployed, earn less, be involved in crime and become disadvantaged parents. ¹⁶ For each extra year of education, a worker's earnings rise by 5.5-11%, all other things being equal. ¹⁷	Education technology, early childhood learning, alternative K-12 pathways and vocational education.
Employment 	The longer a person is unemployed, the less likely they are to get a job due to the associated stigma and atrophied work skills. This increases their likelihood of poor health, homelessness and social isolation. Since 2008, the number of people experiencing long-term unemployment has risen almost 160%. ¹⁸	Large employers of workers experiencing disadvantage, high quality employment service providers, recruitment and labour hire diversity businesses.
First Australians 	The impact of colonisation and government policies has profoundly impacted First Australians. The resultant inequality between non-Indigenous and First Australians is one of this country's greatest social and moral challenges. While Australia ranks second on the UN's Human Development Index, First Australians would rank 122 nd . ¹⁹	Aboriginal Corporations operating social businesses, organisations owned by First Australians and large employers of First Australians.
Housing 	Poor housing is often a barrier to educational attainment, sustainable work, wellbeing and relationships. ²⁰ For most low-income earners, housing options are limited. Australia has an inadequate supply of affordable accommodation. Social housing has wait lists over 250,000 people long. ²¹	Housing projects that create new stock and scale innovative operating models in social, affordable, aged and disability housing.
Health and Disability 	1 in 5 Australians have some form of disability. People with disability have both lower employment participation (53%) and higher unemployment rates (9.4%) than people without disability (83% and 4.9% respectively). ²² Nearly half of Australians will experience a mental health condition in their lifetime. ²³ NDIS is expected to fund \$22 billion to support 460,000 participants by 2019-2020. ²⁴ This funding provides a significant opportunity to improve the lives of people living with disabilities.	Disability, aged care, social services and other health delivery organisations.

14. Social Ventures Australia, 'SVA Perspectives'. 2016. www.socialventures.com.au/sva-perspectives

15. Dr James J Heckman, 'The Case for Investing in Disadvantaged Young Children in Big Ideas for Children: Investing in our Nation's Future', University of Chicago School of Economics, p. 49, 2012

16. R. McLachlan, G. Gilfillan, and J. Gordon, 'Deep and Persistent Disadvantage in Australia: Productivity Commission Staff Working Paper', p. 18, 2013

17. Chamber of Commerce & Industry Queensland, 'The Right People at the Right Time: Developing a Skilled Workforce that meets the needs of Queensland's, Economy', p. 3, 2011

18. ABS, Labour Force – Detailed Table 14b, July 2015, seasonally adjusted rate

19. Council for Aboriginal Reconciliation, Walking Together: The First Steps, Report of the Council for Aboriginal Reconciliation, 1991-94 to Federal Parliament (1994), p4; Australian Government, About Australia - Our people

20. Australian Institute of Health and Welfare 2015. Australia's welfare 2015. Australia's welfare series no. 12. Cat. no. AUS 189

21. Australian Institute of Health and Welfare 2014. Housing assistance in Australia 2014. Cat. no. HOU 275. Canberra: AIHW, p23

22. Australian Network on Disability, 'Disability Statistics'. Accessed July 2017. www.and.org.au/pages/disability-statistics.html

23. Ibid

24. Commonwealth of Australia, Department of Social Services, 'Portfolio Budget Statements: 2015-16. https://www.dss.gov.au/sites/default/files/documents/05_2015/2015-16_dss_pbs.pdf

2. THE FUND (CONT.)

2.7 Seed assets

The Fund has an established investment pipeline with three SIBs as proposed seed assets ready for investment, subject to approval by the Investment Committee. The seed assets would be acquired from SVA, which is also the Investment Manager of the SIBs.

	<p>Aspire Social Impact Bond</p> <p>Investment size: \$0.5 million</p> <p>Financial: \$7 million bond with 8.5% target return (13% max) and 50% capital protected</p> <p>Social purpose: 'Housing first' homelessness intervention with stable accommodation, job readiness training, pathways to employment and life skills development for around 600 adults</p> <p>Delivery partners: Hutt St Centre in partnership with Common Ground Adelaide and Unity Housing</p> <p>Payment metric: Health, justice and homelessness service utilisation relative to historical baseline</p>
	<p>Resolve Social Benefit Bond</p> <p>Investment size: \$0.5 million</p> <p>Financial: \$7 million bond with 7.4% target return (11.1% max) and 60% capital protected</p> <p>Social purpose: Mental health support for 530 adults which combines a residential service for periodic crisis care, integrated psychosocial, medical and mental health support, and a warm line for after-hours support from peers</p> <p>Delivery partners: Flourish Australia</p> <p>Payment metric: Participants' consumption of health services compared to a control group</p>
	<p>Newpin Queensland Social Benefit Bond</p> <p>Investment size: \$0.5 million</p> <p>Financial: \$6 million bond with 7.7% target return (11.9% max) and 50% capital protected</p> <p>Social purpose: Support 560 primarily First Australian children in out-of-home care to be able to live safely at home by strengthening family engagement through an 18-month centre-based program</p> <p>Delivery partners: UnitingCare Queensland</p> <p>Payment metric: Number of children restored to in-home care compared to a historical baseline</p>

Investment case study: SVA Social Impact Fund



Nightingale Housing is a social enterprise with a new model to improve housing affordability and sustainability. SVA provided funding as part of a syndicated \$6.5 million construction loan for its pilot project – a multi-residential housing complex for mainly first-home buyers.



\$1.5 million loan



22 residential and commercial units piloting a new housing model



8.2 energy star rating (fossil fuel free)

3. FUND MANAGEMENT

3.1 Investment Manager: SVA

3.1.1 Overview

SVA is the Investment Manager of the Fund. Established in 2002, SVA is a social purpose organisation that works with partners to improve the lives of people in need. Our unique approach focuses on understanding the structural causes behind persistent disadvantage, then finding and supporting the innovative approaches that can create systemic change. We support these innovative approaches through a combination of funding, investment and advice.



Funding

SVA enables funders to make their philanthropic dollars go further by giving through a portfolio of innovative social ventures. Support of these ventures includes multi-year tailored funding, capacity building, access to networks and advice to improve their impact.

Generated \$86 million of funding



Investment

SVA invests in organisations and projects that deliver both a social and financial return. This includes debt and equity investments in social enterprises, SIBs, and bespoke financial solutions for large scale transactions such as the development of social and affordable housing.

\$70 million FUM



Advice

SVA's consulting team partners with social purpose organisations, philanthropists, governments and business to support them with social impact strategy, outcome management and evaluation, program design and implementation.

**Advised over
300 organisations**

SVA has a national footprint with offices in Sydney, Melbourne, Brisbane and Perth. We are guided by our values of accountability, integrity, respect and humility.

3. FUND MANAGEMENT (CONT.)

3.1.2 Leader in impact investing

SVA has a well established track record of delivering financial returns and meaningful social impact through its impact investing funds and transactions.

Fund/transaction (launch)	Size	Return since inception	Summary
Goodstart Early Learning (2009)	\$165 million	12% coupon on \$22 million of Social Capital Notes	The buyout of ABC Learning Centres by a non-profit consortium was arranged by SVA and remains one of Australia's largest impact investing deals. Goodstart now provides high quality early childhood education to nearly 70,000 children.
SVA Social Impact Fund (2012)	\$9 million	7% IRR	The \$9 million SIF was one of Australia's first social impact funds, making debt and equity investments in social enterprises.
Newpin Social Impact Bond (2013)	\$7 million	13% IRR	Newpin was Australia's first social impact bond, financing an outcome-based contract between the NSW Government and Uniting that has restored 130 children to their families.
Social Impact Investment Trust (2015)	\$30 million	Confidential	This Trust, backed by HESTA, is the one of the largest commitments to impact investing by an Australian institutional investor. The first \$30 million of this mandate has now been fully committed.

SVA launched three SIBs in 2017, which are detailed in Section 2.7 (*Seed Assets*).



3. FUND MANAGEMENT (CONT.)

3.1.3 SVA Social Impact Fund

SVA is the manager of the **SVA Social Impact Fund (SIF)**, which reached its five-year anniversary in May 2017. The SIF is a \$9 million impact investing fund that has made ten equity and debt investments ranging from \$100,000 to \$1.5 million. The SIF has generated competitive returns (7% IRR per annum) and created meaningful impact, as outlined in the table below.²⁵

Please note that the IRR of the SIF is not indicative of the expected IRR of the Fund.

Summary of the SIF outcomes

Generated returns
<ul style="list-style-type: none"> ● Investments: \$8.2 million approved in ten transactions (eight loans and two equity investments) ● Returns: 7% IRR per annum since inception
Created impact
<ul style="list-style-type: none"> ● Jobs: 166 disadvantaged jobs created (disability, long-term unemployed, indigenous) ● Housing: 22 social/affordable dwellings built or currently being built ● Education: 500 children at risk of social exclusion supported ● Health: five doctors generating funding for low-cost health care ● Environment: 18,437t e-waste recycled
Catalysed the sector
<ul style="list-style-type: none"> ● Leverage: 2.5x leverage on SVA's \$8.2 million approved investment ● Co-funding: \$22.2 million of co-funding from third parties in portfolio companies ● Capacity building: two Capacity Building Grants ● Additional impact: brokered and supported the \$6 million Toowoomba Vanguard Laundry Services
Changed the system
<ul style="list-style-type: none"> ● Scale: piloted large scale social procurement ● Innovative business models: Nightingale housing model ● Best practice: three winners of Australian Social Enterprise Awards

As of 30 June 2017.



²⁵. As of 30 June 2017.

3. FUND MANAGEMENT (CONT.)

SIF investments

	Focus	Overview	Investment	Impact
	Housing	New model designed to improve housing affordability	\$1.5M loan	20 dwellings at more affordable rates
	Employment Education	Expanded facilities and head office to scale operations towards fully self-sustaining	\$1.25M loan	Training and employment for up to 250 youth at risk
	Employment Environment	E-waste recycling business employing people who are long-term unemployed	\$1M convertible preference shares (\$0.5M called)	Employed 84% disadvantaged job seekers
	First Australians Employment	First Australian owned and run commercial cleaning contractor	\$0.8M loan	First Australian employment and inclusion
	Housing	Sustainable model of developing social and affordable housing	\$0.79M loan	Two social and affordable dwellings
	Health	Establishment of private GP clinic for affordable health	\$0.3M loan	Free and below-cost health services
	Education	Purchase of equipment and software platform to expand affordability of music education	\$0.25M convertible loan	Access to affordable music tuition
	Education Disability	Education and support using LEGO for kids at risk of social exclusion	\$0.2M loan	Support for 500 kids at social risk
	Employment Disability	Execution of social procurement contract to operate 13 waste sites	\$0.16M loan	Jobs for 40 people with disability
	Employment Disability	Acquisition of furniture recycling business	\$0.1M loan	Jobs and support for ten disadvantaged people

3. FUND MANAGEMENT (CONT.)

3.2 Investment Committee

The Investment Manager's Investment Committee will make all investment decisions. Members are appointed by the Investment Manager and will include the CEO of SVA, Rob Koczkar, and SVA Executive Director of Impact Investing, Michael Lynch, who will make decisions by consensus. In addition, three independent advisors with extensive investment experience have been appointed to advise the Committee: Darren Smorgon of Sandbar Investments, Brigitte Smith of GBS Ventures and Sarah Buckley of Trawalla Foundation.

Rob Koczkar **Chief Executive Officer, SVA**

Rob Koczkar is the Chief Executive Officer of Social Ventures Australia (SVA) and Managing Director of Adamantem Capital. Rob has extensive experience in investing and management consulting along with a deep understanding of the social purpose sector.

Before these roles, Rob was a Managing Director of Pacific Equity Partners for 10 years. Prior to that, he was a Principal at Texas Pacific Group in Europe, and a strategic consultant with Bain & Company.

He currently sits on the board as a non-executive director of Goodstart Early Learning. Rob is also a member of the Australian Government's Cities Reference Group to support delivery of the Smart Cities Plan.

Rob currently serves on the investment committees of the SVA Social Impact Fund and the SVA Social Impact Investment Trust. He previously served on the boards of Spotless Group Holdings Limited, Energy Developments Limited and on Mission Australia's Corporate Advisory Council.

Michael Lynch **Executive Director of Impact Investing, SVA**

Michael brings 25 years of financing and investing experience in Australia and Europe with organisations such as Societe Generale, UBS, Merrill Lynch and CBA. Michael has a proven track record structuring solutions in complex situations and has advised a number of Australia's leading companies on their capital structures. Michael also has a long history in advising on and financing transactions for leading domestic and international private equity firms.

Darren Smorgon **Managing Director, Sandbar Investments**

Darren Smorgon is Managing Director of Sandbar Investments. Previously, Darren had a 16 year career as a Director, member of the advisory board and partner at CHAMP Private Equity, one of Australia's largest and longest established private equity firms.

At CHAMP, Darren led the acquisition and portfolio management of companies including StudyGroup, LCR Group, Golding Contractors and oOh!media. Darren remains a Non Executive Director of ASX listed oOh!media, a member of the ASX200, and a Non Executive Director of Medical Channel. He has also served on the investment committee of the SVA Social Impact Fund.

