

# Apollo Asset Backed Credit Trust (AUD)

**Class A units**

ARSN 684 032 291 APIR CHN5250AU

## Product Disclosure Statement

18 May 2026

Issuer and Responsible Entity: Channel Investment Management Limited  
ACN 163 234 240  
AFSL 439007

# Important Information

**THIS IS AN IMPORTANT DOCUMENT WHICH SHOULD BE READ IN ITS ENTIRETY BEFORE MAKING ANY INVESTMENT DECISION IN RELATION TO THE APOLLO ASSET BACKED CREDIT TRUST (AUD) ARSN 684 032 291. YOU SHOULD OBTAIN INDEPENDENT ADVICE IF YOU HAVE ANY QUESTIONS ABOUT ANY OF THE MATTERS CONTAINED IN THIS PRODUCT DISCLOSURE STATEMENT.**

This product disclosure statement ('PDS') pertaining to the Apollo Asset Backed Credit Trust (AUD) ARSN 684 032 291 (the 'Fund') has been prepared solely in connection with the offer of Class A units ('Units') in the Fund and is issued by Channel Investment Management Limited ACN 163 234 240 ('CIML' or 'Responsible Entity') as responsible entity and manager of the Fund. The administrator of the Fund, and the registrar of the Fund is Apex Fund Services Pty Ltd ABN 81 118 902 891 ('Apex' or 'Fund Administrator').

Units issued under this PDS will be issued by CIML on the terms and conditions set out in the constitution of the Fund ('Constitution') and in this PDS.

This PDS is dated 18 May 2026.

References to "you" and "your" are references to an investor or prospective investor in the Fund.

This PDS is intended solely for the use of the person to whom it has been delivered for the purpose of evaluation of a possible investment by the recipient in Units in the Fund described in it and is not to be reproduced or distributed to any other person (other than professional advisers of the prospective investors so receiving it). The offer under this PDS is available to: (i) wholesale clients (as defined in section 761G of the *Corporations Act 2001* (Cth) ('Corporations Act')) or wholesale investors within the meaning of the Financial Markets Conduct Act 2013 (NZ) ('FMCA') in New Zealand; and (ii) investors investing through an investor directed portfolio service, master trust, wrap account or an investor directed portfolio service-like scheme ('IDPS'); and (iii) to whom CIML or Apollo Manager, LLC. (the 'Underlying Company Manager' and together with the Underlying Company and their affiliates, 'Apollo') has notified as being eligible to participate in the offer and who have received this PDS (electronically or otherwise) within Australia and New Zealand. Applications from outside Australia and New Zealand, or from applicants whom CIML or Apollo has not notified as being eligible to participate in the offer, may not be accepted. The offer under this PDS is not available directly to investors who are not wholesale clients, and such investors may only invest indirectly in the Fund through an IDPS. The offer to invest in the Fund is further limited to investors that are not, and are not investing on behalf of, a "Benefit Plan Investor" within the meaning of the U.S. Employee Retirement Income Security Act of 1974 (US), as amended ('ERISA'), or any other plan or individual retirement account that is subject to laws or regulations similar to the fiduciary responsibility or prohibited transaction provisions of ERISA or the U.S. Internal Revenue Code of 1986 (US), as amended ('Other Plan Laws'). Such investors must either: (1) not be subject to the provisions of Other Plan Laws, or (2) ensure that their investment will not result in a violation of any applicable Other Plan Laws.

The information in this PDS is intended to be general information only and is not intended to be a recommendation to invest. It does not take into account your individual objectives, tax and financial situation or particular needs or circumstances. Prospective investors should read and understand this PDS in its entirety, rely upon their own enquiries and take their own financial and taxation advice in deciding whether to invest. This PDS should be read in conjunction with the Constitution, which is available from CIML upon request. You agree to be bound by the Constitution. If any provision of this PDS is inconsistent with the Constitution, then the Constitution prevails to the extent of the inconsistency.

Information in this PDS is subject to change from time to time. Information regarding the Fund that is not materially adverse may be updated without issuing a new or supplementary PDS. Such updated information may be obtained from CIML's website at [www.channelcapital.com.au/funds](http://www.channelcapital.com.au/funds). A paper copy of any updated information will be provided on request free of charge from CIML.

Where investors in the Fund have provided CIML with their email addresses, CIML will send notices of meetings, other meeting-related documents, and annual financial reports electronically unless an investor in the Fund has elected to receive these in physical form and have notified CIML in writing of this election. As an investor in the Fund, you have the right to elect whether to receive some or all of these communications in electronic or physical form and the right to elect not to receive annual financial reports at all. You also have the right to elect to receive a single specified communication on an ad hoc basis, in an electronic or physical form.

In accordance with its obligations under the Corporations Act, CIML may issue a supplementary PDS to supplement any relevant information not disclosed in this PDS. You should read any supplementary disclosures made in conjunction with this PDS prior to making any investment decision.

An investment in the Fund is an interest in a registered managed investment scheme, and is not a bank deposit, bank Security or other bank liability. In considering whether to invest in the Fund, prospective investors should consider the risks that could affect the financial performance of the Fund. Some of the risks affecting the Fund are summarised in section 8 of this PDS.

An investment in the Fund is not a deposit with, or liability of, CIML or Apollo or any other company of the "Channel Capital" or "Apollo" groups, in which CIML or Apollo is a part of. An investment in the Fund is subject to investment risk, including possible delays in repayment and loss of income and principal invested. None of CIML, Apollo, the custodian of the Fund, the Fund Administrator or their related entities, shareholders, directors or officers guarantees the performance of the Fund, the return of an investor's capital, the payment of distributions or any specific rate of return.

CIML has independently, except as otherwise stated in section 13.6 of this PDS, undertaken the preparation of this PDS and CIML explicitly does not expect Apollo to accept any responsibility or liability for any information contained in this PDS. In addition, Apollo is not involved in the investment decision-making process for the Fund.

No person is authorised by CIML to give any information or make any representation in connection with the Fund that is not contained in this PDS. Any information or representation that is not contained in this PDS may not be relied on as having been authorised by CIML.

This PDS does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the Units in any jurisdiction outside Australia and New Zealand. Further important information specific to New Zealand investors is provided under the heading 'Notice to Residents of New Zealand' below. The distribution of this PDS outside Australia and New Zealand may be restricted by law and persons who come into possession of this PDS outside Australia and New Zealand

should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities law.

Certain information contained in this PDS may constitute “forward-looking statements” that can be identified by the use of forward-looking terminology such as “may,” “will,” “should,” “expect,” “anticipate,” “estimate,” “target,” “intend,” “continue,” or “believe,” or the negatives thereof or other variations thereon or comparable terminology.

Furthermore, any projections or other estimates in this PDS, including estimates of returns or performance, are “forward-looking statements” and are based upon certain assumptions that may change. Due to various risks and uncertainties, including those set out under risks affecting the Fund summarised in section 8 of this PDS, actual events or results or the actual performance of the Fund may differ materially from those reflected or contemplated in such forward-looking statements. The forward-looking statements included in this PDS involve subjective judgment and analysis and are subject to uncertainties, risks and contingencies, many of which are outside the control of, and are unknown to, CIML or Apollo. Actual future events may vary materially from the forward-looking statements and the assumptions on which those statements are based. Given these uncertainties, investors in the Fund are cautioned to not place undue reliance on such forward-looking statements. Any estimate, forecast, projection, feasibility, cash flow or words of a similar nature or meaning in this PDS are forward-looking statements and subject to this disclaimer.

#### **PAST PERFORMANCE IS NOT A RELIABLE INDICATOR OF FUTURE PERFORMANCE.**

CIML has authorised the use of this PDS as disclosure to investors in the Fund and prospective investors who invest directly in the Fund, as well as investors and prospective investors of an IDPS. This PDS is available for use by persons applying for the Fund’s Units through an IDPS (**‘Indirect Investors’**).

The operator of an IDPS is referred to in this PDS as the “IDPS Operator” and the disclosure document for an IDPS is referred to as the “IDPS Guide”. If you invest through an IDPS, your rights and liabilities will be governed by the terms and conditions of the IDPS Guide. Indirect Investors should carefully read the IDPS Guide before investing in the Fund. Indirect Investors should note that they are directing the IDPS Operator to arrange for their money to be invested in the Fund on their behalf. Indirect Investors do not become an investor in the Fund or have the rights of investors in the Fund. The IDPS Operator becomes the investor in the Fund and acquires these rights. The IDPS Operator can exercise or decline to exercise the rights on an Indirect Investor’s behalf according to the arrangement governing the IDPS. Indirect Investors should refer to their IDPS Guide for information relating to their rights and responsibilities as an Indirect Investor, including information on any fees and charges applicable to their investment. Information regarding how Indirect Investors can apply for Units in the Fund (including an application form where applicable) will also be contained in the IDPS Guide. CIML accepts no responsibility for IDPS Operators or any failure by an IDPS Operator to provide Indirect Investors with a current version of this PDS or to withdraw the PDS from circulation if required by CIML.

Please ask your adviser if you have any questions about investing in the Fund (either directly or indirectly through an IDPS).

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

All amounts quoted in this PDS are in Australian Dollars (**‘AUD’**) unless stated otherwise. Capitalised terms have the meaning given to those terms in section 16 of this PDS, unless the context otherwise requires.

#### **Notice to Residents of New Zealand**

This PDS and the information contained in or accompanying this PDS are not, and are under no circumstances to be construed as, an offer of financial products for issue requiring disclosure to an investor under Part 3 of the FMCA. This PDS and the information contained in or accompanying this PDS have not been registered, filed with or approved by any New Zealand regulatory authority or under or in accordance with the FMCA. This PDS and the information contained in or accompanying this PDS is not a disclosure document under New Zealand law and does not contain all the information that a disclosure document is required to contain under New Zealand law.

Any offer or sale of any Units in the Fund described in these materials in New Zealand will be made only:

- (a) to a person who is required to pay a minimum of NZ\$750,000 for Units on acceptance of the offer;
- (b) to a person who is an investment business;
- (c) to a person who meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMCA;
- (d) to a person who is large within the meaning of clause 39 of Schedule 1 of the FMCA;
- (e) to a person who is a government agency;
- (f) to a person who is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMCA; or
- (g) to a person who is a close business associate within the meaning of clause 4 of Schedule 1 of the FMCA of the offeror.

In subscribing for Units in the Fund each investor represents and agrees that it is not acquiring those Units in the Fund with a view to dealing with them (or any of them) other than where an exclusion under Part 1 of Schedule 1 of the FMCA applies to such dealing and, accordingly:

- it has not offered or sold, and will not offer or sell, directly or indirectly, any Units in the Fund; and
- it has not distributed and will not distribute, directly or indirectly, any offering materials or advertisement in relation to any offer of Units in the Fund,

in each case in New Zealand within 12 months after the issue of Units to that investor other than to persons who meet the criteria set out in paragraphs (a) to (g) above.

#### **Notice to Residents of New Zealand who are wholesale investors within clause 3(3)(b)(i) of Schedule 1 of the FMCA (NZ\$750,000 minimum investment – paragraph (a) above).**

*Warning:*

New Zealand law normally requires people who offer financial products to give information to investors before they invest. This requires those offering financial products to have disclosed information that is important for investors to make an informed decision.

The usual rules do not apply to this offer because there is an exclusion for offers where the amount invested upfront by the investor (plus any other investments the investor has already made in the financial products) is NZ\$750,000 or more. As a result of this exclusion, you may not receive a complete and balanced set of information. You will also have fewer other legal protections for this investment.

Investments of this kind are not suitable for retail investors.

Ask questions, read all documents carefully, and seek independent financial advice before committing yourself.

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# 1. Key Fund Information

This table contains a summary of the key features of the Fund and should be read in conjunction with the more detailed information appearing elsewhere in this PDS. You should read the PDS in full before deciding whether to invest. Please refer to the Glossary (see section 16) for definitions of terms. For further information on the key features and service providers, please refer to the sections noted below. If you are in doubt as to the course you should follow, please consult your professional adviser(s).

Fund Features	Summary	Section(s)
Responsible Entity	Channel Investment Management Limited ACN 163 234 240 AFSL 439007 (' <b>CIML</b> ' or ' <b>Responsible Entity</b> ').	4
Fund Name	Apollo Asset Backed Credit Trust (AUD) (' <b>Fund</b> ').	6
Classes	This PDS applies to Class A units in the Fund. Where different classes of units are on issue in the Fund, all rights and entitlements of each class are only to the rights, entitlements, obligations, assets, liabilities and other amounts referable to that class and to no other class of units. The Responsible Entity may issue further classes of units in the Fund under a separate product disclosure statement or memorandum.	9.4
Underlying Company	Apollo Asset Backed Credit Company LLC (the ' <b>Underlying Company</b> '), a series limited liability company that was formed in accordance with the laws of Delaware, United States.	6.3
Underlying Company Manager	Apollo Manager, LLC (the ' <b>Underlying Company Manager</b> '), a limited liability company organised under the laws of Delaware, United States.	6.3
Fund Investment Objective and Strategy	<p>The Fund primarily invests in Series II class I shares ('<b>Shares</b>'), a USD-denominated share class of the Underlying Company, to pursue specialty Asset-Backed Finance Asset (as defined below) opportunities.</p> <p><b>Asset-Backed Finance Assets</b> as used in this PDS, refers, individually and collectively, to loans or securities that are collateralised by, or payable from, a stream of payments generated by a specified pool of real, financial or other assets. For more information please refer to section 6.3 of this PDS.</p> <p>The Fund maintains cash reserves solely for short-term operational needs and does not engage in short selling. The Fund may utilise leverage and derivatives, such as foreign exchange forward contracts, exclusively for hedging purposes.</p> <p>For further details on the Fund's investment objective and strategy, please refer to section 6.2 of this PDS.</p>	6.2 and 6.3
Underlying Company Investment Objective and Strategy	<p>The Underlying Company utilises Apollo's extensive credit expertise and platform to source and structure specialty Asset-Backed Finance Asset opportunities, aiming to achieve diversification through large pools of Hard Assets (as defined below) and contracted cash flows. The Underlying Company invests primarily in USD-denominated Asset-Backed Finance Assets across six key areas, as defined below: Consumer Finance, Residential Mortgage, Commercial Mortgage, Hard Assets, Financial Assets and Capital Solutions.</p> <p>The Underlying Company primarily seeks investments that provide high current income, backed by stable, contractual cash-flows, with a focus on principal protection and understanding the many structural nuances that drive the underlying cash flows including liquidation value, credit enhancements, structural protections and Security/collateral packages. Additionally, it employs leverage to support its business and operations. The Underlying Company expects to use entity level debt, such as revolving credit facilities (meaning that the Underlying Company or its operating subsidiaries may borrow money), and expects that its investments will utilise asset level debt (meaning that the investments of the Underlying Company or an operating entity holding such investment themselves borrow money in order to fund their operations). The Underlying Company expects to employ hedging in support of financing techniques or that is designed to reduce the risk of adverse movements in interest rates, securities prices, commodities prices and currency exchange rates, as well as other risks. The Underlying Company utilises Apollo's differentiated sourcing capabilities and asset-level analysis to primarily seek to achieve risk-adjusted returns.</p> <p>The Underlying Company does not intend, nor is it likely, to engage in short</p>	6.3

	<p>selling. However, the Underlying Company is not prohibited from utilising short sales, which may result in fees or costs borne by the Underlying Company and may be exposed to risks that counterparties will not fulfill contractual obligations.</p> <p>For further details on the Underlying Company's investment objective and strategy, please refer to section 6.3 of this PDS.</p>	
<b>Underlying Company's Authorised Investments</b>	<p>The Underlying Company expects to optimise its platform construction by leveraging Apollo's differentiated sourcing capabilities, asset-level analysis and relative value investing lens. The Underlying company may invest or pursue opportunities across six key pillars:</p> <p><b>(1) Consumer Finance:</b> Instruments collateralised or loans Secured by consumer-related receivables or loans, including (but not limited to) auto loans and leases, student loans, home improvement loans, credit card receivables, personal loans and other Unsecured consumer exposure.</p> <p><i>Apollo's proprietary consumer credit models are employed to underwrite collateral with loan-by-loan granularity across various macroeconomic cases.</i></p> <p><b>(2) Residential Mortgage:</b> The origination or acquisition of a diversified range of US and international residential mortgage loans and legacy mortgage loan pools, including distressed and nonperforming loans and other newly originated residential real estate-related investments.</p> <p><i>Apollo's longstanding experience in residential credit markets aims to enhance the Underlying Company's ability to assess collateral performance and broader housing trends.</i></p> <p><b>(3) Commercial Mortgage:</b> Commercial mortgage loans and mortgage-backed assets collateralised by loans on commercial real estate. The underlying properties include offices, retail centres and malls, hotels, hospitals, apartment buildings, industrial complexes and other adjacent property types. Transactions may include private lending opportunities, secondary loan acquisitions and other mortgage-backed financings.</p> <p><i>Apollo's established relationships in real estate markets, coupled with its proactive asset management processes, are intended to support the Underlying Company's goal of achieving risk-adjusted returns.</i></p> <p><b>(4) Hard Assets:</b> Investments Secured by physical or hard assets in sectors and industries such as transportation, aviation, solar, infrastructure and agriculture-related lending opportunities. Assets in this pillar are often underpinned by long-term contractual cash flows.</p> <p><i>Apollo's global expertise in evaluating underlying collateral value and structuring terms is designed to mitigate residual value risk, while also seeking to capitalise on favourable sector dynamics and counterparties.</i></p> <p><b>(5) Financial Assets:</b> Diverse cash flow-producing investments, such as instruments backed by receivables, Collateralised Loan Obligations, royalty streams, or bespoke financing instruments.</p> <p><i>The Underlying Company is differentiated by the breadth of its Asset-Backed Finance Asset opportunity focus, which is expected to allow for dynamic allocation of capital among the wide scope of Financial Asset opportunities.</i></p> <p><b>(6) Capital Solutions:</b> Tailored financing arrangements and customised structured financing for institutions and financial sponsors including Net Asset Value Loans ('NAV Loans') and synthetic risk transfer structures that reference various collateral pools such as high quality assets and strong covenants.</p> <p><i>Apollo is differentiated by its structuring expertise, established sponsor relationships, and ability to deliver certainty of execution, which is expected to unlock such a scalable and recurring opportunity set.</i></p> <p>Across these six key strategy pillars, it is anticipated that the Underlying Company will be able to opportunistically reposition portfolio allocations as appropriate business opportunities are identified, and dynamically pivot across the six key strategy pillars described above in an effort to capitalise on differences in relative value between asset classes.</p> <p>The Underlying Company does not have an allocation threshold assigned for its key strategies.</p>	6.3
<b>Fund Base Currency</b>	Australian dollars ('AUD').	6.2

<b>Underlying Company Base Currency</b>	United States dollars ('USD').	6.2
<b>Currency Hedging</b>	The Fund intends to invest in a USD denominated Share class of the Underlying Company, which the Fund will hedge back into AUD.  For further details on the Fund's use of currency hedging, please refer to sections 3 (see Disclosure Principle 7) and 6.2 of this PDS.	3 and 6.2
<b>Fund Unit Pricing</b>	Monthly – on the last calendar day of the month or more frequently as determined by CIML.	9.2
<b>Minimum Suggested Investment Timeframe</b>	At least five (5) years.  The Fund is designed as a medium to long-term investment for investors who have a limited need for liquidity in their investment. The Fund is therefore not suitable for investors who depend on the short-term availability of their funds.	6.2
<b>Minimum Initial Investment<sup>1</sup></b>	\$100,000	11.1
<b>Minimum Additional Investment</b>	No minimum.	11.2
<b>Minimum Investment Balance<sup>1</sup></b>	\$100,000	11
<b>Minimum Redemption Amount</b>	No minimum.	11.3
<b>Fund's Key Fees and Costs</b>	<p><b>Management fees and costs</b></p> <p>Estimated Management Fees and costs of 1.91% per annum of the net asset value ('NAV') of the Fund referable to the Units comprised of:</p> <ul style="list-style-type: none"> <li>• An estimated management fee of 0.15% per annum of the NAV of the Fund referable to the Units;</li> <li>• estimated indirect costs of 1.75% per annum of the NAV of the Fund referable to the Units; and</li> <li>• estimated expense recoveries of 0.01% per annum of the NAV of the Fund referable to the Units.</li> </ul> <p><b>Performance fee</b></p> <p>The Fund will not charge a Performance Fee although entitled to do so under the Constitution. The Underlying Company may charge a performance fee, refer to section 10.4 (Additional explanation of fees and other costs) for further information.</p> <p><b>Establishment fee</b></p> <p>CIML is entitled to charge an establishment fee of \$256,250 (Incl GST and less RITCs). The fee is payable from Fund assets over a period of up to five years starting from the issue of the first Units in the Fund. The establishment fee forms part of the estimated management fees and costs set out above, refer to section 10.4 (Additional explanation of fees and other costs) for further information.</p> <p><b>Transaction costs</b></p> <p>The buy-sell spread as at the date of this PDS is 0.00% of the application amount on application and 0.00% of the withdrawal amount on redemption as CIML does not currently impose a buy-sell spread.</p> <p>For further details on the Fund's key fees and costs, please refer to section 10 of this PDS.</p>	10
<b>Applications</b>	Monthly on the last calendar day of each month or more frequently as determined by CIML.  The application form, together with the application monies, must be received by 5pm (Sydney, New South Wales), ten (10) Business Days prior to the last calendar day of the month.  For further details on the Fund's application process, please refer sections 11.1 and 11.2 of this PDS.  CIML may reject applications for Units in its absolute discretion.	11

<p><b>Redemptions</b></p>	<p>Redemptions from the Fund are generally processed monthly, on the last calendar day of each month, subject to available liquidity. <b>However, investors do not have a right to redeem their Units in the Fund, as CIML retains discretion to accept or reject redemption requests and there is no right to withdraw from the Fund.</b> Redemption requests must be received by 5pm (Sydney, New South Wales) at least ten (10) Business Days before the Fund's redemption date, with redemptions processed based on the NAV of the Fund referable to the Units at that time.</p> <p>If redemption requests exceed the Fund's available cash, they may be partially fulfilled on a pro-rata basis, and any rejected requests (in full or part thereof) must be resubmitted for the next redemption date.</p> <p>Relevant redemption proceeds are generally paid within 50 calendar days, though this may extend up to 415 calendar days in accordance with the Constitution (including, without limitation, where CIML may suspend redemptions under certain conditions).</p> <p>For further details on the Fund's redemptions, please refer to section 11.3 of this PDS.</p>	<p>11.3</p>
<p><b>Distributions</b></p>	<p>Monthly (when applicable or available from the Underlying Company), or otherwise as determined by CIML.</p> <p>You can elect to have your distribution reinvested as additional Units in the Fund or credited to your nominated financial institution account. If no election is made, your distributions will be automatically reinvested into the Fund. For further details on the Fund's distributions, please refer to section 9.3 of this PDS.</p>	<p>9.3</p>
<p><b>Liquidity of Assets</b></p>	<p>The assets of the Underlying Company are generally expected to be illiquid. This will ultimately limit the ability of the Fund to redeem its holdings in the Underlying Company (and by extension, limit CIML's ability to satisfy investors' redemption requests) and investors should take this into consideration when deciding whether or not to invest in the Fund.</p>	<p>6.2; 6.3 and 8.3</p>

<sup>1</sup> CIML has discretion to accept lower amounts.

## 2. RG 240 Disclosure Benchmarks

The Australian Securities and Investments Commission ('ASIC') Regulatory Guide 240, "Hedge Funds: Improving disclosure" ('RG 240'), requires funds, that qualify as "hedge funds," to meet certain benchmarks and disclosure principles to ensure that investors have the necessary information to make an informed decision.

The Fund will be considered as a "fund of hedge funds" for the purposes of RG 240 as the Underlying Company exhibits, or will exhibit, two or more characteristics of a hedge fund as set out in RG 240. Consequently, as the Fund is a "fund of hedge funds," the RG 240 benchmarks and disclosure principles apply to the Fund and the Underlying Company on a "look-through" basis.

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

Benchmark	Is the Benchmark satisfied?	Section(s) (for further information)
<p><b>Benchmark 1</b></p> <p><i>Valuation of assets</i></p> <p><i>Whether valuations of the hedge fund's non-exchange traded assets are provided by an independent administrator or an independent valuation service provider.</i></p>	<p><b>The Fund</b></p> <p>The Fund complies with this benchmark.</p> <p>This benchmark is satisfied in respect of the Fund, however CIML does not have a policy that requires the Underlying Company to, and the Underlying Company does not, satisfy this benchmark.</p> <p>The Fund will invest substantially all of its assets in Shares in the Underlying Company, which is not an exchange traded asset. The Fund is valued by the Fund Administrator. The value of the assets of the Fund (including any that are not exchange traded), are determined in accordance with standard market practice and market prices generally electronically sourced from third parties. The Fund Administrator is not related to either CIML or Apollo.</p> <p><b>The Underlying Company</b></p> <p>The Underlying Company does not comply with this benchmark.</p> <p><u>Underlying Company NAV</u></p> <p>The Underlying Company determines the NAV of the Shares no less frequently than monthly. The Underlying Company Manager prepares valuations with respect to each Asset-Backed Finance Asset in accordance with Apollo's Valuation Guidelines (defined below) adopted by the Underlying Company's board of directors.</p> <p><u>Underlying Company Asset-Backed Finance Assets</u></p> <p>The value of the Underlying Company's Asset-Backed Finance Assets are monitored for material changes on a monthly basis.</p> <p><b>Valuation Guidelines</b></p> <p>The Underlying Company's Asset-Backed Finance Assets are valued at fair value in a manner consistent with generally accepted accounting principles in the United States (i.e., GAAP), which defines fair value based on the price that would be received from the sale of an asset (or paid to transfer a liability) in an orderly transaction between market participants on the applicable measurement date.</p> <p>For more information on the Underlying Company Valuation Guidelines, please refer to section 6.3 of this PDS.</p>	9.1

*Periodic Reporting*

Whether the issuer will provide periodic disclosure of key information on an annual and monthly basis.

The Fund complies with this benchmark.

The following information in relation to the Fund will be made available to the Fund's investors on a monthly basis:

- current total NAV of the Fund and the withdrawal value of a Unit;
- net return after fees, costs and taxes charged to, or withheld from returns of, the Fund;
- changes to key service providers, including any change in related party status;
- any material changes to the risk profile or investment strategy; and
- any changes in individuals playing a key role in investment decisions for the Fund.

The following information in relation to the Fund will be made available to the Fund's investors on an annual basis:

- asset allocation to each asset type;
- liquidity profile at the end of the relevant period;
- maturity profile of liabilities at the end of the relevant period;
- the gross exposure as a measure of the leverage ratio at the end of the relevant period;
- details on the class of derivative counterparties engaged;
- monthly or annual returns; and
- any changes to key service providers including any change in related party status.

All reports addressing the above matters will be available on CIML's website at [www.channelcapital.com.au/funds](http://www.channelcapital.com.au/funds).

