

TAILORED
INVESTMENT
SOLUTIONS



**Tailored Investment Solutions
Global Credit and
Absolute Return Units
Series 1**

Supplementary Product Disclosure Statement

Dated 12 May, 2021

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 Finexia Securities Limited (ABN 61 608 667 778, AFSL 485760). This Supplementary Product Disclosure Statement (the **SPDS**) supplements the Product Disclosure Statement dated 1 May 2018 (as amended by the supplementary product disclosure statements dated 21 June 2018 and 26 June 2019) (the **PDS**) in respect of the Tailored Investment Solutions Global Credit and Absolute Return Units Series 1 (**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 Value per Unit as at the date of this SPDS is \$0.02 per Unit. The Issuer is seeking to give current Investors the opportunity to either:

- (a) use the Final Value of the Units to extend the Maturity Date of their Units by approximately 2 years, and reset the Initial Reference Basket Value; or
- (b) stay invested in their existing Units on the 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 (including each previous supplementary 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

If you choose to acquire Extension Units the amendments described in Part A below will apply to the PDS and the Extension Units.

If you will not acquire Extension Units, your current investment in the Units will be unchanged. Please refer to Part B below.

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 not pay any Coupon during the Investment Term. As such all references to Coupons being payable in the PDS are removed, with respect to Extension Units only.

The relevant formulae which reference Coupons are amended as described in the following sections of this SPDS.

2. Timeline

In Section 3.1, page 10, the Timeline is replaced as follows, with respect to the Extension Units only:

Extension Offer Opening Date	14 May 2021
Extension Offer Closing Date	14 June 2021
Extension Final Application Payment Date	15 June 2021 (payment is by way of set off against proceeds due from the current Units)
Extension Commencement Date	15 June 2021
Extension Maturity Averaging Dates	16 January 2023, 15 February 2023, 15 March 2023, 14 April 2023, 15 May 2023, 15 June 2023
Extension Maturity Date	15 June 2023
Investment term	2 years
Buy-Back Dates for Extension Units	The last Business Day of each calendar quarter. 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.

3. Issue Price

\$0.02 per Extension Unit on the Commencement Date.

As this is equal to the expected Final Value payable on the Units, Investors electing to acquire Extension Units effectively undertake a conversion of current Units to Extension Units on a one to one basis and are not required directly outlay any additional application monies.

The Issuer reserves the right to not proceed with the issue of Extension Units if the actual Final Value payable on the current Units is not greater than \$0.02 per Unit. In such a case Investors' investment in the current Units will continue on its current terms.

4. Initial Reference Basket Value and Initial Averaging

The Extension Initial Reference Basket Value will be set at 100 on the Commencement Date and will not be subject to any averaging. References to averaging of the Initial Reference Basket Value and the Initial Averaging Dates in the original PDS are removed, with respect to Extension Units only.

5. Final Value, Final Reference Basket Value, Reference Basket 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.

There will be six Maturity Averaging Dates over the final 5 months of the investment applicable to Extension Units as set out in the Timeline above. References to the Maturity Averaging Dates in the PDS are amended accordingly, with respect to Extension Units only.

In Section 3, page 13, 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:
Extension Final Value per Extension Unit = $90\% \times \text{Max}[0, \text{Notional Exposure} \times (\text{Final Reference Basket Value}/\text{Initial Reference Basket Value} - 1)]$

In Section 3, page 12, the following definitions as used in the formula for the Reference Basket Value are amended as follows, with respect to the Extension Units only:

“*Global Fund_{k,0}*” means, the NAV of Global Fund_k as of the Extension Commencement Date

“*Reference Basket Value_t*” means, the Reference Basket Value as of Scheduled Business Day t, where “*Reference Basket Value₀*”, being the Reference Basket Value on the Extension Commencement Date, = 100

Investors are reminded that the formula for calculating the Reference Basket Value was also amended in the Supplementary PDS dated 21 June 2018 and investors should read that Supplementary PDS together with this SPDS to determine how the Reference Basket Value will be calculated in respect of the Extension Units.

6. Risks

The following risk disclosure is incorporated into the PDS, in respect of Extension Units only:

Extension Risk

There is no guarantee that the performance of the Extension Units will exceed that of the current Units. The Issuer in no way suggests or guarantees that the Extension Units will experience a higher return than the existing Units. By investing in Extension Units, investors may lose any unrealised gains that have accrued on the existing Units.

Investors will also have a further two-year exposure to all other risks described in the PDS.

7. Break Even and Sensitivity Analysis

In Section 5, on page 22, the table describing the break-even percentage is replaced as follows:

Units	Total Investment Amount *	Increase in Reference Basket Value required to break even over 2 years.
100,000	\$2,000	2.22%

8. Worked Examples.

In Section 7, pages 25-28 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 replaced as follows, with respect to Extension Units only:

Set out in the table below are some assumed values for the Reference Basket Value over the Investment Term for four different scenarios. In Scenario 1, the Reference Basket Value steadily climbs throughout the Investment Term. In Scenario 2, the Reference Basket Value falls steadily during the Investment Term. In Scenario 3, the Reference Basket Value falls in value for the entire Investment Term until Maturity where it finishes above the Extension Initial Reference Basket Value. In Scenario 4, the Reference Basket initially rises in value then finishes below the Extension Initial Reference Basket Value at Maturity.