Brigitte Smith **Co-Founder and Managing Partner,** **GBS Ventures**

Brigitte Smith is Co-Founder and Managing Partner of GBS Ventures. She has 20 years' experience in venture capital, business strategy and start-up company operations. Brigitte has been investing and managing investments for GBS's \$450 million of life science specialised venture capital funds since 1998.

Brigitte has served on the board of a variety of private and public drug development, medical device and medical technology portfolio companies in the US and Australia. Prior to founding GBS, Brigitte worked in the US and Australia in operating roles with early stage technology based companies, and at Bain & Company as a strategic management consultant.

Sarah Buckley **Executive Officer, Trawalla Foundation**

Sarah Buckley is Executive Officer of the Trawalla Foundation, a private philanthropic fund which invests in organisations that demonstrate innovation, leadership, and sustainable business models. Sarah brings over fourteen years' experience in senior leadership roles in the business and not-for-profit sectors, particularly in social innovation and investment.

Sarah has led the development of highly successful social impact businesses, such as PwC's Indigenous Consulting which is majority owned and staffed by Indigenous Australians. She was previously General Manager for early childhood collaboration Opportunity Child, and spent ten years at PwC Australia, including as a Consulting Director and National Corporate Responsibility Director. Sarah is passionate about enabling the next generation of responsible leaders, businesses and investors.

3. FUND MANAGEMENT (CONT.)

3.3 Investment Team

The Investment Manager's Investment Team is responsible for day-to-day operations, management and investment of the Fund. The Investment Team reports directly to the Investment Committee and is comprised of:

Alex Oppes
Fund Director, SVA

Alex will lead the investment and management of the Fund. He will be responsible for administering the investment process, making recommendations to the Investment Committee, managing the portfolio composition and ensuring compliance with mandates.

Alex joined SVA's Impact Investing team in 2013 and has had day-to-day responsibility of the SIF over the past three years. Prior to SVA, Alex worked as a strategy consultant at McKinsey & Company across Australia, Asia and Europe specialising in due diligence for major mergers and acquisitions. Alex has also consulted extensively in the not-for-profit sector. Alex holds a dual BA/LLB (Hons) from the University of Melbourne, where he studied as a National Scholarship holder. He is a Chartered Financial Analyst.

Rebecca Thomas
Associate Director, SVA

Rebecca joined the Impact Investing team as an Associate Director in February 2016.

Prior to joining SVA, Rebecca has held roles at various financial institutions in both London and Sydney, primarily in leveraged finance. She has strong experience in debt structuring and syndications across a range of sectors.

Rebecca is a volunteer with the Pyjama Foundation, working with children in foster care, and is a graduate of University College London.

Nathan Sowell
Portfolio Manager, SVA

Nathan will be responsible for deal origination, due diligence and monitoring macro and micro factors affecting investment and portfolio risk.

Prior to SVA, Nathan worked at KPMG in the United States and Australia across the Deal Advisory and Business Innovation teams performing financial due diligence for private equity transactions, financial analysis for social infrastructure projects and design of incubation programs for internal ventures. Nathan also advises social enterprises supporting youth living in disadvantage abroad. Nathan holds a Master in Accounting from the University of Texas and is a Certified Public Accountant.

Casey Taylor
Analyst, SVA

Casey is an Analyst in the Impact Investing team, with a particular focus on social impact bonds.

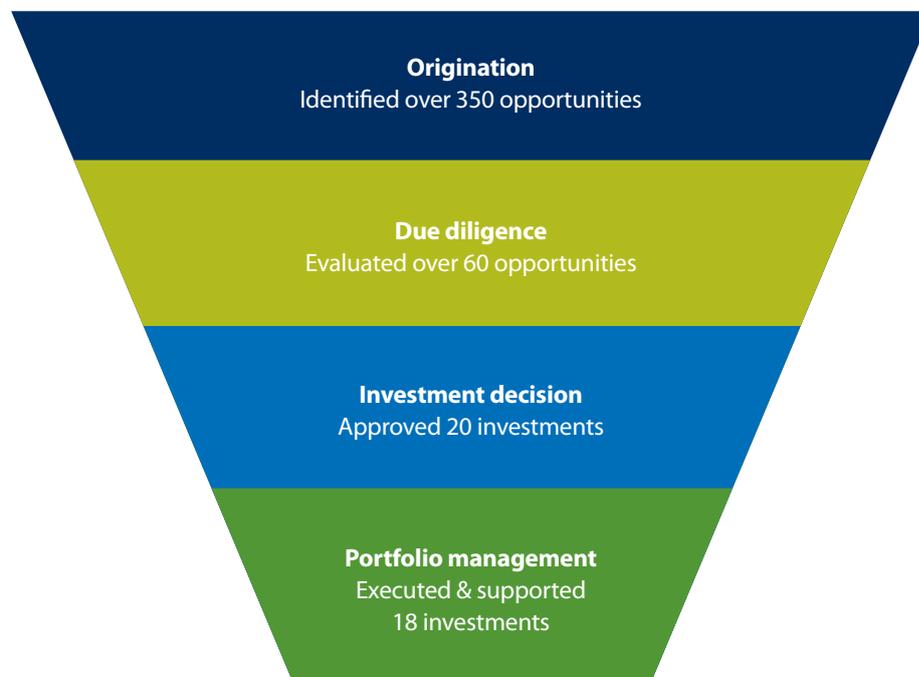
Before joining SVA, Casey worked in Deal Advisory at KPMG where she gained experience in mergers and acquisitions, valuations, debt advisory and infrastructure. Casey has volunteered as a mentor for the Australian Indigenous Education Foundation and also undertook a Jawun secondment to the East Kimberly to develop an Indigenous-led, place-based employment initiative. She holds a Bachelor of Business and Economics from the University of New England.

3.4 Investor Advisory Committee

Members of the Investor Advisory Committee will be appointed by the Investment Manager in its absolute discretion. The Investment Manager currently anticipates that any Investor with a Commitment of greater than \$1 million will be entitled to nominate one Investor to the Advisory Committee Member. The Committee will meet annually (or on an ad-hoc basis, as required) to make recommendations to the Trustee and Investment Manager relating to conflicts of interest, reviewing methodologies for calculating the value of investments and any other matter the Trustee or Investment Manager has asked the Investment Advisory Committee to consider (e.g. variations to the investment policy).

4. INVESTMENT PROCESS

SVA has a robust investment process designed to source, evaluate, execute and support Australia's leading impact investment opportunities. Over the last five years, SVA's Impact Investing team has identified over 350 opportunities, evaluated over 60 opportunities, approved 20 investments and executed 18 investments.



4.1 Origination

SVA is well-positioned to continue sourcing the best impact investment opportunities in Australia through its established origination channels:

- SVA's 80+ staff, including the Fund's Investment Team and Investment Committee, work daily with a broad range of clients across Australia and have deep relationships in the social sector, startup community and capital markets.
- SVA's network of over 300 organisations that we have supported through the provision of funding, investment and advice since inception provide a strong network of referrals. The Fund may have the opportunity to invest in opportunities and relationships that have been developed over the course of the SIF.
- SVA is an influential voice in the social sector. We host regular thought leadership events for funders, investors, social purpose organisations and government, and pursue relationships with accelerators, co-working spaces, investors, professional service firms and other intermediaries with access to opportunities.
- Finally, SVA actively helps organisations that are not ready for investment through our Venture Philanthropy services. This helps build the capability of the sector, while providing us with better insight into the opportunity once they become investment ready.

4. INVESTMENT PROCESS (CONT.)

4.2 Due diligence

Overview of due diligence

The Investment Team will carry out thorough due diligence on each investment, drawing upon external experts as necessary, and will present investment recommendations to the Investment Committee for decision. Due diligence activities may include:

- Examination of the organisation's strategy and financial statements;
- Assessment of the ability of the management team to execute;
- Review of corporate, supplier, employment, legal and other contractual arrangements;
- Inquiry into the perceived value to customers and suppliers;
- Analysis of the market, competitive landscape and macro/micro trends; and
- Evaluation of potential risks and mitigation strategies.

During the due diligence process, an investment package for each investment opportunity will be specifically designed to meet specific needs and risks.

Due diligence on social impact

SVA has developed a series of tools to evaluate the potential social impact of an investment opportunity. These tools combine our 15 years of sector experience with extensive international research:

- **SVA Fundamentals for Impact** – a diagnostic tool which assesses 15 organisational characteristics that determine an organisation's level of effectiveness. The characteristics fall into three categories – client-centred, effectively run and engaged in its ecosystem.
- **SVA Perspectives** – as part of our commitment to driving system change, SVA has developed a series of perspectives papers in four focus areas: education, employment, housing and First Australians. In addition to setting out our vision for the future, a summary of the issue and actions required to achieve the vision, they provide decision trees to help identify if investments are addressing critical drivers of better outcomes.

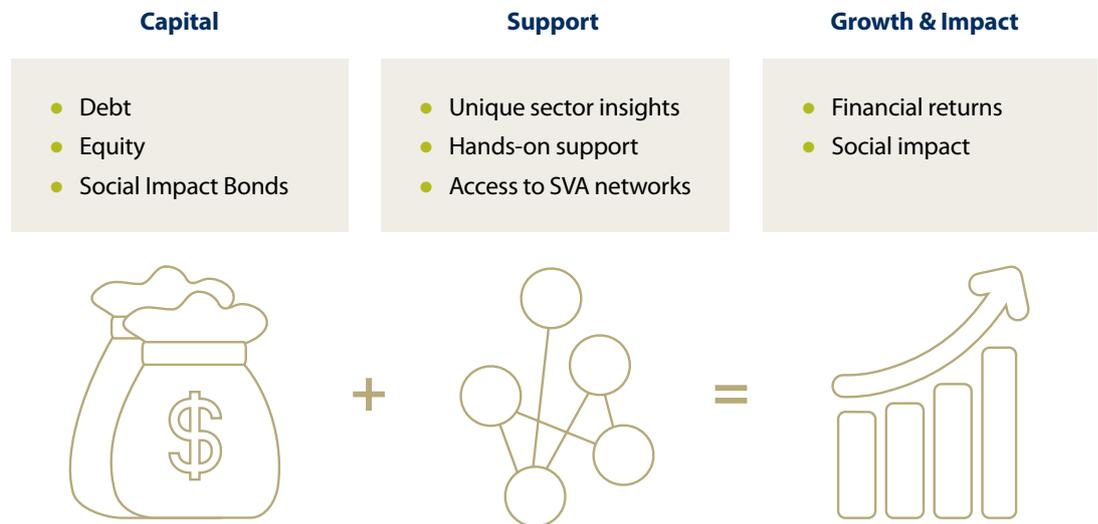
4.3 Investment decision

The Investment Committee will make all final investment decisions on behalf of the Fund and will make its decision based on due diligence conducted by the Investment Team. Decisions will be made on a consensus basis by the SVA CEO and SVA Executive Director of Impact Investing with input from independent advisors to the Investment Committee. Where possible, assistance with transaction documentation for investments will be sought on a pro bono or reduced fee basis.

4. INVESTMENT PROCESS (CONT.)

4.4 Ongoing portfolio management

In addition to capital, the Fund will provide our investees with intensive portfolio support and access to SVA's network in order to maximise financial returns and social impact. The Investment Team will provide support to portfolio organisations and projects via regular meetings (for loans) and board positions (for equity investments, where appropriate).



Portfolio organisations and projects will be expected to report against social and financial objectives and provide regular updates. The Investment Team will also analyse macro and micro factors that may impact investment and portfolio risk. SVA's internal portfolio management process includes regular Investment Team monitoring and Investment Committee reporting. The Investment Team will report the financial performance and social impact of the investments to investors on an annual basis.



Investment case study: SVA Social Impact Fund



STREAT

STREAT is a hospitality social enterprise that provides work experience, training and support to youth at risk. SVA, along with co-investment from NAB, funded the Cromwell Street expansion project to increase the number of young people trained and supported by STREAT.



\$1.25 million loan



**New headquarters
with expanded
services**



**Winner of Social
Enterprise Investment
Award**

5. KEY TERMS AND DATES

Important Note: The table below provides a summary only of the key terms of the SVA Diversified Impact Fund and related contractual arrangements. You should read this IM (including any document incorporated by reference, in particular, the Constitution, PAF-SVA Loan Agreements and SVA-DIF Loan Agreements) in full prior to making a decision to invest.

5.1 Dates

Key dates	
Fund applications open	19 September 2017
First Close Date	<p>The First Close Date is whichever date is later of:</p> <ul style="list-style-type: none"> • The Trustee receives Capital Commitments equal to or greater than the Minimum Fund Size (First Close Amount); • Binding PAF-SVA Loan Agreements equal to 20% of the First Close Amount are executed; and • Binding SVA-DIF Loan Agreements are executed. <p>31 December 2017 is the targeted First Close Date.</p>
Final Close	<p>The Final Close Date is the earlier of:</p> <ul style="list-style-type: none"> • The date the trustee receives capital commitments equal to the Maximum Fund Size; • The date of Capital Call Number 2; or • such other date as the Investment Manager may determine.

5.2 Fund details

Key Terms	Descriptions
The Fund	SVA Diversified Impact Fund
Fund structure	Australian domiciled, unregistered managed investment scheme with downside protection equal to 20% of total Investor Capital Commitments provided by the PAF-SVA Callable Loans and the SVA-DIF Callable Loans
Type	Closed end unit trust
Term	Ten years from the First Close Date unless terminated earlier in accordance with the Constitution.
Investment Manager	Social Ventures Australia Limited (ACN 100 487 572), (AFSL No. 428865) (SVA)
Trustee	SVA Nominees No. 2 Pty Ltd (ACN 167 016 999), a company wholly owned by SVA. The Trustee is a corporate authorised representative of SVA.
Investment objective	Achieve financial returns while making a meaningful social impact by investing in Australian social impact investments, including but not limited to social enterprises, impact businesses, non-profit organisations, SIBs and social, affordable and disability housing projects.

