

TAILORED

INVESTMENT

SOLUTIONS

Tailored Investment Solutions
ASX 200 Investment Units
Series 2

Supplementary Product Disclosure Statement
Dated 1 November 2019

ABOUT THIS SUPPLEMENTARY PRODUCT DISCLOSURE STATEMENT

This Supplementary Product Disclosure Statement is issued by Tailored Investment Solutions Pty Ltd (ACN 169 320 905) (**Issuer**) and arranged by Theta Asset Management Limited (ABN 37 071 807 684, AFSL 230920). This Supplementary Product Disclosure Statement (the **SPDS**) supplements the Product Disclosure Statement (the **PDS**) dated 1 November 2016 and Supplementary Product Disclosure Statement dated 26 June 2019 in respect of the Tailored Investment Solutions ASX 200 Investment Units Series 2 (**Units**).

The offer described in this SPDS is only open to current holders of Units. The purpose of the amendments contained in this SPDS are to provide Investors with a way to extend the Maturity Date of their current investment in the Units. The estimated Final Coupon per Unit as at the date of this SPDS is \$0.089 per Unit. The Issuer is seeking to give current Investors the opportunity to either:

- (a) use the Final Coupon and Final Value of the Units to extend the Maturity Date of their Units by approximately 2 years, and reset the Initial Reference Asset Value; or
- (b) stay invested in their existing Units on the original terms of the PDS, by doing nothing.

Details of the amendments to the PDS are set out below. Please read this SPDS together with the PDS and retain this document with the PDS. You should read all parts of the PDS and SPDS.

An Election Form is attached to this SPDS which sets out the above two options. If you decide to acquire extension units, and therefore extend the Maturity Date, this Election Form is also an Application Form for the Extension Units.

AMENDMENTS TO THE PDS

A) TERMS FOR THE NEW EXTENSION UNITS

If you wish to extend the Maturity Date for your existing Units, please complete the attached Election Form for the Extension Units and return it to Tailored Investment Solutions.

The Terms applicable to the new Extension Units are set out below. These Terms apply to the Extension Units only. There is no change to the existing PDS or the Terms applicable to the existing Units if an Investor elects to stay invested in the current Units.

1. Coupons

The Extension Units will only pay a single Extension Final Coupon at Maturity. Any references to coupons being paid during the Investment Term (i.e. prior to Maturity) are removed, with respect to Extension Units only.

2. Annual Walk Away

The Annual Walk Away option as described in the PDS does not apply to Investors acquiring Extension Units. Any references to an Annual Walk Away option are deleted, in respect of Extension Units only. Investors acquiring Extension Units will be required to pay upfront the full amount of Prepaid Interest and Hedging Cost applicable to the full Investment Term of the Extension Units. Investors in Extension Units will not be required to make any additional payments during the Investment Term of the Extension Units.

3. Timeline

In Section 3.1, page 9, the Timeline is amended as follows, with respect to the Extension Units only:

Extension Offer Opening Date	1 November 2019
Extension Offer Closing Date	22 November 2019
Application Payment Date	22 November 2019 (payment is by way of set off against proceeds due from original Units)
Extension Commencement Date	13 December 2019
Extension Maturity Averaging Dates	13 July 2021, 13 August 2021, 13 September 2021, 13 October 2021, 12 November 2021, 13 December 2021
Extension Maturity Date	13 December 2021
Investment term	2 years
Buy-Back Dates for Extension Units	13 March 2020, 15 June 2020, 14 September 2020, 14 December 2020, 15 March 2021, 15 June 2021, 15 September 2021 Investors must lodge their Buy-Back Form no later than 10 Business Days before the relevant Buy-Back Date. Any Buy-Back Form received after this time will be held over to the next Buy-Back Date.
Settlement Date for Extension Units	10 Business Days after the Extension Maturity Date, or such other date as determined by the Issuer in its discretion as is reasonably necessary for the Issuer to fulfil its obligations under the Terms.

4. Issue Price

\$1 per Extension Unit on the Commencement Date.

Investors acquiring Extension Units will be deemed to have elected to extend their Loan until the Extension Maturity Date on otherwise identical terms other than in respect of the interest rate (see Section 5 below for more information on the interest rate applicable to Extension Units).

The total cost per Extension Unit (consisting of the Issue Price, Prepaid Interest and Hedge Cost) will be determined on the Maturity Date of the original Units, such that the Final Value plus Final Coupon per original Unit is equal to the Extension Unit Issue Price plus the Prepaid Interest and Hedge Costs per Extension Unit. The intention of this being that Investors electing to acquire Extension Units effectively undertake a conversion of original Units to Extension Units on a one to one basis.