Date	Reference Basket Value			
	Scenario 1	Scenario 2	Scenario 3	Scenario 4
Extension Initial Reference Basket Value	100	100	100	100
Extension Maturity Averaging Date 1	120	95	80	112
Extension Maturity Averaging Date 2	128	90	85	114
Extension Maturity Averaging Date 3	130	85	90	116
Extension Maturity Averaging Date 4	136	85	85	120
Extension Maturity Averaging Date 5	138	80	95	127
Extension Maturity Averaging Date 6	140	70	105	95

The following examples show how the Extension Initial Reference Basket Value, Extension Final Reference Basket Value, Extension Final Value of the Units and Performance Fees are calculated, based on the assumed Reference Basket Values set out for Scenario 1 in the table above.

Step 1 Calculate the Extension Initial Reference Basket Value

The Initial Reference Basket Value is set at 100 on the Commencement Date.

Step 2 Calculate the Extension Final Reference Basket Value

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

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

$$\begin{aligned} \text{Extension Final Reference Basket Value} &= (120+128+130+136+138+140)/6 \\ &= 132 \end{aligned}$$

Step 5 Calculate the Extension Final Value of the Extension Units

The Extension Final Value of the Extension Units is calculated in accordance with the following formula:

$$\text{Extension Final Value} = 90\% \times \text{Max} [0, \text{Notional Exposure} \times (\text{Extension Final Reference Basket Value}/\text{Extension Initial Reference Basket Value} - 1)]$$

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

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

$$\begin{aligned}
 \text{Extension Final Value per Unit} &= 90\% \times \text{Max} [0, \text{Notional Exposure} \times (\text{Extension Final Reference Basket Value} / \text{Extension Initial Reference Basket Value} - 1)] \\
 &= 90\% \times \text{Max} [0, \text{Notional Exposure} \times (132/100 - 1)] \\
 &= 90\% \times \text{Max} [0, \$1.00 \times (132/100 - 1)] \\
 &= 90\% \times \text{Max} [0, \$0.32] \\
 &= 90\% \times \$0.32 \\
 &= \$0.288 \text{ per Extension Unit}
 \end{aligned}$$

For a holding of 100,000 Units, this would be \$28,800.00.

The amount of this Final Value has been reduced on account of the Performance Fee. The Performance Fee is calculated as follows:

$$\begin{aligned}
 \text{Performance Fee} &= 10\% \times \text{Max} [0, \text{Notional Exposure} \times (\text{Extension Final Reference Basket Value} / \text{Extension Initial Reference Basket Value} - 1)] \\
 &= 10\% \times \text{Max} [0, \$1.00 \times (132/100 - 1)] \\
 &= 10\% \times \text{Max} [0, \$0.32] \\
 &= 10\% \times \$0.32 \\
 &= \$0.032 \text{ per Extension Unit}
 \end{aligned}$$

Therefore, the Issuer will receive a Performance Fee of \$0.032 per Unit.

Note that the calculation of the Extension Final Value set out above already takes into account the amount of the Performance Fee.

Step 6 Calculate the number of Delivery Assets comprising your Delivery Parcel

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

Extension Final Value is \$0.288 and you hold 100,000 units, so that the Extension Final Value per Extension Unit multiplied by the number of Extension Units held by you is \$28,800.00.

The value of the Delivery Parcel you receive will be \$28,800.00 less any Delivery Costs¹.

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

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

Delivery Asset	Delivery Asset Price	Number of Delivery Assets
Telstra Corporation	\$3.50	8,228

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 there were no Delivery Costs applicable (as at the date of this PDS, 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 \$28,798.00. Therefore, there is a difference of \$2.00 (i.e. \$28,800.00 less \$28,798.00). As this amount is less than \$20, you will not receive this amount.

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.

¹ For the purpose of this example 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.

Overview of Scenarios 1, 2, 3 and 4

The table below sets out the Extension Final Value per Unit and value of the Delivery Parcel per Extension Unit which would apply to Scenario 1, 2, 3 and 4. Each of the values listed below for Scenario 2, 3 and 4 were calculated in the same way as set out in the examples above for Scenario 1.

	Scenario 1	Scenario 2	Scenario 3	Scenario 4
Number of Extension Units	100,000	100,000	100,000	100,000
Issue Price	\$A0.02	\$A0.02	\$A0.02	\$A0.02
Total Investment Amount (based on 100,000 Units)	\$A2,000	\$2,000	\$A2,000	\$A2,000
Extension Initial Reference Basket Value	100	100	100	100
Extension Final Reference Basket Value	132	85	90	114
Extension Final Value per Extension Unit	\$A0.288	\$0.00	\$0.00	\$A0.126
Performance Fee on Final Value* per Extension Unit	\$A0.032	\$0.00	\$0.00	\$A0.014
Extension Final Value Amount (based on 100,000 Extension Units)	\$A28,800	\$0.00	\$0.00	\$A12,600
Value of Delivery Parcel received by Investor who holds 100,000 Extension Units [^]	\$A28,798.00	\$0	\$0	\$A12,600.00

*This is the Performance Fee.