5. KEY TERMS AND DATES (CONT.)

Key Terms	Descriptions
Fund size	<p>Minimum Fund Size \$10 million</p> <p>Maximum Fund Size \$15 million</p> <p>The Fund size will not exceed five times the binding downside protection commitments, in order to ensure downside protection equals 20% of total Investor Capital Commitments.</p>
Investment Period	<p>The Investment Period commences on the First Closing Date and expires on the fifth anniversary of the First Closing Date.</p> <p>With the exception of follow on investments in existing Fund investees, the Investment Manager cannot make any further investments after the Investment Period has expired, except in limited circumstances and where approved by the Investor Advisory Committee.</p>
Portfolio construction	<p>The Fund aims to make 10 to 15 investments with a target size of \$500,000 to \$1.5 million. There is no minimum investment size. SVA intends to cap any single investment at a maximum 20% of total Capital Commitments (with the exception of initial equity investments, capped at 10% of total Capital Commitments), subject to SVA's discretion to exceed the cap where approved by the Investor Advisory Committee.</p> <p>Broadly, the Fund targets a portfolio of debt, equity and SIB investments, as detailed in Section 2.3 (<i>Portfolio construction</i>).</p>
Focus areas	<p>Include, but not limited to:</p> <ul style="list-style-type: none"> ● Education; ● Employment; ● Housing; ● First Australians; ● Disability; and ● Health.
Purpose	<p>The purpose of the Fund is to improve the performance and long-term financial viability of impact organisations by facilitating innovative financial and resource options along with high quality cross-sector partnerships.</p>

5.3 Investor terms

Key Terms	Descriptions
Investors	<p>Wholesale investors, as described in Section 9.2 (<i>Investor Eligibility</i>), may subscribe for Units.</p>
Units	<p>Ordinary partly-paid Units in the Fund issued by the Trustee.</p>
Capital Commitment	<p>Minimum \$50,000</p> <p>Applications to invest in the Fund may be declined in whole or part by the Trustee, in its absolute discretion.</p> <p>An application to invest is irrevocable.</p>
Initial Issue Price on or before First Close Date	<p>\$1.00 per Unit of which \$0.40 per unit is to be paid by Applicants upon application (Capital Call Number 1) with the balance payable in accordance with the Capital Calls outlined below.</p>

5. KEY TERMS AND DATES (CONT.)

Key Terms	Descriptions
Capital Calls	<ul style="list-style-type: none"> Capital Call Number 1 is 40% of an Investor's total Capital Commitment and is to be paid by Applicants upon Application. Capital Call Number 2 is 30% of an Investor's total Capital Commitment and the Investment Manager intends to call this no earlier than 28 September 2018. Capital Call Number 3 (the final Call) is 30% of an Investor's total Capital Commitment and the Investment Manager intends to call this no earlier than 30 September 2019. <p>The Investment Manager will give Investors no less than 30 days written notice of the timing of the second and third Capital Call deadlines.</p> <p>The Investment Manager reserves the right to modify the number of Capital Calls and the timing and size of each Capital Call.</p> <p>If an Investor fails to meet a Capital Call by the date specified by the Investment Manager, all of its Units will be automatically transferred to the Trustee (or its nominee) at a discounted price of 50% of NAV of the Units at the previous measurement date (and without any entitlement to any other compensation).</p> <p>Upon the expiry of the Investment Period, Investors will not be required to pay further calls except for purposes that include:</p> <ul style="list-style-type: none"> Making an investment that the Fund was bound to make prior to the end of the Investment Period; Making follow-on investments in existing Fund investments; or Paying the Investment Manager's Management fee, Other fees and expenses and Abnormal expenses.
Additional Subscriptions	After the First Close Date, prospective and existing Investors may subscribe for additional Units on a quarterly basis until the Fund reaches its Final Close Date.
Additional Issue Price	Units issued after the First Close will be issued at \$1.00 per Unit (of which Capital Call Number 1 of \$0.40 per unit is to be paid by Applicants upon application with the balance payable in accordance with Capital Calls outlined above. In addition to this, a Late Capital Adjustment will be payable).
Late Capital Adjustments	Investors admitted on a closing date after First Close will be required to pay an additional amount equivalent to 8% per annum (pro-rata) of drawn capital which will be paid to First Close Investors for the period outstanding.
Distributions	<ul style="list-style-type: none"> The Investment Manager intends to return capital and interest on an 'as received' basis but reserves the right to use returned capital and interest to cover Management fees, Other fees and expenses, or Abnormal expenses or to reinvest proceeds during the Investment Period. The Investment Manager shall use its best efforts to return capital and pay distributions prior to the Initial Exercise Date. In the event of Shortfall on the Exercise Dates (as outlined below) the Trustee will call upon the downside protection under the terms of the SVA-DIF Loans and the PAF-SVA Loans. Funds from the SVA-DIF Loans will be distributed to investors in accordance with the Repayment Waterfall.
Redemption	<p>There is no right to redeem Units.</p> <p>Capital will be returned at the discretion of the Investment Manager subject to the time-frames noted in this IM.</p>

5. KEY TERMS AND DATES (CONT.)

Key Terms	Descriptions
Taxes and stamp duty	Investors should obtain their own accounting, taxation and legal advice regarding an investment in any Units.
Transfers	Subject to other restrictions set out in the Constitution, Units may only be transferred with the prior written consent of the Trustee, to persons who comply with the Investor eligibility requirements set out above.

5.4 Expenses and Governance

Key Terms	Descriptions
Management fees	<p>\$270,000 p.a. (indexed at CPI).</p> <p>After the Investment Period, management fees will be capped at 3% of NAV excluding social impact bonds, at the end of the quarter.</p> <p>Management fees are payable quarterly in arrears. All amounts exclude GST.</p>
Other fees and expenses	<ul style="list-style-type: none"> • Fund establishment expense of \$85,000 will be recovered by the Investment Manager from the assets of the Fund on the Commencement Date. • The Fund will reimburse the Manager and Trustee for all reasonable taxes, costs, charges and expenses incurred in connection with the investment, operation and management of the Fund or the acquisition, disposal or maintenance of any Investments. These expenses include but are not limited to audit, legal, compliance, external valuation, trustee, external due diligence and any other expenses related to the operations of the Fund. • As long as the Trustee is a corporate authorised representative of SVA, the Trustee will only seek reimbursement for outgoings and has otherwise agreed to waive a trustee fee. • All amounts above exclude GST.
Abnormal expenses	In addition to the expenses outlined above, the Fund may be subject to Abnormal expenses. Abnormal expenses are those expenses which are not ordinarily incurred, or expected to be incurred, during the usual operation of the Fund (such as costs of holding extraordinary Investor meetings, changes to law (including tax and stamp duty), changes to the Constitution, and defending or pursuing legal proceedings). Abnormal Expenses will be recovered from the assets of the Fund.
Fund priority	During the Investment Period or until the Fund is almost fully deployed, the Fund has priority over other SVA funds to invest \$1.5 million on any opportunity that satisfies the Fund's investment criteria (excluding SIBs).
Investor Reporting	<ul style="list-style-type: none"> • Detailed annual financial performance and social impact reporting within 120 days of Financial Year end. • Annual regulatory reporting (such as income tax and distribution statements) within 120 days of Financial Year end. • Audited annual accounts within 120 days of Financial Year end, as requested by Investors.

5. KEY TERMS AND DATES (CONT.)

Key Terms	Descriptions
Governance	<ul style="list-style-type: none"> The Investment Committee of the Investment Manager will make all investment decisions. Members are appointed by the Investment Manager and will include the SVA CEO and SVA Executive Director of Impact Investing. Members will make decisions by consensus. In addition, a minimum of two independent advisors will be appointed to advise the Committee. Members of the Investor Advisory Committee will be appointed by the Investment Manager in its absolute discretion. The Investment Manager currently anticipates that any Investor with a Commitment of greater than \$1 million will be entitled to nominate one Investor to the Advisory Committee Member. The Committee will meet annually (or on an ad-hoc basis, as required) to make recommendations to the Trustee and Investment Manager relating to conflicts of interest, reviewing methodologies for calculating the value of investments and any other matter the Trustee or Investment Manager has asked the Investment Advisory Committee to consider (e.g. variations to the investment policy).

5.5 Downside protection

Key Terms	Descriptions
Downside Protection	<p>In the event of a Shortfall at the Initial Exercise Date, the Trustee will call from SVA, under the terms of the SVA-DIF Loans and the PAF-SVA Loans, two advances which in aggregate will be equal to the lesser of:</p> <ul style="list-style-type: none"> The Shortfall Amount; and \$0.20 per Unit <p>SVA's obligations to advance the called amount will be limited to the extent it has received funding from the lenders under the PAF-SVA Loans.</p>
Shortfall	<p>A Shortfall exists if Units in the Fund have not received a cumulative \$1.00 per Unit (or if Units remain partly paid, the amount of paid up capital per Unit) in combined capital and income distributions of any form from the Fund at the Initial Exercise Date.</p>
Shortfall Amount	<p>For each Unit, \$1.00 (or if any Unit remains partly paid at the relevant Exercise Date, the amount of paid up capital on that Unit) less combined capital and income distributions of any form distributed in respect of that Unit on or before the date on which the final advance of Downside Protection is provided.</p>
Initial Exercise Date	<p>The first advance of the Downside Protection will be provided 10 Business Days after the first to occur of:</p> <ol style="list-style-type: none"> The ten-year anniversary of the Fund's First Close Date; Upon realisation of all assets in the Fund and distribution of all of the proceeds of that realisation to the holders of Units; or The date on which the Fund is otherwise terminated.
Final Exercise Date	<p>The second and final advance of the Downside Protection will be provided within 10 Business Days after the first 1 July falling after the Initial Exercise Date.</p>

5. KEY TERMS AND DATES (CONT.)

Key Terms	Descriptions
PAF-SVA Loans	The series of unsecured, callable loans from the PAFs to SVA in relation to the Fund, as listed in Section 2.4 (<i>Downside Protection</i>), and as subsequently added.
Repayment Waterfall	<p>If Fund assets are realised after the first advance of the Downside Protection has been made, the proceeds will be distributed in accordance with the following waterfall:</p> <ol style="list-style-type: none"> 1) First, payments to Unitholders to the extent required to ensure there is no remaining Shortfall; 2) Second, repayment of the SVA-DIF Loans which will be used by SVA to repay the PAF-SVA Loans in a corresponding amount; and 3) Third, by way of distributions to Unitholders. <p>This repayment waterfall will apply prior to the maturity date of the callable loans, at which time all amounts outstanding under the SVA-DIF Loans and PAF-SVA Loans will be forgiven.</p>
Maturity Date	<p>The earlier of:</p> <ol style="list-style-type: none"> (a) The date falling one year and one Business Day after the Initial Exercise Date; and (b) The date on which the winding up process for the Fund has been completed.
Limited recourse	<p>Both the PAF-SVA Loans and the SVA-DIF Loans are limited recourse in structure, whereby:</p> <ul style="list-style-type: none"> • Under the PAF-SVA Loans, SVA's obligations are limited solely to amounts of principal or interest received by SVA from the Fund under the SVA-DIF Loans. • For the SVA-DIF Loans, the Fund's obligations are limited solely to the proceeds of the assets and income of the Fund under the terms of the Repayment Waterfall. SVA's obligations are limited solely to the amounts it has received by way of advances under the PAF-SVA Loans. • The loan agreements will accordingly limit the lenders' and borrowers' rights to make claims against and launch insolvency proceedings in relation to the borrowers/lender (as applicable).

6. RISK FACTORS

All investments involve some degree of risk. An investment in the Fund will involve a number of risks that may impact on the profitability, risk and liquidity of the Fund. Key risks that could affect the performance of the Fund are outlined below. These risks may not be an exhaustive list. Many of these risks are outside of the control of the Trustee and SVA. Risk mitigation measures will be applied where possible.

Target fund return

The value of an investment in the Fund may go up or down. Neither SVA, the Trustee, nor any other person guarantees that the target return of the Fund will be achieved from all or any of the Fund assets. Prospective Investors are advised to review the IM in its entirety and other Fund documents to determine their own view on the future performance of the Fund.

Investment risk

The Fund will be investing in impact organisations, housing projects and SIBs. There is a risk that the underlying borrowers or investees will default on their obligations or that shares become worthless or illiquid. When securities in a company or other entity are purchased, an Investor is exposed to many of the risks to which the individual company or other entity is itself exposed. These risks may impact the value of the securities in the company. They include such factors as changes in management, competitors, suppliers and regulations. SVA will endeavour to manage this risk through a thorough due diligence of each investment, including meetings with senior managers and analysis of market conditions and competitors.

The impact investing market is an emerging market, and there is little historical data available to assess the risk of the financial products and impact investments. Due to the untested nature of the market, there is the risk that Investors may lose their investment and receive no return of either capital or income above the 20% downside protection. Refer to Section 2.4 (*Downside protection*). SVA's experience in working with Australian impact investments, stringent due diligence of the impact investments in which the Fund invests, security, early termination rights, diversified portfolio (no individual asset to represent more than 20% of Committed Funds, subject to variation as recommended by the Investor Advisory Committee) and downside protections on select underlying investments and the downside protection provided by the PAFs will assist in mitigating this risk.