**The Underlying Company**

The Underlying Company does not comply with this benchmark.

The following information in relation to the Underlying Company, will be made available to the Fund's investors on a monthly basis:

- current total NAV of the Fund and the withdrawal value of a Unit;
- changes to or acquisitions of key service providers, including any change in related party status;
- any material changes to the risk profile or investment strategy; and
- any changes in individuals playing a key role in investment decisions for the Fund.

The following information in relation to the Fund will be made available to the Fund's investors on an annual basis:

- asset allocation to each asset type;
- liquidity profile at the end of the relevant period; and
- maturity profile of liabilities at the end of the relevant period.

The material information made available to the Fund's investors with respect to the Underlying Company, pursuant to applicable law of the Underlying Company pertaining to selective disclosure of material non-public information, will be limited to that information disclosed in the Underlying Company's annual report on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K with the Securities Exchange Commission (the 'SEC'). These SEC filings referenced above will be available on the Underlying Company's website at <https://www.apollo.com/abc> and on the SEC website at <https://www.sec.gov>. Consequently, for these purposes, the Underlying Company will not be able to provide, on an annual basis, information pertaining to the Underlying Company's leverage ratio, derivative counterparties, or changes in key service providers.

All reports addressing the above matters will be available on CIML's website at [www.channelcapital.com.au/funds](http://www.channelcapital.com.au/funds).

# 3. RG 240 Disclosure Principles

ASIC has established nine disclosure principles for funds categorised as “hedge funds” or “fund of hedge funds” under RG 240. Issuers of such products are expected to include information about these principles in their PDS.

The table below outlines these disclosure principles along with a summary of related information. It is important to review this information alongside the detailed explanations provided in this PDS and the key risks outlined in section 8. Updates to this section regarding RG 240 principles will occur periodically. Non-material updates will be posted on CIML’s website ([www.channelcapital.com.au/funds](http://www.channelcapital.com.au/funds)) while material changes will result in an updated PDS.

Disclosure Principle	Summary	Section(s) (for further information)
<p><b>Disclosure Principle 1: Investment strategy</b></p> <p><i>Whether investors are made aware of the details of the investment strategy for the fund, including the type of strategy, how it works in practice and how risks are managed.</i></p>	<p><b>The Fund</b></p> <p>The Fund invests substantially all of its assets into the Underlying Company, which utilises Apollo’s extensive credit experience and platform reach to source and structure specialty Asset-Backed Finance opportunities. It holds only minimal cash for short-term operational needs, does not engage in short selling, and may use leverage and derivatives (limited to foreign exchange forwards) strictly for hedging. The investment strategy does not depend on any particular key individuals.</p> <p>The Fund will not engage in short selling but may utilise leverage and derivatives (i.e., foreign exchange forward contracts) for hedging purposes.</p> <p>For further details on the Fund’s investment strategy, please refer to section 6.2.</p> <p>There are certain risks involved in investing in the Fund. For more information on the risks associated with the investment in the Fund, please refer to section 8.2.</p> <p><b>The Underlying Company</b></p> <p>The Underlying Company seeks to capitalise on Apollo’s extensive credit expertise by primarily investing in specialty Asset-Backed Finance opportunities backed by large, diversified pools of Hard Assets and contractual cash flows, supplemented by select equity acquisitions. It aims to originate or directly negotiate transactions, thereby setting price and terms, with a focus on principal protection and robust structural protections (e.g., credit enhancements and collateral packages).</p> <p>To pursue its investment objective, the Underlying Company leverages a broad sourcing network, rigorous asset-level analysis, and a relative-value approach across six core pillars:</p> <ul style="list-style-type: none"> <li>• <i>Consumer Finance</i> – Investments backed by consumer-related receivables/loans (e.g., auto, student, home improvement).</li> <li>• <i>Residential Mortgage</i> – A diversified range of US and international mortgage loans and related investments.</li> <li>• <i>Commercial Mortgage</i> – Mortgage loans and related assets across office, retail, hotels, apartments, industrial, and more.</li> <li>• <i>Hard Assets</i> – Opportunities Secured by physical or hard assets with underlying contracted and visible cash flows, such as aviation, transportation, and infrastructure.</li> <li>• <i>Financial Assets</i> – Receivables, CLOs, royalty streams and bespoke financing instruments.</li> <li>• <i>Capital Solutions</i> – Tailored financing arrangements and customised structured financing for institutions including NAV Loans and synthetic risk transfer structures that reference various collateral pools such as high quality assets and strong covenants.</li> </ul> <p>The Underlying Company employs leverage to support its business and operations. The Underlying Company expects to use entity level debt, such as revolving credit facilities, and expects that its assets will utilise asset level debt. The Underlying Company expects to employ hedging in support of financing techniques or that is designed to reduce the risk of adverse movements in interest rates, securities prices, commodities prices and currency exchange rates, as well as other risks. The Underlying Company may use derivatives to manage risk, aimed at isolating and mitigating fundamental factor uncertainty, not muting mark-to-market volatility; this includes derivative transactions as part of the Underlying Company’s hedging purposes or other strategies.</p> <p>For further details on the Underlying Company’s investment strategy, please refer to section 6.3 of this PDS.</p> <p>There are certain risks relating to the Underlying Company’s investments. For more information on the risks relating to the Underlying Company’s investments, please refer to section 8.3.</p>	<p>6.2; 6.3, 8.2 and 8.3</p>

<p><b>Disclosure Principle 2: Investment Manager</b></p> <p><i>Whether investors have the necessary information about the people responsible for managing the fund's investments, such as their qualifications and relevant commercial experience, and the proportion of their time devoted to the hedge fund.</i></p>	<p><b>The Fund</b> CIML, as the responsible entity, will operate and manage the Fund. For more information, please refer to section 4 of this PDS.</p> <p><b>The Underlying Company</b> The Underlying Company is managed by the Underlying Company Manager which serves as the Underlying Company's operating manager under an operating agreement. For further details on the Underlying Company Manager (including the key individuals responsible for managing the investments of the Underlying Company), please refer to section 6.3 of this PDS. For specific risks related to the Underlying Company Manager, please refer to section 8.3 of this PDS.</p>	<p>4; 6.3 and 8.3</p>
<p><b>Disclosure Principle 3: Fund Structure</b></p> <p><i>Whether the issuer explains the investment structures involved, the relationships between the entities in the structure, fees payable to the fund operator and investment manager, the jurisdictions involved (if these involve parties offshore), the due diligence performed on underlying funds, and the related party relationships within the structure.</i></p>	<p><b>The Fund</b> The Fund is an unlisted Australian unit trust registered as a managed investment scheme. This PDS pertains to Class A, a specific class of units within the Fund. The Fund primarily gains its investment exposure by investing in Shares of the Underlying Company. CIML has appointed Ernst &amp; Young as the Fund's auditor ('<b>Fund Auditor</b>'), responsible for providing an opinion on the financial statements and compliance plan of the Fund in accordance with the Corporations Act. CIML has appointed Citibank, N.A., Hong Kong Branch (the '<b>Fund Custodian</b>') with responsibility of holding the Fund's assets, ensuring safekeeping, proper segregation, accurate record-keeping, and timely reporting. From time to time, CIML under its Australian financial services licence may self-custody the non-cash assets of the Fund. CIML has appointed the Fund Administrator to handle fund administration, including independent unit pricing, administration and registry services, and some accounting functions. For further details on the Fund's structure, please refer section 6 of this PDS.</p> <p><b>The Underlying Company</b> The Underlying Company Manager is responsible for daily management, administration, and advisory services of the Underlying Company. The management agreement ('<b>Underlying Company Operating Agreement</b>') continues indefinitely but can be terminated under specific, limited circumstances, such as by unanimous vote of the independent directors if performance is deemed materially detrimental, or by either party upon prescribed notice in certain other events. Termination may result in the Underlying Company forfeiting its voting interest in its investments or triggering adverse regulatory consequences. State Street Bank and Trust Company provides essential administrative services, maintaining financial records, managing expenses, preparing reports, and more. U.S. Bank and State Street Bank and Trust Company act as the custodians for the Underlying Company, responsible for safeguarding its assets, holding and delivering securities, collecting income, and performing related administrative tasks. Deloitte &amp; Touche LLP, an independent registered public accounting firm, serves as the Underlying Company's auditor. For further details on the Underlying Company's structure, please refer section 6.1 of this PDS. The Underlying Company Manager is entitled to management fees, performance fees, special fees and other fees. For more information on the fee arrangements with the Underlying Company, please refer to section 10.4 of this PDS.</p>	<p>6.1; 6.2 and 10.4</p>

<p><b>Disclosure Principle 4:</b></p> <p><b>Valuation, location and custody of assets</b></p> <p><i>Whether the issuer discloses the types of assets held, where they are located, how they are valued and the custodial arrangements.</i></p>	<p><b>The Fund</b></p> <p>The Fund is valued by the Fund Administrator in accordance with the Constitution, and the NAV is determined by deducting the Fund's liabilities (including distributions, management fees, expenses, provisions, and contingencies) from its total assets. Because the Fund invests all or substantially all its assets in the Underlying Company's Shares, which are not exchange traded, the Fund's value generally reflects the published NAV of the Underlying Company. The Fund Administrator applies standard market practice, using electronic third-party data sources. Where no independent pricing source is available, CIML collaborates with the Fund Administrator to establish an appropriate valuation in line with industry standards.</p> <p>The Fund's investment allocation is typically within the following ranges: (i) 85% to 100% in the Underlying Company; (ii) 0% to 5% in cash; and, (iii) 0% to 10% in derivative market value. The Fund has no specific policies regarding the geographic location of underlying funds or their managers, nor policies for custodial arrangements of underlying funds which it invests into.</p> <p>For further details on the Fund's valuation, location and custody of assets, please refer to sections 9.1 and 9.6 of this PDS.</p> <p><b>The Underlying Company</b></p> <p>The Underlying Company Manager calculates the NAV of Shares at least monthly using Valuation Guidelines set by the Underlying Company's board of directors and Apollo's protocols. Asset-Backed Finance Assets are valued at fair value in accordance with U.S. generally accepted accounting principles. When reliable market prices are unavailable, industry-standard methodologies, including income and market-based approaches, are employed, and independent valuation firms may be consulted to ensure accuracy. Assets are initially recorded at their transaction price but are adjusted if necessary to reflect current market conditions. The valuation process is updated monthly to incorporate changes in discount rates, market comparables, and new information. Additionally, the Underlying Company's board of directors reviews and may adjust the Valuation Guidelines annually to maintain fair value accuracy.</p> <p>For details of the Valuation Guidelines, please refer to section 6.3 of this PDS.</p> <p>For further details on the Underlying Company's valuation, location and custody of assets, please refer to sections 6.3 and 8.3 of this PDS.</p>	<p>6.3, 8.3, 9.1 and 9.6</p>
<p><b>Disclosure Principle 5:</b></p> <p><b>Liquidity</b></p> <p><i>Whether investors are made aware of the fund's ability to realise its assets in a timely manner and the risks of illiquid classes of assets.</i></p>	<p><b>The Fund</b></p> <p>For the purposes of Disclosure Principle 5: Liquidity, pursuant to RG 240 and as of the date of this PDS, CIML, by investing all or substantially all of the Fund's assets in Shares of the Underlying Company, cannot expect to realise at least 80% of its assets within 10 days at their ascribed value in calculating the Underlying Company's NAV.</p> <p>For further details on the Fund's liquidity and CIML's investment policy in relation to the liquidity of the Underlying Company, please refer to section 6.2 of this PDS.</p> <p><b>The Underlying Company</b></p> <p>The Underlying Company generally invests in illiquid Asset-Backed Finance Assets, as set out in Section 6.3.</p> <p>Because the Fund's investment mandate is fulfilled by holding Shares in the Underlying Company, its liquidity depends on the Underlying Company's ability to buy, sell, or otherwise realise value from its specialised Asset-Backed Finance Assets. Many of these positions are illiquid, privately negotiated, or subject to contractual lock-ups that restrict sales within specific timeframes. As a result, the Fund may be required to defer or suspend redemptions to protect remaining investors and preserve value, with investors often having no control over the timing or price at which the Underlying Company realises assets.</p> <p>For further details on the Underlying Company's liquidity, please refer to sections 6.3; 8.3 and 11 of this PDS.</p>	<p>6; 8.3 and 11</p>

<p><b>Disclosure Principle 6:</b> <b>Leverage</b></p> <p><i>Whether investors are made aware of the maximum anticipated level of leverage of the fund (including leverage embedded in the assets of the fund).</i></p>	<p><b>The Fund</b></p> <p>The Fund may use leverage primarily to hedge the Fund’s USD exposure back to AUD, aiming to manage currency risk and stabilise returns for Investors. The Fund employs historical rate rollovers by extending maturing foreign exchange forward contracts at the original rate, which can involve leveraging through credit facilities provided by selected derivative counterparties. These counterparties are chosen based on their creditworthiness, regulatory compliance, and ability to offer principal protection, typically being major financial institutions. The anticipated leverage from foreign exchange hedging is projected to range between 0% and 10%, resulting in a gross leverage of up to 110%. However, the actual leverage is usually much lower, reflecting short-term positions during periods of increased market volatility. Additionally, the Fund’s assets may serve as collateral for these leverage activities, with exposure limited by partnering with highly creditworthy counterparties to minimise risks from insolvency or claims.</p> <p>For further details of the Fund’s use of leverage, please refer to section 6.2 of this PDS.</p> <p><b>The Underlying Company</b></p> <p>The Underlying Company may use various forms of leverage, including entity-level borrowings and asset-level debt Secured by Asset-Backed Finance Assets. There is no limit on the amount the Underlying Company may borrow. Asset level debt may be incurred by Asset-Backed Finance Assets entered into by one of the Underlying Company’s operating entities and Secured by Asset-Backed Finance Assets owned by such operating entities. In the event of default by one of the Underlying Company’s operating entities, the lender’s recourse would be to the Asset-Backed Finance Assets. The lender would typically not have a claim to other assets of the Underlying Company, any of its series or its subsidiaries. In certain limited cases, asset level debt may be recourse to both Series on a joint and several basis (meaning that either Series may be liable for repayments in respect of borrowing that it may not have incurred or beyond its pro rata share of such borrowing). Any borrowings would have seniority over the Shares.</p> <p>Leverage decisions are made by the Underlying Company Manager based on market conditions and costs, and the Underlying Company’s board of directors can authorise leverage without investor approval. The Underlying Company may borrow through revolving credit facility with one or more unaffiliated lenders or receive Unsecured lines of credit from Apollo or its affiliates, potentially leading to conflicts of interest. Borrowing arrangements may include covenants, collateral requirements, and restrictions on additional indebtedness or distributions. Additionally, the Underlying Company might enter into NAV credit facilities to support acquisitions and other activities, though favourable terms are not guaranteed. While leverage aims to enhance returns, it also increases risks such as portfolio volatility, covenant breaches, and potential losses if asset performance does not cover borrowing costs. The Underlying Company balances these opportunities and risks to achieve attractive, risk-adjusted outcomes for investors over the long term.</p> <p>For further details of the Underlying Company’s use of leverage, please refer to section 6.3 of this PDS.</p>	<p>6.2</p>
<p><b>Disclosure Principle 7:</b> <b>Derivatives</b></p> <p><i>Whether investors are made aware of the purpose and types of derivatives used by the fund operator or investment manager, and the associated risks.</i></p>	<p><b>The Fund</b></p> <p>The Fund is anticipated to utilise derivatives, specifically foreign exchange forward contracts, to hedge currency risk by managing its USD exposure back to its base currency, AUD. This hedging strategy aims to prevent currency fluctuations from negatively affecting the value of the Fund’s USD-denominated investments and will not be employed for speculative purposes. The Fund engages in historical rate rollovers, extending maturing forward contracts at their original rates, which may involve leverage through credit facilities provided by selected derivative counterparties managed by Apollo Management Singapore Pte. Ltd. The derivatives used are over-the-counter and tailored to the Fund’s specific hedging needs, allowing for customised contract terms.</p> <p>For further details of the Fund’s use of derivatives, please refer to section 6.2 of this PDS.</p> <p><b>The Underlying Company</b></p> <p>The Underlying Company may utilise a variety of derivatives, including total return swaps, interest rate swaps, credit default swaps, forward contracts, options, and commodity futures, as part of its hedging or other strategies. These derivatives help manage the Fund’s exposure to non-U.S. investments, movements in interest rates, securities prices, commodities prices and</p>	<p>6</p>

	<p>currency exchange risk and allow for exposure to specific securities or markets without directly owning the underlying assets, thereby introducing synthetic leverage. Derivatives may be traded over-the-counter for greater flexibility or on regulated.</p> <p>For further details of the Underlying Company's use of derivatives, please refer to section 6.3 of this PDS.</p>	
<p><b>Disclosure Principle 8:</b> <b>Short selling</b></p> <p><i>Whether investors are made aware of how short selling may be used as part of the investment strategy, and of the associated risks and costs of short selling.</i></p>	<p><b>The Fund</b></p> <p>The Fund does not intend, nor is it likely, to engage in short selling.</p> <p>For further details on the Fund's use of short selling and CIML's investment policy regarding the Fund's investments in the Underlying Company, please refer to section 6.2 of this PDS.</p> <p><b>The Underlying Company</b></p> <p>The Underlying Company does not intend, nor is it likely, to engage in short selling. However, the Underlying Company is not prohibited from utilising short sales, which may result in fees or costs borne by the Underlying Company and may be exposed to risks that counterparties will not fulfill contractual obligations.</p>	6.2
<p><b>Disclosure Principle 9:</b> <b>Withdrawals</b></p> <p><i>Whether investors are made aware of the circumstances in which the issuer of the hedge fund allows withdrawals and how this might change.</i></p>	<p><b>The Fund</b></p> <p>Redemptions from the Fund are generally processed monthly on the last calendar day of each month, subject to liquidity availability. However, investors do not have a right to redeem their Units, as CIML retains discretion to accept or reject redemption requests. Redemption requests must be received by the Fund Administrator by 5pm at least ten (10) Business Days before the redemption date, with redemptions processed based on the NAV of the Fund referable to the Units at the time.</p> <p>If an investor's redemption would reduce their balance below \$100,000, CIML may treat the request as a full redemption. Redemption proceeds typically include the investor's share of the Fund's net income and capital value, paid within 50 calendar days after the redemption date, though CIML may extend this period up to 415 calendar days.</p> <p>Redemptions may be restricted under certain conditions, such as adverse market circumstances or when it's impractical to liquidate investments promptly. In such cases, redemptions may be staggered or suspended, particularly if total requests exceed 5% of the Fund's Units in a quarter. If the Fund is illiquid (holding less than 80% in liquid assets), redemptions may only be possible through a regulated withdrawal offer in accordance with the Corporations Act, which CIML is not obliged to make.</p> <p>The Fund's ability to fulfil redemption requests is dependent on its available cash, and if insufficient, requests may be processed on a pro-rata basis and rejected redemption requests (in whole or part) will be cancelled by CIML in its absolute discretion. A new redemption request will need to be submitted for the next Redemption Date (as defined in section 11.3). Redemption rights may also be subject to changes or suspensions, with investors promptly informed of any material changes.</p> <p>Refer to the risks in section 8 related to withdrawals and liquidity and section 11.3 for further information on redemptions. In particular, the ability to withdraw from the Fund will be impacted by the Fund's ability to withdraw from the Underlying Company. The Underlying Company has implemented certain restrictions on the ability of Shareholders to withdraw. Refer to section 11.3 for more information.</p>	8 and 11.3

## 4. About CIML

Channel Investment Management Limited ACN 163 234 240 AFSL 439007 ('**CIML**' or '**Responsible Entity**') is a trustee/responsible entity and manager of a number of managed investment schemes and is the issuer of this PDS. Channel Capital Pty Ltd ACN 162 591 568 ('**Channel**') provides investment management infrastructure and services across multiple asset classes and is the holding company of CIML. Channel is an authorised representative (authorised representative number 001274413) of CIML.

CIML is licensed under the Corporations Act to act as responsible entity of the Fund. CIML is responsible for

managing the Fund in accordance with the Corporations Act and the Constitution. You can obtain a copy of the Constitution free of charge by contacting CIML and requesting a copy be made available to you.

CIML and its holding company, Channel, have forged strategic partnerships with international and Australian fund managers across a range of different asset classes including Australian and global securities, alternative investments and fixed interest securities.

As at the date of this PDS there have been no adverse regulatory findings against CIML or any of its key officers or employees.

## 5. About Apollo and its Asset-Backed Finance opportunities

Founded in 1990, Apollo is a high-growth, global alternative asset manager with US\$938.4 billion of assets under management as of 31 December 2025. As of 31 December 2025, Apollo's asset management business had over 3,500 employees with offices throughout the world. Apollo seeks to provide its clients excess return at every point along the risk-reward spectrum from investment grade debt to private equity.

Apollo maintains an integrated approach to investing, which it believes distinguishes Apollo from other similarly situated alternative asset managers. Apollo places particular emphasis on value across its investing business, which adheres closely to the principles of "buying complexity and selling simplicity" and "purchase price matters." By collaborating across disciplines, with each business unit contributing to, and drawing from, its shared knowledge and experience, Apollo believes it is well-suited to serve the financial return objectives of its clients and offer innovative capital solutions to businesses. Furthermore, Apollo believes that its capabilities in tackling complexity, creative deal structuring, and rigorous underwriting standards are key differentiators and competitive advantages in the alternative asset industry.

Apollo has established the Underlying Company, a lending platform that primarily intends to focus on asset-backed finance assets.

The Underlying Company has developed a strategy centred on investing in Asset-Backed Finance opportunities. In pursuing these Asset-Backed Finance Assets, the Underlying Company leverages the expertise of the Underlying Company Manager, which in turn applies the broader resources, sourcing networks and structuring capabilities of Apollo. Apollo maintains a flexible, value-oriented approach, emphasising deep credit analysis, rigorous asset-level diligence and a focus on risk mitigation. This philosophy underpins all stages of the Underlying Company's investment process, from initial sourcing through to ongoing asset management. Apollo believes that the Underlying Company Manager's integrated approach and platform-wide capabilities enables the Underlying Company to access a specialised set of skills, sourcing networks and structuring know-how to enable the Underlying Company to execute its strategy.

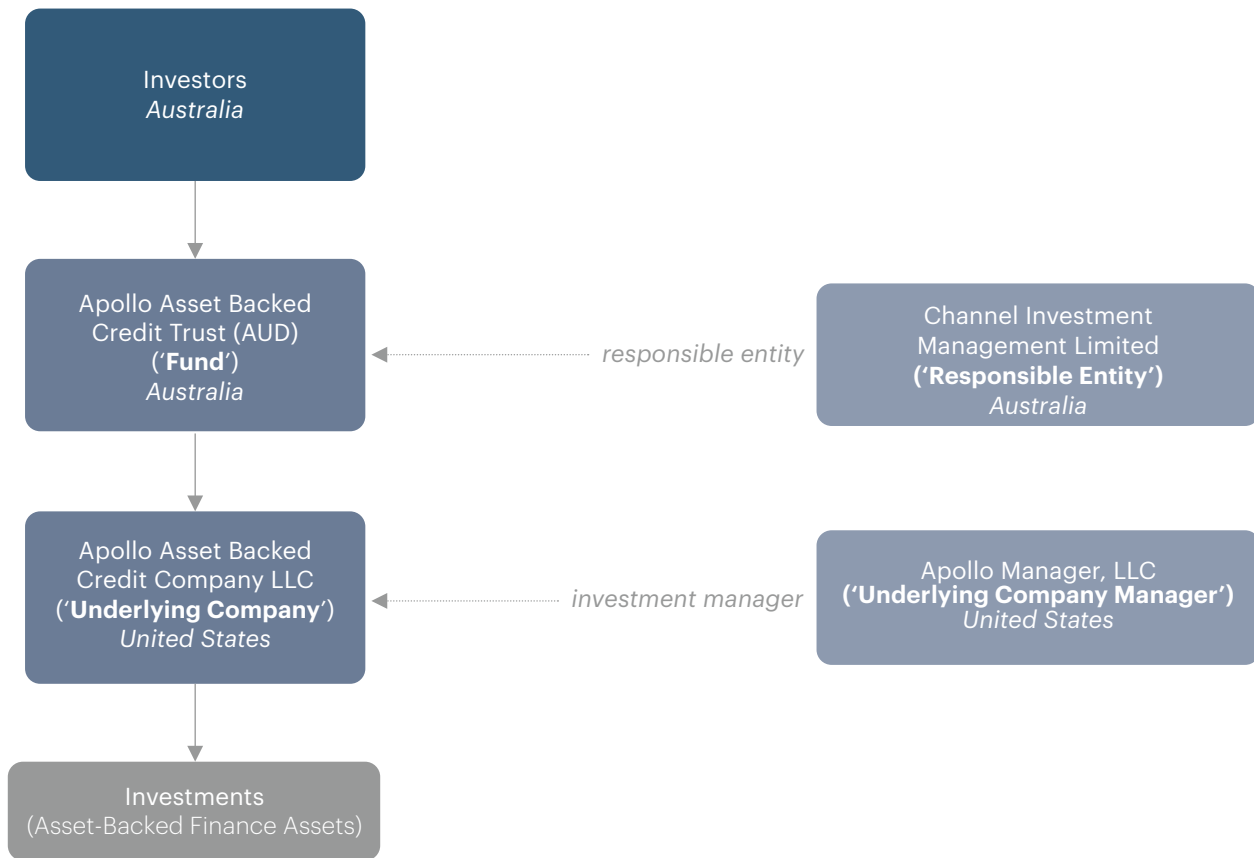
Through its relationship with Apollo, the Underlying Company intends to deploy capital across six key strategy pillars: (1) Consumer Finance, (2) Residential Mortgage, (3) Commercial Mortgage, (4) Hard Assets, (5) Financial Assets and (6) Capital Solutions, for additional information please refer to section 6.3.

Apollo's track record in the above six key strategy pillars spans multiple market cycles and involves a substantial volume of transactions. By dynamically allocating capital across these six pillars, the Underlying Company aims to maintain flexibility and opportunistically shift its focus as market conditions evolve.

# 6. The Fund and the Underlying Company

## 6.1 Structure Diagram

Set out below is a diagram of the investment structure of the Fund and the Underlying Company.



## 6.2 The Fund

### About the Fund

The Fund is an unlisted Australian unit trust registered with ASIC as a managed investment scheme under the Corporations Act. This PDS relates to Units of the Fund. The Fund primarily obtains its investment exposure by investing in a USD-denominated Share class of the Underlying Company.

### Investment objective and strategy

The Fund, via its investment into the Underlying Company, aims to leverage Apollo's extensive credit experience acquiring assets across credit, as well as the incumbency afforded by the broad reach of Apollo's credit platform, to drive proprietary sourcing and bespoke structuring for specialty Asset-Backed Finance opportunities.