The issue of Extension Units will not proceed if the Final Coupon plus Final Value payable on the original Units is not greater than \$1.00 per Unit. In such a case Investors' investment in the original Units will continue on its original terms.

5. Prepaid Interest and Hedge Cost

The Prepaid Interest rate in respect of the Loan is expected to be reduced to 3.95% per annum, as at the date of this SDPS, with respect to the Extension Units only.

The Hedge Cost is expected to be reduced to 0.5% per annum, as at the date of this SDPS, with respect to the Extension Units only.

The actual Prepaid Interest rate and Hedge Cost rate applying to Extension Units will be determined on the Maturity Date of the original Units, as described in Section 4 above. The Issuer will notify Investors of the actual Prepaid Interest rate and Hedge Cost rate applying to Extension Units in a confirmation notice to Investors. For the avoidance of doubt, under no circumstances will Investors acquiring Extension Units be required to pay the Issuer additional application monies exceeding the proceeds due on their original Units in respect of an investment in Extension Units.

The Prepaid Interest and Hedge Cost of the Extension Units for the full two years is paid in advance upon acquiring Extension Units, by way of set off against the Final Coupon due to Investors from the original Units.

6. Initial Reference Asset Value.

The Extension Initial Reference Asset Value will be set at 100 on the Commencement Date, instead of being calculated using an averaging mechanism (as was done for the original Units). References to Initial Averaging Dates in the PDS are removed and replaced with references to an Extension Initial Reference Asset Value of 100, with respect to the Extension Units only.

7. Final Coupon

In Section 3, page 10, the description and formula for the Final Coupon at Maturity is amended as follows, with respect to the Extension Units only:

The Extension Final Coupon per Extension Unit is determined on the Extension Maturity Date in accordance with the following formula:

Extension Final Coupon per Extension Unit = $90\% \times \$1.00 \times \text{Max} [0, \text{Extension Final Reference Asset Value} / \text{Extension Initial Reference Asset Value} - 1]$

The 90% in the above formula for the Extension Final Coupon has the effect of reducing the Gross Extension Final Coupon by the amount of the Performance Fee. The Performance Fee is 10% of the amount that would otherwise be payable.

Payment of the Extension Final Coupon relies on the Issuer meeting its obligations. A relevant factor for the assessment of counterparty risk is the financial strength of the Issuer. You should refer to “Counterparty risk of Issuer” in Section 8 “Risks”.

8. Final Value, Final Reference Asset Value, Reference Asset Value and Maturity Averaging Mechanism

The Final Value per Extension Unit will be determined on the Extension Maturity Date set out in the Timeline above.

In Section 3, page 11, the formula for the Final Value at Maturity is amended as follows, with respect to the Extension Units only:

The Extension Final Value per Extension Unit is determined on the Extension Maturity Date in accordance with the following formula:

$$\text{Extension Final Value per Extension Unit} = \$1.00 \times (\text{Extension Final Reference Asset Value} / \text{Extension Initial Reference Asset Value}) - \text{Gross Extension Final Coupon}$$

In Section 3, page 10, the definition for the Reference Asset Value is amended as follows, with respect to the Extension Units only:

The Reference Asset Value is calculated by reference to the change in the Reference Asset Level between the Extension Commencement Date and the Reference Asset Level on the relevant Scheduled Business Day, and, in the case of the Final Extension Reference Asset Value, is subject to averaging over the final five months of the investment.

9. Risks

In Section 8, page 30, under the heading “8.1 The Units” insert: Extension Risk

There is no guarantee that the performance of the Extension Units will exceed that of the original Units. The Issuer in no way suggests or guarantees that the Extension Units will experience a higher return than the existing Units. Investors will also have a further two-year exposure to all other risks described in the original PDS (other than where such risks are in connection with coupons paid prior to Maturity, as such coupons are not paid in respect of Extension Units).

10. Worked Examples.

In Section 7, pages 26-29 the worked examples showing the calculations relevant to an investment in the Units have been updated to reflect the terms of the Extension Units as per this SPDS. The calculations are amended as follows, with respect to Extension Units only:

Reference Asset Value			
Date	Scenario 1	Scenario 2	Scenario 3
Extension Commencement Date	100	100	100
Maturity Averaging Date 1	149	96	100
Maturity Averaging Date 2	152	94	102
Maturity Averaging Date 3	155	91	103
Maturity Averaging Date 4	157	90	101
Maturity Averaging Date 5	158	89	100
Maturity Averaging Date 6 (Extension Maturity Date)	160	88	101

Step 1 Calculate the Initial Reference Asset Value

The Extension Initial Reference Asset Value is set to 100 on the Extension Commencement Date.