Due diligence risk

There exists a risk that material items that could affect the performance of individual investments of the Fund may not be identified during the investment process and due diligence investigations. SVA will attempt to manage this risk through the use of a consistent due diligence process that will be applied to all investments.

Downside protection risk

The PAFs named in Section 2.4 (*Downside Protection*) have signed binding term sheets in relation to the PAF-SVA Loans. It is a condition of First Close that (a) binding PAF-SVA Loan Agreements equal to 20% of First Close Amount are executed; and (b) binding SVA-DIF Loan Agreements are executed.

The downside protection is subject to PAF credit risk (including PAFs retaining sufficient assets to meet advances on callable loans), SVA credit risk, SVA retaining its Deductible Gift Recipient status and changes to PAF rules or tax laws. SVA's obligations under the SVA-DIF Loans are limited to the amount received from the PAFs via the PAF-SVA Loans. If one PAF is unable to fund its obligations under a PAF-SVA Loans, the other PAFs are not obliged to meet the relevant shortfall. To mitigate this risk, PAF commitments represent no more than 10% of any of the PAFs' net assets, in most recent set of audited accounts. PAFs have also provided an undertaking to maintain net assets greater than or equal to two times the amount of the loan at all times during the term of the loan.

SVA credit risk

There is a risk that SVA experiences financial distress, such as insolvency, and cannot meet its obligations as Investment Manager or as part of the downside protection. To assist in mitigating this risk, SVA has entered into Payment Directions Deeds that will direct any funds from the PAF-SVA Loans directly to the Fund.

6. RISK FACTORS (CONT.)

Liquidity risks

An investment in the Fund will be illiquid, as there is no established secondary market in which to sell Units. Investors will be reliant on principal repayments from the underlying investments for redemption of their Units. Principal repayments from the underlying investments will be distributed prior to the Exercise Date, at the discretion of the Investment Manager.

Tax risk

Tax laws are subject to continuous change, which can operate retroactively and may or may not have an adverse impact on Investors. We recommend that Investors seek independent tax advice on the tax treatment of their investment.

Interest rate risk

There is a risk that movements in interest rates may adversely affect the value of investments in the Fund.

Manager risk

By investing in the Fund, Investors delegate their control over operations and investment decisions to SVA. The success of the Fund may be affected by SVA's performance and the performance of its external service providers.

Dependence on key personnel

The performance of the Fund is reliant on a number of key personnel employed by SVA and SVA's ability to attract and retain quality staff. The loss of key staff members could potentially have an adverse impact on the Fund's performance. SVA will attempt to manage this risk by involving a number of senior and experienced people in the management of the Fund. Furthermore, SVA has a strong track record of recruiting a high calibre of candidates over the last 15 years.

Sourcing suitable investment opportunities

The Fund's performance may be limited by SVA's ability to source suitable investment opportunities. Sourcing suitable investments may be difficult due to the emerging nature of the social finance market, which may make it difficult to acquire quality investment opportunities within the forecast timeframe or with the risk-return profiles anticipated in line with this strategy. This could have a negative impact on the Fund's performance and result in Investors being more greatly exposed to the underperformance of any of the individual Fund investments. SVA will endeavour to limit such risk through a multi-faceted approach to the investment pipeline, including analysis of SVA's existing partners, proactively pursuing new relationships in the investment and social sectors and providing information about the Fund on SVA's website. The risk of non-deployment of Investor funds is mitigated by SVA's strong origination capabilities, outlined in section 4.1 (*Origination*).

Operating expenses

The Fund's expenses might be greater than anticipated due to Abnormal Expenses or high due diligence and deal related costs, adversely impacting the net income of the Fund. This may be caused by higher than expected rates of inflation, unforeseen expenses and other factors.

The Fund risk

The Fund risk refers to specific risks associated with the Fund, such as termination and changes to fees and expenses. Your investment in the Fund is governed by the terms of the Constitution for the Fund, the PAF-SVA Loans and the SVA-DIF Loans, as amended from time to time. There is also a risk that investing in the Fund may give different results from holding the underlying assets of the Fund directly, because of income or capital gains accrued in the Fund at the time of investing, and the impact of investments into and withdrawals out of the Fund by other Investors.

6. RISK FACTORS (CONT.)



Regulatory risk

The value or tax treatment of an investment in the Fund or its underlying assets or the effectiveness of the Fund's investment strategy may be adversely affected by changes in government (including taxation) policies, regulations and laws, or changes in accounting policies or valuation methods. The regulatory environment for funds is evolving and, subject to change, which may adversely affect the ability of the Fund to pursue its investment strategy.

Australian Financial Services License risk

At the time of writing, SVA is seeking approval from the Australian Securities and Investments Commission to vary the terms of its Australian Financial Services License to allow it to provide custodial and depository services. SVA anticipates receiving a determination prior to the expected First Close Date. There is a risk that this variation will not be approved, or will not be approved in time. This will result in the Fund being required to appoint an external trustee. This may result in increased Fund expenses.

Other risks

The risks listed are not exhaustive; however, they are the most material risks that relate to the Fund. The above and other risks may impact the future performance of the Fund and the value of the Units. There is no guarantee as to the future performance of the Fund in terms of distributions, capital appreciation or return of capital.

Investment case study: SVA Social Impact Fund



PGM Refiners is an e-waste recycler business that employs the long-term unemployed. SVA worked closely with PGM to invest in next-generation recycling technology and expand interstate. PGM was successfully sold to a listed waste management company in 2015.



\$1 million equity capital committed (\$0.5 million called)



\$2 million in government grants catalysed



Average of 84% of employees faced multiple employment barriers

7. OTHER IMPORTANT INFORMATION

7.1 Selling and distribution restrictions

By submitting an Application Form, an Investor applies to invest in the Units in accordance with the Constitution. The Trustee has the sole right to accept any offer to purchase Units and may reject that offer in whole or in part (including by accepting a commitment of a lesser amount than that applied for) without giving reasons for its decisions.

Under the Constitution, each Investor will, among other things, agree to comply with any applicable law or directive in any jurisdiction in which it may subscribe for, offer, place, sell or transfer Units and that it will not, directly or indirectly, offer, sell or transfer Units or distribute any IM or other offering material in relation to the Units (a) outside Australia; and (b) within Australia except in accordance with the Constitution and these selling restrictions.

If a person does offer, sell or transfer Units or distribute any IM or other offering material in relation to the Units in a jurisdiction, that person must only do so in compliance with, and under circumstances that will result in compliance by the Trustee with any applicable law or directive of that jurisdiction, without the need for the Trustee or any other person making any additional disclosures or applying for or obtaining additional licences, registrations, authorisations, consents, approvals, lodgements, notifications, filings or any other similar matters from any government, state instrumentality, judicial body or similar body exercising regulatory or public functions.

No action has been taken in any overseas jurisdiction that would permit an offering of any of the Units or the distribution of the IM or any other offering material. No Relevant Party has represented that any Units may at any time lawfully be sold or transferred in compliance with any applicable disclosure, registration, licencing or other such requirements in any jurisdiction, or in accordance with any available exemptions in relation to the foregoing, or assumes any responsibility for facilitating that sale.

The following selling restrictions apply.

Australia

The Units may only be issued or transferred to Australian residents who are not acquiring an interest in the Units through a permanent establishment outside Australia. No prospectus or product disclosure statement (as defined in the Corporations Act) in relation to the Units has been, or will be, lodged with ASIC.

A person may not make or invite an offer of the Units for issue or sale in Australia (including an offer or invitation which is received by a person in Australia) or distribute or publish this IM or any other offering material or advertisement relating to the Units in Australia unless the offer or invitation (1) does not require disclosure to investors under Part 7.9 of the Corporations Act, (2) does not constitute an offer or invitation to a 'retail client' as defined for the purposes of Chapter 7 of the Corporations Act, (3) complies with all other applicable laws and directives in the jurisdiction in which the offer, invitation or issue takes place and (4) does not require any document to be lodged with ASIC or any other regulatory body in Australia.

7.2 Agency and distribution arrangements

The Trustee may agree to pay fees to the Investment Manager or any other agent for undertaking their respective roles and reimburse them for certain of their expenses properly incurred in the proper performance of their duties.

Persons involved in the operations of the Fund and in the offer, issue and sale of the Units, and their respective related entities, directors, officers and employees, may have pecuniary or other interests in the Units and may also have interests pursuant to other arrangements and may act as a principal in dealing in, or as a custodian or nominee in holding, any Units.

7. OTHER IMPORTANT INFORMATION (CONT.)

7.3 Investors should obtain independent advice

This IM is not investment advice and has been prepared without taking into account the investment objectives, financial situation or particular needs (including financial and taxation issues) of any investor. Each investor contemplating subscribing for, purchasing or otherwise dealing in any Units or any rights in respect of any Units should:

- Make and rely upon (and shall be taken to have made and relied upon) its own independent investigation of the:
 - Financial condition and affairs of, and its own appraisal of the creditworthiness of, the Investment Manager and any other persons; and
 - Proposed investments and the investment strategy of the Fund and whether this meets the Investors needs and requirements.
- Determine for themselves the relevance of the information contained in this IM, and must base their investment decision solely upon their independent assessment and such investigations as they consider necessary; and
- Consult their own tax advisers concerning the application of any tax or duty (including stamp and transactions duty) laws applicable to their particular situation.

No advice is given in respect of the legal, taxation or accounting treatment for investors or purchasers in connection with an investment in any Units or rights in respect of them. In addition, this IM does not include any information in respect of the taxation treatment of an investment in the Units. Prospective Investors should, in connection with an investment or other dealing in any Units (including their transfer), consult their own professional advisers.

7.4 No authorisation

No person has been authorised to give any information or make any representations not contained in or consistent with this IM in connection with the Trustee, SVA or the issue or sale of the Units and, if given or made, such information or representation must not be relied on as having been authorised by any Relevant Party.

7.5 Confidentiality

This IM and all of the information contained within must not be disclosed to any person or replicated in any form without the prior written consent of the Trustee or Investment Manager.

7.6 No independent verification

No representation, warranty or undertaking, express or implied, is made, and no responsibility is accepted, by any Relevant Party (other than the Trustee, on the terms provided under Important Notices - Responsibility), as to the accuracy or completeness of this IM or any further information supplied in connection with the Units.

No person named in this IM has undertaken to review the financial condition or affairs of the Investment Manager or any other person at any time or to advise any Investor of any information coming to their attention with respect to the Investment Manager or any other person and make no representations as to the ability of any of the foregoing persons to comply with their obligations under the Units.

7.7 Currency of information

The information contained in this IM is prepared as of the date of this IM. Neither the delivery of this IM nor any offer, issue or sale made in connection with this IM at any time implies that the information contained in it is correct, that any other information supplied in connection with the Units or any proposed investments of the Fund is correct or that there has not been any change (adverse or otherwise) in relation to any investments or in the financial conditions or affairs of the Trustee at any time subsequent to the date of this IM. In particular, the Trustee is under no obligation to any person to update this IM at any time, including after an issue of Units.

7.7.1 Keeping you informed

SVA will provide Investors with an annual Investor Report that will provide:

- Annual financial performance and social impact reporting within 120 days of Financial Year end.
- Annual regulatory reporting (such as income tax and distribution statements) within 120 days of Financial Year end.
- Audited annual accounts within 120 days of Financial Year end, as requested by Investors.

The first Investor Report will cover the period from the First Close Date until 30 June 2019.

7. OTHER IMPORTANT INFORMATION (CONT.)

7.7.2 Up-to-date information

Certain information in this Information Memorandum may change from time to time. This includes but is not limited to potential changes which we have identified. Where we indicate to you that we will give notice of such changes, or where the updated information includes no materially adverse information, we will publish the updated information on our website: socialventures.com.au

A copy of the updated information will be available free of charge upon request by contacting the Trustee.

7.8 Documents incorporated by reference

This IM is to be read in conjunction with all documents which are deemed to be incorporated into it by reference as set out below. This IM shall, unless otherwise expressly stated, be read and construed on the basis that such documents are so incorporated and form part of this IM. Investors should review, among other things, the documents which are deemed to be incorporated in this IM by reference when deciding whether to purchase any Units.

The following documents are incorporated in, and taken to form part of, this IM:

- Constitution;
- SVA-DIF Loan Agreements;
- PAF-SVA Loan Agreements;
- Side Letters to the Loan Agreements;
- Payment Directions Deeds;
- Investment Management Agreement; and
- All other documents issued by the Trustee and stated to be incorporated in this IM by reference.

Any statement contained in this IM shall be modified or superseded in this IM to the extent that a statement contained in any document subsequently incorporated by reference into this IM modifies or supersedes such statement (including whether expressly or by implication).

If there is any inconsistency between information provided in this IM and any prior information or representation relating to the Fund, this IM supersedes such information.

Any another supplement to this IM may also supplement, amend, modify or replace any statement or information incorporated by reference in this IM or a supplement to this IM.

Copies of documents which are incorporated by reference in this IM can be obtained from the Trustee on request.

Any internet site addresses provided in this IM are for reference only and the content of any such internet site is not incorporated by reference into, and does not form part of, this IM.