In seeking to achieve its investment objective, the Fund will invest all or substantially all of its assets in class I Shares, a USD-denominated share class of the Underlying Company. The Fund will hold cash for short-term operational purposes only. The Fund will not engage in short selling but may utilise leverage and derivatives (i.e., foreign exchange forward contracts) for hedging purposes only (further information pertaining to the Fund's use of leverage and derivatives for hedging

purposes is disclosed below). Accordingly, the execution of the Fund's investment strategy does not rely on any particular key individuals.

In selecting the Underlying Company as the vehicle that the Fund will invest into, CIML has undertaken a comprehensive, multi-step due diligence process that has entailed an evaluation of the level of experience of the Underlying Company's management team, risk management capabilities, investment philosophy and their strategy to determine if it aligns with the strategy of the Fund and operational infrastructure. Further, the due diligence process in the selection of the Underlying Company has included a comprehensive review of the Underlying Company's offering documents and investment guidelines to ensure compliance with the regulatory requirements and to ensure alignment with the Fund's objectives. The selection process of the Underlying Company is guided by the Fund's investment strategy, which primarily seeks to identify and invest in an underlying company that has a robust risk management framework and an experienced management team.

The Fund applies CIML's risk management strategy which encompasses a comprehensive process for identifying, analysing, and evaluating risks to ensure effective management aligned with the Fund's investment objectives. Upon identifying a risk, CIML undertakes a detailed risk analysis to understand its complexity,

evaluate existing control measures, determine the likelihood and potential consequences of the risk materialising, and assign a risk rating. Control measures are scrutinised to ensure they effectively lower the likelihood and impact of risks, with appropriate policies, procedures, or actions implemented as necessary. The likelihood of a risk materialising is assessed consistently across all business teams of CIML to avoid subjective biases, using a predefined likelihood rating system. Similarly, the potential consequences are evaluated to determine their impact on CIML, ensuring a uniform approach. Based on the outcomes of the risk analysis, risks are evaluated to decide the necessary treatments, their priorities, and the balance between potential benefits and adverse outcomes. This evaluation considers whether existing controls are sufficient or if additional measures are needed, especially for higher-rated risks. Risk treatment options include accepting, mitigating, transferring, or avoiding the risk, with the cost of managing risks weighed against the benefits of the investment or activity. Upon completing the risk assessment, CIML develops risk management plans recorded in its risk register, prioritising risks and allocating resources effectively.

The Fund has: (i) no specific diversification guidelines or limits; (ii) no policies on the geographic location of underlying funds, their managers or the geographic focus of their investing; and (iii) no policies to be applied in relation to the custodial arrangements of underlying funds.

The Fund may not be successful in achieving its investment objective. Should any material changes to the Fund's investment objective or strategy arise, the Fund's investors will be duly notified in compliance with the provisions of the Corporations Act.

#### Allocation range of Fund's investments

The Fund is generally expected to invest over time within the allocation ranges set out below.

Asset Type	Allocation Range
Underlying Company	85% - 100%
Cash & Cash Equivalents	0% - 5%
Derivative Market Value – foreign exchange forward contracts for hedging purposes	0% - 10%

*The above ranges are indicative only and are subject to change. In particular, inflows from subscriptions and outflows from redemptions may cause the amount of cash held by the Fund to be higher or lower than stated in the above indicative ranges.*

#### Liquidity

Since CIML invests all or substantially all of the Fund's assets in Shares of the Underlying Company, CIML does not reasonably expect to realise at least 80% of its assets at the value ascribed to those assets in calculating the Underlying Company's NAV, within 10 days of the date that a value is ascribed to the asset. The Fund, however, is expected to be a 'liquid scheme', as defined in section 601KA of the Corporations Act, since it reasonably expects that the property of the Fund can be realised for its market value within the period specified in the Constitution for satisfying withdrawal requests, being a period of up to 415 days. Despite this, investors do not have an absolute right to withdraw from the Fund. The discretion to accept or decline redemption requests lies with CIML (see "Withdrawal Risk" in Section 8).

In accordance with the Fund's risk management policies, regular monitoring of the liquidity of the Underlying Company and the assets it invests in is required. This monitoring aims to ensure that the Underlying Company continues to operate within the permitted investment parameters. To manage these liquidity risks, the Fund implements several measures. For instance, CIML monitors its investment in the Underlying Company and the liquidity profile of the Underlying Company, adjusting its investment allocations as needed to maintain an appropriate level of liquidity. Moreover, CIML regularly reviews and conducts diligence on the Underlying Company Manager to assess and anticipate any potential liquidity constraints in the Underlying Company. This ongoing diligence enables the Fund to respond proactively to any changes in the liquidity profile of the Underlying Company and to adjust its investment strategy pertaining to the liquidity of the Underlying Company accordingly.

#### Leverage

At the Fund level, leverage may be employed primarily in connection with the hedging of the Fund's USD exposure from the base currency of the Underlying Company back to AUD. The use of leverage in this context is intended to manage currency risk and enhance the stability of returns for AUD-based investors.

The Fund will engage in historical rate rollovers, which involve extending maturing foreign exchange forward contracts at the original rate. While this strategy is designed to mitigate currency risk, it could also be construed as a form of leverage, as it may involve the use of a credit facility provided by the derivative counterparties engaged by the Fund, facilitated through Apollo Management Singapore Pte. Ltd, which will be selected based on stringent criteria, including their creditworthiness, regulatory compliance, and capacity to provide principal protection. These counterparties are typically major financial institutions with established reputations in the market. The maximum anticipated level of leverage at the Fund level, in connection with the Fund's foreign exchange hedging, is estimated to be in a range of between 0%-10%, which is a gross leverage of 110%. Hence, for every \$1 of the Fund's NAV, the Fund could be leveraged up to an additional \$0.10 through its foreign exchange hedging activities, resulting in a total exposure of 110%, although the actual leverage employed is generally expected to be significantly lower, typically reflecting short-term positions during periods of heightened foreign exchange market volatility. The level of leverage via the Fund's use of historical rate rollovers is therefore generally expected to be significantly less than the above quoted range. The Fund's assets may be used as collateral in connection with these leverage activities. Specifically, the collateral may be encumbered or exposed to set-off rights or other legitimate claims by the service or credit providers in the event of their insolvency or that of a counterparty. However, the Fund will seek to limit the extent of such exposure by working with counterparties that meet stringent creditworthiness criteria.

As the Fund will primarily invest in the Underlying Company, the Fund will implement its investment policy by relying on the investment policy of the Underlying Company Manager in respect of acceptable types of leverage that can be engaged in by the Underlying Company. Since the Fund invests into the Underlying Company, it is also exposed to the risks and effects of leverage that is employed by the Underlying Company Manager (see "Leverage" in Section 6.3 for more information).

The Underlying Company Manager is charged with developing financial risk management policies for the Underlying Company and overseeing the implementation of such policies. The board of directors of the Underlying Company exercises risk oversight function over the Underlying Company. CIML actively monitors the acceptable types of leverage employed by the Underlying Company, ensuring these practices are consistent with the Fund's strategic investment objectives.

#### *Worked examples of the Fund's use of leverage*

To illustrate the impact of leverage on investment returns and losses, consider the following worked examples. Assume the Fund has gross assets valued at \$100 million and employs leverage up to 10% of its NAV through its hedging activities, resulting in \$10 million of borrowed funds. This brings the total investment capital to \$110 million.

- **Scenario 1 – Positive Return:** If the Fund's investments yield a 10% return, the gross profit would be \$11 million (\$110 million x 10%). After accounting for borrowing costs, assuming an interest rate of 5%, the cost of borrowing \$10 million would be \$0.5 million (\$10 million x 5%). Therefore, the net profit would be \$10.5 million (\$11 million - \$0.5 million). Without leverage, a 10% return on \$100 million would result in a \$10 million profit. Thus, leverage has enhanced the return from 10% to 10.5%.
- **Scenario 2 – Negative Return:** If the Fund's investments experience a 10% loss, the gross loss would be \$11 million (\$110 million x 10%). The cost of borrowing remains \$0.5 million. The total loss would then be \$11.5 million (\$11 million + \$0.5 million). Without leverage, a 10% loss on \$100 million would result in a \$10 million loss. Thus, leverage has amplified the loss from 10% to 11.5%.

These examples demonstrate that while leverage can amplify returns, it also increases the potential for greater losses. The Fund's use of leverage through its hedging activities aims to enhance returns but also introduces higher risk, particularly in adverse market conditions. Investors should be aware that the use of leverage can result in significant fluctuations in the value of their investment.

#### **Derivatives**

The Fund is expected to use derivatives, specifically foreign exchange forward contracts, primarily for the purpose of hedging currency risk. This strategy involves managing the Fund's exposure to USD fluctuations by hedging it back to the AUD, which is the Fund's base currency. The use of derivatives is integral to the Fund's investment strategy, with an objective for currency risks to not adversely impact the value of the Fund's investments in the Underlying Company, which is denominated in USD. Importantly, the Fund will not enter into derivative transactions for speculative purposes. The Fund will engage in historical rate rollovers, which involve extending maturing foreign exchange forward contracts at the original rate. While this strategy is designed to mitigate currency risk, it could also be construed as a form of leverage, as it may involve the use of a credit facility provided by the derivative counterparties engaged by the Fund, facilitated through Apollo Management Singapore Pte. Ltd.

CIML has engaged Apollo Management Singapore Pte. Ltd under an investment management agreement to provide hedging and foreign exchange services to the Fund. Apollo Management Singapore Pte. Ltd, as an

agent for and on behalf of the Fund, will transact in over-the-counter ('**OTC**') derivative transactions with counterparties, provided these transactions comply with ASIC and its associated regulations. ASIC imposes specific requirements, including mandatory reporting, bilateral risk management, compulsory clearing for certain classes of OTC derivatives, and margin posting requirements for OTC derivatives contracts that are not centrally cleared.

The key risks associated with the Fund's use of derivatives, particularly in relation to collateral requirements, include the potential forfeiture of posted collateral in the event of a default by the derivative counterparty or in situations where the counterparty becomes insolvent. In such instances, if the counterparty or the clearing entity holds collateral posted by the Fund, and insolvency occurs, the Fund may become an Unsecured creditor and will rank behind preferred creditors in terms of claims. This risk highlights the importance of carefully selecting derivative counterparties with strong credit profiles.

Derivative counterparties engaged by the Fund, through Apollo Management Singapore Pte. Ltd, will be selected based on stringent criteria, including their creditworthiness, regulatory compliance, and capacity to provide principal protection. These counterparties are typically major financial institutions with established reputations in the market.

Given the limited liquidity of the Underlying Company and the potential impact on the Fund's ability to meet losses arising from hedging transactions, the Fund may apply a historical rate rollover to the foreign exchange forward contract if sufficient cash is not available to meet such losses. This approach helps manage the timing of settlements and the impact on the Fund's liquidity position.

The derivatives used by the Fund, primarily OTC foreign exchange forwards, are not exchange-traded. Instead, they are negotiated directly with counterparties, allowing the Fund to tailor the terms of the contracts to its specific hedging needs.

As the Fund will primarily invest in the Underlying Company, the Fund will implement its investment policy by relying on the investment policy of the Underlying Company Manager in respect of acceptable types of derivatives that can be engaged by the Underlying Company. The Underlying Company Manager is charged with developing financial risk management policies for the Underlying Company and overseeing the implementation of such policies. The board of directors of the Underlying Company exercises risk oversight function over the Underlying Company. CIML actively monitors the acceptable types of derivatives employed by the Underlying Company, ensuring these practices are consistent with the Fund's strategic investment objectives.

#### **Short selling**

The Fund will not engage in short selling.

As the Fund will primarily invest in the Underlying Company, the Fund will implement its investment policy by relying on the investment policy of the Underlying Company Manager in respect of acceptable types of short selling that can be engaged by the Underlying Company. The Underlying Company Manager is charged with developing financial risk management policies for the Underlying Company and overseeing the implementation of such policies. The board of directors of the Underlying Company exercises risk oversight function over the Underlying Company. CIML actively monitors the acceptable types of short selling employed

by the Underlying Company, ensuring these practices are consistent with the Fund's strategic investment objectives. The Underlying Company is not prohibited from utilising short sales, which may result in fees or costs borne by the Underlying Company and may be exposed to risks that counterparties will not fulfill contractual obligations

### **Key Service Providers**

CIML has appointed Ernst & Young ('**Fund Auditor**') as the auditor of the Fund. The role of the Fund Auditor in respect of the Fund is to provide an opinion on whether the financial statements and compliance plan of the Fund are in accordance with the Corporations Act.

CIML has appointed Citibank N.A. Hong Kong Branch ('**Fund Custodian**') to provide custodial services to the Fund. The Fund Custodian is responsible for holding the Fund's assets and, among other things, arranging for settlement of sales and purchases of assets. In accordance with Australian regulatory requirements, including but not limited to the relevant standards for custodial agreements, the Fund Custodian ensures the safekeeping of assets, proper segregation, accurate record-keeping, and timely reporting. The Fund's custodial arrangements comply with the applicable legal and regulatory obligations to safeguard investor interests and maintain the integrity and security of the Fund's assets.

From time to time, CIML under its Australian financial services licence may self-custody the non-cash assets of the Fund. CIML has policies and procedures in place to ensure that this is managed to the minimum standards for holding scheme assets as prescribed in section 601FCAA of the Corporations Act, as amended by ASIC Corporations (Asset Holding Standards for Responsible Entities) Instrument 2024/16.

The Fund Administrator has been appointed as the administrator and registrar of the Fund. The Fund Administrator provides fund administration services including independent unit pricing, administration and registry services, and some accounting services for the Fund.

#### *Monitoring, due diligence and related party relationships*

To protect the Fund and its investors, CIML will implement measures to ensure that all of the Fund's key service providers, including but not limited to, the Fund Custodian, the Fund Administrator, the Fund Auditor and Apollo Management Singapore Pte. Ltd, comply with their respective service agreement obligations. CIML has a comprehensive monitoring and reporting framework, which involves regular performance assessments, ongoing communication, and prompt resolutions of any issues that may arise. In the event that a service provider fails to meet their contractual obligations or not meet the requisite performance standards, CIML will take appropriate remedial actions, which may include the termination of the service agreement. CIML's supervision of service providers aims to ensure that the Fund's operations are conducted in an efficient, compliant, and transparent manner which ultimately protects the interests of the Funds and its investors.

CIML performs comprehensive due diligence on the key service providers of the Fund, including but not limited to, the Fund Custodian, the Fund Administrator, and the Fund Auditor to ensure that the Fund's assets and the interests of investors in the Fund are protected. This procedure commences with a thorough examination of, where appropriate, each service provider's financial position, industry reputation and historical performance. Further, CIML will assess each of the Fund's service

providers' operational frameworks, including system for risk management, reporting, and compliance to determine their ability to meet the Fund's requirement and maintain high standards of performance. As part of CIML's operational due diligence on the Underlying Company Manager, CIML has assessed and will seek to rely on the Underlying Company Manager's robust due diligence process that is performed on all of the Underlying Company's key service providers. CIML will periodically review and update its due diligence process to take into consideration any changes in the Fund's strategy, regulatory environment, or market conditions. CIML will also carefully examine the qualifications and expertise of the personnel responsible for managing the Underlying Company, as well as assess their compliance with internal policies, procedures, and regulatory requirements.

There are no related party relationships between CIML, the Underlying Company, and the Fund's or the Underlying Company's service providers, except for the service provider relationship between Apollo, an affiliate of the Underlying Company Manager, and the Underlying Company, as set out below in Section 6.3 under the heading "Related Party Relationships". All material arrangements in connection with the Fund are entered into on arm's length terms.

## **6.3 Underlying Company and the Underlying Company Manager**

### **About the Underlying Company**

The Underlying Company is a series limited liability company formed under Delaware law on September 22, 2023. Accordingly, the Fund is investing specifically in a series of Shares of the Underlying Company and thereby becoming a shareholder in the Underlying Company series only, rather than acquiring membership in the Underlying Company as a whole.

### **Investment objective and strategy**

#### *Investment objective*

The Underlying Company's investment objective is to leverage Apollo's extensive credit experience acquiring assets across credit, as well as the incumbency afforded by the broad reach of Apollo's credit platform, to drive proprietary sourcing and bespoke structuring for specialty Asset-Backed Finance opportunities. By originating, structuring and securitising these opportunities, the Underlying Company seeks to offer attractive diversification through exposure primarily focused on large, diversified pools of Hard Assets and/or contracted cashflows, further enhanced by equity acquisitions.

#### *Investment strategy and authorised investments*

The Underlying Company seeks to implement its investment objective by primarily investing in Asset-Backed Finance Assets that provide high current income, backed by stable, contractual cash-flows, with a focus on principal protection and understanding the many structural nuances that drive the underlying cash flows including liquidation value, credit enhancements, structural protections and Security/collateral packages. Apollo seeks to be a setter of both price and terms and, where possible, originate Asset-Backed Finance Assets rather than purchase what is available in the market.

The Underlying Company expects to optimise its platform construction by leveraging Apollo's differentiated sourcing capabilities, asset-level analysis and relative value

investing lens. The Underlying company may invest or pursue opportunities across six key pillars:

- (1) **Consumer Finance:** Instruments collateralised or loans Secured by consumer-related receivables or loans, including (but not limited to) auto loans and leases, student loans, home improvement loans, credit card receivables, personal loans and other Unsecured consumer exposure.

*Apollo's proprietary consumer credit models are employed to underwrite collateral with loan-by-loan granularity across various macroeconomic cases.*

- (2) **Residential Mortgage:** The origination or acquisition of a diversified range of US and international residential mortgage loans and legacy mortgage loan pools, including distressed and nonperforming loans and other newly originated residential real estate-related investments.

*Apollo's longstanding experience in residential credit markets aims to enhance the Underlying Company's ability to assess collateral performance and broader housing trends.*

- (3) **Commercial Mortgage:** Commercial mortgage loans and mortgage-backed assets collateralised by loans on commercial real estate. The underlying properties include offices, retail centres and malls, hotels, hospitals, apartment buildings, industrial complexes and other adjacent property types. Transactions may include private lending opportunities, secondary loan acquisitions and other mortgage-backed financings.

*Apollo's established relationships in real estate markets, coupled with its proactive asset management processes, are intended to support the Underlying Company's goal of achieving risk-adjusted returns.*

- (4) **Hard Assets:** Investments Secured by physical or hard assets in sectors and industries such as transportation, aviation, solar, infrastructure and agriculture-related lending opportunities. Assets in this pillar are often underpinned by long-term contractual cash flows.

*Apollo's global expertise in evaluating underlying collateral value and structuring terms is designed to mitigate residual value risk, while also seeking to capitalise on favourable sector dynamics and counterparties.*

- (5) **Financial Assets:** Diverse cash flow-producing investments, such as instruments backed by receivables, Collateralised Loan Obligations, royalty streams, or bespoke financing instruments.

*Apollo's integrated platform and deal-sourcing channels enable the Underlying Company to consider both syndicated transactions and originations with potential excess yields or equity participation.*

- (6) **Capital Solutions:** Tailored financing arrangements and customised structured financing for institutions and financial sponsors including NAV Loans and synthetic risk transfer structures that reference various collateral pools such as high quality assets and strong covenants.

*Apollo is differentiated by its structuring expertise, established sponsor relationships, and ability to deliver certainty of execution, which is expected to unlock such a scalable and recurring opportunity set.*

The Underlying Company is differentiated by the breadth of its Asset-Backed Finance Asset opportunity focus, which is expected to allow for dynamic allocation of capital among the wide scope of Financial Asset opportunities.

#### *Investment allocations and restrictions.*

Across these six key strategy pillars, it is anticipated that the Underlying Company will be able to opportunistically reposition portfolio allocations as appropriate business opportunities are identified, and dynamically pivot across the six key strategy pillars described above in an effort to capitalise on differences in relative value between asset classes.

The Underlying Company does not have an allocation threshold assigned for its key strategies.

Although the Underlying Company does not have any policies regarding the geographic location of its assets, the Underlying Company invests primarily in USD-denominated Asset-Backed Finance Assets across six key areas: (1) Consumer Finance, (2) Residential Mortgage, (3) Commercial Mortgage, (4) Hard Assets, (5) Financial Assets and (6) Capital Solutions. The Underlying Company does not have an allocation range assigned among its six Asset-Backed Finance asset strategies or for amounts held in cash.

#### *Diversification guidelines and limits*

While diversification is an objective of the Underlying Company's business strategy, the Underlying Company does not adhere to limits on the size, industry, geographic region or number of individual Asset-Backed Finance investments it may hold (i.e., Asset-Backed Finance Assets). While diversification is an objective, there is no assurance it will be achieved in practice. A substantial portion of the Underlying Company's capital may be concentrated in one Asset-Backed Finance Asset (or series of related transactions, joint ventures or investments). If such Asset-Backed Finance Asset(s) underperforms, it could materially and adversely affect overall returns of the Underlying Company.

As Apollo has expertise in certain industries, a significant part of the Underlying Company's portfolio may be focused on one or more of these sectors. In addition, the Underlying Company's investments are generally concentrated in Asset-Backed Finance Assets. This concentration makes the Underlying Company's portfolio more susceptible to adverse developments (such as an economic downturn impacting a specific region, industry, or asset type) and could increase the likelihood of losses. Investors who also invest in other Apollo-affiliated vehicles may have overlapping exposure to the same Asset-Backed Finance Assets.

Although the Underlying Company Manager may seek to refinance part of any significant acquisition to reduce risk or improve diversification, such refinancing may not be available on favourable terms, or at all, leading to a larger-than-intended long-term exposure to a particular asset or assets. Further, the Underlying Company is permitted to invest in junior layers of an Asset-Backed Finance Asset's capital structure, which may incur greater exposure to any losses. The Underlying Company may also hold assets, or companies operating, outside North America and Europe. These regions may present heightened risks, such as governmental or political instability, exchange controls, less developed insolvency laws, or limited market liquidity. Any of these factors could significantly affect the Underlying Company's performance.

There is no requirement that the Underlying Company limit the amount of capital in any single investment or region. Consequently, if a downturn occurs in a relevant geography or asset class where the Underlying Company's investments are concentrated, it may materially reduce the Underlying Company's income or capital returns and adversely impact its ability to make distributions

to investors (such as the Fund). Since the Underlying Company may make only a limited number of acquisitions, even one or two poorly performing assets can significantly diminish overall results, and there can be no assurance that any of its assets will generate returns sufficient to offset those losses.

#### *Key aspects of the risk management strategy*

The Underlying Company employs a risk management policy, leveraging the expertise of its leadership team and Apollo's independent risk team. In coordination with the Underlying Company's leadership team, Apollo's risk team defines, measures, monitors and reports on various risk parameters and guidelines established for the Underlying Company. A proprietary internal risk model is used to track market and credit risk metrics, supported by both current and historical market data.

In seeking to manage the risks associated with the Underlying Company's Asset-Backed Finance Assets, the Underlying Company's leadership team implements a range of measures, including asset-level diligence, portfolio construction, diversification, position size limits and selective hedging of industry or market exposures. Apollo believes this flexible risk management approach allows the Underlying Company to allocate capital to the most compelling investment opportunities without compromising its disciplined investment philosophy.

Where deemed appropriate, the Underlying Company may also enter into platform-level or asset-specific hedges to reduce exposure to credit, foreign exchange, interest rate or other forms of risk in its portfolio. These hedges are employed primarily to mitigate underlying fundamental risks rather than purely to minimise short-term market-to-market volatility. Instruments such as interest rate derivatives, credit derivatives and currency hedges may be used for this purpose.

Additionally, Apollo seeks to devote substantial resources to regularly and continuously reviewing the individual holdings, trades, cash flows, risk exposures and platform level characteristics. If market conditions present suitable opportunities, assets held by the Underlying Company's subsidiaries may be sold to capture perceived relative value. The dynamic nature of market conditions means that Apollo will adapt its internal risk model and may modify its approach to risk management over time.

#### **Key individuals implementing the investment strategies of the Underlying Company**

Overall responsibility for the Underlying Company's and the Underlying Company Series' oversight rests with the board of directors. To the extent permitted by applicable law, the board of directors may delegate any of its rights, powers and authority to, among others, any committee of the board of directors, the officers of the Underlying Company or the Underlying Company Manager.

Each executive officer of the Underlying Company holds office at the pleasure of the board of directors until his or her successor is duly appointed and qualified or until their earlier disability, death, resignation or removal or as the board of directors otherwise determines in its sole discretion. Please see below for their biographies. They collectively devote a sufficient amount of time to managing the Underlying Company so that it can carry out its proposed activities.

***Stuart Rothstein.*** Mr. Rothstein is the Chair of the Board of the Underlying Company. Since April 2023, Mr. Rothstein has been the Chief Operating Officer—Asset Backed Finance of Apollo and since 2009, Mr. Rothstein has been a partner and the Chief Operating Officer—

Real Estate of Apollo. In those roles, Mr. Rothstein is responsible for managing the day-to-day operations of the businesses as well as strategic planning, development and implementation of growth and product strategies and new business development. Mr. Rothstein has served on the board of directors of Apollo Realty Income Solutions, Inc. (**'ARIS'**) since September 2021 and Chairperson of the board of directors of ARIS since June 2022. Since March 2012, Mr. Rothstein has been the President and Chief Executive Officer and one of the directors of Apollo Commercial Real Estate Finance, Inc. (NYSE: ARI) (**'ARI'**). From September 2009 through April 2013, Mr. Rothstein served as the Chief Financial Officer, Treasurer and Secretary of ARI and from January 2022 to April 2022, he also served as the interim Chief Financial Officer, Treasurer, and Secretary of ARI. Since December 2024, Mr. Rothstein has served as President of Apollo Diversified Real Estate Fund ("ADREF") and as chairman and trustee of ADREF's board of trustees. Prior to joining Apollo in 2009, Mr. Rothstein was a Co-Managing Partner of Four Corners Properties, a privately held real estate investment company. Previously, he was employed by KKR Financial Advisors, LLC, RBC Capital Markets, Related Capital Company and Spieker Properties, Inc. Mr. Rothstein graduated from the Schreyer Honors College at the Pennsylvania State University with a BS in Accounting and received an MBA from the Stanford University Graduate School of Business.

***Bret Leas.*** Mr. Leas is a director of the Underlying Company. Mr. Leas is Partner and Head of Asset-Backed Finance, overseeing Apollo's Global Asset-Backed and Financing Solutions business. He concurrently serves as the Managing Director and member of the board of directors of Redding Ridge Asset Management. He also serves on the board of directors of Cadma Capital Partners and the parent entity of Atlas Securitized Products. Prior to joining Apollo in 2009, Mr. Leas was Director in the Credit Structuring Group at Barclays Capital with primary responsibility for the loan structuring and advisory team. Previously, he was an Associate at Weil, Gotshal & Manges LLP, primarily focusing on asset-backed securities, CDOs and credit derivatives. Mr. Leas graduated cum laude from the University of Maryland with a BA in History and graduated cum laude from Georgetown University Law Center with a JD. He is the former Chairman of the board of directors of the Make-A-Wish Foundation of Metro New York and Western New York.