Step 2 Calculate the Extension Final Reference Asset Value

The Extension Final Reference Asset Value is the average of the Reference Asset Values on each of the six Extension Maturity Averaging Dates.

Based on the values set out in the table above, the Extension Final Reference Asset Value for Scenario 1 would be:

$$\begin{aligned} \text{Final Extension Reference Asset Value} &= (149 + 152 + 155 + 157 + 158 + 160)/6 \\ &= 155.17 \end{aligned}$$

Step 3 Calculate the value of the Gross Extension Final Coupon

The Gross Extension Final Coupon will be an amount per Extension Unit calculated as follows:

$$\begin{aligned} \text{Gross Extension Final Coupon per Extension Unit} &= \$1.00 \times \text{Max} [0, \text{Extension Final Reference Asset Value} / \text{Extension Initial Reference Asset Value} - 1] \end{aligned}$$

Based on the values set out in the table above, the Gross Extension Final Coupon per Extension Unit for Scenario 1 would be:

$$\begin{aligned} \text{Gross Extension Final Coupon per Extension Unit} &= \$1.00 \times (155.17/100 - 1) \\ &= \$0.5517 \text{ per Extension Unit} \end{aligned}$$

$$\begin{aligned} \text{Performance Fee} &= 10\% \times \text{Gross Extension Final Coupon} \\ &= 10\% \times \$0.5517 \text{ per Extension Unit} \\ &= \$0.05517 \text{ per Extension Unit} \end{aligned}$$

$$\begin{aligned} \text{Extension Final Coupon per Extension Unit} &= \text{Gross Extension Final Coupon per Extension Unit} - \text{Performance Fee} \\ &= \$0.5517 \text{ per Extension Unit} - \$0.05517 \text{ per Extension Unit} \\ &= \$0.4965 \text{ per Extension Unit} \end{aligned}$$

Therefore, if an Investor holds 100,000 Units, they will receive a total Extension Final Coupon of \$49,650.00. This amount takes into account a Performance Fee of \$5,516.67 retained by the Issuer.

Step 7 Calculate the number of Delivery Assets comprising your Delivery Parcel

Once the Extension Final Value per Extension Unit has been ascertained, the number of Delivery Assets that comprise your Delivery Parcel will be determined as follows:

The Extension Final Value will be an amount per Extension Unit calculated as follows:

$$\text{Extension Final Value} = \$1.00 \times (\text{Extension Final Reference Asset Value} / \text{Extension Initial Reference Asset Value}) - \text{Gross Extension Final Coupon}$$

Based on the values in the table above, the Extension Final Value per Extension Unit for Scenario 1 would be calculated as follows:

$$\text{Extension Final Value} = \$1.00 \times (155.17/100) - \$0.5517 = \$1.00$$

Extension Final Value is \$1.00 and you hold 100,000 units, so that the Extension Final Value for your entire holding is \$100,000. If you have not repaid your Loan, then this amount will be applied against the balance of your Loan. Assuming your loan has been repaid prior to Maturity, you would then receive a Delivery Parcel.

The number of each type of Delivery Asset that would be received by an Investor (i.e. the Delivery Parcel) is calculated as follows:

$$[(\text{Final Value} \times \text{Number of Units held by Investor} - \text{Delivery Costs}) / \text{N}] / \text{Delivery Asset Price}$$

Where N means the number of different types of Delivery Assets in each Delivery Parcel.

Delivery Asset	Delivery Asset Price	Number of Delivery Assets
Telstra Corporation	\$3.36	29,761

The Delivery Asset Price used for the purpose of this example is indicative and is provided for illustrative purposes only. The above figures were calculated on the assumption that the Loan Amount has been repaid and that there were no Delivery Costs applicable (as at the date of this SPDS, it is not anticipated that the Delivery Costs will apply). The number of Delivery Assets has been rounded down to the nearest whole number and is valued at \$99,996.96. Therefore there is a difference of \$3.04 (i.e. \$100,000 less \$99,996.96). As this amount is less than \$20, you will not receive this amount. If the fractional amount were greater than \$20, it would be paid to your Nominated Account within 10 Business Days of the Settlement Date.

Investors should be aware that market movements from the Extension Maturity Date to the Settlement Date will affect the value of the Delivery Parcel. The Issuer will transfer the Delivery Assets to Investors as soon as practical but there is a risk they may fall in value by the time they are transferred to Investors.

Overview of Scenarios 1, 2 and 3

The table below sets out the Extension Final Value per Extension Unit and the value of the Delivery Parcel per Extension Unit which would apply to Scenario 1, 2 and 3. Each of the values listed below for Scenario 2 and 3 were calculated in the same way as set out in the examples above for Scenario 1.