7.9 The Trustee and Constitution

7.9.1 Our legal relationship with investors

The Corporations Act, general law and the Constitution set out the rights and interests of the Unitholders in the Fund as investors and also set out the rights, duties and obligations of SVA Nominees No. 2 Pty Ltd as the Trustee of the Fund.

7.9.2 Constitution

The Fund is governed by its Constitution. The main provisions of the Constitution are summarised below. The Constitution is legally binding between the Trustee and each Unitholder. To the extent of any inconsistency between this Information Memorandum and the Constitution, the provisions of the Constitution will prevail. Subject to the applicable law, the Trustee may amend the Constitution.

7.9.3 Rights and liabilities of investors

Each Unit carries with it an equal beneficial interest in the assets of the Fund as a whole but not in any particular asset of the Fund. The Fund income is only distributed to registered Unitholders entitled to a distribution as at the last Business Day of a distribution period determined in accordance with the Constitution. Unitholders may not interfere with the Trustee's powers or exercise any rights in respect of any investment or assets of the Fund.

Generally, the Constitution limits an Investor's liability to the value of that Unitholder's investment in the Fund. However, no absolute assurance can be given as this may depend on the specific circumstances of a given case.

7.9.4 Liability of the Trustee

The Trustee may be entitled to be indemnified out of the assets of the Fund for expenses and liability incurred in the proper performance of its duties.

Subject to the applicable law, the Trustee may limit its liability to third parties to the extent to which it is entitled to be and is in fact indemnified out of the Fund.

7. OTHER IMPORTANT INFORMATION (CONT.)

7.9.5 Retirement of the Trustee

The Trustee may retire from the Fund in the circumstances set out in the Constitution, including where Unitholders pass a special resolution requiring the Trustee to retire. The Trustee may also retire voluntarily with no less than 14 days notice (unless waived in writing in accordance with a special resolution) and will appoint another trustee in writing in accordance with a special resolution.

7.9.6 Termination of the Fund

The Trustee may terminate the Fund at any time by giving notice to Unitholders or in the circumstances provided in any applicable law, including pursuant to an extraordinary resolution passed by Unitholders. Where the Fund is terminated, the Trustee must sell all the assets of the Fund and distribute the net proceeds to Unitholders in accordance with the Constitution.

7.9.7 Dealing with complaints

The Fund has procedures in place for dealing with complaints. The Complaints Officer for the Fund will seek to acknowledge receipt of your complaint in writing as soon as reasonably practicable and in any event within 30 days from receipt, and address your complaint within 60 days. Investors with enquiries should contact the Complaints officer. Notification of any complaint should be addressed to:

Attn: Complaints Officer
Email: makeaDIF@socialventures.com.au

7.10 AML/CTF acknowledgement

By applying to invest in the Fund you warrant that:

- (a) You comply and will continue to comply with applicable anti-money laundering (AML) and counter-terrorism financing (CTF) laws and regulations, including but not limited to the law and regulations of Australia in force from time to time (AML/CTF law).
- (b) You are not aware and have no reason to suspect that:
 - (i) The monies used to fund your investment in a Fund have been or will be derived from or related to any money laundering, terrorism financing or similar activities illegal under applicable laws or regulations or otherwise prohibited under any international convention or agreement ('illegal activity'); or
 - (ii) The proceeds of your investment in a Fund will be used to finance any illegal activities.
- (c) You will provide us with all additional information and assistance that we may request in order for us to comply with any AML/CTF Law.
- (d) You are not a 'politically exposed' person or organisation for the purposes of any AML/CTF Law.
- (e) You acknowledge that the Trustee may, in its sole and absolute discretion but otherwise in accordance with the law, vary the terms of this Information Memorandum or alter the arrangements in respect of any Fund, where the Trustee is required to do so due to changes in AML/CTF Law.

By applying to invest in the Fund, you also acknowledge that we may decide to delay or refuse any request or transaction, including by suspending the issue or withdrawal of Units in a Fund, if we are concerned that the request or transaction may breach any obligation of, or cause us to commit or participate in an offence under any AML/CTF Law, and we will incur no liability to you if we do so. You further acknowledge that the Trustee is under no obligation to inform you of its intention to do any of the above, or the fact that it has done any of the above, nor is the Trustee obliged to provide you with its reasons for any such actions.

7. OTHER IMPORTANT INFORMATION (CONT.)

7.11 Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standard

FATCA was enacted in 2010 by the United States Congress to target non-compliance by US taxpayers using foreign accounts. CRS is a broader OECD led framework for the collection, reporting and exchange of account information between revenue authorities across jurisdictions. FATCA and CRS require financial institutions, globally including this Fund, to identify foreign accounts and report information relating to foreign accounts to the tax authorities.

To comply with FATCA and CRS requirements, the Fund will collect additional information from you and will disclose such information to the Australian Tax Office. This information may ultimately be shared with revenue authorities in other jurisdictions under the various exchange of information agreements that Australia has entered into with other jurisdictions.

7.12 Privacy statement

In certain circumstances, the Trustee may be required by the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth), the Financial Sector (Collection of Data) Act 2001 (Cth), the Corporations Act (Cth), the Taxation Administration Act 1953 (Cth), the Income Tax Assessment Act 1936 (Cth) and other laws to collect certain personal information about Investors. If an Applicant does not provide the information required on the Application Form, or provides incomplete or inaccurate information, the Trustee may not be able to accept or process their application.

The Trustee and the Registrar may, for the purposes set out in this privacy statement, disclose personal information to the Investment

Manager, related entities, agents, contractors and third party service providers (including mail houses and professional advisers) of the Trustee and the Registrar, regulatory authorities and in any case, where disclosure is required or allowed by law or where the Applicant has consented. The Trustee currently does not intend to disclose information overseas.

The Constitution requires the Trustee to include information about Unitholders (including name, address and details of the Units held) in the register. The information contained in the register will be retained, even if an individual ceases to be a Unitholder. Information contained in the register is also used to facilitate and process payments and corporate communications (including annual reports and other information that the Trustee or the Fund Manager wishes to communicate to Unitholders) and to help ensure compliance by the Trustee with legal and regulatory requirements. The Trustee otherwise uses personal information to assess your application, provide services to you and for the purposes of running and administering the Fund and the Trustee's business.

A copy of the Trustee's privacy policy is available from makeaDIF@socialventures.com.au. The privacy policy states how the Trustee manages personal information and includes information about how a request to access and seek correction of the personal information held by the Trustee can be made. The Privacy Policy also contains information about how an Applicant can complain about a breach by the Trustee of the Privacy Act and how the Trustee will deal with such a complaint. Requests to access personal information, seek correction to personal information or make a complaint can be made to the Trustee by emailing:

makeaDIF@socialventures.com.au

or by mail at:

Level 6, 6 O'Connell Street
Sydney NSW 2000.

8. GLOSSARY

Applicant An eligible investor who applies for any Units.

Application Form An application form attached to this Information Memorandum.

Application Payment The amount to be paid by an Applicant in making a valid application for Units.

Australian dollars, \$ or A\$ The lawful currency of Australia.

Business Day A day (not being a Saturday or Sunday or public holiday in the relevant place) on which banks are open for general banking business in Sydney.

Capital Call Number 1, Capital Call Number 2 and Capital Call Number 3 Have the meanings given in Section 5.3 (*Investor Terms*).

Capital Commitments The Initial Issue Price multiplied by the total number of Units issued by the Trustee.

Constitution Constitution (Diversified Impact Fund) dated 6 September 2017.

Corporations Act Corporations Act 2001 (Cth).

Exercise Date The Initial Exercise Date or the Final Exercise Date, as appropriate.

First Close Amount Has the meaning given in Section 5.1 (*Dates*).

First Close Investors Investors issued with Units on or before First Close Date.

FUM Funds under management.

GST Goods and Services Tax.

Housing projects Housing for people living in need. This includes but is not limited to social, affordable and disability housing.

IM This Information Memorandum. References herein to 'IM' are to this IM and any other document incorporated by reference and to any of them individually.

Impact organisations Organisations with the intention to generate social impact alongside financial returns. They include impact businesses, social enterprises and non-profit organisations.

Initial Issue Price \$1.00 per Unit.

Investment Manager Social Ventures Australia Limited (ACN 100 487 572), (AFSL No. 428865) (SVA).

Investors In respect of a Unit, each person whose name is entered in the register as the holder of that Unit.

IRR Internal rate of return.

NAV Net Asset Value.

PAF Private Ancillary Fund.

PAF-SVA Loans Have the meaning given in Section 2.4 (*Downside protection*).

Privacy Act Privacy Act 1988 (Cth).

Relevant Parties The Trustee, Investment Manager and any person other than the Trustee acting as an agent from time to time, and 'Relevant Party' means any of them, as the contexts admits.

SIBs Social impact bonds.

SIF SVA Social Impact Fund.

SVA Social Ventures Australia Limited (ACN 100 487 572).

SVA-DIF Loans Have the meaning given in Section 2.4 (*Downside protection*).

The Fund (or DIF) The SVA Diversified Impact Fund.

Trustee SVA Nominees No. 2 Pty Ltd (ACN 167 016 999).

Unitholder In respect of a Unit, each person whose name is entered in the register as the holder of that Unit.

Units Ordinary partly-paid Units in the Fund issued by the Trustee.

9. HOW TO INVEST

9.1 Overview

Eligible investors (**Applicants**) may apply for Units by submitting an Application Form that was attached to, or accompanied by, a copy of this IM, and providing the Application Payment (Capital Call Number 1).

Applications will only be considered where Applicants have applied pursuant to an Application Form submitted in accordance with Appendix 1 – *Application Form*. The Trustee may in its sole discretion accept or reject an application. Applicants will be informed of the success of their application.

The Targeted First Close Date is 31 December 2017. The offer period may close early and so Applicants are encouraged to consider submitting their Application Forms as soon as possible.

An Applicant cannot withdraw their Application Form once it has been lodged.

9.1.1 Subscription amounts

The minimum subscription amount is \$50,000 in principal amount of the Units. Investors may apply for additional Units in multiples of \$1,000 in principal amount above that minimum subscription amount.

9.2 Investor eligibility

An application for the issue of any Units will only be accepted from, and Units will only be issued to, an investor that is (1) a person to whom it is lawful to make an offer of the Units, (2) a person to whom an offer or invitation for the issue, sale or transfer of the Units may be made without disclosure under Part 7.9 of the Corporations Act, (3) not a 'retail client' as defined for the purposes of Chapter 7 of the Corporations Act and (4) an Australian resident who is not acquiring an interest in the Units through a permanent establishment outside Australia.

In particular, Investors must be able to demonstrate that they are a '**wholesale client**' including as follows:

- By providing a certificate given by a qualified accountant dated no more than two years before the offer is made confirming that the investor has (1) net assets of at least A\$2.5 million or (2) has a gross income for each of the last two financial years of at least A\$250,000 a year or (3) is a company or trust that is controlled by a person who meets (1) or (2); or

- By demonstrating that they are a '**professional investor**' for the purpose of Chapter 7 of the Corporations Act for example, by showing that they have an Australian financial services licence (**AFSL**) or by demonstrating that they control gross assets of at least A\$10 million.

In accordance with the above, any Units purchased by any person who wishes to offer such Units for sale or resale may not be offered in Australia in circumstances which would result in the Trustee being obliged to prepare or lodge a product disclosure statement or other disclosure document (as defined in the Corporations Act) in relation to any Units with ASIC or any other regulatory body.

9.3 Application Payments

The Application Payment to be provided in connection with an application for any Units is an amount equal to the Capital Call Number 1 (i.e. \$0.40) multiplied by the number of Units identified by the Applicant in their Application Form.

9.4 Payment options

There are three options for payment of Application Payments: (1) by personal or bank cheque, (2) by direct deposit and (3) transfer of funds from the SVA Social Impact Fund, as described in the Appendix 1 – *Application Form*.

Where funds are electronically transferred or deposited directly to the bank account, details of the deposit should accompany the Application Form. The Trustee will accept notice of electronic transfer of funds as if deposited and cleared. Physical cash will not be accepted at any time.

9.5 Application Payments

All Application Payments received before Units are issued will be held in a proceeds account used for the purpose of depositing Application Payments received. Applicants will not be entitled to interest earned on monies held in the account.

9.6 Refunds

Applicants who are not allotted any Units, or are allotted fewer Units than the number applied and paid for as a result of a scale back, will have all or some of their Application Payments (as applicable) refunded (without interest) as soon as practicable.

9. HOW TO INVEST (CONT.)



9.7 Provision of TFN and/or ABN

In the Application Form, Applicants may provide their Tax File Number (TFN) should they wish to do so (in order to enable the Trustee to make payments on the units free of withholding tax).

The collection and quotation of TFNs is authorised, and TFN use and disclosure is strictly regulated, by tax laws, in particular, the *Income Tax Assessment Act 1936* (Cth) and the *Taxation Administration Act 1953* (Cth) and the Privacy Act.

Applicants are not required to provide their TFNs, and it is not an offence to not provide a TFN. However, the Trustee may be required to withhold tax from payments on the Units at the highest marginal tax rate plus the Medicare levy where the investor has failed to provide their TFN, ABN or proof of a relevant exemption from quoting such numbers.