***Nancy De Liban.*** Ms. De Liban is a director of the Underlying Company, and a partner of Asset-Backed Finance at Apollo. Prior to joining Apollo in 2012, Ms. De Liban was a Senior Managing Director at Countrywide Financial Corporation, as well as the President of Countrywide Alternative Asset Management. While at Countrywide, Ms. De Liban oversaw non-agency MBS and whole loan trading including all conduit operations. Ms. De Liban was also a member of Countrywide's model validation committee and was one of the senior managers in charge of Countrywide Commercial Real Estate Finance. Prior to joining Countrywide, Ms. De Liban was Senior Managing Director at Bear Stearns for nearly 15 years, where she was a member of the mortgage team focused on modelling, structuring and trading of structured products and was responsible for numerous structural innovations. She currently serves on the boards of directors of the parent entities of Atlas Securitized Products, Aqua Financial, NewFi Lending, Petros Pace Finance, and ROC Capital. Ms. De Liban received her BS in Finance from the University of Southern California.

***Michael Paniwozik.*** Mr. Paniwozik is the President and a director of the Underlying Company. Mr. Paniwozik is Partner, Global Head of Structured Credit Investing at Apollo and also oversees the Apollo Credit Platform's

portfolio of third-party credit manager incubation partnerships. He is concurrently a member of the Credit Investment Committee of Redding Ridge Asset Management, LLC. Prior to joining in 2015, Mr. Paniwozik was Managing Director and Senior Product Strategist for US Corporate Credit at Napier Park Global Capital. He began his career in credit structuring at Credit Suisse First Boston. Mr. Paniwozik graduated cum laude from the University of Chicago with a BA in Economics.

*John Chrystal*. Mr. Chrystal is an independent director of the Underlying Company. Mr. Chrystal has served as the Chairman of the board of directors of MoneyLion, a fintech company that offers lending, financial advisory and investment service, since 2016. Mr. Chrystal also serves as a director of Regatta Loan Management LLC. Previously, from June 2013 until February 2022, he served as a director of The Bancorp, Inc. and its subsidiaries, including serving as Vice Chairman beginning in April 2017. He also served as Interim Chief Executive Officer of The Bancorp, Inc. and President of The Bancorp Bank from December 2015 through May 2016. Mr. Chrystal also previously served as a director of numerous special purpose acquisition companies, including Insurance Acquisition Corp from 2019 to 2020, Insurance Acquisition Corp II from 2020 to 2021, Insurance Acquisition Corp III from 2020 to 2022, and MCAP Acquisition Corp in 2021, and as a director of the Trust for Advised Portfolios from 2010 to 2022. Mr. Chrystal was also an advisor to Monroe Capital LLC and its affiliated funds from 2017 to 2022, a Managing Member of Bent Gate Advisors, LLC from 2009 to 2012, a Founding Partner of DiMaio Ahmad Capital from 2005 to 2008, and was a Managing Director with Credit Suisse entities, with oversight of asset management and financial products functions, in varying roles from 1993 to 2005. Mr. Chrystal received an MBA from The University of Chicago and an undergraduate degree from Iowa State University.

*Thomas Marano*. Mr. Marano is an independent director of the Underlying Company. Mr. Marano has served as the Chief Operating Officer of The Chotin Group Corporation, a family office that invests in CRE and diversified marketable securities, since November 2023. From January 2020 to November 2023, Marano was the Managing Member of Oldepik Associates, a consulting company focused on mortgage, finance, and the hospitality industry. Mr. Marano served as the Chief Executive Officer and President of Ditech Holding Corp. from April 2018 through October 2019, and as a director and Chairman of the board of directors from February 2018 through October 2019, where he led the sale of Ditech assets to New Residential Investment Corp. via a structured bankruptcy. From November 2014 to August 2019, Mr. Marano served as Chief Executive Officer of Intrawest Resorts Holdings, Inc. Prior to Intrawest Resorts, Mr. Marano was the Managing Member of OldePike Associates LLC, a mortgage consulting business, from 2013 to 2014. From 2009 until 2013, Mr. Marano served as Chief Executive Officer of Mortgage Operations, Chief Capital Markets Officer, and Chief Executive Officer and Chairman of GMAC ResCap, Inc. for GMAC, Inc./Ally Financial, Inc. From 2008 until 2009, Mr. Marano served as a Managing Director at Cerberus Capital Management, LLC, where he consolidated commercial and residential mortgage trading operations and helped establish a mortgage fund. Until 2008, Mr. Marano worked at Bear Stearns & Co. Inc. for 25 years as a trader and ultimately as the U.S. and Global Head of Mortgage-Backed and Asset-Backed Securities. Mr. Marano serves as a director of the board of Lynx IMB, owner of an independent mortgage company, since March 2024. Mr. Marano holds a

bachelor's degree from Columbia College.

*Wendy K. Modlin*. Ms. Modlin is an independent director of the Underlying Company. Ms. Modlin has served as the Chief Compliance Officer and a member of the executive committee at LionTree LLC, an independent investment and merchant bank, since 2019. Prior to LionTree, Ms. Modlin served as a Senior Compliance Officer at Apollo Global Management, Inc., a global alternative asset manager and an affiliate of the Underlying Company, from March 2008 to September 2019. Ms. Modlin received a BA from Barnard College and a Doctor of Law from Cardozo School of Law.

*James H. Simmons III*. Mr. Simmons is an independent director of the Underlying Company. Mr. Simmons has served as Chief Executive Officer and Founding Partner of Asland Capital Partners since 2019, serving as head of its investment committee with oversight of the day-to-day operations of the firm. Mr. Simmons has over two decades of real estate investment experience across the public and private sectors. Prior to founding Asland Capital Partners, Mr. Simmons was a Partner at Ares Management, where he led the Ares Domestic Emerging Markets Fund, and was previously a Partner at Apollo Real Estate Advisors. Mr. Simmons was also previously president and CEO of the Upper Manhattan Empowerment Zone Development Corporation and held prior roles at Bankers Trust and Salomon Smith Barney. Mr. Simmons currently serves on the board of directors of Regency Centers Corporation (NASDAQ: REG), and the board of directors of ScionHealth. Mr. Simmons received a BS degree from Princeton University, an MS from the Virginia Polytechnic Institute and State University and a Master of Management degree from Northwestern University's J.L. Kellogg Graduate School of Management.

#### **Valuation policy**

The Underlying Company determines the NAV of its Shares no less frequently than monthly. The Underlying Company Manager prepares valuations with respect to each of its Asset-Backed Finance Assets in accordance with the Valuation Guidelines adopted by the Underlying Company's board of directors.

At least once a year, the Underlying Company's board of directors (including its independent directors) reviews the Valuation Guidelines for continued appropriateness. The Underlying Company's board of directors may approve adjustments to these guidelines if it determines that doing so would yield valuations more accurately reflecting fair value.

#### **Valuation Guidelines**

The Underlying Company's Asset-Backed Finance Assets are valued at fair value in a manner consistent with United States generally accepted accounting principles, including Accounting Standards Codification Topic 820, the Underlying Company's Asset-Backed Finance Assets are valued at fair value as of each valuation date (**'Valuation Guidelines'**).

When a reliable market price is not available, the Underlying Company Manager uses industry-accepted valuation methodologies, including income- and market-based approaches, to assess each Asset-Backed Finance Asset. These approaches typically involve forecasting projected cash flows, comparing the asset to similar publicly traded assets or transactions, and factoring in relevant qualitative elements, such as current market conditions and the Asset-Backed Finance Asset's financial performance. In certain circumstances, the Underlying Company Manager may engage independent valuation

firms to provide positive assurance on the reasonableness of these fair value determinations.

Initially, a newly acquired Asset-Backed Finance Asset is usually recorded at its transaction price; however, if the Underlying Company Manager concludes that this price does not reflect current market value, an adjustment is made. The valuation process is updated monthly to reflect changes in discount rates, market comparables, new asset-level information and cash flows arising since the previous valuation date. Should significant post-valuation-date information emerge about conditions existing on that date, the Underlying Company will review whether a valuation adjustment is warranted prior to releasing its financial information.

There can be situations in which the Underlying Company Manager is incentivised to influence or adjust the valuation of Asset-Backed Finance Assets. Please refer to the risks in section 8.3 for more information.

### **Liquidity**

The Underlying Company generally invests substantially all of its capital in Asset-Backed Finance investments (as described above in *Investment strategy and authorised investments*) which are generally illiquid. The Underlying Company does not intend to list its Shares on a securities exchange, and as such, there is no expected public market for these Shares. Consequently, when the Fund purchases Shares in the Underlying Company, its ability to sell them will be restricted.

Because the Fund's investment mandate is fulfilled by holding Shares in the Underlying Company, its liquidity depends on the Underlying Company's ability to buy, sell, or otherwise realise value from its Asset-Backed Finance Assets. Many of these positions are illiquid, privately negotiated, or subject to contractual lock-ups that restrict sales within specific timeframes. In normal market conditions, the Underlying Company may still encounter challenges in swiftly disposing of assets at a fair price. During periods of general market stress or turbulence in specific sectors, liquidity can deteriorate sharply, prolonging the time needed to find buyers or refinancing partners. As a result, the Fund may be required to defer or suspend redemptions to protect remaining investors and preserve value, with investors often having no control over the timing or price at which the Underlying Company realises assets.

To provide limited liquidity to Shareholders, the Underlying Company has initiated a Share repurchase program, subject to the Underlying Company's board of directors' discretion. This program involves quarterly repurchase offers, allowing the Fund to tender its Shares at a price equal to the NAV per Share for the applicable class on the repurchase date. However, this program is subject to limitations, including a cap on the number of Shares repurchased each quarter, which is expected to be no more than 5% of the aggregate NAV of certain outstanding Shares of the Series of the Underlying Company. The Underlying Company's board of directors retains the authority to amend, suspend, or terminate the Share repurchase program if it determines that such actions are in the best interest of the Underlying Company and its Shareholders. Any suspension of the repurchase program will be reviewed at least quarterly, although there is no obligation for the Underlying Company's board of directors to reinstate the program within any specific timeframe.

The Underlying Company does not expect to complete a liquidity event within any specific time period, if at all. The Underlying Company's board of directors, including independent directors, is responsible for evaluating and

determining whether and what type of liquidity event is in the best interest of Underlying Company Shareholders. This evaluation may consider various factors, such as trading prices of other comparable vehicles that are publicly traded, portfolio diversification and allocation, portfolio performance, financial condition, potential access to capital and the potential for Shareholder liquidity. The Underlying Company's board of directors will consider these factors carefully to assess the potential benefits and risks associated with a liquidity event. However, it is important to note that the specific circumstances that will prevail in the future are unknown at this time, and therefore, the Underlying Company's board of directors cannot currently predict what factors will ultimately influence its decision-making process regarding a potential liquidity event. Consequently, the timing, nature, and likelihood of any future liquidity event remain uncertain and will be determined by the Underlying Company's board of directors based on the conditions and criteria relevant at that time.

### **Leverage**

The Underlying Company may employ various forms of leverage to support its business operations. This leverage can include entity-level borrowings (for example, revolving credit facilities) incurred by individual operating entities, as well as asset-level debt Secured by specific Asset-Backed Finance Assets. In some instances, the debt may be recourse only to those assets, thereby limiting creditors' claims to the pledged collateral. However, in certain limited situations, liabilities could be shared jointly and severally by multiple entities within the Underlying Company structure, including between Series I and Series II.

There is no specific cap on the amount that the Underlying Company may borrow. Additionally, certain financial arrangements, such as reverse repurchase agreements or derivative transactions, may exhibit effects similar to leverage. The decision whether to use leverage, and the extent of any such leverage, is determined by the Underlying Company Manager, based on factors such as market outlook and the associated costs. The Underlying Company's board of directors may authorise the use of leverage at any time without seeking investor approval.

To the extent available, the Underlying Company may borrow from unaffiliated lenders for acquisitions, general working capital, or to provide liquidity for distributions and Share repurchases. Alternatively, Apollo or its affiliates may offer an Unsecured line of credit to the Underlying Company, in which case conflicts of interest may arise. Any borrowing arrangement could impose covenants or limitations on the Underlying Company, including restrictions on additional indebtedness, distributions, or mergers. Lenders may also require that certain assets be pledged as collateral, which could be subject to foreclosure in an event of default.

Similarly, the Underlying Company may enter into NAV credit facilities to facilitate acquisitions, fund expenses, or effect repurchases. While the Underlying Company Manager will seek favourable terms, there is no assurance that such financing will be obtainable on acceptable terms (or at all). Moreover, Apollo, other Apollo-managed funds, or their affiliates may provide financing directly or indirectly to the Underlying Company or its investments, potentially creating conflicts of interest. Subject to the Underlying Company Manager's policies and procedures and the Underlying Company's governing documentation, these transactions generally do not require the Underlying Company's board of directors or investor consent.

The Underlying Company is authorised to make

permanent borrowings with no intention to repay it using capital contributions for any purpose. Such forms of permanent leverage may be used in addition to asset-level financing in connection with the acquisition, financing or realisation (in whole or in part) of an asset.

The LLC Agreement only imposes a percentage cap on the amount of cash borrowings (excluding certain obligations, such as certain derivative transactions) that are recourse to the applicable Series.

The Underlying Company Manager has discretion to determine the extent to which a borrowing is “recourse” to the applicable Series. If a borrowing is not deemed to be recourse to a Series then it will not count towards the aforementioned cap on borrowings at such Series.

It is possible that a related-party of Apollo could earn Underlying Other Fees (as described herein) in connection with the structuring, placement or syndication of any such credit facility or other fund-level financing.

Although leveraging strategies aim to enhance the Underlying Company’s returns, they also carry inherent risks, including increased portfolio volatility, potential covenant breaches, and the possibility of substantial loss if the assets’ performance fails to meet or exceed the associated borrowing costs. As such, the Underlying Company’s decision to utilise leverage will reflect a balance between the anticipated opportunities and the attendant risks, consistent with its objective of achieving attractive, risk-adjusted outcomes for investors over the long term.

The Underlying Company has no maximum limit on the anticipated and allowed level of leverage it may employ. However, typical leverage levels may vary depending on market conditions, the cost of borrowing, and the Underlying Company’s investment opportunities. Whilst the Underlying Company may use leverage from time to time, there is no generally anticipated level of leverage available and accordingly, Investors should be aware that such leverage may significantly magnify any gains or losses of an investment in the Fund. As there is no specified maximum leverage, it is not feasible to provide a worked example illustrating the impact of leverage on investment returns and losses, or to demonstrate its effect as a multiple of an investor’s net asset value in the Fund.

The Underlying Company’s ability to service its debt obligations depends largely on its financial performance and prevailing economic conditions. If the asset coverage ratio falls, the Underlying Company may be forced to sell assets to repay debt, which could occur under unfavourable market conditions, leading to further losses. Moreover, the management fee structure, which is based on the applicable NAV of the Underlying Company Shares, including those purchased with borrowed funds, may incentivise the use of leverage, adding another layer of risk for investors.

## **Derivatives**

The primary purpose of using derivatives within the Underlying Company is to manage risk, aimed at isolating and mitigating fundamental factor uncertainty, not muting mark-to-market volatility; this includes derivative transactions as part of the Underlying Company’s hedging or other strategies. The Underlying Company may also in certain instances utilise derivatives to obtain leverage or synthetically receive the economic attributes associated with an acquisition in a security or financial instrument or a basket of securities or financial instruments.

The types of derivatives that may be used by the

Underlying Company include, but are not limited to, total return swaps on individual or baskets of assets, interest rate swaps, credit default swaps, repurchase agreements, forward contracts, purchases and sales of commodity futures, put and call options, floors, collars. Interest rate swaps, for example, allow the Underlying Company to exchange variable interest rate obligations for fixed-rate obligations, thereby protecting against rising interest costs. Forward contracts and currency options are utilised to hedge against fluctuations in foreign exchange rates, particularly when the Underlying Company has non-U.S. investments. The Fund may also enter into total return swaps, which are used to gain exposure to specific securities or markets without directly owning the underlying assets, effectively introducing leverage into the portfolio.

If the Underlying Company enters into derivative transaction arrangements with Apollo or its affiliates, it will be subject to the counterparty risk of Apollo or its affiliates, including, without limitation, the risk of a default or delay in the performance of Apollo or its affiliates.

A risk associated with the use of derivatives in the Underlying Company is the potential exposure to counterparty credit risk, particularly in OTC derivative transactions. If a counterparty fails to fulfill its obligations, the Underlying Company could face significant financial losses. Additionally, derivatives often require the posting of collateral, which could become inaccessible or subject to loss if the counterparty becomes insolvent. Furthermore, the use of synthetic leverage through derivatives such as total return swaps amplify both the potential gains and losses, making the portfolio more sensitive to market fluctuations.

The derivatives used by the Underlying Company may be traded over-the-counter or on regulated exchanges. OTC derivatives, while offering greater flexibility in terms and structure, carry higher counterparty risk compared to exchange-traded derivatives, which are generally standardised and cleared through central counterparties to reduce credit risk.

## **Short selling**

The Underlying Company does not intend, nor is it likely, to engage in short selling. However, the Underlying Company is not prohibited from utilising short sales, which may result in fees or costs borne by the Underlying Company and may be exposed to risks that counterparties will not fulfill contractual obligations.

## **Key service providers**

### *Investment manager*

The Underlying Company is managed by the Underlying Company Manager which serves as the Underlying Company’s operating manager under an operating agreement (the ‘**Underlying Company Operating Agreement**’). The Underlying Company Manager manages the Underlying Company on a day-to-day basis, together with its executive officers, and provides certain management, administrative and advisory services related to funding, financing and/or structuring its assets.

The Underlying Company Operating Agreement continues indefinitely unless terminated under certain limited circumstances. The Underlying Company may terminate the agreement by a unanimous vote of its independent directors if it finds the Underlying Company Manager’s performance is unsatisfactory and materially detrimental to the Underlying Company and its subsidiaries, provided the Underlying Company Manager is given 180 days’ written notice. The Underlying Company may also

terminate for cause in accordance with the Underlying Company Operating Agreement's provisions. On the other side, the Underlying Company Manager may terminate if the Underlying Company becomes subject to registration as an investment company, with termination deemed to occur immediately before that event. In addition, the Underlying Company Manager may terminate by giving 180 days' written notice, or upon 60 days' written notice if the Underlying Company fails to remedy a material default within 30 days after receiving notice of such default. If this Underlying Company Operating Agreement is terminated, the Underlying Company must forfeit its voting or controlling interest in its asset-backed finance investments, potentially triggering registration under the Investment Company Act of 1940 (US) ('**Investment Company Act**'). The Underlying Company Operating Agreement further requires that Apollo Shares be redeemed if the agreement terminates, which could force asset sales at inopportune times or prices and thereby harm investors' interests. The Underlying Company Operating Agreement cannot be terminated for other reasons, such as a change of control involving Apollo, or solely based on poor performance of the Underlying Company, and it otherwise continues indefinitely. Because the Underlying Company Manager is affiliated with Apollo, the Underlying Company may be reluctant to terminate the agreement, even if performance is substandard. Consequently, if the Underlying Company Manager does not meet investors' expectations, but the Underlying Company does not or cannot terminate the agreement, Shareholders (such as the Fund) may experience declines in the NAV of their Shares.

#### *Administrator*

State Street Bank and Trust Company (in this capacity, the '**Underlying Company Administrator**') serves as the administrator of the Underlying Company, where it provides or oversees the provision of essential administrative services. These services encompass a wide range of operational tasks, including maintaining financial records, and managing the payment of expenses. The Underlying Company Administrator is reimbursed for its expenses incurred in performing these administrative functions, with the costs allocated to the Underlying Company based on factors such as assets, revenues, and time allocations.

#### *Custodian*

The Underlying Company's securities are held under custody agreement with U.S. Bank and State Street Bank and Trust Company (each a U.S. financial institution) (collectively, the '**Underlying Company Custodians**'). The Underlying Company Custodians are responsible for the safekeeping of the Underlying Company's assets. Their services include the establishment of Underlying Company accounts, holding and delivery of securities, collection of income, and handling of other administrative matters related to the assets.

#### *Accounting Firm*

Deloitte & Touche LLP (the '**Underlying Company Auditor**'), an independent registered public accounting firm, serves as the Underlying Company's auditor.

#### *Additional Information – Apollo*

As a regulated organisation, the Underlying Company Manager and its affiliates regularly receive examinations, inquiries, and correspondence from regulators in the ordinary course of business. At this time, Underlying Company Manager is not aware of any inquiries or matters that would materially impact its ability to perform advisory

or business services. As at the date of this PDS, there have been no material or significant adverse regulatory findings against the Underlying Company Manager or any of its key officers or employees.

#### **Related party relationships**

Under the Underlying Company Operating Agreement, the Underlying Company Manager serves as the operating manager for the Underlying Company, creating a related party relationship due to the Underlying Company Manager controlling the Underlying Company. This affiliation underscores the interconnected nature of their operations, as the Underlying Company Manager is tasked with overseeing the Underlying Company's business and investment activities. These responsibilities include sourcing and evaluating investment opportunities, conducting research and due diligence, structuring investments, and continuously monitoring the portfolio companies. Given this relationship, it is important to note that the Underlying Company Manager's role is not exclusive; it may provide similar services to other entities, including to other funds with similar investment strategies to the Underlying Company, thereby extending the network of related party relationships. The Underlying Company Manager's compensation, is ultimately borne by the Shareholders of the Underlying Company, further highlighting the financial ties between these related parties.

From time to time, the Underlying Company Manager or its affiliates may provide services to certain related persons or entities, with regard to potential and existing Asset-Backed Finance Assets (including acquisitions thereof).

Fees are retained for the benefit of, the Underlying Company Manager (and/or its affiliates) and are in most instances not applied to reduce the Underlying Company Management Fee. Please refer to section 10.4 of this PDS for more information.

Apollo Global Securities, LLC (the '**Dealer Manager**'), an affiliate of the Underlying Company Manager, serves as the dealer manager for the Underlying Company to facilitate the distribution and marketing of certain Share classes in its capital-raising efforts. No upfront commissions apply to I Shares which will result in differences in NAV for the types of Shares of the Underlying Company that do bear upfront commissions. The Dealer Manager anticipates that all or a portion of selling commissions and dealer manager fees will be reallocated to participating broker-dealers.

#### **Indemnifications**

The Underlying Company maintains provisions designed to limit the personal liability of its shareholders and members (together, the '**Underlying Company Members**'). The Fund will have no personal liability for any of the Underlying Company's or Series' obligations or liabilities solely by reason of being a member of the Underlying Company generally or being Shareholder of a Series. The Fund will only be liable as Shareholder with respect to Series II and to the extent of the Fund's capital contributions or pro rata share of any undistributed profits.

Under these provisions, the Underlying Company Members bear no personal liability for the Underlying Company's obligations or liabilities solely by virtue of their interest or association with the Underlying Company. In the event of a distribution that is later deemed in breach of governing law, however, Underlying Company Members may, for a period of up to three years (or longer if an action is commenced within this

timeframe), be required to return all or part of that distribution, but only if they knew, or had reason to know, of the violation at the time of receipt.

An **'Underlying Company Indemnified Party'** means the board of the Underlying Company, Apollo, the Underlying Company Manager, their respective affiliates, directors, officers, representatives, agents, shareholders, members, managers, partners and employees, and any other person who serves at the request of Apollo or its affiliates in such a role of the Underlying Company, each of its Series or any other person.

Under the Underlying Company's operating and governance documents, and except in cases of actual fraud or wilful misconduct, each Underlying Company Indemnified Party will not be liable to the Underlying Company or its investors for conduct undertaken in good faith. Moreover, the Underlying Company or the relevant Series thereof will indemnify and hold the Underlying Company Indemnified Parties harmless from liabilities, claims, costs or damages arising in connection with the Underlying Company's business or their actions on behalf of the Underlying Company, unless the Underlying Company Indemnified Party's acts or omissions amount to actual fraud or wilful misconduct.

Where indemnification could extend to liabilities under the United States Securities Act of 1933 (US) (**'Securities Act'**), the United States Securities and Exchange Commission has indicated that such indemnification is contrary to public policy and may be unenforceable. Consequently, while the Underlying Company's indemnification framework aims to protect those acting on its behalf from undue liability, the scope and enforceability of indemnification remain subject to applicable law.

## 6.4 Fund and Underlying Company – key dependencies and assumptions

The ability of the Fund and the Underlying Company (together, the **'Investment Funds'**) to produce investment returns is subject to several key dependencies and assumptions. If altered, these could significantly impact the performance and outcomes of the Fund. Key dependencies and assumptions of the Investment Funds include, but are not limited to:

- interest rates remain important to Asset-Backed

Finance Assets, as fluctuations can affect the pricing and yield of existing securities, as well as the cost of underlying borrowings.

- the Investment Funds depend on sufficient liquidity in the markets in which they trade. If liquidity deteriorates, the Underlying Company may be unable to buy or sell positions efficiently, meet redemption obligations, or take advantage of opportunities without materially affecting asset prices;
- credit quality and default risk are critical, as a decline in the creditworthiness of underlying borrowers or obligors may significantly diminish the value of Asset-Backed Finance Assets;
- collateral performance and servicing affect overall asset valuations. Changes to collateral values, or a servicing agent's failure to collect payments and manage defaults effectively, can reduce recovery rates and impair performance;
- structural features, such as tranching and credit enhancement, also influence the distribution of risk and allocation of cash flows. If these features fail or prove insufficient, investors may face heightened exposure;
- market and economic conditions can influence default rates, asset prices, and overall investor sentiment, potentially affecting both liquidity and valuations;
- regulatory and legal frameworks may evolve, increasing the operational burden, raising costs, or restricting investment strategies;
- the Investment Funds rely on the expertise and continuity of the investment managers, who must evaluate assets, manage risks, and adapt to changing market conditions. Any disruption or loss of key personnel could weaken performance;
- the ongoing effectiveness of the Asset-Backed Finance Assets strategy, including the capacity to identify attractive opportunities and manage risks, is fundamental to achieving targeted returns; and
- the Fund is expected to invest substantially all of its capital into the Underlying Company, and any material deviation from this core approach could undermine the Investment Funds' ability to meet their stated objectives.

# 7. Benefits of investing in the Fund and, indirectly, in the Underlying Company

The Asset-Backed Finance Asset markets serve as a critical financing source for global businesses and consumers.

Asset-backed finance refers to lending in which a loan is supported first by the contractual cash flows of a pool of assets owned by a limited-purpose borrower, and then by the liquidation value of those assets themselves. This is in contrast to corporate credit, which relies on the sovereign terms of any credit of a corporate borrower for repayment.