	Scenario 1	Scenario 2	Scenario 3
Extension Initial Reference Asset Value	100	100	100
Extension Final Reference Asset Value	155.17	91.33	101.17
Extension Final Coupon per Extension Unit	\$0.4965	\$0.00	\$0.01053

For the purposes of these examples it has been assumed that the Extension Units were held to Maturity and that no Early Maturity Events occurred. As at the date of this SPDS, the Issuer does not expect there to be any Delivery Costs on the Delivery Parcel.

If the Investor does not repay the Loan prior to Maturity, they will be deemed to have elected to exercise the Agency Sale Option and the Sale Monies will be used to repay the Loan. The Investor will not be required to pay anything further, but note that Investors will have paid the Adviser Fee (if any), the Prepaid Interest and Hedge Cost for the two year Investment Term. Any Extension Final Coupon received may not be sufficient to cover these amounts.

In relation to the calculation of the Extension Final Coupon, where the relevant calculation produces a negative result, no Extension Final Coupon will be payable.

The Delivery Asset Price used for the purpose of this example is indicative and is provided for illustrative purposes only.

11. Taxation

Investors acquiring Extension Units should seek their own independent tax advice. The assumptions underlying the taxation analysis presented in section 10 of the PDS may not apply to Extension Units.

12. Change of Terminology

In Section 14, pages 61-67 of the PDS are amended as follows, with respect to the Extension Units only. In relation to existing Units, no change is made to the PDS:

- “Annual Payment Date” and its definition have been deleted;
- “Annual Walk Away” and its definition have been deleted;
- “Commencement Date” is now “Extension Commencement Date” and is defined in the above Timeline;
- “Application Payment Date” is now Extension Application Payment Date and is defined in the above Timeline;
- “Extension Units” means the units issued by the Issuer to an Investor who elects to extend their Maturity Date for their Units on the attached Election Form and such new units are subject to the revised Terms set out in this SPDS;
- “Final Reference Asset Value” is now “Extension Final Reference Asset Value”, as defined above in this SPDS;
- “Final Coupon” is now “Extension Final Coupon”, as defined above in this SPDS;
- “Final Value” is now “Extension Final Value”, as defined above in this SPDS;
- “First Annual Payment Date” and its definition have been deleted;
- “Gross Final Coupon” is now “Gross Extension Final Coupon”, as defined above in this SPDS;

- xi. "Initial Averaging Dates" and its definition have been deleted;
- xii. "Initial Reference Asset Value" is now "Extension Initial Reference Asset Value" which means 100;
- xiii. "Issue Closing Date" is now "Extension Closing Date" and is defined in the above Timeline;
- xiv. "Issue Opening Date" is now "Extension Opening Date" and is defined in the above Timeline;
- xv. "Maturity Averaging Dates" is now "Extension Maturity Averaging Dates" and is defined in the above Timeline;
- xvi. "Maturity Date" is now "Extension Maturity Date" and is defined in the above Timeline;
- xvii. "Second Annual Payment Date" and its definition have been deleted; and
- xviii. "Units" is amended to "Extension Units", as described in this SPDS.

These new and replacement terms replace the old terms throughout the PDS.

13. Formulae and Calculation Table

The Formulae and Calculation Table in section 15, page 68, is replaced with the following, in respect of Extension Units only.

Formulae and calculations	
Reference Asset Value	<p>The Reference Asset Value (in the currency of the Reference Asset i.e. AUD) is calculated each Scheduled Business Day as follows:</p> $\text{Reference Asset Value}_t = (1 + (\text{Reference Asset Level}_t - \text{Reference Asset Level}_0) / \text{Reference Asset Level}_0) \times 100$ <p>Where:</p> <p>Reference Asset Value_t, means the Reference Asset Value on Scheduled Business Day t</p> <p>Reference Asset Level_t, means the Reference Asset Closing Price on Scheduled Business Day t</p> <p>Reference Asset Level₀, means the Reference Asset Closing Price on the Scheduled Business Day 0, being the Commencement Date</p>
Extension Initial Reference Asset Value	100
Final Extension Reference Asset Value	The average of the Reference Asset Values on each of the six Extension Maturity Averaging Dates.
Performance of the Reference Asset Value over the Investment Term (%)	<p>Performance of the Reference Asset Value over the Investment Term =</p> $((\text{Final Extension Reference Asset Value} - \text{Extension Initial Reference Asset Value}) / \text{Extension Initial Reference Asset Value}) \times 100$