9.8 Provision of bank account details

In the Application Form, Applicants are also requested to provide account details. This nominated account will be used for the direct crediting of payments of distributions and repayment of principal and payments of other amounts. If this information is not provided in the Application Form, Applicants are encouraged to provide it to the Trustee as soon as possible thereafter. Subject to the Constitution, if a Unitholder has not notified the Trustee of an appropriate account by the close of business on the Final Close Date in respect of that payment, or the credit of any money to your account does not complete for any reason, then the Trustee will pay the relevant amount by cheque delivered (at the risk of the Unitholder) to the postal address most recently notified. No interest is payable in respect of any delay in payment.

APPLICATION FORM

This Application Form accompanies the Information Memorandum dated 19 September 2017 (**IM**) issued by SVA Nominees No. 2 Pty Ltd (ACN 167 016 999) (**Issuer**) in its capacity as trustee of the SVA Diversified Impact Fund (ABN 72 610 165 982) (the **Fund**).

It is important that you read the IM in full and the acknowledgements contained in this Application Form before applying for Units.

Unless otherwise defined, capitalised terms used in this Application Form have the same meaning given to them in the IM.

The Units are only being offered for issue to Australian residents who are not acquiring interests in the Units through a permanent establishment outside Australia and in circumstances where disclosure to investors under Part 7.9 of the Corporations Act is not required to be made.

Please tick one box below and complete the relevant Sections of the Application Form.

INVESTOR TYPE

COMPLETE

<input type="checkbox"/> Individual/Joint Investors	Sections 1, 2, 5, 6, 7, 8, 9 and 10
<input type="checkbox"/> Company	Sections 1, 3, 5, 6, 7, 8, 9 and 10
<input type="checkbox"/> Trust/Superannuation Fund with Individual Trustee	Sections 1, 2, 4, 5, 6, 7, 8, 9 and 10
<input type="checkbox"/> Trust/Superannuation Fund with Corporate Trustee	Sections 1, 3, 4, 5, 6, 7, 8, 9 and 10

If investing via a Financial Adviser

Please ensure both you and your financial adviser also complete 'Section 11. Financial Adviser Details and Customer Identification Declaration.' You do not need to provide copies of your certified identification documentation with your Application Form if this information has been provided to your financial adviser, your financial adviser has elected to retain this information, and agreed to make it available upon request, under Section 11 of this Application Form.

Application Process:

Step 1 – Complete the Application Form (i.e. fill in all relevant sections of this form in blue or black pen)

Step 2 – Send your application

Select your method of delivery below:

- Option 1 – Email** Scan and email your completed Application Form to info@oneregistryservices.com.au (please include all supporting documents)
- Option 2 – Post/Delivery** Please post your completed Application Form and all supporting documents to:
SVA Diversified Impact Fund Unit Registry
PO Box R1479
Royal Exchange NSW 1225

Questions

If none of the above categories are applicable to you, or you have other questions relating to this Application Form, please contact the registrar on +61 2 8188 1510 or email info@oneregistryservices.com.au.

1. INVESTMENT DETAILS

1.1 DETAILS

I/we apply to invest in the SVA Diversified Impact Fund. Enter the total number of Units you wish to apply for:

I/we apply for: Initial Issue Price Capital Call 1 Application Payment
per Unit

Units X X = \$.00

(Minimum investment amount of \$50,000. Minimum investment of \$50,000 x 40% = \$20,000 minimum Application Payment)

Investors admitted on a closing date after First Close will be required to pay Late Capital Adjustments equivalent to 8% per annum (pro-rata) of drawn capital. Late Capital Adjustments will be invoiced upon application receipt. Applications will only be accepted and Units issued upon receipt of the invoice amount.

Please tick the box beside your chosen payment method and complete the required details.

Cheque
Made payable to: One Registry Services Pty Ltd Applications Account

Electronic Funds Transfer or Direct Deposit
Bank: St George
Account Name: One Registry Services Pty Ltd Applications Account
BSB: 332 127
Account number: 554 262 774
Date of Transfer

Reference Used

Transfer funds from the SVA Social Impact Fund
For Investors of the SVA Social Impact Fund only. If the SVA Diversified Impact Fund Application Payment (Capital Call 1) is greater than the interim distribution from the SVA Social Impact Fund, you will be notified of the additional amount owed upon application receipt. Applications will only be accepted and Units issued upon receipt of the full Application Payment. If the Application Payment is less than the interim distribution from the SVA Social Impact Fund, the additional amount will be paid to your nominated Social Impact Fund bank account.

Source of Investment Funds

Please identify the source of your investable assets or wealth:

Gainful employment Inheritance/gift/donations Business activity
 Superannuation savings Financial Investments
 Other – please specify

What is the purpose of this investment?

Savings Growth Income
 Retirement Business account Other - please specify _____

1.2 WHOLESALE CLIENT

I acknowledge that one of the following circumstances apply to me (please indicate):

- (a) I am/we are applying for units at a price, or for the value of at least \$500,000 under this Application Form
- (b) I have/we have net assets of at least \$2.5 million, and I am/we are applying for Units in the Fund for a purpose other than for use in connection with a business
- (c) I have/we have a gross income for each of the last two financial years of at least \$250,000 per year, and I am/we are applying for Units in the Fund for a purpose other than for use in connection with a business
- (d) I am/we are a 'professional investor' as defined in the Corporations Act*
- (e) I am/we are applying for company or trust controlled by a person who satisfies (b) or (c)

If (b), (c) or (e) applies, please provide an Accountant's Certificate with your Application Form (a template can be located at the end of this form).

*If you consider yourself a 'professional investor' please contact the Registrar on +61 2 8188 1510 in order to complete the appropriate forms.

2. INDIVIDUAL/JOINT INVESTORS/INDIVIDUAL TRUSTEES

Complete this section if you are investing in your own name.

2.1 INVESTOR DETAILS

INVESTOR 1

Title				Date of Birth	
Given Names				Surname	
Place of Birth (City/Town)				Country of Birth	
Residential Address (not a PO Box)					
Suburb	State	Postcode	Country		
Email					
Mobile Number			Telephone		
Occupation					

INVESTOR 2 (only applicable for joint investors)

Title				Date of Birth	
Given Names				Surname	
Place of Birth (City/Town)				Country of Birth	
Residential Address (not a PO Box). If same as residential address given above, mark 'As Above'.					
					<input type="checkbox"/> As Above
Suburb	State	Postcode	Country		
Email					
Mobile Number			Telephone		
Occupation					

If there are more than two individuals please provide details and attach to this Application Form.



2.2 IDENTIFICATION DOCUMENTS

To comply with Australia's Anti-Money Laundering and Counter-Terrorism Financing (**AML/CTF**) legislation, we must collect certain information from prospective investors and their beneficial owners supported by CERTIFIED COPIES of relevant identification documents for all investors and their beneficial owners.

Please refer to Section 12 for details of how to arrange certified copies. Please provide all documents in the proper format otherwise we may not be able to process your application for investment.

Select one of the following options to verify each investor and Beneficial Owner.

- Provide a certified copy of a driver's licence that contains a photograph of the licence/permit holder; or
- Provide a certified copy of a passport that contains a photograph and signature of the passport holder.

3. COMPANY/CORPORATE TRUSTEE

Complete this section if you are investing for, or on behalf of, a company.

3.1 COMPANY DETAILS

3.1.1 COMPANY DETAILS

Full Company Name

Country of Formation, Incorporation or Registration

ARBN (if registered with ASIC)

ACN/ABN

Tax File Number or Exemption Code

AFS Licence Number (if applicable)

Name of Regulator (if licenced by an Australian Commonwealth, State or Territory statutory regulator)

Registered Business Address

Suburb

State

Postcode

Country

Principal Place of Business (not a PO Box address)

Suburb

State

Postcode

Country

Registration status with ASIC

- Proprietary Company Public Company

Is the Company Listed?

- No Yes – Name of Market/Stock Exchange

Is the company a majority-owned subsidiary of an Australian listed company?

- No Yes – Name of Australian Listed Company

– Name of Market/Stock Exchange

3.1.2 DIRECTORS OF THE COMPANY/CORPORATE TRUSTEE

If the company is **registered as a proprietary company by ASIC** please list the name of each director of the company.

Director 1 – Full Name

Director 4 – Full Name

Director 2 – Full Name

Director 5 – Full Name

Director 3 – Full Name

Director 6 – Full Name

If there are more than six directors please provide their full names on a separate page and attach to this Application Form.

3.1.3 BENEFICIAL OWNERS OF THE COMPANY/CORPORATE TRUSTEE

Please provide details of the Beneficial Owner of the company who directly or indirectly control the company in Section 6.6. Please refer to Section 13 if you are unsure as to what Beneficial Owner means.

3.2 CONTACT PERSON DETAILS *(Financial Adviser details not accepted)*

Given Names

Surname

Postal Address

Suburb

State

Postcode

Country

Email

Mobile Number

Telephone

3.3 IDENTIFICATION DOCUMENTS

To comply with AML/CTF legislation, we must collect certain identification documents from prospective investors and their beneficial owners supported by CERTIFIED COPIES of relevant identification documents for all investors and their beneficial owners.

Please refer to Section 12 for details of how to arrange certified copies. Please provide all documents in the proper format otherwise we may not be able to process your application for investment.

Select one of the following options to verify the company.

- Perform a search of the ASIC database (unit registry to perform on behalf of the investor); or
- Provide a certified copy of the certification of registration issued by ASIC or the relevant foreign registration body (must show full name of company, name of registration body, company identification number and type of company – private or public).

Select one of the following options to verify the Officeholders who have signed the Application Form and Beneficial Owners identified in Section 6.6.

- Provide a certified copy of a driver's licence that contains a photograph of the licence/permit holder; or
- Provide a certified copy of a passport that contains a photograph and signature of the passport holder.

4. TRUST/SUPERANNUATION FUND

Complete this section if you are investing for, or on behalf of, a Trust/Superannuation Fund.

4.1 TRUST/FUND DETAILS

Full Name of Trust/Superannuation Fund

Country of Establishment

Tax File Number or Exemption Code

Australian Business Number (if any)

4.1.1 TYPE OF TRUST

(Please tick **ONE** box from the list below to indicate the type of Trust and provide the required information)

Type A: Regulated Trust (e.g. self-managed superannuation fund)

Name of regulator (e.g. ASIC, APRA, ATO)

Registration/Licensing details

Type B: Government Superannuation Fund

Name of the legislation establishing the fund

Type C: Other Type of Trust/Unregulated Trust

Trust Description (e.g. family, unit, charitable, PAF)

4.2 ADDITIONAL INFORMATION FOR TYPE C TRUSTS

4.2.1 SETTLOR OF THE TRUST

The material asset contribution to the trust by the settlor at the time the trust was established was less than \$10,000.00.

The settlor of the trust is deceased.

Neither of the above is correct:
Provide the full name of the settlor of the trust.

4.2.2 BENEFICIARY DETAILS

Do the terms of the Trust identify the beneficiaries by reference to a membership of a class?

Yes – Describe the class of beneficiaries below (e.g. unit holders, family members of named person, charitable purposes)

No – Provide the full names of each beneficiary in respect of the trust in Section 6.6 (includes beneficial owners who ultimately own 25% or more of the trust). Refer to Section 13 if you are unsure as to what Beneficial Owner means.

4.3 TRUSTEE DETAILS

If a trustee is an individual, please complete Section 2. If a trustee is a company, please complete Section 3.

4.4 IDENTIFICATION DOCUMENTS

To comply with AML/CTF legislation, we must collect certain information from prospective investors and their beneficial owners supported by CERTIFIED COPIES of relevant identification documents for all investors and their beneficial owners.

Please refer to Section 12 for details of how to arrange certified copies. Please provide all documents in the proper format otherwise we may not be able to process your application for investment.

For Trusts identified under 4.1.1 as Type A & Type B – select one of the following options to verify the Trust.

- Perform a search of the relevant regulator’s website e.g. ‘Super Fund Lookup’ (unit registry to perform on behalf of the investor);
- Provide a copy of an offer document of the managed investment scheme e.g. a copy of a Product Disclosure Statement; or
- Provide a copy or relevant extract of the legislation establishing the government superannuation fund sourced from a government website.

For Trusts identified under 4.1.1 as Type C – select one of the following options to verify the Trust.

- Provide a certified copy or a certified extract of the Trust Deed containing the cover page, recitals and signature page;
- Provide an original letter from a solicitor or qualified accountant that confirms the name of the Trust and full name of the settlor of the Trust; or
- Provide a notice issued by the Australian Taxation Office within the last 12 months (e.g. a Notice of Assessment).

For Trusts identified under 4.1.1 as Type C – select one of the following options to verify the Beneficiaries and the Beneficial Owners identified in Section 6.6.

- Provide a certified copy of a driver’s licence that contains a photograph of the licence/permit holder; or
- Provide a certified copy of a passport that contains a photograph and signature of the passport holder.

AND relevant identification documents for the trustee as specified in Section 2 or 3 (as applicable).

5. PAYMENT INSTRUCTIONS DISTRIBUTIONS AND WITHDRAWALS

Financial Institution Account Details (must be an Australian financial institution)

Please provide account details for the credit of withdrawals and credit of distributions. Unless requested otherwise, this will be the bank account we credit any withdrawal proceeds. By providing your nominated account details in this section you authorise the Issuer to use these details for all future transaction requests that you make until written notice is provided otherwise. For additional investments, a nomination in this section overrides any previous nominations.