Asset-Backed Finance Asset markets are significantly larger than the corporate credit market, and encompasses diverse credit types, such as mortgages, consumer credit, receivables financings, aircraft lending and inventory finance. The Asset-Backed Finance Assets market facilitates credit availability to businesses and consumers, and can have negative economic effects when disrupted. For example, the Federal Reserve's Term Asset-Backed Securities Loan Facility ('**TALF**') program was specifically designed (first in 2008, and reimplemented in 2020) to provide financing for Asset-Backed Finance Assets to ensure (a) continued flow of credit to borrowers in the asset-backed finance sector during periods of extreme macroeconomic volatility and (b) the stability of the broader US economy.

Apollo believes Asset-Backed Finance Assets allow a broad set of market participants to engage in the financing of a significant share of the global economy. A key attribute of this market is that the asset class can be captured across various risk profiles, permitting borrowers to access a wide pool of capital to lend against a discreet pool of assets that are often reflective of some of the following characteristics: Secured, diverse, transparent, easy to value, and remote from the operating entity. Because a broader set of the market can participate in the financing, there is a greater supply of capital that can help drive down the cost of financing for borrowers and, ultimately, consumers and businesses.

Asset-Backed Finance Asset markets provide flexibility for corporate balance sheets and potentially lower funding costs from a narrower funding base. For example, a large automaker's balance sheet could be stretched by loans made to retail consumers to buy its cars and its financial performance would then appear to be driven largely by these loans, much like a bank, and not by its core operations, which would likely make credit and equity investors hesitant to fund new business initiatives and growth.

Asset-Backed Finance Asset markets have undergone a significant shift away from the banking sector in recent decades and has become, in Apollo's view, too big to be ignored.

Asset-Backed Finance Assets provide borrowers with several key advantages:

- financing that may provide flexibility for corporate balance sheets,
- financing that is matched to the tenor of the assets and that reduces refinancing risk, and
- increased diversification of funding sources (allowing companies to not rely solely on banks or the Unsecured bond market).

Apollo believes that the Asset-Backed Finance Asset markets represent a large, sustainable and compelling opportunity. More specifically, Apollo believes that the following characteristics distinguishes it from its peers and enable the Underlying Company to execute on its business strategy:

- **Asset Class with Compelling Risk/Reward Amid a Growing Whitespace.** Apollo believes that credit capital deployment opportunities continue to be driven by secular and cyclical change and proprietary origination. Post-GFC, structural and regulatory changes have spurred the retrenchment of traditional lenders, such as banks, and have curated opportunities for longer-duration, opportunistic capital providers like the Underlying Company to provide solutions for specialty finance borrowers. Apollo believes that Asset-Backed Finance Assets deliver attractive, and differentiated risk/return profiles compared to other private credit assets, through embedded diversification of collateral, credit enhancements, structural protections and covenants that together, provide risk mitigation and generally low return correlation versus traditional corporate credit portfolios across market cycles.
- **Strong Apollo Sponsorship and Integrated Business Model.** Apollo operates its global franchise as an integrated platform with each of credit, equity and real assets contributing to and drawing from Apollo's information and experience, thereby providing opportunities and intellectual capital to all of its businesses. Apollo believes its active participation in the private equity industry generates valuable insight for its credit and real assets businesses in terms of transaction sourcing, investing and valuation levels. Moreover, in the process of screening, executing and monitoring opportunities across businesses, Apollo develops valuable relationships with well-regarded sponsors, leading management teams, consultants and other intermediaries, which it believes further drives high-quality opportunities and thoughtful insights during the capital deployment process. Apollo believes the Underlying Company benefits from the wealth of knowledge, experience and capabilities across asset classes, industries and geographies at Apollo, which widens the Underlying Company's lens and enables the Underlying Company's leadership team to more successfully manage opportunities as market dynamics continue to evolve.
- **Deep Industry Knowledge.** Across its global platform, Apollo has broad credit coverage and an experienced team, with dedicated expertise in corporate credit, fixed income, direct origination, Asset-Backed Finance, consumer and residential credit and insurance solutions. The Underlying Company's leadership team, where applicable, leverages the industry work of the corporate credit team where the Underlying Company's leadership team believes that credit-by-credit analysis provides a distinct sector and industry knowledge advantage. Apollo's corporate credit analysts are generally specialised by sector, in a similar construct to their private equity counterparts, and often work together on research and industry trends.

Apollo believes such industry-specific experience provides Apollo with incremental advantages in sourcing and evaluating new opportunities. Apollo's industry knowledge derives from coverage of approximately 3,000 issuers in its credit business as well as over 150 companies owned, in whole or in part, by Apollo's private equity business since inception. Apollo believes the active participation of Apollo within its targeted sectors enables the Underlying Company to uncover idiosyncratic opportunities, including in out-of-favour industries or sectors. In the process of screening, executing and monitoring opportunities in these industries, Apollo has developed relationships with leading management teams, consultants and other intermediaries. Apollo believes the active participation of Apollo platform professionals across a wide scope of sectors allows Apollo to benefit from high quality, proprietary deal flow, access to extensive executive-level contacts and a reputation as a preferred provider of capital.

- **Extensive Proprietary Deal Flow.** Because Apollo has different avenues in which it seeks to invest on behalf of its fund investors, Apollo can focus on more off-the-run and exclusive opportunities where competition is limited compared to more traditional credit activities. Direct origination, market intelligence and Apollo's extensive network of proprietary and third-party origination partners are expected to assist the Underlying Company as members of the Underlying Company's leadership team will be in frequent dialogue with borrowers, management teams and intermediaries, enabling visibility opportunities to organically grow existing lending relationships. Apollo believes that the Underlying Company benefits from the expansive networks that have been cultivated by both Apollo's private equity and credit businesses over the past 30 plus years. Apollo's leading credit and private equity franchises have a substantial platform of professionals and operating executives who have established strong and long-lasting relationships with industry executives and leading management teams.

Apollo has established over 30 direct sourcing origination platforms and partnerships that provide the Underlying Company with differentiated access to debt financings and participation in direct equity investments. These companies represent leading businesses, teams and technologies that primarily focus on the proprietary origination of financial assets and capital solutions across industry sectors including, but not limited to, consumer and residential finance, commercial and trade finance, equipment and transportation, commercial real estate and structured debt. These are stand-alone companies with established management teams, robust employee bases and substantial experience in high-quality corporate performance. Importantly, these companies drive deal "flow," providing the Underlying Company with strategic access to asset-backed credit across a range of underlying asset classes. Asset-Backed Finance Assets sourced from these platforms that are pursued by the Underlying Company are made at the recommendation of the Underlying Company Manager in its discretion pursuant to its allocation process and are subject to a full underwrite consistent with the Apollo Asset-Backed Finance team's established process.

# 8. Risks of investing in the Fund and, indirectly, in the Underlying Company

## 8.1 Overview

Investors need to understand the investment risks involved before investing in the Fund.

All investments carry risk. Different strategies can carry different levels of risk, depending on the assets that make up that strategy. Assets with the highest long-term returns may also carry the highest level of short-term risk. The value of investments and the level of returns will vary. Future returns may differ from past returns and past performance, of both the Fund and the Underlying Company, is not indicative of future performance.

Neither CIML, nor Apollo, their directors, associates nor any of their related bodies guarantee the success of the Fund or the Underlying Company, the repayment of capital or any particular rate of capital or income return. Investments in the Fund are not guaranteed or underwritten by CIML or Apollo or any other person or party and you may lose some or all of your investment.

Some of the key risks that may impact the value of your investment in the Fund are outlined below.

You need to consider the level of risk that you are comfortable with, taking into account factors such as your age, your investment time frame, other assets and investments you have and your overall tolerance for risk.

Section 8.2, "General risks of Investing into the Fund" describes some of the risks associated with an investment in the Fund. Section 8.3, "General risks of indirectly investing into the Underlying Company" describes some of the risks attached to an investment in the Underlying Company, including through the Fund.

There is no guarantee that any risk mitigation measures described below will be effective and the risks below are not the only risks. Additional risks and uncertainties not presently known to CIML or not presently deemed material by it may also impair the Fund's operations and performance. For the avoidance of doubt, the below is not intended to be an exhaustive description of the risks involved in an investment in the Fund and, indirectly, in the Underlying Company.

## 8.2 General risks of investing into the Fund

### Underlying Company risk

The Fund invests substantially all, or all, of its capital into the Underlying Company, which is sponsored by Apollo and benefits from Apollo's capabilities within sourcing, structuring, and securitising Asset-Backed Finance opportunities through the Underlying Company Operating Agreement with the Underlying Company Manager. Because of this structure, the Fund's returns, liquidity, and overall performance are closely tied to the Underlying Company's effectiveness in selecting and managing those specialised investments. If the Underlying Company underperforms, experiences key staff turnover or operates

sub-optimally, the Fund's value will likely suffer. In addition, the Underlying Company may be exposed to overseas markets and must therefore navigate foreign political and regulatory landscapes, currency fluctuations, and varying legal standards of enforcement. Such complexities can heighten market volatility and create unexpected barriers to the Underlying Company's strategy execution. If any of these risks materialise, the returns or liquidity available to the Fund may decrease, harming Investors' potential gains or restricting their ability to redeem their Units.

### Withdrawal risk

**While the Fund aims to provide a monthly redemption facility, there is no absolute right to withdraw.**

CIML, acting as the Fund's responsible entity, may accept or refuse redemption requests or scale them back to protect the interests of all investors. Factors such as sudden market shocks, substantial redemption volumes, or an illiquid Underlying Company portfolio could trigger a suspension or deferral of withdrawals. These measures can remain in place until CIML deems it appropriate to lift or modify them, particularly if the Fund or Underlying Company is unable to sell assets at prices reflecting fair value. If the Fund is declared non-liquid under the Corporations Act, withdrawals may be restricted further and occur only through a withdrawal offer in accordance with Part 5C.6 of that Act. Such constraints mean that investors must be prepared for a scenario in which they cannot redeem their holdings in line with their desired timeframe.

To meet redemption requests, CIML may also choose to redeem some of the Fund's Shares in the Underlying Company. However, the Underlying Company's liquidity may be limited. Subject to the discretion of the Underlying Company's board of directors, the Underlying Company has implemented a Share repurchase program, allowing Shareholders, such as the Fund, to tender their Shares on a quarterly basis at the net offering price per Share. The repurchase program is limited to no more than 5% of the aggregate NAV of the outstanding Shares of the Underlying Company made available to third party investors and E Shares (i.e., a class of Shares in the Underlying Company that will be held only by Apollo and its employees or affiliates, and/or Apollo Clients, and are not being offered to other investors) of the Series per quarter and may be subject to restrictions, including available cash and regulatory compliance. The Underlying Company's board of directors reserves the right to amend, suspend, or terminate the repurchase program if it determines that continuing it would not be in the best interest of the Underlying Company and its Shareholders.

**PROSPECTIVE AND CURRENT INVESTORS MUST BE AWARE OF THE POTENTIAL LIMITATIONS ON THEIR ABILITY TO WITHDRAW FROM THE FUND. NEITHER CIML, NOR APOLLO, THEIR DIRECTORS, ASSOCIATES, NOR ANY OF THEIR RELATED BODIES PROVIDE ANY GUARANTEE CONCERNING THE LIQUIDITY OF THE FUND OR THE ABILITY OF AN INVESTOR TO WITHDRAW ITS INVESTMENT.**

## Liquidity risk

Because the Fund's investment mandate is fulfilled by holding Shares in the Underlying Company, its liquidity depends on the Underlying Company's ability to buy, sell, or otherwise realise value from its specialised Asset-Backed Finance Assets. Many of these positions are illiquid, privately negotiated, or subject to contractual lock-ups that restrict sales within specific timeframes. In normal market conditions, the Underlying Company may still encounter challenges in swiftly disposing of assets at a fair price. During periods of general market stress or turbulence in specific sectors, liquidity can deteriorate sharply, prolonging the time needed to find buyers or refinancing partners. As a result, the Fund may be required to defer or suspend redemptions to protect remaining investors and preserve value, with investors often having no control over the timing or price at which the Underlying Company realises assets.

## Market risk

Investors in the Fund are exposed to broad market fluctuations that can affect the Underlying Company's asset values and the Fund's returns. Asset-Backed Finance investments can be influenced by global economic cycles, changes in interest rates, shifts in market sentiment, and sudden events such as geopolitical crises or environmental catastrophes. Even if individual transactions are well-structured, declining credit markets, reduced consumer or commercial demand, or a loss of investor confidence can depress valuations and hinder liquidity. In periods of heightened volatility or systemic uncertainty, the Underlying Company may be unable to exit investments at favourable prices, directly impacting the Fund's NAV. This susceptibility to macroeconomic or sector-wide disruptions can extend the duration of investments and elevate the risk of principal loss.

## Investment environment risk

The Underlying Company's specialised focus on Asset-Backed Finance depends on an ecosystem of regulatory support, consistent availability of securitisation opportunities, and stable or growing end markets. Changes in central bank policies, inflationary pressures, or disruptions in capital markets can materially reduce the flow and attractiveness of new opportunities. In some cases, government interventions or a slowing economy might curtail consumer or business activities that underlie certain asset classes (for example, aircraft financing, real estate mortgages, or infrastructure contracts). If the environment shifts abruptly, the Underlying Company could experience difficulty in structuring or exiting transactions, higher costs of capital, or unexpected changes in anticipated cash flows. These factors can ultimately result in lower returns or prolonged investment holding periods.

## Underlying Company Manager and Responsible Entity risk

The expertise and oversight provided by Apollo and the Underlying Company Manager (as sponsor and manager of the Underlying Company, respectively) and CIML (as the Fund's responsible entity) form the backbone of the Fund's success. Any failure in judgement, resource allocation, or diligence at the Underlying Company level can lead to underperformance or loss. If key personnel at Apollo depart, especially those with deep sector experience or broad industry networks, it may reduce the Underlying Company's capacity to source high-quality transactions or negotiate favourable terms. Similarly, should CIML fail to implement appropriate governance, oversight, or risk

controls at the Fund level, investors could face operational inefficiencies, weaker protection of their interests, and a greater likelihood of negative outcomes such as liquidity shortfalls or suboptimal investment strategies.

## Key person risk

Within Apollo's Asset-Backed Finance operations, certain personnel may have specialised knowledge, extensive networks, and a proven track record of originating or structuring transactions. If these key individuals become unable or unwilling to continue their roles, the Underlying Company might struggle to maintain deal flow or execute its strategy effectively. This risk can be amplified during periods of rapid industry change or heightened competition. Identifying and onboarding suitable replacements can be both time-consuming and costly, and the Underlying Company may, during this transitional phase, miss potentially attractive opportunities or invest under less favourable conditions.

## Valuation risk

The Fund's unit prices depend on periodic valuations of the Underlying Company's Shares, which in turn derive from the fair value measurements of Asset-Backed Finance Assets. These measurements can be inherently subjective, requiring professional judgement, sector-specific models, or reference data from illiquid or complex markets. If assumptions used in valuation models (such as discount rates, expected default rates, or recovery values) prove incorrect, the reported NAV could diverge significantly from realisable value, especially in times of market stress. This may lead to an inaccurate reflection of the Fund's worth, potentially disadvantaging either redeeming or remaining investors depending on whether valuations are overstated or understated.

## Foreign currency risk

The Fund's base currency is Australian dollars, while the Underlying Company invests in assets predominantly denominated in US dollars or other foreign currencies. Fluctuations in exchange rates can therefore directly affect the Fund's performance. Although the Fund employs hedging techniques (for example, forward foreign exchange contracts) to manage currency risk, these strategies may not always be successful due to unpredicted market events, liquidity constraints, or operational inefficiencies. Investors should be aware that, even with hedging, substantial currency movements might lead to unexpected gains or losses, and that hedging costs can erode overall returns.

## Derivatives risk

The Fund's use of derivatives, mainly for currency hedging, can introduce leverage and potential counterparty exposures. If market conditions shift rapidly, derivative positions may incur significant losses, particularly if instruments cannot be unwound or rolled over in a timely or cost-effective manner. Furthermore, the Fund's reliance on the creditworthiness of derivative counterparties presents an additional layer of risk. Should a counterparty default or fail, the Fund may experience delays or outright inability to recover collateral or realise gains. Operational complexities in executing and monitoring these contracts can also increase the likelihood of valuation or reporting errors.

## Leverage risk

The Fund may incur leverage when rolling over forward currency contracts or accessing credit for hedging or other operational purposes. Separately, the Underlying Company may employ leverage to acquire or securitise

underlying assets. While leverage can magnify returns during favourable market conditions, it also amplifies losses if markets or individual positions turn against the Fund or Underlying Company. Lenders may impose stringent covenants or trigger margin calls if collateral values decline, forcing the Fund or Underlying Company to sell assets rapidly at unfavourable prices. Thus, leverage can exacerbate volatility and heighten the risk of significant capital losses.

#### **Operational risk**

Both CIML at the Fund level and Apollo at the Underlying Company level rely on systems, technology, human resources, and external service providers to run their operations. Internal failures, whether due to flawed processes, human error, cyberattacks, or inadequate business continuity measures, can lead to incorrect reporting, regulatory breaches, or financial losses. Third-party administrators, custodians, or other service providers may similarly fail to fulfil their contractual duties, leading to data errors, settlement delays, or asset misappropriation. Although operational risk frameworks and due diligence exist, they cannot fully eliminate the possibility of unforeseen outages, unauthorised activity, or other operational disruptions.

#### **Resourcing and capacity risk**

CIML, Apollo, and affiliated entities may manage multiple funds, portfolios, or mandates concurrently, leading to resource constraints. If, for instance, Apollo's origination teams become stretched across various credit and Asset-Backed Finance Assets, or if CIML oversees a range of products with competing deadlines, both organisations' ability to dedicate sufficient time and expertise to the Fund could be affected. This strain on capacity might compromise portfolio monitoring, deal negotiation, or timely deployment of capital, all of which can hamper returns or increase the likelihood of operational oversights.

#### **Foreign investment risk**

Investing in overseas jurisdictions via the Underlying Company can entail unique regulatory, political, or macroeconomic conditions that differ substantially from Australia. Some countries may impose foreign exchange controls, limit repatriation of capital, or have weaker legal and commercial infrastructure. Political instability or abrupt shifts in government policies can disrupt business operations, impede asset sales, or reduce the Security of collateralised interests. Certain jurisdictions may also present heightened corruption or fraud risks. These factors can introduce volatility and delay the Underlying Company's investment realisations, thereby affecting the Fund's value and redemption capacity.

#### **Force majeure event risk**

Events such as pandemics, large-scale natural disasters, armed conflicts, or terrorist activities can abruptly undermine global economic activity, distort financial markets, and restrict operational continuity. In extreme cases, national or international authorities may impose widespread lockdowns, freeze capital markets, or enact emergency measures that affect the Underlying Company's ability to manage investments. Investors should be aware that these events can also hinder redemptions, lead to valuation uncertainties, and disrupt the usual functioning of capital flows.

#### **Distribution risk**

The Fund's distributions hinge on the cash flows and realisations generated by the Underlying Company. Because many Asset-Backed Finance Assets involve long-term payoffs, there may be extended intervals with low or no distributions if deals remain unliquidated or interest income falls short of expectations. Distributions received from the Underlying Company might also be used by the Fund to offset hedging costs or reinvest for future growth, rather than being paid out to investors. Hence, there is no assurance of consistent, predictable distributions in any given period, and distributions may fluctuate over time due to cashflow variability at the Underlying Company level.

#### **Structural risk**

The multi-tiered arrangement, where the Fund invests in the Underlying Company, which in turn may involve multiple entities, special purpose vehicles, or securitisation structures, can create operational and legal complexities. Changes to the Underlying Company's fee arrangements, side letters, or key contractual provisions may impact the Fund's returns or redemption rights. If the Underlying Company's constitution or offering documents permit compulsory redemptions or restrict transfers, the Fund may face unforeseen liquidity constraints. Moreover, variations in investor commitments to the Underlying Company can alter fee splits and reduce the Fund's relative negotiating power regarding portfolio transactions.

#### **Taxation risk**

Tax legislation and regulations can change unpredictably, both in Australia and in the overseas jurisdictions where the Underlying Company invests. Such changes may affect the deductibility of expenses, introduce new withholding taxes on cross-border payments, or alter corporate and personal tax rates. If the Fund or Underlying Company must pay higher taxes, or if investors themselves become subject to additional tax obligations, the net returns received by the Fund and its investors could be significantly diminished. Every investor's tax circumstances differ, and prospective investors should obtain professional tax advice to understand any potential tax implications arising from their investment in the Fund.

#### **Conflicts of interest risk**

CIML, Apollo, and their respective affiliates or service providers may simultaneously manage multiple funds, have commercial relationships with other counterparties, or engage in related-party transactions. These multifaceted engagements can give rise to conflicts over resource allocation, prioritisation of investment opportunities, or fee arrangements that are not always aligned with the best interests of the Fund's investors. Although CIML and Apollo maintain conflict-of-interest policies, there is no guarantee that all conflicts will be fully disclosed or resolved in a manner that benefits or protects the Fund. In certain instances, these conflicts can adversely affect governance, deal execution, or the Fund's overall performance.

#### **Trustee services agreement risk**

The Fund's ability to invest in the Underlying Company and benefit from Apollo's platform is governed by contractual agreements between CIML and an Apollo-affiliated entity. If these agreements are terminated, modified unfavourably, or not renewed, the Fund may lose its privileged access or be forced to redeem its holdings, potentially at inopportune times. This could require the

Fund to seek alternative investment avenues that may not offer similar advantages in terms of deal origination, structuring expertise, or portfolio diversification. Such events may increase costs, disrupt existing strategies, or temporarily suspend the Fund's investment activities until an equivalent solution is found.

#### **Counterparty and service provider risk**

The Fund and the Underlying Company are dependent on multiple service providers, including custodians, fund administrators, brokers, auditors, and derivative counterparties for essential operational functions. If any such party defaults, becomes insolvent, or otherwise fails to fulfil its obligations (for example, by losing or misappropriating assets, failing to settle transactions, or significantly delaying valuations), the Fund could incur losses and face operational hurdles. Even with thorough due diligence, the Fund and Underlying Company cannot fully eliminate the possibility that counterparties may experience financial or operational distress, leading to disruptions and unanticipated costs.

#### **Contract risk**

Asset-Backed Finance transactions often involve intricate legal documentation covering collateral rights, securitisation terms, and performance obligations. If any of these contracts prove unenforceable due to legal deficiencies, contradictory provisions, or jurisdictional incompatibilities, the Underlying Company could be exposed to potential loss of collateral, delayed recoveries, or costly litigation. Contract amendments demanded by counterparties, regulators, or courts may further reduce the Underlying Company's anticipated returns. Although Apollo employs legal specialists to review and negotiate key agreements, contract failures cannot be entirely ruled out, particularly in foreign or rapidly evolving markets.

#### **Class risk**

The Fund may offer different unit classes with unique fee structures, distribution entitlements, or redemption rights. In certain extreme events, such as insolvency proceedings or regulatory actions, it is possible that liabilities designated to a troubled class could impact other classes, especially if existing legal or operational mechanisms do not perfectly isolate each class. Moreover, investors in one class may be subject to dilution if another class experiences disproportionately large inflows or outflows. This arrangement can introduce uncertainties regarding the allocation of gains, losses, or expenses across classes, potentially resulting in uneven outcomes for different groups of investors.

#### **Availability of investment opportunities risk**

The Underlying Company's strategy to invest in specialised Asset-Backed Finance transactions relies on a steady pipeline of suitable investments. Factors like market competition, higher required yields, changes in regulatory frameworks, or economic downturns can shrink the number of viable deals. If opportunities do not materialise or if terms become less attractive, uninvested capital in the Underlying Company may generate negligible returns (referred to as 'cash drag'), bringing down the overall performance. Under pressure to deploy capital, the Underlying Company might undertake suboptimal transactions, leading to weaker-than-expected performance for the Fund.

#### **Subscription and large transaction risk**

Significant inflows or outflows of capital into or from the Fund, whether from a single investor or multiple investors,

can create valuation and allocation challenges. Rapid inflows may result in periods where the Fund holds idle cash, awaiting investment in the Underlying Company, thereby reducing near-term returns. Conversely, large outflows can deplete the Fund's liquid assets or reduce economies of scale in the Underlying Company. If redemptions exceed the Underlying Company's near-term liquidity capacity, it may prompt deferrals or suspensions of withdrawals. This can lead to unpredictable unit pricing dynamics and potential mismatches among investors subscribing or redeeming at different times.

#### **Fraud and misrepresentation risk**

Despite extensive due diligence and controls, the Fund remains vulnerable to fraudulent activities by third parties, counterparties, or external managers. Fraud, embezzlement, or misrepresentation at the Underlying Company level can lead to a loss of capital or costly legal entanglements. Additionally, inaccurate data or misleading financial statements provided by asset originators or servicers may cause the Underlying Company to overpay for certain investments or fail to detect hidden liabilities. While Apollo and CIML strive to mitigate this risk, it cannot be completely eradicated, particularly where large or complex transactions span multiple jurisdictions.

#### **Insurance risk**

The Fund and Underlying Company maintain various forms of insurance (for example, professional indemnity or directors' and officers' coverage), but these policies may include limits, exclusions, or deductibles that reduce actual protection. Specific hazards, such as certain cyberattacks or extreme catastrophic events, may not be insurable at all, or only at prohibitive premiums. Consequently, a significant event outside the scope of existing coverage could result in substantial losses or liability for the Fund, ultimately reducing investors' NAV. Even when insurance applies, claims processes can be protracted, leading to cash flow pressures or management distractions.

#### **Interest rate and inflation risk**

Interest rate movements directly affect both the cost of borrowing and the yields on securitised assets within the Underlying Company's portfolio. Rising rates can suppress credit demand, reduce refinancing activity, or lower asset prices as investors demand higher returns. Conversely, falling rates can compress yields and encourage prepayments that reduce future income streams. Inflation may further erode real returns by decreasing the purchasing power of cash flows or distributions. Although some assets are structured with floating rates or inflation-linked provisions, these mechanisms do not guarantee protection against all macroeconomic shifts.

#### **Legal and compliance risk**

Both the Fund and Underlying Company operate under multiple regulatory regimes. In Australia, the Fund must comply with the Corporations Act and regulations on managed investment schemes, while the Underlying Company may fall under different jurisdictions' laws depending on the assets held. Regulatory or policy changes, or an inability to adhere to existing requirements, can lead to fines, operational constraints, or adverse publicity. In certain cases, regulatory developments may force investment restructurings, impose new capital adequacy requirements, or create limitations on securities offerings, all of which can directly or indirectly affect the Fund's returns.

## 8.3 General risks of indirectly investing into the Underlying Company

The investments that the Underlying Company makes may result in a higher amount of risk than alternative investment options, including volatility or loss of principal. The Underlying Company's investments may be highly speculative and aggressive. Certain risks relating to the Underlying Company's investments are set forth below, but more risks of the Underlying Company, including risks related to the economy, risks of the Underlying Company's business, risks related to the Underlying Company Manager and its affiliates, can be found in the Underlying Company's offering materials and annual reports, which can be requested from CIML in writing.