[^] This value of the Delivery Parcel may be less where there are Delivery Costs. As at the date of this PDS, the Issuer does not expect there to be any Delivery Costs on the Delivery Parcel.

In Scenarios 2 and 3, the Final Value is \$0.00 therefore Investors will not receive a Delivery Parcel on Maturity. Therefore, Investors would have lost their entire Total Investment Amount.

In Scenario 3, although the Reference Basket Value at Maturity was above the starting level, the averaging mechanism has caused the Extension Final Reference Basket Value to fall below the starting level and an investor in this case will not receive a Final Value and would have lost their Total Investment Amount.

In Scenario 4, although the Reference Basket Value at Maturity was below the starting level, the averaging mechanism has caused the Extension Final Reference Basket Value to rise above the starting level and the investor will receive a Final Value

9. 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.

10. Change of Terminology.

In Section 13, pages 50-55 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:

i. the following definitions are deleted:

- a. Coupon;
- b. Coupon Determination Date;
- c. Coupon Payment Date;
- d. First Coupon;
- e. First Coupon Determination Date;
- f. Gross Coupon;
- g. Gross First Coupon;
- h. Gross Second Coupon;
- i. Initial Averaging Dates;
- j. Second Coupon;
- k. Second Coupon Determination Dates

ii. the definition of "Reference Basket Value" is replaced as follows:

Reference Basket Value:

- (a) on the Extension Commencement Date, "NAV" shall mean the subscription price per share/unit that a notional investor would actually pay, if that notional investor had, at its election and by giving the appropriate notice, requested subscription of such Global Fund shares/units as of the Extension Commencement Date; and
- (b) on any Extension Maturity Averaging Date, "NAV" shall mean the liquidation proceeds that a notional investor in the shares/units in the Global Fund (as of the relevant Extension Maturity Averaging Date) would actually receive, if that notional investor had, at its election and by giving the appropriate notice, requested redemption of such Global Fund shares/units as of the relevant Extension Maturity Averaging Date.

If a day on or in respect of which the NAV of a Global Fund is to be observed for the purpose of performing a calculation under this PDS is not a Fund Business Day for that Global Fund, the observation will be taken on the immediately following Fund Business Day, subject to the consequences of any Adjustment Event.

For the avoidance of doubt, in respect of other Global Funds in the Reference Basket where the original scheduled observation date is a Fund Business Day for such Global Fund, the observation of the NAV of such Global Fund will be taken on the original scheduled date.

Subject to the consequences of any Adjustment Event, calculation of the Reference Basket Value on an Extension Maturity Averaging Date will not be completed until all of the NAVs of the Global Funds are observed.

iii. the definition of "Observation Date" is replaced as follows:

Observation Date means the Extension Commencement Date and the Extension Maturity Averaging Dates;

- iv. "Commencement Date" is now "Extension Commencement Date" and is as defined in the above Timeline;
- v. "Final Application Payment Date" is now "Extension Final Application Payment Date" and is as defined in the above Timeline;
- vi. "Issue Price" for Extension Units is as described in this SPDS;
- vii. "Units" is now "Extension Units" and means a Deferred Purchase Agreement entered into by the Issuer and the Investor which is subject to the PDS as amended by the revised Terms set out in the SPDS;
- viii. "Final Reference Basket Value" is now "Extension Final Reference Basket Value" and is as defined above in this SPDS;
- ix. "Final Value" is now "Extension Final Value" and is as defined above in this SPDS;
- x. "Initial Reference Basket Value" is now "Extension Initial Reference Basket Value" and means 100;
- xi. "Closing Date" is now "Extension Closing Date" and is as defined in the above Timeline;
- xii. "Opening Date" is now "Extension Opening Date" and is as defined in the above Timeline;
- xiii. "Maturity Averaging Dates" are now "Extension Maturity Averaging Dates" and are as defined in the above Timeline;
- xiv. "Maturity Date" is now "Extension Maturity Date" and is as defined in the above Timeline;

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

B) STAY WITH EXISTING UNITS

If an Investor wants to continue their investment in the current 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 each case, the Investor's Units will be unchanged, and the existing Terms of the PDS will continue to apply and the Investors Units will mature on the Maturity Date of the current Units, being 15 June 2021.

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

This is an Election Form for Units in the Tailored Investment Solutions Global Credit and Absolute Return Units Series 1 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 Finexia Securities Limited (ABN 61 608 667 778, AFSL 485760). This Election Form accompanies the Supplementary Product Disclosure Statement (SPDS) dated 12 May 2021. 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 14 June 2021 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 15 June 2021. If you decide to convert your existing Units to Extension Units the Issuer will use the proceeds from the unwinding of the current Units as payment of the Issue Price for 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 current 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 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 we are entitled to receive on unwind of our existing Units to full and final satisfaction of the Issue Price for the total Investment Term for the Extension Units we have applied for. I/we agree and acknowledge that the entire Final Value 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