There may be periods in which no distribution is payable, or we may make interim distributions. We do not guarantee any particular level of distribution:

Bank/Institution	Branch
<input type="text"/>	<input type="text"/>
Account Name	
<input type="text"/>	
BSB	Account Number
<input type="text"/>	<input type="text"/>

The name of your nominated bank account must be the same as the Investor’s name.

6. ACCOUNT HOLDER'S TAX RESIDENCY AND CLASSIFICATION – FATCA & CRS

The account holder is the person listed or identified as applicant in Sections 2, 3 and 4 (**Account Holder**).

The Account Holder's Country of Tax Residence, Tax payer Identification Number (**TIN**), Global Intermediary Identification Number (**GIIN**), FATCA Status, CRS Status and Controlling Persons (includes Beneficial Ownership details) should be provided in this section. If the person opening the account is not a Financial Institution and is acting as an intermediary, agent, custodian, nominee, signatory, investment advisor or legal guardian on behalf of one or more other account holders this form must be completed by or on behalf of that other person who is referred to as the Account Holder.

If you are unable to complete this form please seek appropriate advice relating to the tax information required. For further details relating to the implementation of FATCA and CRS, please refer to the Australian Taxation Office's guidance material link: <https://www.ato.gov.au/general/international-tax-agreements/in-detail/international-arrangements/automatic-exchange-of-information---guidance-material/>

If you are applying: i. **As an Individual/Joint Investors** please complete Section 6.1.
ii. **All other types of entities** please complete Sections 6.2, 6.3, 6.4, 6.5 and 6.6.

6.1 TAX RESIDENCE – INDIVIDUAL

6.1.1 INVESTOR 1

Please provide details for all jurisdictions in which the Account Holder is resident for tax purposes.

Country of Tax Residence 1	Taxpayer Identification Number 1#	TIN Unavailable: <input type="checkbox"/>
<input type="text"/>	<input type="text"/>	
Country of Tax Residence 2 (if applicable)	Taxpayer Identification Number 2# (if applicable)	TIN Unavailable: <input type="checkbox"/>
<input type="text"/>	<input type="text"/>	
Country of Tax Residence 3 (if applicable)	Taxpayer Identification Number 3# (if applicable)	TIN Unavailable: <input type="checkbox"/>
<input type="text"/>	<input type="text"/>	

TIN Unavailable Explanation(s) – If any 'TIN Unavailable' box is checked, please provide an explanation.

I certify the tax residence countries provided represent all countries in which I am considered a tax resident.

If Account Holder has additional countries of tax residence please attach a statement to this form containing the Country and TIN for each such additional country.

6.1.2 IS THE ACCOUNT HOLDER A U.S. PERSON?

A U.S. person includes a U.S. citizen or resident alien of the U.S. even if residing outside the U.S.

Yes If 'Yes', the Account Holder's U.S. country of residence and U.S. Tax Identification Number must be provided above.

No

(If individual, proceed to Section 7. If Joint Investor, proceed to Section 6.1.3)

6.1.3 INVESTOR 2

Please provide details for all jurisdictions in which the Account Holder is resident for tax purposes.

Country of Tax Residence 1	Taxpayer Identification Number 1#	TIN Unavailable: <input type="checkbox"/>
<input type="text"/>	<input type="text"/>	
Country of Tax Residence 2 (if applicable)	Taxpayer Identification Number 2# (if applicable)	TIN Unavailable: <input type="checkbox"/>
<input type="text"/>	<input type="text"/>	
Country of Tax Residence 3 (if applicable)	Taxpayer Identification Number 3# (if applicable)	TIN Unavailable: <input type="checkbox"/>
<input type="text"/>	<input type="text"/>	

TIN Unavailable Explanation(s) – If any 'TIN Unavailable' box is checked, please provide an explanation.

I certify the tax residence countries provided represent all countries in which I am considered a tax resident.

If Account Holder has additional countries of tax residence please attach a statement to this form containing the Country and TIN for each such additional country.

TIN is the number assigned by each country, for the purpose of administering tax laws (equivalent of a Tax File Number in Australia). If you are a tax resident of Australia please provide your TFN or else applicable TIN.

6.1.4 IS THE ACCOUNT HOLDER A U.S. PERSON?

A U.S. person includes a U.S. citizen or resident alien of the U.S. even if residing outside the U.S.

- Yes** If 'Yes', the Account Holder's U.S. country of residence and U.S. Tax Identification Number must be provided above.
- No**

6.2 ACCOUNT HOLDER'S GIIN (IF ANY) – COMPANIES, TRUSTS AND OTHER TYPES OF ENTITIES

If you are unable to complete this form please seek appropriate advice relating to the tax information required.

Account Holder's GIIN (if any)

Sponsoring Entity's Name (if the Account Holder is a sponsored entity, please provide the sponsor's GIIN)

6.3 TAX RESIDENCE OF THE ACCOUNT HOLDER – COMPANIES, TRUSTS AND OTHER TYPES OF ENTITIES

Please provide details for all jurisdictions in which the Account Holder is resident for tax purposes.

Country of Tax Residence 1

Taxpayer Identification Number 1#

TIN Unavailable:

Country of Tax Residence 2

Taxpayer Identification Number 2# (if applicable)

TIN Unavailable:

Country of Tax Residence 3

Taxpayer Identification Number 3# (if applicable)

TIN Unavailable:

TIN Unavailable Explanation(s) – If any 'TIN Unavailable' box is checked, please provide an explanation.

I/We certify the tax residence countries provided represent all countries in which the Account Holder is considered a tax resident.

If Account Holder has additional countries of tax residence please attach a statement to this form containing the Country and TIN for each such additional country.

6.4 FATCA STATUS – COMPANIES, TRUSTS AND OTHER TYPES OF ENTITIES

6.4.1 U.S PERSON CERTIFICATION

Is the Account Holder a specified U.S. person?

- Yes** Provide a U.S. Taxpayer Identification Number (TIN):
- No** (Proceed to Section 6.4.2)

6.4.2 NON U.S. PERSON CERTIFICATION

Select a classification that matches your FATCA status:

Select only a single category.

- Exempt Beneficial Owner, including self-managed superannuation fund** (Proceed to Section 6.5)
- Active NFFE** (Proceed to Section 6.5)
- Passive NFFE** (Complete Section 6.5 and 6.6)
- Direct Reporting NFFE** (Provide GIIN in Section 6.2 then proceed to Section 6.5)
- Participating FFI** (Provide GIIN in Section 6.2 then proceed to Section 6.5)
- Local/Partner Jurisdiction FFI** (Provide GIIN in Section 6.2 then proceed to Section 6.5)
- Deemed-Compliant FFI**
Select deemed-compliant category:
 - Trustee-Documented Trust (Provide GIIN and Trustee name in Section 6.2 then proceed to Section 6.5)
 - Sponsored Investment Vehicle (Provide GIIN and Sponsor's name in Section 6.2 then proceed to Section 6.5)
 - Registered-Deemed Compliant FFI (Provide GIIN in Section 6.2 then proceed to Section 6.5)
 - Other Deemed-Compliant Category (Proceed to Section 6.5)

TIN is the number assigned by each country, for the purpose of administering tax laws (equivalent of a Tax File Number in Australia). If you are a tax resident of Australia please provide your TFN or else applicable TIN.

- Nonparticipating FFI** (Proceed to Section 6.5)
 - Sponsored Direct Reporting NFFE** (Provide GFIN and Sponsor's name in Section 6.2 then proceed to Section 6.5)
 - Other – describe the FATCA status**
-

6.5 CRS STATUS – COMPANIES, TRUSTS AND OTHER TYPES OF ENTITIES

6.5.1 FINANCIAL INSTITUTION

Is the entity an Investment Entity managed by another Financial Institution?

- Yes** If any tax residence country provided is not a participating CRS jurisdiction, then complete Section 6.6 – Controlling Persons.
- No** (Proceed to Section 6.5.2)

6.5.2 NON-FINANCIAL ENTITY (NFE)

If the Account Holder is a Non-Financial Entity (NFE), select a classification that matches your CRS status:

- Non-Reporting Financial Institution (includes Broad Participation Retirement Fund, Narrow Participation Retirement Fund, Exempt Collective Investment Vehicle, Trustee Documented Trust and Self-managed Superannuation Fund)**
(Proceed to Section 7)
- Other Active NFE** (Proceed to Section 7)
- Passive NFE** (Complete Section 6.6)
- Government Entity, International Organisation and Central Bank** (Proceed to Section 7)
- A corporation, the stock of which is regularly traded on an established securities market (or entity related to such a corporation):**
 Name of Securities Market:
 OR
 Name of Related Entity:
 (Proceed to Section 7)

- Other – describe the CRS Status**
-
- (Proceed to Section 7)

6.6 CONTROLLING PERSONS (INCLUDES BENEFICIARY DETAILS UNDER SECTIONS 3.1 AND 4.2)

This section is considered an integral part of the self-certification to which it is associated. If there is a change in Controlling Persons/Beneficial Ownership, please submit an updated form within 30 days.

6.6.1 CONTROLLING PERSON 1 AND/OR BENEFICIAL OWNER 1

First Name	<input style="width: 90%;" type="text"/>	Family Name/Surname	<input style="width: 90%;" type="text"/>
Current Residential Address			
<input style="width: 100%; height: 20px;" type="text"/>			
City/Town	State/Province	Postcode	Country (do not abbreviate)
<input style="width: 90%;" type="text"/>	<input style="width: 90%;" type="text"/>	<input style="width: 90%;" type="text"/>	<input style="width: 90%;" type="text"/>
Date of Birth (DD/MM/YYYY)	City/Town of Birth	Country of Birth	
<input style="width: 90%;" type="text"/>	<input style="width: 90%;" type="text"/>	<input style="width: 90%;" type="text"/>	
Country of Tax Residence 1	Taxpayer Identification Number 1 [#]		
<input style="width: 90%;" type="text"/>	<input style="width: 90%;" type="text"/>		
Country of Tax Residence 2	Taxpayer Identification Number 2 [#] (if applicable)		
<input style="width: 90%;" type="text"/>	<input style="width: 90%;" type="text"/>		
Country of Tax Residence 3	Taxpayer Identification Number 3 [#] (if applicable)		
<input style="width: 90%;" type="text"/>	<input style="width: 90%;" type="text"/>		

TIN Unavailable Explanation(s) – If TIN is not provided above, please provide an explanation.

TIN is the number assigned by each country, for the purpose of administering tax laws (equivalent of a Tax File Number in Australia). If you are a tax resident of Australia please provide your TFN or else applicable TIN.

6.6.2 CONTROLLING PERSON 2 AND/OR BENEFICIAL OWNER 2

First Name

Family Name/Surname

Current Residential Address

City/Town

State/Province

Postcode

Country (do not abbreviate)

Date of Birth (DD/MM/YYYY) City/Town of Birth

Country of Birth

Country of Tax Residence 1

Taxpayer Identification Number 1#

Country of Tax Residence 2

Taxpayer Identification Number 2# (if applicable)

Country of Tax Residence 3

Taxpayer Identification Number 3# (if applicable)

TIN Unavailable Explanation(s) – If TIN is not provided above, please provide an explanation

If there are more than 2 Controlling Persons or Beneficial Owners or more than 3 Countries of Tax Residence, please provide the details on a separate page and attach to this Application Form.

7. POLITICALLY EXPOSED PERSON (PEP) – REFER TO SECTION 13 FOR DETAILS

Are there any PEPs under this Application Form?

Yes

No

If yes, please provide the name of anyone that is named in this Application Form as a PEP (includes investors, company directors and beneficial owners) or is an immediate family member or close associate of a PEP.

Name of the PEP

Description of PEP's position

Name of the PEP

Description of PEP's position

If there more than 2 PEPs please provide the details on a separate page and attach to this Application Form

8. PRIVACY

Please tick the box if you DO NOT consent to your personal information being used and disclosed for marketing purposes as broadly described in the Privacy statement in this IM.

I/we do not wish to receive information regarding future investment opportunities.

You may change your election at any time by contacting the Issuer.

9. EMAIL COMMUNICATION CONSENT

Please tick the box below if you would like to receive all communications, including periodic statements, via email.

I/we would like to receive all communications via email.

If the above box is not ticked all communications will be posted to you.

TIN is the number assigned by each country, for the purpose of administering tax laws (equivalent of a Tax File Number in Australia). If you are a tax resident of Australia please provide your TFN or else applicable TIN.