### Risks Related to the Underlying Company and an Investment in its Shares

The Underlying Company faces heightened risks because it has a limited operating history or record. The Underlying Company's Asset-Backed Finance Assets may not achieve its business objectives or generate returns for its shareholders ('Shareholders'). The Underlying Company's ability to achieve its business objectives depends on the Underlying Company Manager because the Underlying Company Manager has significant discretion as to the implementation of the Underlying Company's objectives and policies. The Underlying Company would not be able to operate its business according to its business plans if it is required to register as an investment company under the Investment Company Act. The Underlying Company's Shares are not registered under the Securities Act, so, pursuant to United States law, they are subject to heightened restrictions on transferability and resale. There is no market for the Underlying Company's shares ('Shares'), and Shareholders will bear the risks of owning Shares for an extended period of time due to limited repurchases. Shareholders will have limited liquidity and may be limited in their opportunity to have their Shares repurchased and may not receive a full return of their invested capital if they elect to have their Shares repurchased by the Underlying Company. There is no public trading market for the Shares; therefore, a Shareholder's ability to dispose of its Shares will likely be limited to repurchase by us. If a Shareholder sells its Shares to the Underlying Company, the Shareholder may receive less than the price it paid. Holders of Underlying Company Investor Shares (as defined under 'Performance Fees' in section 10.4) or E Shares will not have control or influence over the Underlying Company policies, operations or acquisitions or the decision to conduct Share repurchases or the selection of service providers. Further, the Underlying Company may amend its limited liability company agreement ('LLC Agreement') without Shareholder approval and holders of Underlying Company Investor Shares or E Shares will not be entitled to vote for the election of directors.

### Risks Related to Owning and Managing a Platform of Underlying Asset-Backed Finance Assets

The Underlying Company faces heightened risks relating to owning and managing Asset-Backed Finance Assets. The Underlying Company's lending platform is expected to manage a significant amount of Asset-Backed Finance Assets in a range of asset classes that will subject them to further risks, including, among others, credit risk, liquidity risk, interest rate and other market risk, operational risk, structural risk, sponsor risk, monoline wrapper risk and other legal risk. The Underlying

Company faces heightened risk because its strategy will concentrate its assets in Asset-Backed Finance Assets. Because a significant amount of the Underlying Company's aggregate capital may be invested in a single Asset-Backed Finance Assets, a loss with respect to such Asset-Backed Finance Assets could have a significant adverse impact on the Underlying Company's capital. The Underlying Company's Asset-Backed Finance Assets may also be impacted by interest rate fluctuations which may be beyond its control. The Underlying Company faces risks by originating loans if then unable to sell, assign or close transactions for that loan. Being a control person in a company may give rise to increased risk of liability for the Underlying Company and the Underlying Company Manager, which could adversely affect a portion of its assets. There is no restriction on credit quality for Underlying Company acquisitions of debt instruments and the amount and timing of payments with respect to loans are not guaranteed, which may cause losses. Acquiring Asset-Backed Finance Assets puts the Underlying Company at risk of any adverse changes of those assets. Some of the risks associated with the six pillars are provided below, in addition to these, the Underlying Company faces the following industry and sector specific risks:

- i. Instruments in the energy sector may be subject to a variety of risks, not all of which can be foreseen or quantified.
- ii. The renewable clean energy sector is a relatively new and emerging asset class of investment funds and may be considered riskier than more established asset classes.
- iii. The Underlying Company has acquired, and may in the future acquire Asset-Backed Finance Assets related to the aviation industry, including securities collateralised by aircraft and related aviation interests such as aircraft leases. The airline business is dependent on the price and availability of aircraft fuel, is materially adversely affected by public health emergencies, pandemics, or terrorist attacks, and the ability to maintain the condition of the aviation assets.
- iv. Communications companies in the U.S., Europe and other developed and emerging countries undergo continual changes mainly due to evolving levels of governmental regulation or deregulation as well as the rapid development of communication technologies.
- v. The Underlying Company may focus a portion of its platform activities in media companies. These companies are sensitive to, among other things, global economic conditions, fluctuations in advertising expenditures from which media companies derive substantial revenue, seasonal fluctuations, changes in public and consumer tastes and preferences for products, content and services, rapidly changing technologies, theft of intellectual property including lost revenue due to copyright infringement and the retention of key talent and management.

### The Underlying Company faces risks associated with opportunities in loans Secured by real estate.

The Underlying Company will acquire loans Secured by real estate, and may as a result of default, foreclosure or otherwise, hold real estate assets. Of particular concern are mortgaged properties that are, or have been, the site of manufacturing, industrial or disposal activity which are exposed to environmental risks which may give rise to a diminution in the value of property (including real property securing any platform) or liability for cleanup costs or other remedial actions.

In the event that any of the Underlying Company's investments experience any of the foregoing events or occurrences, the value of, and return on, such investments would be negatively impacted.

**The Underlying Company faces risks associated with acquiring commercial mortgage-backed securities.**

Some or all of the commercial mortgage-backed securities ('**CMBS**') contemplated to be acquired by the Underlying Company may not be rated, or may be rated lower than investment-grade securities. As an investor in subordinated CMBS in particular, the Underlying Company will be first in line among debt holders to bear the risk of loss from delinquencies and defaults experienced on the collateral.

An active secondary market for such subordinated securities is not as well developed as the market for certain other mortgage-backed securities ('**MBS**'). Accordingly, such subordinated CMBS may have limited marketability and there can be no assurance that a more efficient secondary market will develop.

The value of CMBS and other MBS in which the Underlying Company may invest generally will have an inverse relationship with interest rates. Accordingly, if interest rates rise, the value of such securities will decline.

CMBS and MBS often are structured so that a substantial portion of the loan principal is not amortised over the loan term but is payable at maturity and repayment of the loan principal, and thus, often depends upon the future availability of real estate financing from the existing or an alternative lender and/or upon the current value and saleability of the real estate. Therefore, the unavailability of real estate financing may lead to default. Many commercial mortgage loans underlying MBS are effectively nonrecourse obligations of the borrower, meaning that there is no recourse against the borrower's assets other than the collateral.

**The Underlying Company faces risks associated with acquiring residential mortgage-backed securities.**

The Underlying Company may invest in residential mortgage-backed securities ('**RMBS**'). RMBS bear various risks, including credit, market, interest rate, structural and legal risks. RMBS represent interests in pools of residential mortgage loans Secured by residential mortgage loans. If a residential mortgage loan is in default, foreclosure of such residential mortgage loan may be a lengthy and difficult process, and may involve significant expenses.

At any one time, a portfolio of RMBS may be backed by residential mortgage loans with disproportionately large aggregate principal amounts Secured by properties in only a few states or regions. As a result, the residential mortgage loans may be more susceptible to geographic risks. In addition, the residential mortgage loans may include mortgage loans having original principal balances that are higher than is generally the case for residential mortgage loans.

Each underlying residential mortgage loan in an issue of RMBS may have a balloon payment due on its maturity date. Balloon residential mortgage loans involve a greater risk to a lender than self-amortising loans, because the ability of a borrower to pay such amount will normally depend on its ability to obtain refinancing.

Bankruptcy-related reorganisations can be contentious and adversarial. The Underlying Company Manager anticipates it may be named as defendants in civil proceedings. The expense of defending against such claims and paying any amounts pursuant to settlements

or judgments would generally be borne by the Underlying Company.

Distributions on RMBS will depend solely upon the amount and timing of payments and other collections on the related underlying mortgage loans.

**The Underlying Company may face risks associated with purchasing participation interests in debt instruments .**

The Underlying Company may purchase participation interests in debt instruments which do not entitle it to any direct recourse under the terms of the related loan agreement. As a result of the structure of these arrangements the Underlying Company will assume the credit risk of both the borrower and the seller selling the participation. In the event of the insolvency of such seller, the Underlying Company may be treated as a general creditor of such seller.

**Risks Related to Strategic Investments in Securities and Other Asset-Backed Finance Assets.**

Financial instruments which the Underlying Company will acquire may be impacted by the high volatility of the market which may be beyond the control of the Underlying Company and could adversely impact the Underlying Company's ability to generate attractive returns. For a portion of its assets, the Underlying Company is at risk of having a limited ability to control an asset when it holds a non-controlling interest in that asset. The Underlying Company may acquire or invest in Asset-Backed Finance Assets in distressed securities or entities that are in or may become bankrupt, which typically involves elevated risk. Acquiring subordinated loans or securities can be associated with the increased risks of unrated or below investment-grade assets. Loans the Underlying Company acquires may not receive an investment-grade rating, or may be unrated, which can result in additional risk that can adversely affect its returns.

The Underlying Company's business may be affected by prepayment risk. If a real estate investment trust ('**REIT**') subsidiary does not qualify as a REIT, it will be subject to tax as a regular corporation could face a substantial tax liability. For a REIT subsidiary to maintain its REIT status, it may have to borrow funds on a short-term basis during unfavourable market conditions.

**Additional Risks Related to the Operation of the Underlying Company Generally.**

Due to conflicts between Apollo or its affiliates and the Underlying Company regarding allocation of acquisition opportunities, there is no guarantee that the Underlying Company will participate in specific Apollo opportunities, which may harm the Underlying Company's performance.

**Risks Related to Regulatory Matters**

The Underlying Company will have certain reporting obligations not applicable to private companies. The Underlying Company will need to make significant capital expenditures to be in compliance with certain regulations not applicable to private companies. Failure to comply with such regulations may have an adverse effect on the Underlying Company's business. The Underlying Company faces the risk that the Underlying Company Manager or any affiliated entities may experience a compliance failure, which would adversely affect the Underlying Company. The Underlying Company faces the risk that the legal and regulatory fields will change in a manner which adversely affects it.

**The Underlying Company faces heightened risks because it has a limited operating history or record.**

The Underlying Company recently commenced operations and therefore has a limited performance history upon which prospective Shareholders can evaluate their performance. Prospective Shareholders should not construe, and should draw no conclusions from, the prior experience of the Underlying Company Manager or the performance of any other investment entities associated with Apollo, as providing any assurances regarding the performance of the Underlying Company.

**The Underlying Company's Shares are not registered under the Securities Act, so they are subject to heightened restrictions on transferability and resale.**

The Shares are not registered under the Securities Act or the securities laws of any state or other jurisdiction and are being offered and sold in reliance on exemptions from the registration requirements of the Securities Act. It is not contemplated that the Shares will ever be registered under the Securities Act. The Shares are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act and other applicable securities laws. Shareholders' subscription agreements and the LLC Agreement contain representations and impose restrictions on transferability designed to assure that the conditions of the exemptions from such registration requirements are met. Shareholders also may not be permitted to transfer all or any part of their Shares to a person which gives rise to the Committee on Foreign Investment in the United States or national security considerations with respect to the Underlying Company, an existing or potential Asset-Backed Finance Assets or any of their actual or potential assets. Shareholders also may not be permitted to transfer all or any part of their Shares to a person that would require the Underlying Company to register under the Investment Company Act.

**The Underlying Company may require a Shareholder to have their Shares repurchased at any time in its sole discretion.**

The Underlying Company may require a Shareholder to surrender and have all or any portion of its Shares repurchased at any time if it determines that it would be in the Underlying Company's interest, in consultation with the Underlying Company Manager, for the Underlying Company to repurchase the Shares or for certain other reasons enumerated in the LLC Agreement. To the extent that the Underlying Company requires the mandatory repurchase of any Shares of any Shareholder, such repurchase will not be subject to the repurchase limits on quarterly Share repurchases, unless otherwise determined by the Underlying Company in its sole discretion.

**Payment by the Underlying Company of the Underlying Company's Management Fee or the Underlying Company's Performance Fee in Shares will dilute a Shareholder's interest in the Company.**

At the Underlying Company Manager's election, the Underlying Company will pay the Underlying Company Manager all or a portion of its Underlying Company Management Fees (as defined under 'Management Fees' in section 10.4) in E Shares in lieu of paying the Underlying Company Manager an equivalent amount of such Underlying Company Management Fee in cash, which will dilute the interests of Underlying Company Investor Shares issued by the Underlying Company. In addition, the Underlying Company may pay Apollo all or a portion of the Underlying Performance Fee (as defined under 'Performance Fees' in section 10.4) in E Shares in lieu of

paying Apollo an equivalent amount of such Underlying Performance Fee in cash, which will similarly dilute the interests of Underlying Company Investor Shares.

**Underlying valuation risk**

The methodologies used to value the Underlying Company's Asset-Backed Finance Assets will involve subjective judgments and projections and that ultimately may not materialise. Valuations are considered monthly, as such, rapidly changing market conditions or material events may not be immediately reflected in the Underlying Company's NAV.

The valuation of Shares upon purchase (including any reinvestment of cash distributions in additional Shares), the amount payable to investors (such as the Fund) upon repurchase and certain other valuations are generally based upon the Underlying Company's NAV per Share as of the end of the immediately preceding quarter. The Underlying Company relies on the Underlying Company Manager and its affiliates for valuation of the Underlying Company's assets and liabilities.

During periods of market uncertainty and volatility, accurate valuations may be even more difficult to obtain. This is particularly true during periods of low transaction volume because there are fewer market transactions that can be considered in the context of a valuation. Changes in credit markets can also impact valuations and may have offsetting results when using discounted cash flow analysis for Asset-Backed Finance Assets that do not have readily observable market prices.

**Monthly NAV calculations are not governed by governmental or independent securities, financial or accounting rules or standards.**

The Underlying Company's monthly NAV, forms the basis of the offering price for its Shares and for calculating amounts paid to Shareholders under the Underlying Company's repurchase plan. Methodologies for calculating monthly NAV are not prescribed by the rules of the SEC or any other regulatory agency, there are no accounting rules or standards that prescribe which components should be used in calculating monthly NAV, and the Underlying Company's monthly NAV is not audited by its independent registered public accounting firm.

The components and methodology used in calculating the Underlying Company's monthly NAV may differ from those used by other companies. The Underlying Company's monthly NAV should not be viewed as a measure of its historical or future financial condition or performance. Errors may occur in calculating the Underlying Company's monthly NAV, which could impact the price at which it sells or repurchases Shares.

**The Underlying Company would not be able to operate its business according to its business plans if it is required to register as an investment company under the Investment Company Act.**

The Underlying Company conducts its operations directly and through wholly or majority-owned subsidiaries in a manner such that the Underlying Company and each of its subsidiaries do not fall within, or are excluded from, the definition of an "investment company" under the Investment Company Act.

Under the Investment Company Act, a company is deemed to be an "investment company" if it is engaged, or proposes to engage, in the business of investing, reinvesting, owning, holding or trading in securities, and owns or proposes to acquire "investment securities" having a value exceeding 40% of the value of its total assets on

an unconsolidated basis, which the Underlying Company refers to as the "40% Test." Excluded from the term "investment securities," among other instruments, are U.S. Government securities, cash items and securities issued by majority-owned subsidiaries that are not themselves investment companies and are not relying on the exception from the definition of "investment company" set forth in the Investment Company Act.

The Underlying Company conducts its operations so that it is not required to register as an investment company. The Underlying Company is organized as a holding company that conducts its business primarily through its subsidiaries, and the Underlying Company seeks to continue to operate in a manner such that it complies with the 40% Test. The Underlying Company will monitor its holdings on an ongoing basis and determine compliance with this test in accordance with the requirements of the Investment Company Act. The Underlying Company expects most of its wholly- and majority-owned subsidiaries to either (i) be outside the definition of "investment company" under the Investment Company Act, or rely on an exception from the definition of "investment company" other than the exceptions set forth in the Investment Company Act. Consequently, interests in these subsidiaries (which constitute most of the Underlying Company's assets) generally will not constitute "investment securities" for purposes of the Company's 40% Test. Accordingly, the Underlying Company believes it is not and will continue not to be considered an investment company under the Investment Company Act. Rather, through the Underlying Company's wholly- or majority-owned subsidiaries, it is primarily engaged in the non-investment company business of owning and operating a platform of Asset-Backed Finance Assets.

The Underlying Company has not requested the SEC to approve its treatment of any company as a majority-owned subsidiary and the SEC has not done so. If the SEC were to disagree with the Underlying Company's treatment of one or more companies as majority-owned subsidiaries, the Underlying Company would need to adjust its assets in order to continue to pass the 40% Test. Any such adjustment in the Underlying Company's assets could have a material adverse effect on us. The SEC or the SEC staff may, in the future, issue further guidance that may require the Underlying Company to reclassify its assets for purposes of qualifying with the Investment Company Act. A change in the value of the Underlying Company's assets could cause it or one or more of its wholly or majority-owned subsidiaries to fall within the definition of "investment company," and negatively affect the Underlying Company's ability to not fall within the definition of "investment company" under the Investment Company Act.

Certain of the Underlying Company's subsidiaries may rely on one or more exceptions from the definition of investment company under the Act, including under Section 3(c)(5)(C) which excepts from the definition of investment company any entity that does not issue redeemable securities and is primarily engaged in the business of purchasing or otherwise acquiring mortgages and other liens on and interests in real estate. No assurance can be given that the SEC or its staff will concur with the Underlying Company's classification of its assets. In addition, the SEC or its staff may, in the future, issue further guidance that may require the Underlying Company to reclassify its assets for purposes of the Investment Company Act, including for purposes of its subsidiaries' compliance with the Investment Company Act. There is no guarantee that the Underlying Company will be able to adjust its assets in the manner required to maintain an exclusion from registration under the Investment Company Act and any

adjustment in its strategy or assets could have a material adverse effect on the Underlying Company.

If the Underlying Company becomes obligated to register the Underlying Company or any of its subsidiaries as an investment company, the registered entity would have to comply with a variety of substantive requirements under the Act, imposing, among other things: limitations on capital structure; restrictions on specified investments; prohibitions on transactions with affiliates; and compliance with reporting, record keeping, voting, proxy disclosure and other rules and regulations that would significantly change the Underlying Company's operations.

If the Underlying Company were required to register as an investment company but failed to do so, the Underlying Company would be prohibited from engaging in its business, and criminal and civil actions could be brought against it. In addition, the Underlying Company's contracts would be unenforceable unless a court required enforcement, and a court could appoint a receiver to take control of the Underlying Company and liquidate its business.

**The Underlying Company may be restricted in its operations to ensure that it is not deemed an investment company.**

As stated above, the Underlying Company seeks to continue to conduct its operations so that the Underlying Company does not fall within the definition of an investment company under the Investment Company Act. Before determining whether to acquire an Asset-Backed Finance Asset, the Underlying Company will analyse both (i) the status of the Asset-Backed Finance Asset under the Investment Company Act and (ii) the potential effect of such Asset-Backed Finance Asset on the status of the Underlying Company's wholly-owned or majority-owned subsidiary that would directly own the Asset-Backed Finance Asset. Additionally, the Underlying Company analyses the Investment Company Act status of its wholly- and majority-owned subsidiaries on an ongoing basis to make sure that it satisfies the 40% Test.

To ensure that the Underlying Company is not deemed to be an investment company, it may be required to materially restrict or limit the scope of its operations or plans. A change in the value of the Underlying Company's assets could cause the Underlying Company to fall within the definition of "investment company" inadvertently, and negatively affect the Underlying Company's ability to maintain an exclusion from regulation under the Investment Company Act. To avoid being required to register as an investment company under the Investment Company Act, the Underlying Company may be unable to sell assets it would otherwise want to sell and may need to sell assets it would otherwise wish to retain. In addition, the Underlying Company may have to acquire assets that it might not otherwise have acquired, or may have to forgo opportunities to acquire interests in Asset-Backed Finance Assets that it would otherwise want to acquire and that would be important to its business strategy.

# 9. How the Fund operates

## 9.1 Fund valuation

The Fund is valued by the Fund Administrator and the Fund's NAV is calculated in accordance with the Constitution. The NAV of the Fund is calculated, by deducting the liabilities of the Fund (for example, but not limited to, distributions to the Fund's investors, the Fund's management fee payable to CIML, expenses, provisions and contingent liabilities) from the value of the Fund's assets. Given that the Fund will invest all or substantially all of its assets in Shares in the Underlying Company, which are not an exchange traded asset, all assets of the Fund (including any that are not exchange traded), are determined in accordance with standard market practice and market prices generally electronically sourced from third parties. Consequently, in general, the value of the Fund's assets will reflect the value of the Shares in the Underlying Company (i.e., the NAV of the Underlying Company), which is published from time to time.

Where no independent pricing source is available to value an asset, CIML will liaise with the Fund Administrator to determine the value of the asset in accordance with acceptable industry standards.

CIML has adopted a unit pricing and asset valuation policy that covers the valuation of the Fund's assets including the Underlying Company and foreign exchange forward contracts. As the Fund will primarily invest in the Underlying Company, CIML will implement its underlying fund valuation policy by relying on the investment policy of the Underlying Company. The Underlying Company's board of directors has adopted valuation policies and procedures for the Underlying Company and overseeing the implementation of such policies by the Underlying Company Manager, which acts as valuation designee. The board of directors of the Underlying Company exercises risk oversight function over the Underlying Company. CIML actively monitors the Underlying Company's valuation policies, ensuring these practices are consistent with the Fund's strategic investment objectives.

## 9.2 Unit pricing

A Unit price for each unit class is generally calculated monthly on the last calendar day of the month.

The Unit price is calculated by dividing the NAV of the Fund (determined by the net market valuation of assets owned, less all liabilities held, including fees, provisions and accrued expenses in accordance with the Constitution) divided by the number of Units on issue. The issue price is calculated by taking the NAV per Unit plus any buy spread (if applicable). The redemption Unit price is calculated by taking the NAV per Unit less any sell spread (if applicable). No buy-sell spread is currently levied on the Fund.

Where different classes of units are on issue in the Fund, the price of a Unit will be determined by reference to the NAV of that class.

Investors in the Fund will be issued a number of Units depending on their initial investment (calculated by dividing the amount invested by the applicable issue Unit price). When funds are withdrawn from the Fund, they are redeemed at the relevant redemption unit price for the Units.

Due to the nature of the underlying assets in which the Underlying Company invests, Unit prices for the Fund can take more time than usual to calculate. Unit prices are generally finalised and published 30 Business Days following the relevant month end to which the Unit price relates, but could take longer to finalise and publish. In calculating the NAV of the Fund, CIML, the Fund Administrator or their affiliates may rely upon, and will not be responsible for the accuracy of, financial data furnished to it by third parties including, automatic processing services, brokers, market makers or intermediaries, and any fund administrator or valuations agent of the Underlying Company or other collective investments into which the Underlying Company invests.

CIML may also use and rely on industry standard financial models in pricing any of the Fund's securities or other assets.

CIML has adopted a unit pricing and asset valuation policy, which sets out how CIML exercises discretions in relation to unit pricing. You can obtain a copy of this policy free of charge by contacting CIML.

## 9.3 Distributions

### When are distributions paid?

The distribution policy of the Fund is to distribute the net income of the Fund monthly (when applicable or available from the Underlying Company) as soon as practicable. You can elect to either have your distributions automatically reinvested or paid directly into a nominated Australian financial institution account. If no election is made, your distributions will be automatically reinvested.

Distributions from the Fund may comprise income and/or capital as determined by CIML under the Constitution. The Fund's ability to pay a distribution is contingent on the income it receives from its investment in the Underlying Company and may mean that there is no distribution for a period. The Fund, as a Shareholder of Underlying Company, is allocated distributing Shares of the Underlying Company, where it is the intention of the Underlying Company to issue cash distributions with respect to such Shares on a monthly basis. There is no guarantee that the Underlying Company will make distributions, and any distributions will be made at the discretion of the Underlying Company, taking into consideration such factors as it deems appropriate, including earnings, cash flow, capital needs and general financial condition and the requirements of any applicable laws. As a result, the Underlying Company's distribution rates and payment frequency are expected to vary

from month-to-month. Furthermore, the Fund may use distributions received from the Underlying Company to cover losses incurred in the Fund's foreign exchange hedging program or to increase hedging reserve balances. Therefore, there can be no guarantee that any distributions will be made in respect of any given month.

All income of the Fund must be distributed each financial year. CIML may vary the distribution frequency without providing you with notice.

#### **How will my distributions be paid?**

On the Fund's application form you may nominate to reinvest your income as additional Units in the Fund, or to receive your income by direct credit.

You can alter your distribution method by sending a written request to the Fund Administrator, ten (10) Business Days before the end of a distribution period (i.e. ten (10) Business Days before month end). All income distributions may be subject to income tax, irrespective of whether they are reinvested. Please consult your tax advisor for further information.

#### **How is the distribution calculated?**

CIML may pay distributions from the Fund at certain specified times during the financial year and is expected to pay distributions at least once every financial year. CIML anticipates that distributions from the Fund will be paid monthly, but this may change from time to time.

You will be entitled to receive a distribution for a particular period if you hold Units on the last day of the relevant period. Your entitlement is based on the proportion to the number of Units held in the Fund that you hold on the last day of the relevant period. CIML anticipates that the amount distributed for each distribution period will be based on the taxable income of the Fund for the distribution period.

CIML may determine to offer distribution reinvestment in accordance with the relevant provisions of the Constitution and the procedure for reinvestment of distributions is to be determined by CIML and notified to Investors from time to time.

## 9.4 Different classes

This PDS applies to Units in the Fund. Where permitted under the Constitution, CIML may issue more than one class of units in the Fund under a separate PDS or information memorandum. Different classes of units may have different terms of issue, including in respect of matters such as minimum initial investment amounts, minimum additional investment amounts, fees, distribution payment times and other matters. CIML is required by law to treat all investors within a class equally and all investors in different classes fairly.

Although CIML seeks to ensure that the liabilities of one class are kept separate from all other classes, there is a risk that investors of different classes may be exposed to liabilities of another class of units, and they could lose some or all of their investment in the Fund.

## 9.5 Fund Transfers

You can request a transfer of some or all of your Units to a third party by completing and signing a transfer form and providing CIML with any other documentation required by it or any law. You can obtain a transfer form by contacting Channel Client Services on 1800 940 599 or via email at [clientservices@channelcapital.com.au](mailto:clientservices@channelcapital.com.au) (see section 17). CIML reserves the right to refuse to register a transfer of Units.

## 9.6 Custodian

The Fund Custodian has been appointed to hold the assets of the Fund on CIML's behalf. From time to time, CIML under its Australian financial services licence may self-custody the non-cash assets of the Fund. Any fees CIML pays to the Fund Custodian or CIML, as applicable, are paid out of the Management Fee referred to in section 10 and are not an additional charge to you.

## 9.7 Fund Administrator

The Fund Administrator has been appointed to be the administrator and unit registrar for the Fund. Any fees CIML pays to the Fund Administrator are paid out of the Management Fee referred to in section 10 and are not an additional charge to you.

# 10. Fees and other costs

## 10.1 Consumer advisory warning

### DID YOU KNOW?

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

For example, total annual fees and costs of 2% of your investment balance rather than 1% could reduce your final return by up to 20% over a 30-year period (for example, reduce it from \$100,000 to \$80,000).

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

You may be able to negotiate to pay lower fees. Ask the fund or your financial adviser.