Gross Extension Final Coupon	<p>The Gross Extension Final Coupon will be an amount per Extension Unit calculated as follows:</p> <p>Gross Extension Final Coupon = \$1.00 x (Max [0, Final Reference Asset Value/Initial Reference Asset Value – 1])</p> <p>Performance Fee = 10% x Gross Extension Final Coupon</p> <p>Extension Final Coupon = Gross Extension Final Coupon – Performance Fee</p> <p>Where the Reference Asset Value has remained constant or declined over the Investment Term, there will be no Extension Final Coupon paid.</p>
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Extension Final Value on the Maturity Date	<p>Extension Final Value = \$1.00 x (Extension Final Reference Asset Value/ Extension Initial Reference Asset Value) – Gross Extension Final Coupon</p>
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Performance Fee	<p>The amount of the Performance Fee on the Extension Final Coupon will be 10% of the amount which would otherwise have been payable had the Performance Fee not been deducted.</p>
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B) STAY WITH EXISTING UNITS

If an Investor wants to continue their investment in the original Units without change, an Investor can either:

- (a) do nothing; or
- (b) fill in the attached Election Form electing to stay in the existing Units.

In this case, the Investor's Units will be unchanged, and the existing Terms of the PDS dated 1 November 2016 will continue to apply and the Investors Units will mature on the original Maturity Date of 13 December 2019.

ELECTION FORM (APPLICATION FOR EXTENSION UNITS FOR CURRENT INVESTORS ONLY)

This is an Election Form for Units in the Tailored Investment Solutions ASX 200 Investment Units Series 2 and an Application Form (for current Investors only) for Extension Units issued by Tailored Investment Solutions Pty Ltd (ACN 169 320 905) and arranged by Theta Asset Management Limited (ABN 37 071 807 684, AFSL 230920). This Election Form accompanies the Supplementary Product Disclosure Statement (SPDS) dated 1 November 2019. This form is to be used to indicate your decision regarding continuing with your current investment in the Units, or electing to opt in to the Extension Units, as described in the SPDS. Please see the instructions on how to complete this Form in the SPDS. This Election Form must be received by the Registrar by 5pm on 22 November 2019 in order to be processed. If the Registrar does not receive a completed form by the given date and time, you will be deemed to have elected to continue your current investment in the Units unchanged with a Maturity Date of 13 December 2019. If you decide to convert your existing Units to Extension Units the Issuer will use the proceeds from the unwinding of the original Units as payment of the Issue Price plus Prepaid Interest and Hedging Cost for the total Investment Term of your Extension Units.

SECTION A – INVESTMENT DECISION

Please indicate your investment decision by ticking the appropriate box:

- Convert my existing Units by applying for Extension Units
- Continue with my investment in the original Units unchanged

SECTION B – INVESTOR DETAILS

I/We hereby direct Tailored Investment Solutions Pty Ltd to do everything necessary to comply with my investment decision as indicated in Section A of this Election Form.

Investor Portfolio Number*:

Investor Portfolio Name*:

*These are unique identifiers assigned to you by the Registrar.

SECTION C – DECLARATIONS & SIGNATURES

- I/We the registered Unitholder(s) request the Issuer to enact our investment decision as specified in Section A above, subject to the conditions contained in this SPDS and in the PDS on which I/we held those Units at the time of signing of this form.
- I/We have full legal power to complete this Election Form and do so free of any encumbrance or security (whether registered or not).
- I/We agree to be bound by the terms contained in this SPDS, the original PDS, including the Application Form in the original PDS, as applicable, when electing to continue with my/our current investment in the Units or when electing to have my/our Units converted to Extension Units.
- I/We represent that all the instructions, directions and representations made in the original Application Form in the original PDS remain true and accurate as at the date of this Form.
- If I/we have elected to apply for Extension Units, I/we hereby irrevocably direct and instruct the Issuer to apply the Final Value and Final Coupon we are entitled to receive on unwind of our existing Units to full and final satisfaction of the Issue Price plus Prepaid Interest and Hedging Cost for the total Investment Term for the Extension Units we have applied for. I/we agree and acknowledge that the entire Final Value and Final Coupon for the Units we currently hold will be applied to acquire new Extension Units.
- I/We understand by submitting the Election Form, that it is irrevocable.

Signature of Unitholder 1

Name of Unitholder 1

Date

Tick capacity – mandatory for companies Sole Director Director Secretary

Tick capacity if appropriate: Individual Trustee Corporate Trustee Partner in Partnership

Signature of Unitholder 2

Name of Unitholder 2

Date

Tick capacity – mandatory for companies Sole Director Director Secretary

Tick capacity if appropriate: Individual Trustee Corporate Trustee Partner in Partnership