10. INVESTOR DECLARATION AND SIGNATURES

DECLARATION AND SIGNATURES

When you complete this Application Form you make the following declarations:

- I/we have read and understood the IM to which this Application Form applies, including any supplemental information;
- I/we have received and accepted the offer to invest in Australia;
- I/we am/are a wholesale client as defined in Section 761G of the Corporations Act 2001 (Cth) and provide all supporting documents required to evidence this. I/we am/are therefore eligible to invest in the Fund with regard to all other eligibility requirements set out in the IM;
- The information provided in my/our Application Form is true, correct and complete in all respects;
- I/we agree to be bound by the provisions of the Constitution governing the Fund and the terms and conditions of the IM, each as amended from time to time;
- I/we acknowledge that none of the Issuer, their related entities, directors or officers have guaranteed or made any representation as to the performance or success of the Fund, or the repayment of capital from the Fund. Investments in the Fund are subject to various risks, including delays in repayment and loss of income or principal invested. Investments in the Fund are not deposits with or other liabilities of the Issuer or any of its related bodies corporate or associates;
- I/we acknowledge the Issuer reserves the right to reject any application or scale back an application in its absolute discretion;
- If applicable, after assessing my/our circumstances, I/we have obtained my/our own independent financial advice prior to investing in the Fund;
- If this Application Form is signed under Power of Attorney, each Attorney declares he/she has not received notice of revocation of that power (a certified copy of the Power of Attorney should be submitted with this Application Form);
- I am/we are Australian resident(s) who is/are not acquiring an interest in the Units through a permanent establishment outside Australia;
- I am/we are over 18 years of age and I/we are eligible to hold units/investment in the Fund;
- I/we have all requisite power and authority to execute and perform the obligations under the IM and this Application Form;
- I/we acknowledge that application monies will be held in a trust account until invested in the Fund or returned to me/us. Interest will not be paid to applicants in respect of their application monies regardless of whether their monies are returned;
- I/we have read the information on privacy and personal information contained in the IM and consent to my/our personal information being used and disclosed as set out in the IM;
- I/we acknowledge that the Issuer may deliver and make reports, statements and other communications available in electronic form, such as email or by posting on a website;
- I/we indemnify the Issuer and each of its related bodies corporate, directors and other officers, shareholders, servants, employees, agents and permitted delegates (together, the **Indemnified Parties**) and to hold each of them harmless from and against any loss, damage, liability, cost or expense, including reasonable legal fees (collectively, a **Loss**) due to or arising out of a breach of representation, warranty, covenant or agreement by me/us contained in any document provided by me/us to the Issuer, its agents or other parties in connection with my/our investment in the Fund. The indemnification obligations provided herein survive the execution and delivery of this Application Form, any investigation at any time made by the Issuer and the issue and/or sale of the investment;
- To the extent permitted by law, I/we release each of the Indemnified Parties from all claims, actions, suits or demands whatsoever and howsoever arising that I/we may have against any Indemnified Party in connection with the IM or my/our investment;
- Other than as disclosed in this Application Form, no person or entity controlling, owning or otherwise holding an interest in me/us is a United States citizen or resident of the United States or any other country for taxation purposes;
- I/we will promptly notify the Issuer of any change to the information I/we have previously provided to the Issuer, including any changes which result in a person or entity controlling, owning or otherwise holding an interest in me/us;
- I/we consent to the Issuer disclosing any information it has in compliance with its obligations under the US Foreign Account Tax Compliance Act (**FATCA**) and the OECD Common Reporting Standards for Automatic Exchange of Financial Account Information (**CRS**) and any related Australian law and guidance implementing the same. This may include disclosing information to the Australian Taxation Office, who may in turn report that information to the relevant tax authorities as required;
- I/we acknowledge that the collection of my/our personal information may be required by the Financial Transaction Reports Act 1988, the Corporations Act 2001, the Income Tax Assessment Act 1936, the Income Tax Assessment Act 1997, the Taxation Administration Act 1953, the FATCA and CRS (includes any related Australian law and guidance) and the Anti-Money Laundering and Counter-Terrorism Financing Act 2006. Otherwise, the collection of information is not required by law, but I/we acknowledge that if I/we do not provide personal information, the Issuer may not allow me/us to invest in the Fund;

- I am/we are not aware and have no reason to suspect that the monies used to fund my/our investment in the Fund have been or will be derived from or related to any money laundering, terrorism financing or similar or other activities illegal under applicable laws or regulations or otherwise prohibited under any international convention or agreement (**AML/CTF Law**);
- I/we will provide the Issuer with all additional information and assistance that the Issuer may request in order for the Issuer to comply with the AML/CTF Law, FATCA and CRS;
- I/we acknowledge that the Issuer may decide to delay or refuse any request or transaction, including by suspending the issue or redemption of investment in the Fund, if the Issuer is concerned that the request or transaction may breach any obligation of, or cause the Issuer to commit or participate in an offence (including under the AML/CTF Law, FATCA and CRS).

Signature 1*

Full Name

Date

Tick capacity (mandatory for companies):

- Sole Director and Company Secretary
- Director
- Secretary

Company Seal (if applicable)

Signature 2*

Full Name

Date

Tick capacity (mandatory for companies):

- Sole Director and Company Secretary
- Director
- Secretary

*Joint applicants must both sign;

*Company applications must be signed by two Directors, a Director and Secretary or the Sole Director and Secretary of the company, details of which appear in Section 3.1; or

*For trust/superannuation fund applications each individual trustee must sign.

Application Process:

Step 1 – Complete the Application Form (i.e. fill in all relevant sections of this form in blue or black pen)

Step 2 – Send your application

Select your method of delivery below:

- Option 1 – Email** Scan and email your completed Application Form to info@oneregistryservices.com.au (please include all supporting documents)

- Option 2 – Post/Delivery** Please post your completed Application Form and all supporting documents to:
SVA Diversified Impact Fund Unit Registry
PO Box R1479
Royal Exchange NSW 1225

Please ensure that you have transferred your application monies or enclose a cheque for payment.



11. FINANCIAL ADVISER DETAILS AND CUSTOMER IDENTIFICATION DECLARATION

Customer Identification Declaration *(Financial Adviser to complete)*

I confirm that I have completed an appropriate Customer Identification Declaration (**CID**) on this investor and/or the beneficial owners which meets the requirements of the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (**AML/CTF Act**).

Please select the relevant option below:

- I have attached the verification documents that were used to perform the CID for this investor and/or the beneficial owners; OR
- I have not attached the verification documents but will retain them in accordance with the AML/CTF Act and agree to provide them to the Issuer or its agents with access to these documents upon request. I also agree that if I become unable to retain the verification documents used for this application in accordance with the requirements of the AML/CTF Act I will forward them to the Issuer.

I agree to provide the Issuer or its agents with any other information that they may require to support this Application.

Financial Adviser Name (if a new adviser, please attach a copy of your employee/representative authority)

Business Name

Adviser Number (if applicable)

Street Address

Suburb

State

Postcode

Country

Postal Address

Suburb

State

Postcode

Country

Office Telephone

Mobile Number

Email

DEALER DETAILS

Dealer Name

Dealer Number (if applicable)

Contact Person

AFSL Number

ABN

Postal Address

Suburb

State

Postcode

Country

Office Telephone

Email

Dealer Stamp

Signature of Financial Adviser

Date

Financial Adviser Access to Investor Information *(Investor to complete)*

Please tick the box below if you wish your financial adviser to have access to information and/or to receive copies of all transaction confirmations. If no election is made, access to information and/or copies of transaction confirmations will not be provided to your financial adviser.

Please provide access to information and send copies of all transaction confirmations to my/our financial adviser.

You may change your election at any time by contacting the Issuer.



12. CERTIFYING A COPY OF AN ORIGINAL DOCUMENT

All documents must be provided in a certified copy format – in other words, a copy of the original document that has been certified by an eligible certifier.

A 'certified extract' means an extract that has been certified as a true copy of some of the information contained in a complete original document by one of the persons described below.

Please note that we require the copy which was actually signed by the certifier (i.e. the original penned signature of the certifier).

People who can certify documents or extracts are:

1. A lawyer, being a person who is enrolled on the roll of the Supreme Court of a State or Territory, or the High Court of Australia, as a legal practitioner (however described).
2. A judge of a court.
3. A magistrate.
4. A chief executive officer of a Commonwealth court.
5. A registrar or deputy registrar of a court.
6. A Justice of the Peace.
7. A notary public (for the purposes of the *Statutory Declaration Regulations 1993*).
8. A police officer.
9. An agent of the Australian Postal Corporation who is in charge of an office supplying postal services to the public.
10. A permanent employee of the Australian Postal Corporation with 2 or more years of continuous service who is employed in an office supplying postal services to the public.
11. An Australian consular officer or an Australian diplomatic officer (within the meaning of the *Consular Fees Act 1955*).
12. An officer with 2 or more continuous years of service with one or more financial institutions (for the purposes of the *Statutory Declaration Regulations 1993*).
13. A finance company officer with 2 or more continuous years of service with one or more financial companies (for the purposes of the *Statutory Declaration Regulations 1993*).
14. An officer with, or authorised representative of, a holder of an Australian financial services licence, having 2 or more continuous years of service with one or more licensees.
15. A member of the Institute of Chartered Accountants in Australia, CPA Australia or the National Institute of Accountants with 2 or more years of continuous membership.

13. KEY DEFINITIONS

CONTROLLING PERSON(S)

'Controlling Persons' means with respect to an entity that is a legal person, natural person(s) who exercises control over an entity. This should be interpreted in a manner consistent with relevant Financial Action Task Force Recommendations on the terms "beneficial owner". Investors that are Passive NFFEs or NFEs under FATCA and CRS respectively should consult their own advisors regarding any Control Person(s) they may have.

POLITICALLY EXPOSED PERSONS (PEP)

To comply with AML/CTF laws, we require you to disclose whether you are, or have an association with, a Politically Exposed Person ('PEP'). A PEP is an individual who holds a prominent public position or function in a government body or an international organisation in Australia or overseas, such as a Head of State, or Head of a Country or Government, or a Government Minister, or equivalent senior politician. A PEP can also be an immediate family member of a person referred to above, including spouse, de facto partner, child, and a child's spouse or a parent. A close associate of a PEP, i.e. any individual who is known to have joint beneficial ownership of a legal arrangement or entity is also considered to be a PEP. Where you identify as, or have an association with, a PEP, we may request additional information from you.

BENEFICIAL OWNER

To comply with AML/CTF laws, we require you to disclose the Beneficial Owners. Beneficial Owner means an individual who ultimately owns or controls (directly or indirectly) the investor.

'Owns' means ownership (either directly or indirectly) of 25% or more of the investor.

'Controls' includes control as a result of, or by means of, trusts, agreements, arrangements, understandings and practices, whether or not having legal or equitable force and whether or not based on legal or equitable rights, and includes exercising and control through the capacity to determine decisions about financial and operating policies.

TAXPAYER IDENTIFICATION NUMBER (TIN)

Taxpayer Identification Number (**TIN**) means the number assigned by each country for the purpose of administering tax laws. This is the equivalent of a Tax File Number (**TFN**) in Australia or an Employer Identification Number (**EIN**) in the U.S.

GLOBAL INTERMEDIARY IDENTIFICATION NUMBER (GIIN)

Global Intermediary Identification Number (**GIIN**) means the Global Intermediary Identification Number (**GIIN**) and it is a unique identification number that non-US financial institutions receive from the IRS (i.e. IRS of the U.S) when they register as a financial institution for FATCA.

FOREIGN ACCOUNT TAX COMPLIANCE ACT (FATCA)

FATCA means the U.S Foreign Account Tax Compliance Act.

COMMON REPORTING STANDARDS (CRS)

CRS means OECD Common Reporting Standards for Automatic Exchange of Financial Account Information.



The following form is for the use of Australian Applicants only who are investing less than AUD \$500,000

ACCOUNTANT'S CERTIFICATE THAT CLIENT IS WHOLESALE UNDER SECTION 761G(7) OF THE CORPORATIONS ACT

To: SVA Diversified Impact Fund Unit Registry
PO Box R1479
Royal Exchange NSW 1225

I,

Of

Certify as follows:

1. I am a qualified accountant for the purposes of the Corporations Act, being a member of the Institute of Chartered Accountants in Australia/CPA Australia/National Institute of Accountants and am subject to, and comply with, that body's continuing education requirements.

2. I am giving this certificate in accordance with Section 761G(7)(c) of the Corporations Act at the request of, and with reference to,

(Investor) and acknowledge that this certificate will be relied upon to make offers of financial products to the Investor without disclosure under Part 7.9 of the Corporations Act.

3. I certify that, having reviewed the financial position of the Investor:

(a) the Investor has net assets of at least A\$2.5 million; or

(b) the Investor had a gross income for each of the last two financial years of at least A\$250,000 a year.

Signature

Print name

Dated

Notes

The certificate should be:

1. Provided before any offer is made; and
2. Given no earlier than two years before the offer is made.

ADDITIONAL INVESTMENT FORM – SVA DIVERSIFIED IMPACT FUND

Additional Investment Form For Existing Investors in the SVA Diversified Impact Fund

Please use this form if you are already an investor in the SVA Diversified Impact Fund and wish to make an additional investment. New investors, **including investors in the SVA Social Impact Fund**, should complete a new Application Form.

INVESTOR DETAILS

Number

Name

Company/Fund/Super Fund Name

ADDITIONAL INVESTMENT DETAILS

Please tick the box beside your chosen payment method and complete the required details.

Cheque

Made payable to: 'insert bank account name'

Amount: AUD

Electronic Funds Transfer or Direct Deposit

Bank: St George

Account Name: One Registry Services Pty Ltd Applications Account

BSB: 332 127

Account number: 554 262 774

Amount: AUD

Date of Transfer

Reference Used

INVESTOR CONFIRMATION

Signature 1*

Full Name

Date

Tick capacity (mandatory for companies):

Sole Director and Company Secretary

Director

Secretary

Company Seal (if applicable)

Signature 2*

Full Name

Date

Tick capacity (mandatory for companies):

Sole Director and Company Secretary

Director

Secretary

*Joint applicants must both sign;

*Company applications must be signed by two Directors, a Director and Secretary or the Sole Director and Secretary of the company; or

*For trust/superannuation fund applications each individual trustee must sign.



Social Ventures Australia
Funding • Investment • Advice



Social Ventures Australia | Funding • Investment • Advice

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