### TO FIND OUT MORE

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

## 10.2 Fees and costs table

This section shows fees and other costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from the assets of the managed investment scheme as a whole.

Taxes are set out in another part of this document, refer to section 12 for more information.

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

### Fees and costs summary

Apollo Asset Backed Credit Trust (AUD) – Class A		
Type of fee or cost	Amount <sup>1,6</sup>	How and when paid
<b>Ongoing annual fees and costs<sup>2</sup></b>		
<p><i>Management fees and costs</i></p> <p>The fees and costs for managing your investment</p>	<p>Management fees and costs of 1.91% per annum of the Fund's NAV referable to the Units comprised of:</p> <ul style="list-style-type: none"> <li>• A management fee of 0.15% per annum of the NAV of the Fund referable to the Units (<b>'Management Fee'</b>);</li> <li>• estimated indirect costs of 1.75% per annum of the NAV of the Fund referable to the Units; and</li> <li>• estimated expense recoveries of 0.01% per annum of the NAV of the Fund referable to the Units, which includes an establishment fee<sup>8</sup></li> </ul>	<p>The Management Fee is calculated and accrued monthly in the Fund's Unit price and is generally paid monthly in arrears. The Management Fee is paid from the assets of the Fund referable to the Units. The amount of this fee can be negotiated or rebated for wholesale clients.<sup>3</sup></p> <p>Indirect costs (which are included in the management fees and costs) are paid out of the assets of the Fund or an interposed vehicle as and when incurred.</p> <p>Normal operating expenses of the Fund (other than the abnormal or extraordinary expenses, indirect costs and transaction costs) that would otherwise be recoverable from the Fund are paid by CIML out of the Management Fee at no additional charge to you.</p> <p>CIML will be paid an establishment fee.<sup>8</sup> Please refer to the 'Establishment Fee' sub-section in section 10.4 for more information.</p> <p>Abnormal or extraordinary expenses of the Fund (if incurred) are paid from the Fund assets as and when incurred and are reflected in the Unit price.</p>

<p><i>Performance Fees</i><sup>4</sup></p> <p>Amounts deducted from your investment in relation to the performance of the product</p>	<p>Estimated performance fee of 0.08% per annum of the NAV of the Fund referable to the Units, comprised of:</p> <ul style="list-style-type: none"> <li>• a performance fee of 0.00% per annum of the NAV of the Fund referable to the Units (<b>'Performance Fee'</b>); and</li> <li>• estimated interposed vehicle performance fees of 0.08% per annum of NAV of the Fund referable to the Unit based on the performance fee for the 1 year since inception of the Underlying Company.</li> </ul>	<p>The Fund does not currently charge a performance fee.</p> <p>Performance fees charged by interposed vehicles are deducted from the assets of the interposed vehicles as and when incurred and are therefore reflected in the Underlying Company's NAV and the value of the Fund's investment in the Underlying Company.</p>
<p><i>Transaction Costs</i><sup>6</sup></p> <p>The costs incurred by the scheme when buying or selling assets</p>	<p>Estimated to be 0.11% per annum of the NAV of the Fund referable to the Units (<b>'Transaction Costs'</b>).<sup>7</sup></p>	<p>Transaction costs generally arise as a result of applications and redemptions and the day-to-day trading of the Fund and are deducted from the assets of the Fund as and when incurred.</p>

#### Member activity related fees and costs (fees for services or when your money moves in or out of the scheme)<sup>2, 5</sup>

<p><i>Establishment fee</i></p> <p>The fee to open your investment</p>	<p>Nil.</p>	<p>Not applicable.</p>
<p><i>Contribution fee</i></p> <p>The fee on each amount contributed to your investment</p>	<p>Nil.</p>	<p>Although entitled to do so under the Constitution, the Fund does not currently charge a Contribution Fee.</p>
<p><i>Buy-sell spread</i><sup>7</sup></p> <p>An amount deducted from your investment representing costs incurred in transactions by the scheme</p>	<p>Estimated to be 0% of the application amount on application and 0% of the withdrawal amount on redemption.</p>	<p>The buy-sell spread is deducted from the application amount received from, or the withdrawal amount to be paid to, applicants and redeeming investors of the Fund, respectively, at the time of the relevant application or redemption.</p>
<p><i>Withdrawal fee</i></p> <p>The fee on each amount you take out of your investment</p>	<p>Nil.</p>	<p>Not applicable.</p>
<p><i>Exit fee</i></p> <p>The fee to close your investment</p>	<p>Nil.</p>	<p>Not applicable.</p>
<p><i>Switching fee</i></p> <p>The fee for changing investment options</p>	<p>Nil.</p>	<p>Not applicable.</p>

1. All figures disclosed are inclusive of GST less any reduced input tax credits, and are shown without any other adjustment in relation to any tax deduction available to CIML.
2. All estimates of fees and costs in this section are based on information available as at the date of this PDS. Subject to footnote 5, all fees reflect CIML's reasonable estimates of the typical fees for the Fund for the current financial year. As the Fund is newly established, the costs reflect CIML's reasonable estimates at the date of this PDS of those costs that will apply for the Fund for the current financial year (adjusted to reflect a 12-month period). Please refer to the 'Additional explanation of fees and costs' section below for more information on fees and costs that may be payable. CIML may change fees or introduce fees without your consent if permitted by the Constitution. At least 30 days prior notice will be given to Investors before any such increase.
3. The amount of this fee may be negotiated or rebated (for wholesale clients). Please refer to the "Differential fees" sub-section in section 10.4 of this PDS for further information.
4. The Fund invests in interposed vehicles that may charge performance fees. CIML reasonably estimates the performance fees charged by these interposed vehicles based on (i) the average fee incurred for the previous five financial years; (ii) if the interposed vehicle was not in operation for the past five financial years, the average fee incurred for all of the financial years in which the interposed vehicle was in operation; or (iii) if the interposed vehicle was first offered in the current financial year, CIML's reasonable estimate of the fee for the current financial year adjusted to reflect a 12-month period. Past performance is not a reliable indicator of future performance and the actual performance fee payable in future years may be higher or lower than the amount stated above, subject to the performance of the interposed vehicles over the relevant period. Please refer to the "Additional explanation of fees and costs" section below for further information.

- Additional fees and costs may apply, including any additional fees incurred by you if you consult a financial adviser. Please refer to the “Remuneration of financial advisers” sub-section in section 10.4 of this PDS for further information.
- The transaction costs disclosed in this section are shown net of any recovery received by the Fund from the buy-sell spread charged to transacting Investors where applicable. Please refer to the “Additional explanation of fees and costs” section below for further information.
- In estimating the buy-sell spread for the Fund, CIML has assumed that the applications or withdrawals are made during normal market conditions, as in times of stressed or dislocated market conditions (which are not possible for CIML to predict) the buy-sell spread may increase significantly and it is not possible to reasonably estimate the buy-sell spread that may be applied in such situations. CIML may vary the buy-sell spreads for the Fund from time to time, including increasing these costs without notice when it is necessary to protect the interests of existing investors and if permitted by law. The updated information will be disclosed on CIML’s website at [www.channelcapital.com.au/funds](http://www.channelcapital.com.au/funds). Please refer to the “Additional explanation of fees and costs” section below for further details.
- Please note that CIML incurs various abnormal and extraordinary expenses upon establishment of the Fund (including, but not limited to, legal, taxation, due diligence and other costs). CIML will charge a fund establishment fee equal to an amount up to \$256,250 (inclusive of GST less any available RITC), which will be paid from the Fund assets over a period of up to five years starting from the issue of the first Units in the Fund. The estimated expense recoveries of 0.01% p.a. of the NAV of the Fund is based on the assumption that the assets of the Fund are equal to \$500 million and includes this establishment fee.

## 10.3 Example of fees and costs for the Fund

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

<b>EXAMPLE – Apollo Asset Backed Credit Trust (AUD) – Class A</b>		<b>BALANCE OF \$150,000 WITH A CONTRIBUTION OF \$5,000 DURING THE YEAR</b>
Contribution fees	Nil	For every additional \$5,000 you put in, you will be charged \$0.
<b>PLUS</b> Management fees and costs <sup>3,4, 6</sup>	1.91% of the NAV of the Fund referable to the Units	<b>And</b> , for every \$150,000 you have in the Fund, you will be charged or have deducted from your investment \$2,865.38 each year.
<b>PLUS</b> Performance fees <sup>5</sup>	0.08% of the NAV of the Fund referable to the Units	<b>And</b> , you will be charged or have deducted from your investment \$120.00 in performance fees each year.
<b>PLUS</b> Transaction costs <sup>3</sup>	0.11% of the NAV of the Fund referable to the Units	<b>And</b> , you will be charged or have deducted from your investment \$165.00 in transaction costs each year.
<b>EQUALS</b> Cost of the Apollo Asset Backed Credit Trust (AUD) – Class A		If you had an investment of \$150,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged fees and costs in the range of:  \$3,150.38 <sup>1,2</sup>  <b>What it costs you will depend on the fees you negotiate.</b>

- Additional fees and costs may apply, including any additional fees incurred by you if you consult a financial adviser. You should refer to the “Statement of Advice” which details any fees that may be payable for their advice. Please also note a buy-sell spread may apply to investments into and redemptions from the Fund, which is not taken into account in this example. Please refer to the “Additional explanation of fees and costs” in this PDS for further details.
- This example is prescribed by the Corporations Act, and each is based on an assumption that the additional \$5,000 investment in the Fund occurs on the last Business Day of the year (and therefore, the management fees and costs are calculated using an investment balance of \$150,000 only). This example also assumes that the value of your investment in the Fund remains constant at \$150,000 throughout the year and that there are no abnormal or extraordinary expenses during the year. Please note that this is just an example for illustrative purposes only. In practice, the amount payable depends on the circumstances of each Investor and will vary.
- All estimates of fees and costs in this section are based on information available as at the date of this PDS. Subject to footnote 5, all fees reflect CIML’s reasonable estimates of the typical fees for the Fund for the current financial year. As the Fund is newly established, the costs reflect CIML’s reasonable estimates at the date of this PDS of those costs that will apply for the Fund for the current financial year (adjusted to reflect a 12-month period). Please refer to the ‘Additional explanation of fees and costs’ section for more information on fees and costs that may be payable. CIML may change fees or introduce fees without your consent if permitted by the Constitution. At least 30 days prior notice will be given to Investors before any such increase.
- The amount of this fee may be negotiated or rebated (for wholesale clients). Please refer to the “Differential fees” sub-section in section 10.4 of this PDS for further information.
- Please refer to footnote 5 of the fees and costs summary table above and the “Additional explanation of fees and costs” in section 10.4 of this PDS for further details.
- The management fees and costs comprise of the Management Fee, indirect costs and expense recoveries. Please note that CIML incurs various abnormal and extraordinary expenses upon establishment of the Fund (including, but not limited to, legal, taxation, due diligence and other costs). CIML will charge a fund establishment fee equal to an amount up to \$256,250 (inclusive of GST less any available RITC), which will be paid from the Fund assets over a period of up to five years starting from the issue of the first Units in the Fund. The estimated expense recoveries of 0.01% p.a. of the NAV of the Fund is based on the assumption that the assets of the Fund are equal to \$500 million and includes this establishment fee.

## 10.4 Additional explanation of fees and costs

Set out below is additional information about management fees and costs of the Fund, performance fees, transaction costs, and other information about fees and other costs in relation to the Fund.

### Management fees and costs

Management fees and costs are expressed as a percentage of the Fund's NAV referable to the Units. The management fees and costs of the Fund include the Management Fee, indirect costs (if any) and expense recoveries. These costs are reflected in the Unit price and are not an additional cost to you. Management fees and costs do not include transaction costs (i.e. costs associated with investing the underlying assets of the Fund, some of which may be recovered through buy-sell spreads).

#### Management Fees

CIML is entitled to be paid a Management Fee out of the assets of the Fund.

The Fund intends to have a total management fee, including the Fund's management fee, where applicable, and Underlying Company's Management Fee (as defined below) (the latter of which forms part of the Fund's indirect costs), of 1.15% per annum of the NAV of the Units.

#### Establishment fee

CIML incurs various abnormal and extraordinary expenses upon establishment of the Fund (including, but not limited to, legal, taxation, due diligence and other costs). CIML will charge a fund establishment fee equal to an amount up to \$256,250 (inclusive of GST less any available RITC), which will be paid from the Fund assets over a period of up to five years starting from the issue of the first Units in the Fund. This fee forms part of the estimated expense recoveries of 0.01% per annum of the NAV of the Fund referable to the Units.

#### Indirect costs

Indirect costs of the Fund are costs (excluding the expense recoveries, transaction costs and buy-sell spread) incurred in managing the Fund's assets which CIML knows, or reasonably estimate, have or will reduce, directly or indirectly, the return on the Fund or interposed vehicle in which the Fund invests. Indirect costs include management fees and costs that may be incurred by, or payable in respect of, the interposed vehicles in which the Fund invests.

The impact of such costs will typically be reflected in the Underlying Company's NAV and by extension in the Unit price of the Fund, and as such are an additional cost to you but are not paid to CIML.

The management fees and costs figure of 1.91% per annum disclosed in the fees and costs summary in this PDS includes the estimated indirect costs of 1.75% per annum, which is the reasonable estimate at the date of this PDS.

The indirect costs figure includes Underlying Company's estimated expenses of up to 0.75% per annum and is comprised of:

### Underlying Company Fees

#### *Underlying Management Fee*

The Underlying Company Manager is entitled to a management fee of 1.00% per annum of the month-end NAV attributable to the relevant Shares ('**Underlying Management Fee**'). The Underlying Management Fee is payable monthly in arrears and is prorated for any partial months. If any portion of the Underlying Management Fee is not taken in a given month, it may be deferred without interest and taken in a later month prior to a liquidity event.

The Underlying Management Fee shall be reduced by any Underlying Special Fees but shall not be reduced by any Underlying Other Fees (as described below).

#### *Underlying Special Fees*

Any consulting (including management consulting), monitoring fees, advisory fees related to the negotiation of the structuring of an Asset-Backed Finance Asset (other than certain debt investments or investments with limited rights to control outgoings) and similar fees paid to the Underlying Company Manager or any of its affiliates with respect to actual or contemplated investments (collectively, '**Underlying Special Fees**').

In so far as those Underlying Special Fees are attributable to a Shareholders who bears Underlying Management Fees they will be applied to reduce the Underlying Management Fees. As such, the portion of such Underlying Special Fees attributable to Apollo's investment or to the investments of Shareholders that do not pay Management Fees will be retained by Apollo.

#### *Underlying Other Fees*

The Underlying Company Manager is entitled to a broad range of fees; some of which include:

- i. operating and offering expenses;
- ii. costs associated with the active management (or any similar capacity) of an Asset-Backed Finance Asset (including executives, advisors, consultants and subject matter experts or other persons acting in a similar capacity engaged or employed by Apollo;
- iii. fees associated with the effectuation of any securities or financing transactions, but not advisory services fees related to the negotiation of the acquisition of an Asset-Backed Finance Asset) earned by or paid to a related service provider or their affiliates, unless approved in good faith.
- iv. amounts earned for the account of any client who has engaged the Underlying Company Manager or its affiliates for investment management services;
- v. costs for any and all services whatsoever, including advisory services fees related to the negotiation or structuring of any Asset-Backed Finance Asset or other financial instrument that constitutes debt;
- vi. expenses with respect to Asset-Backed Finance Assets or transaction (including on a secondary market) that are otherwise consented to or approved by a committee of the board of the Underlying Company's independent directors;
- vii. any fees, costs or expenses determined by the Underlying Company Manager in good faith to be similar in nature to any of the foregoing.

The actual indirect costs that the Fund incurs may differ from the estimated indirect costs disclosed in this PDS.

## Expense recoveries

### **The Fund**

#### *Normal operating expenses*

Generally, any expenses that CIML may recover from the Fund is paid out of the Management Fee and are not an additional charge to you. However, CIML may, from time to time, determine to recover normal operating expenses out of the assets of the Fund in accordance with the Constitution.

However, where the normal operating expenses of the Fund are not covered by the Management Fee, taken from the Fund, Apollo, at its sole discretion and subject to any expense caps at the Underlying Company, may charge these additional expenses back to the Underlying Company. Any such expenses would, however, be reflected in the Fund's indirect costs figure, which includes the Underlying Company's estimated expenses.

Normal operating expenses of the Fund that CIML may recover through the Management Fee include registry, administration, custodian, accounting, audit and legal costs.

#### *Abnormal or Extraordinary Expenses*

Generally, normal operating expenses incurred in managing the Fund will be paid from the Management Fee. However, if abnormal or extraordinary expenses are incurred, CIML has the right under the Constitution to recover abnormal or extraordinary expenses out of the assets of the Fund. Abnormal or extraordinary expenses are expected to occur infrequently and may include (without limitation):

- convening of an investors' meeting;
- termination of the Fund;
- amending the Constitution;
- defending or bringing of litigation proceedings; and
- replacement of CIML as the responsible entity of the Fund.

### **Performance Fee**

The Fund will not charge a Performance Fee.

Performance fees charged by interposed vehicles, specifically the Underlying Company, are reflected in the Underlying Company's NAV and therefore the value of the Fund's investment in the Underlying Company. The Underlying Company Manager is entitled to be paid a performance fee from the Underlying Company, which is borne by the Underlying Company.

#### Underlying Company's performance fee

The Underlying Company is entitled to a performance-based fee on several classes of its shares (collectively, the **'Underlying Company Investor Shares'**), paid annually and accrued monthly. The performance fee for class I Shares is 10.0% of the Underlying Company Total Return (as defined below) (the **'Underlying Performance Fee'**). The Underlying Performance Fee is subject to the Underlying Company Hurdle Amount and the Underlying Company High Water Mark with respect to the relevant Underlying Company Investor Shares.

The Underlying Company Manager is entitled to receive the Underlying Performance Fee if, in any period, the Underlying Company Total Return exceeds the sum of the Underlying Company Hurdle Amount and any Underlying Company Loss Carryforward Amount (together the **'Underlying Company Excess Profits'**).

The Underlying Company Manager first allocates to itself 100% of such Underlying Company Excess Profits until it has received 10.0% of the sum of

- i. the Underlying Company Hurdle Amount with respect to such type of Shares for that period and
- ii. any amount allocated to the Underlying Company Manager with respect to such type of Shares

**('Underlying Company Catch-Up')**.

Once that threshold is met, any remaining Underlying Company Excess Profits are allocated at the rate of 10.0%.

As the Underlying Performance Fee applies different rates to different Shares, this can produce variations in NAV among Share classes. The mechanism of an Underlying Company Hurdle Amount, Underlying Company High Water Mark and Underlying Company Catch-Up is designed to balance investor and manager interests, but does not guarantee specific outcomes or minimise potential conflicts of interest.

With regard to an Underlying Company Investor Share, the **'Underlying Company Total Return'** equals:

- i. the sum of all accrued and paid distributions since the end of the prior year on those Shares (without duplication); plus
- ii. changes in value for Shares issued during the current year are included, but proceeds from their initial issuance, performance fees, taxes, and applicable combined annual distribution or servicing fees allocable to those Shares are excluded.

The **'Underlying Company Hurdle Amount'** means, with respect to any Shares the amount required to generate a 5.0% annualised internal rate of return on the NAV of such relevant Shares outstanding at the start of the then-current calendar year, plus any such Shares issued during that year, taking into account the timing and amount of all distributions accrued or paid (without duplication) on all such Shares and all issuances of any such Shares over the period and calculated in accordance with recognised industry practices and calculated before accrual of the Underlying Performance Fee or certain expenses. Shares repurchased during a year do not contribute to the Underlying Company Hurdle Amount calculation for that period; instead, an Underlying Performance Fee may be applied to such Shares upon repurchase.

The **'Underlying Company Loss Carryforward Amount'** with respect to any Shares shall initially equal zero and shall cumulatively increase by the absolute value of any negative annual Underlying Company Total Return with respect to such Shares and decrease by any positive annual Underlying Company Total Return with respect to such Shares. The Underlying Company Loss Carryforward Amount shall at no time be less than zero. The calculation of each Underlying Company Loss Carryforward Amount will exclude the Underlying Company Total Return related to any relevant Shares repurchased during such year, which Shares will be subject to the Underlying Performance Fee upon repurchase.

This means that the recoupment of past annual Underlying Company Total Return losses will offset the positive annual Underlying Company Total Return for purposes of the calculation of the Underlying Performance Fee, a concept known as a **'Underlying Company High Water Mark'**.

## Transaction costs

In managing the assets of the Fund, the Fund may incur transaction costs which may include, but are not limited to, brokerage (for example, securities lending fees on short sold stock as well as the transaction costs associated with derivatives), buy-sell spread, settlement costs, clearing costs, and stamp duty custody transaction costs on investment transactions.

Transaction costs also include transaction costs of the interposed vehicles in which the Fund invests, including the Underlying Company.

Transaction costs may vary as the turnover in the underlying assets may change substantially as investment and market conditions change, which may affect the level of transaction costs not covered by the buy-sell spread. Transaction costs which are incurred, where it has not already been recovered by the buy-sell spread charged by CIML (if any), are reflected in the Unit price. As these costs are factored into the asset value of the Fund's assets and reflected in the NAV of the Fund referable to the Units, they are an additional cost to you and are not a fee paid to CIML.

Transaction costs are not included in the management fees and costs. Instead, they are recovered from the assets of the Fund or interposed vehicles in which the Fund invests, as and when they are incurred and therefore are an additional cost to you.

The Fund's estimated gross transaction costs are 0.11% per annum of the NAV of the Fund referable to the Units.

The transaction costs as set out in the 'Fees and costs summary' are shown net of any amount recovered by the way of the buy-sell spread charged by the Fund, and as a percentage of the NAV of the Fund referable to the Units. The Fund's estimated net transaction costs are 0.11% per annum of the NAV of the Fund referable to the Units.

Please note, the Fund's estimated transaction costs may not provide an accurate indicator of the actual transaction costs that you may incur in the future.

## Buy-sell spreads

A buy-sell spread is an amount deducted from the value of an Investor's application money or withdrawal proceeds that represents the estimated costs incurred in transactions by the Fund as a result of the application or redemption.

The Constitution permits CIML to impose a buy-sell transaction cost to cover the expenses relating to the purchase or sale of Fund assets associated with an application or redemption.

The buy-sell spread as at the date of this PDS is 0.00% of the application amount on application and 0.00% of the withdrawal amount on redemption as CIML does not currently impose a buy-sell spread.

If the Underlying Company commences applying a buy-sell spread to applications and redemptions, CIML would seek to apply a buy-sell spread to applications and redemptions from the Fund to pass such costs to the Fund's investors entering or exiting the Fund.

## Changes to fees

The Constitution sets out the fees and expenses payable by the Fund. All fees in this PDS can change without the consent of the Investors. Reasons for a change may include changing economic conditions and changes in

regulation. Fees may also change due to an increase in GST payable or a change to RITCs entitled to be claimed by the Fund. You will be given notice of any variation of fees or charges charged by the Fund in accordance with the Corporations Act (for example, where there is an increase in the Management Fees charged by the Fund), 30 days before the increase takes effect. Changes to expenses, indirect costs, performance fees of interposed vehicles, transaction costs and the buy-sell spread do not require prior written notice to you.

Any fees and costs stated in this PDS are based on information available as at the date of this PDS. As such, the actual fees and costs may differ and are subject to change from time to time.

The Constitution sets the maximum amount CIML can charge for all fees. If CIML wishes to raise fees above the amounts allowed for in the Constitution, CIML will need to amend the Constitution in accordance with the Corporations Act and the relevant provisions in the Constitution.

CIML may in its absolute and unfettered discretion waive, reduce, refund or defer any part of the fees and expenses that CIML is entitled to receive under the Constitution.

The Underlying Company Manager has the authority to adjust the Underlying Management Fee and Underlying Performance Fee. Any changes to these fees must be communicated to the Shareholders in advance, and the adjustments will be reflected in the subsequent calculation periods.

## Maximum fees

Please note that the fees set out below represent the maximum amounts payable under the Constitution and are not the actual amounts charged. The Constitution provides that the following fees may be payable to CIML:

- Management Fee – the Constitution permits CIML to charge a management fee of up to 3.3% per annum (including GST) of the gross asset value of the Fund;
- Administration Fee – the Constitution allows for an administration fee of up to 1.65% (inclusive of GST) of the GAV of the Fund. CIML does not currently charge an administration fee and does not intend to charge an administration fee in the foreseeable future;
- Performance Fee – the Constitution allows a performance fee of up to 38.5% (inclusive of GST) of the amount by which the Fund's performance outperforms the return of a benchmark. CIML does not currently charge a performance fee and does not intend to charge a performance fee in the foreseeable future;
- Entry Fee – the Constitution permits CIML to charge an entry fee of up to 3.3% (inclusive of GST) on applications into the Fund; and
- Removal Fee – the Constitution permits CIML to charge a fee payable on removal of up to 5.5% (inclusive of GST) of the gross asset value of the Fund.

## Remuneration of financial advisers

Your financial adviser (if you use one) may receive fees for services they provide to you. These fees and benefits will be directly paid by you and, depending on your adviser, may be deducted from your initial investment in the Fund by your adviser prior to you being allocated Units.

CIML does not pay commissions to financial advisers.

**Payment to platforms**

Payments may be made to a platform where they include one or more funds operated by CIML on their menu. Any platform payments are deducted from the Fund's management fee and are not a separate charge to you.

**Differential fees**

There may be differing fee arrangements for you in different classes. Rebates of management fees may be negotiated between Apollo and / or CIML and certain wholesale clients as defined by the Corporations Act. These arrangements reflect terms privately agreed with each wholesale client. Neither Apollo nor CIML (contact details for both can be found in section 17 of this PDS) are under any obligation to make arrangements on these terms available to all other Investors (including other wholesale clients).

**Tax and Duties**

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

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

See further information on taxation at section 12 of this PDS.

# 11. Investing in the Fund

## 11.1 Applications

The Unit price and NAV of the Fund are calculated and determined monthly as of the last calendar day of each month. To invest in the Fund, applications must be received, verified and accepted and cleared application monies received in the Fund's application bank account by 5pm (Sydney, New South Wales time) ten (10) Business Days prior to the last calendar day of each month. CIML may accept applications in limited circumstances and in its absolute discretion, after this day.

For an application to be valid, it must be correctly completed, and it must comply with the designated minimum investment amounts (as per the Key Fund information in section 1 of this PDS) and be appropriately signed by the applicant(s). CIML may, at its discretion, accept amounts less than the minimum investment amounts.

If, for any reason, CIML is unable to process your application (for example, the application form is incomplete or incorrectly completed or CIML is not satisfied that it has received the necessary proof of identification requirements to comply with the "AML Requirements," as defined in section 14 of this PDS), the application monies will be held by CIML in a trust account for up to 30 days (while CIML endeavours to verify your identification information or obtain any necessary outstanding information) after which CIML will return the application monies to you. Any interest received on application monies, including monies for additional investments will be retained by the Fund, and no interest will be paid to you if for any reason your application cannot be accepted.

CIML reserves the right not to accept (wholly or in part) any application for any reason or without reason. If CIML refuses to accept an application, any monies received from you will be returned to you without interest.

Investors may also access the Fund indirectly. This PDS has been authorised for use by IDPS operators. Such Indirect Investors do not acquire the rights of an Investor of the Fund except in relation to CIML's complaints resolution process. Rather, it is the operator or custodian of the IDPS that acquires those rights. Therefore, Indirect Investors do not receive income distributions or reports directly from us, do not have the right to attend meetings of unitholders and do not have cooling off rights. Indirect Investors should not complete the Fund's application form. The rights of Indirect Investors are set out in the disclosure document for the IDPS. If you are investing through an IDPS, enquiries should be made directly to the IDPS operator.

## 11.2 Additional applications

If you are an existing Investor in the Fund you may apply for additional Units by completing an additional application form. It is not necessary for you to complete another full application form. Please insert your investor number, name and personal details as well as your additional investment amount into the spaces provided on the form.

Additional investments can be made (in accordance with the application process and timings set out in this section), by providing CIML with a completed additional application form. The additional investment amount will be added to your existing investment in the Fund. Additional investments are made on the basis of the PDS current at the time of investment. The latest PDS is available at [www.channelcapital.com.au/funds](http://www.channelcapital.com.au/funds).

## 11.3 Redemptions

It is expected that CIML will generally process requests for redemption monthly on the last calendar day of each month (the '**Redemption Date**'), where liquidity is available.

Notwithstanding this intention and expectation, under the terms of the Constitution, Investors do not have a right to redeem their Units in the Fund. CIML has discretion to accept or not accept redemption requests for any reason.

Redemption requests are to be made in writing by completing a redemption form to be received by the Fund Administrator by 5pm (Sydney, New South Wales time) ten (10) Business Days prior to the last calendar day of each month, and will be processed using the Redemption Date as at the end of the month, subject to CIML's redemption processes described below. CIML, at its sole discretion, has the right to waive notice periods and as a result, an investor's redemption request may be processed using an earlier Redemption Date. You can obtain a redemption form by contacting Channel Client Services (see section 17 of this PDS).

Your Units will be redeemed based on the NAV of the Fund referable to the Units prevailing at the time. As part of the redemption proceeds, investors will receive their share of any net income of the Fund for the period of time during which their Units were issued in the relevant distribution period. These proceeds are included in the Unit price. Investors will also receive their share of the capital value of the Fund on redemption.

If your redemption request would result in your investment balance being less than \$100,000, CIML may treat your redemption request as being for your entire investment. CIML will provide Investors with advance notice of any compulsory redemptions. The minimum balance does not apply to investments through an IDPS.

There may be circumstances where your ability to redeem from the Fund is restricted, including circumstances where:

- disposal would be prejudicial to other Investors, such as where there is a large single redemption, a number of significant redemptions together or adverse market conditions; or
- it is not practicable to sell investments in the Fund in the usual timeframe.

In the event of any material changes to an Investor's withdrawal rights in the Fund (for example, in the circumstances that withdrawal rights are to be suspended), CIML will ensure that such information is made available as soon as practicable on CIML's website at [www.channelcapital.com.au/funds](http://www.channelcapital.com.au/funds).

For more information about such redemption risks, see risks in section 8 related to withdrawal and liquidity.

Redemptions may be restricted under certain conditions, such as adverse market circumstances or when it's impractical to liquidate investments promptly. In such cases, redemptions may be staggered or suspended, particularly if total requests exceed 5% of the Fund's Units in a quarter. If the Fund is illiquid (holding less than 80% in liquid assets), redemptions may only be possible through a regulated withdrawal offer in accordance with the Corporations Act, which CIML is not obliged to make.

The amount available to fund redemption requests is subject to the available cash of the Fund on the relevant Redemption Date. The cash available to fund redemption requests may, from time to time, be limited.

If the Fund does not have sufficient cash to meet all redemption requests for a Redemption Date, redemptions will be partially accepted and processed pro-rata across all redeeming Investors. The amount redeemed will be based on the amount of their redemption request relative to the amount of cash CIML reasonably considers is available to fund redemptions on the relevant Redemption Date.

Any redemptions rejected in either whole or in part on a Redemption Date will not be carried over to the next Redemption Date for processing and will be considered cancelled either in whole or part at the absolute discretion of CIML. A new redemption request will need to be submitted for the next Redemption Date.

To meet redemption requests for a Redemption Date, CIML may also choose to redeem some of the Fund's Shares in the Underlying Company. However, the Underlying Company's liquidity may be limited. Subject to the discretion of the Underlying Company's board of directors, the Underlying Company has implemented a Share repurchase program, allowing Shareholders, such as the Fund, to tender their Shares on a quarterly basis at the net offering price per Share. The repurchase program is limited to no more than 5% of the outstanding Shares per quarter and may be subject to restrictions, including available cash and regulatory compliance. The Underlying Company's board of directors reserves the right to amend, suspend, or terminate the repurchase program if it determines that continuing it would not be in the best interest of the Underlying Company and its Shareholders. Any suspension will be reviewed at least quarterly, although the Underlying Company's board of directors is under no obligation to reinstate the program within a specific timeframe.

Once CIML has decided to accept a redemption request in part or in whole, CIML has up to 415 calendar days to effect the redemption request, which may include redeeming some of the Fund's Shareholdings in the Underlying Company. Under normal circumstances, it is CIML's expectation that the redemption request will be processed within 140 days however, this may not always be the case and there are a number of factors that may delay the processing of redemptions, such as the inability of CIML to redeem the Fund's Shares in the Underlying Company.

Redemption proceeds will generally be paid within 50 calendar days after the relevant Redemption Date, subject to the rights and obligations of CIML set out in this section 11.3.

In certain circumstances CIML may suspend redemptions up to 275 calendar days in accordance with the Constitution, including (without limitation) if it believes this is in the best interests of Investors to do so or if it cannot realise all Fund assets in cash.

Under the Corporations Act, the Fund is illiquid if it has less than 80% liquid assets (generally cash, marketable securities, or other assets that CIML reasonably expects can be realised for their market value within the period specified in the Constitution for satisfying redemption requests whilst the Fund is liquid, being 415 calendar days), made up of the period of:

- 140 calendar days to affect a redemption request; and
- 275 calendar days where redemptions are suspended.

The relevant redemption proceeds must be paid to a redeeming Investor within 50 calendar days following the redemption of their Units in the Fund.

If you have invested indirectly in the Fund through an IDPS, you need to provide your redemption request directly to your IDPS operator. The redemption cut-off times for pricing purposes and the time to process a redemption request is dependent on your IDPS operator.

If the Fund is, for the purposes of the Corporations Act, not liquid, investors will only be able to withdraw from the Fund under a regulated withdrawal offer in accordance with the Corporations Act. CIML is not required to make such a withdrawal offer.

#### **Underlying Company – compulsory redemption**

Under the Underlying Company's governing documents, its board of directors is permitted to cause the Underlying Company or any of its Series to repurchase (i.e., compulsorily redeem) all or a portion of the Fund's interests in the Underlying Company without the Fund's consent. This may occur in circumstances where the Fund's interests have been transferred in violation of the Underlying Company's requirements or passed by operation of law upon disability, death, divorce, insolvency or other similar events; where the transferee fails to satisfy eligibility requirements; or where continued ownership could subject the Underlying Company or its investors to added registration, regulatory burdens or reputational harm. Such repurchases may also be effected if the Fund's representations and warranties regarding its investment are or become untrue; if the Fund's regulatory or compliance obligations materially increase by virtue of holding the interests; if the Underlying Company's board of directors determines that such a repurchase would serve the best interests of the Underlying Company; or if continued ownership might cause the Underlying Company's assets to be characterised as plan assets for legal or regulatory purposes. Consequently, Investors should note that the Fund's interests in the Underlying Company may be redeemed at the Underlying Company's board of director's discretion under certain conditions, and no further consent or action by the Fund will be required in these circumstances.

### Additional information

Under the Corporations Act, redemptions are not permitted if the Fund becomes non liquid (as defined under the Corporations Act). If the Fund is non liquid, withdrawals from the Fund will only be possible if CIML makes a withdrawal offer in accordance with the Corporations Act. CIML is not obliged to make such an offer. However, if CIML does, you are only able to redeem your investment in accordance with the terms of a current withdrawal offer. If an insufficient amount of money is available from the assets specified in the withdrawal offer to satisfy redemption requests, the requests will be satisfied proportionately amongst those Investors wishing to redeem from the Fund.

Redemption requests must be signed by the appropriate authorised signatories. Bank accounts must be in the name(s) of the Fund's investor(s) as specified in the application form or as otherwise notified to CIML. Proceeds will be paid in AUD.

Investors should be aware that the Fund reserves the right to make changes to withdrawal rights, including the suspension of such rights, under certain circumstances as permitted by law and the Constitution. In the event that a material change to withdrawal rights is deemed necessary, the Fund will take all reasonable steps to ensure that

investors are promptly informed of such changes. This notification will be provided in a timely manner through appropriate communication channels, which may include written correspondence, electronic communication, or public announcements. Investors are encouraged to review all communications from the Fund carefully, as any material changes to withdrawal rights could impact their ability to access their investment within the expected timeframe. The Fund remains committed to acting in the best interests of investors and will endeavour to provide as much notice as possible regarding any significant changes to withdrawal rights.

## 11.4 Cooling off period

The offer under this PDS is only available to wholesale clients and no cooling off rights apply to investors.

If you are an Indirect Investor and are investing through an IDPS, you should contact your IDPS operator to confirm any cooling off rights you may have with your IDPS operator. If you invest through an IDPS you will not acquire direct rights as a unitholder and as such, the terms of the IDPS guide will govern your rights and obligations with respect to your investment.

# 12. Taxation

## 12.1 Overview

There are tax implications when investing in, and withdrawing and receiving income from, the Fund. CIML cannot give tax advice and CIML recommends that you consult your professional tax adviser as the tax implications of investing in the Fund can impact investors differently. Below is a general outline of some key Australian tax considerations for investors. It is not intended to provide an exhaustive or definitive statement as to all the possible tax outcomes for Investors. Nor does it cover the application of foreign taxation laws. This information is based on CIML's current interpretation of the relevant Australian taxation laws and does not consider an Investor's specific circumstances. As such, Investors should not place reliance on this as a basis for making their decision as to whether to invest.

## 12.2 Tax treatment of the Fund

CIML, as responsible entity of the Fund, intends to manage the Fund such that it is not subject to Australian tax. To achieve this, CIML proposes to make, if it is eligible to do so, an irrevocable choice for the Fund to become an Attribution Managed Investment Trust ('AMIT') from the income year of establishment. CIML, as responsible entity of the Fund, intends to manage the Fund so that it is eligible to be an AMIT. If, however, due to factors outside of CIML's control, the Fund is not able to qualify as an AMIT, CIML will notify investors of this.

## 12.3 Taxation of Investors

While the Fund is an AMIT, Australian tax resident Investors will be assessed for tax on their attributed share of the Fund's taxable income. Foreign tax resident Investors may be subject to withholding tax or have tax paid on their behalf by CIML in relation to the attribution of taxable income components to them. However, on the basis that all of the income of the Fund is anticipated to be foreign sourced, it is not expected that significant withholding should apply to distributions from the Fund.

On the basis that the Fund will be primarily invested in the Underlying Company, and the Underlying Company is likely to be treated as a foreign company for Australian income tax purposes, most of the income of the Fund should be in the form of foreign sourced dividends. It is not anticipated that the Fund's level of investment in the Underlying Company should result in the Fund being subject to taxation on the 'controlled foreign company' rules on its investment in the Underlying Company. While the Fund is an AMIT, taxable income earned by the Fund that is attributed to you, should form part of an Australian tax resident's assessable income in the year of attribution. This is the case irrespective of whether the Fund pays the distribution that is attributable to that income to you at all or after the end of the year of income, or you reinvest the relevant distribution.

CIML also has the power to accumulate (and not distribute) taxable income, which means that you may be attributed taxable income that is never distributed. At this stage, CIML does not anticipate that it will use its powers to accumulate taxable income.

At the end of the Fund's tax year, CIML will send to you the details of all of the assessable income, and foreign tax offsets attributed to you for that year in the AMIT tax statement. This information should assist you in completing your income tax return for that year.

## 12.4 Capital gains tax ('CGT')

Australian resident investors may be subject to CGT on disposal of their Units in the Fund.

In particular, an Australian resident investor may make a capital gain or loss on their units in the Fund if they redeem their units in the Fund.

The amount of the capital gain or loss that arises for an Australian resident investor on the redemption of their units in the Fund should be based on the difference between the capital proceeds they receive on redemption, and the 'cost base' or 'reduced cost base' of their units in the Fund.

The 'cost base' or 'reduced cost base' of a unitholder's units in the Fund should be based on the amount paid for the units, as adjusted for any adjustments that arise during the unitholder's holding of units in the Fund. While the Fund is an AMIT, the AMIT cost base adjustment regime should apply to unitholders in the Fund such that if, for a year:

- the amount distributed to that investor exceeds the assessable income components attributed to them for that year (for example, the Fund undertakes a return of capital), investors should decrease the 'cost base' or 'reduced cost base' of their units by the excess; or
- the amount distributed to that investor is less than the assessable income components attributed to that for that year (for example, CIML determines to accumulate income in the Fund), investors should increase the 'cost base' or 'reduced cost base' of their units by the shortfall.

The amount of any AMIT cost base adjustment will be notified to investors in the AMIT tax statement that they receive at the end of each financial year.

Australian tax residents must include in their assessable income for each year their net capital gains (i.e. after offsetting any available capital losses). Individuals, trusts and complying superannuation entities may be eligible for CGT concessions in relation to capital gains made with respect to their Units where they have held those Units for at least twelve (12) months. For example, where Australian tax residents have held their units for at least 12 months, a 50% CGT discount may be available for individuals and trustees, and a 33 1/3% discount for complying superannuation entities.

Foreign tax residents should only be subject to CGT on Australian-sourced capital gains made by the Fund or if the Units they are disposing of are taxable Australian property. However, it is unlikely that the Units should constitute taxable Australian property, unless they are held by the foreign tax resident through a 'permanent establishment' in Australia.

## 12.5 Goods and services tax ('GST')

Unless otherwise stated, the fees and other costs shown in this PDS include the net effect of GST, less any input tax credits ('ITCs') or reduced input tax credits ('RITCs'). The rate of GST may change if the relevant law changes.

The application for, or withdrawal of, Units by Investors should not be directly subject to GST. However, the Fund may incur GST as part of the expenses of the Fund. The Fund may then be entitled to claim ITCs or RITCs for GST incurred on certain expenses.

## 12.6 Foreign tax offsets

Australian tax residents are required to include in their assessable income their share of any foreign income which forms part of the Fund's net income. Investors may be entitled to a tax offset (or credit) in respect of foreign taxes paid in respect of the foreign source income of the Fund that is attributed to them.

## 12.7 Tax file number ('TFN') and Australian Business Number ('ABN')

It is not compulsory for Investors to provide their TFN or ABN, and it is not an offence if you decline to provide it. However, unless entitled to an exemption, if an Investor does not provide their TFN or ABN, tax will be withheld from income distributions at the highest marginal tax rate plus the Medicare levy (and any other levies required to be withheld from distributions from time to time). The ABN, TFN or details of an appropriate exemption can be provided on the Fund's application form when making an initial investment. The collection of TFNs is authorised and their use is strictly regulated by tax and privacy laws.

## 12.8 Taxation of financial arrangements ('TOFA')

Generally, TOFA applies to gains and losses from financial arrangements and how they are treated for income tax purposes.

Under the TOFA rules there is a hedging election that allows tax treatment (including timing) of hedging financial arrangements to align with the tax treatment of the hedged asset. CIML intends to make this hedging election in respect of the foreign currency hedging that will be undertaken in the Fund. If the hedging election is applicable, this should mitigate the risk for significant taxable income to arise for the Fund on its hedging arrangements independent of a gain on the underlying hedged asset, and mitigate volatility in the attributable income of the Fund.

Generally, the Fund's investors are not directly subject to TOFA unless they have elected for the TOFA rules to apply. Regardless of this, you should seek your own taxation advice in relation to the applicability of TOFA to your particular circumstances.

## 12.9 Stamp duty

Investors should not be liable for stamp duty on the acquisition of their Units. The Fund should not be liable for stamp duty on making investments.

# 13. Additional Fund information

## 13.1 Continuous disclosure

When the Fund has more than 100 investors it will be considered a “disclosing entity” for the purposes of the Corporations Act. This means the Fund will be subject to regular reporting and disclosure obligations. Copies of any documents lodged with ASIC in relation to the Fund may be obtained from, or can be inspected at, an ASIC office. Investors will have a right to obtain a copy, free of charge, in respect of the Fund, of:

- the most recent annual financial report; and
- any half yearly financial report lodged with ASIC after that most recent annual financial report but before the date of this PDS.

Continuous disclosure obligations will be met by following ASIC’s good practice guidance via website notices rather than lodging copies of these notices with ASIC. Accordingly, should CIML as responsible entity of the Fund, become aware of material information that would otherwise be required to be lodged with ASIC as part of any continuous disclosure obligations, it will ensure that such material information will be made available as soon as practicable on CIML’s website at [www.channelcapital.com.au/funds](http://www.channelcapital.com.au/funds). If you would like hard copies of this information, please contact Channel Client Services (please refer to section 17 for more information) and you will be sent the information free of charge.

## 13.2 Communicating with Investors

Investors will receive the following communications from CIML:

- confirmation of your investments and withdrawals;
- an annual tax statement;
- a periodic statement detailing the transactions during the period and the balance of your investments; and
- a distribution statement, following each distribution.

Annual financial reports will be made available at [www.channelcapital.com.au/funds](http://www.channelcapital.com.au/funds). They will not be sent to Investors unless requested in writing.

If you are an Indirect Investor investing through an IDPS, you should contact your IDPS operator to confirm any communications you may receive in relation to the Fund from your IDPS operator.

## 13.3 Complaints resolutions

CIML has established procedures for dealing with complaints. CIML aims to resolve any concerns or complaints quickly and fairly and will respond within 30 calendar days after receiving the complaint. If an Investor has a concern or complaint, they can contact CIML at:

Channel Investment Management Limited  
GPO Box 206  
Brisbane QLD 4001  
**Phone:** 1800 940 599  
**Email:** [clientservices@channelcapital.com.au](mailto:clientservices@channelcapital.com.au)

CIML is a member of and participates in the Australian Financial Complaints Authority (‘**AFCA**’), an independent complaints resolution authority. If an Investor is not satisfied with the outcome, the complaint can be referred to an independent external dispute resolution scheme. Complaints should be lodged with AFCA at:

Australian Financial Complaints Authority  
GPO Box 3  
Melbourne VIC 3001  
**Phone:** 1800 931 678  
**Email:** [info@afca.org.au](mailto:info@afca.org.au)  
**Website:** [www.afca.org.au](http://www.afca.org.au)

All investors, regardless of whether you hold Units in the Fund directly or hold Units indirectly via an IDPS, can access CIML’s complaints resolution process outlined above. If investing via an IDPS and your complaint concerns the operation of the IDPS then you should contact the IDPS operator directly.

## 13.4 Constitution

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

You can inspect a copy of the Constitution at ASIC or CIML’s head office or request a copy by contacting CIML.

## 13.5 Compliance plan

The compliance plan outlines the principles and procedures which CIML intends to follow to ensure that it complies with the provisions of its Australian financial services licence, the Corporations Act and the Constitution. Each year the compliance plan is independently audited as required by the Corporations Act and a copy of the auditor’s report is lodged with ASIC.

## 13.6 Consents

The Fund Administrator, the Fund Custodian, Apollo Management Singapore Pte. Ltd, the Underlying Company, and Apollo (together, the '**Consenting Parties**') have each given, and have not withdrawn before the date of this PDS, their written consent to be named in this PDS for the Fund in the form and context in which they are named.

The Consenting Parties have not been involved, except as otherwise stated in this section, in the preparation of this PDS and do not accept any responsibility or liability for any information contained in this PDS. In addition, the Consenting Parties are not involved in the investment decision-making process for the Fund.

## 13.7 Labour standards and environmental, social and ethical considerations

CIML does not take into account labour standards and environmental, social and ethical considerations for the purpose of selecting, retaining or realising investments of the Fund (referred to as Environmental, Social and Governance ('**ESG**')).

The Underlying Company and the Underlying Company Manager does not take into account labour standards and environmental, social and ethical considerations for the purpose of selecting, retaining or realising investments of the Underlying Company.

The Fund and the Underlying Company is not designed for investors who are looking for funds meeting specific ESG goals. Neither the Fund nor the Underlying Company is marketed as an ESG product.

Investors may have differing views, opinions and understanding of the meaning of sustainability and ESG-related terminology used in this PDS to CIML, the Underlying Company and the Underlying Company Manager.

## 13.8 Conflicts of interest

### *General conflicts of interest*

CIML and third-party service providers of the Fund may, in the course of their business, have potential conflicts of interest which may not be managed effectively and may be detrimental to the Fund and its Investors.

Additionally, certain activities of Apollo and its affiliates, as further described below, may give rise to, and contain embedded, conflicts of interest that are relevant to the Underlying Company (for example, but without limitation, conflicts of interest relating to inducements, fees and costs, related party transactions, cross-transactions. Competing interests, allocations of investment opportunities and subsequent dispositions).

Apollo and CIML have implemented policies and procedures to seek to identify and appropriately manage conflicts. There is no guarantee however that any such conflicts will be resolved in a manner that will not have an adverse effect on the Fund or Underlying Company.

Other than as set out in this PDS, there are no existing agreements or arrangements and there are no currently proposed transactions in which CIML was, or is to be, a participant, and in which any related party of CIML had or will have a direct or indirect material interest.

Any agreement has been entered into on an arm's length terms between CIML and Apollo. CIML and Apollo may be subject to conflicts of interest when performing their duties in relation to the Fund. Both CIML and Apollo have conflicts of interest policies and procedures in place that are designed to appropriately manage these conflicts of interest that arise in relation to managing the Fund.

# 14. Anti-Money Laundering and Counter-Terrorism Financing and other relevant legislation

## 14.1 Anti-Money Laundering and Counter-Terrorism Financing

The Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth) ('**AML Act**') and other applicable anti-money laundering and counter terrorism laws, regulations, rules and policies which apply to CIML ('**AML Requirements**'), regulate financial services and transactions in a way that is designed to detect and prevent money laundering and terrorism financing. The Australian Transaction Reports and Analysis Centre ('**AUSTRAC**') enforces the AML Act. In order to comply with the AML Requirements, CIML is required to, amongst other things:

- collect certain information and documentation about you, and in some instances, verify your identity and source of your application monies before providing services to you. Existing Investors may also be asked to provide certain information as part of ongoing customer due diligence processes to comply with the AML Requirements; and
- where you supply documentation relating to the verification of your identity, keep a record of this documentation for seven (7) years.

CIML and the Fund Administrator as its agent (collectively the '**AML Entities**') reserve the right to request such information as is necessary to verify your identity and the source of the payment. In the event of delay or failure by you to produce this information, the AML Entities may refuse to accept an application and the application monies relating to such application or may suspend the payment of withdrawal proceeds, if necessary, to comply with AML Requirements applicable to them. Neither the AML Entities nor their delegates shall be liable to you for any loss suffered by you as a result of the rejection or delay of any subscription or payment of withdrawal proceeds.

The AML Entities have implemented a number of measures and controls to ensure they comply with their obligations under the AML Requirements, including carefully identifying and monitoring Investors. As a result of the implementation of these measures and controls transactions may be delayed, blocked, frozen or refused where an AML Entity has reasonable grounds to believe that the transaction breaches the law or sanctions of Australia or any other country, including the AML Requirements where transactions are delayed, blocked, frozen or refused, the AML Entities are not liable for any loss you suffer (including consequential loss) caused by reason of any action taken or not taken by them as contemplated above, or as a result of their compliance with the AML Requirements as they apply to the Fund; and the AML Entities may from time to time require additional information from you to assist in this process. The AML Entities have certain reporting obligations under the AML

Requirements and may be prevented from informing you that any such reporting has taken place. Where required by law, an entity may disclose the information gathered (which may include the disclosure of your personal information) to regulatory or law enforcement agencies, including AUSTRAC.

The AML Entities are not liable for any loss you may suffer as a result of their compliance with the AML Requirements.

## 14.2 Foreign Account Tax Compliance Act ('**FATCA**') and Common Reporting Standard ('**CRS**')

The United States of America has introduced rules (known as FATCA) which are intended to prevent U.S. persons from avoiding tax. Broadly, the rules may require the Fund to report certain information to the Australian Taxation Office ('**ATO**'), which may then pass the information on to the U.S. Internal Revenue Service ('**IRS**').

In order to comply with these obligations, CIML will collect certain information about you and undertake certain due diligence procedures to verify your FATCA status and provide information to the ATO in relation to your financial information required by the ATO (if any) in respect of any investment in the Fund. If you do not provide this information, CIML will not be able to process your application.

The Australian Government has implemented the OECD Common Reporting Standard Automatic Exchange of Financial Account Information ('**CRS**'). CRS, like the FATCA regime, requires banks and other financial institutions to collect and report to the ATO.

CRS requires certain financial institutions to report information regarding certain accounts to their local tax authority and follow related due diligence procedures. The Fund intends to comply with its CRS obligations by obtaining and reporting information on relevant accounts (which may include your Units in the Fund) to the ATO. In order for the Fund to comply with its obligations, CIML will request that you provide certain information and certifications to it. If you do not provide this information, CIML will not be able to process your application. CIML will determine whether the Fund is required to report your details to the ATO based on its assessment of the relevant information received.

The ATO may provide this information to other jurisdictions that have signed the "CRS Competent Authority Agreement", the multilateral framework agreement that provides the mechanism to facilitate the automatic exchange of information in accordance with the CRS. The Australian Government has enacted legislation amending, among other things, the Taxation Administration Act 1953 (Cth) to give effect to the CRS.

# 15. Privacy

CIML has a board of directors approved privacy policy. CIML collects and manage your personal information in accordance with this policy, the Privacy Act 1998 (Cth) ('**Privacy Act**') and the Australian Privacy Principles ('**APP**').

CIML may collect personal information from you in the Fund's Unit application process and any other relevant forms in order to process your application, administer your investment and for other purpose permitted under the Privacy Act. Further, some of the information to be collected, by CIML, in connection with an application is for the purposes of satisfying tax, company and/or anti-money laundering. In some cases, CIML may also collect personal information from third parties including public sources, its related companies, referrers, brokers, agents, your adviser(s) and CIML's service providers.

If you do not provide CIML with your relevant personal information, it will not be able provide you with products or services (such as issuing you Units in the Fund).

Privacy laws apply to CIML's handling of personal information and CIML will collect, use and disclose your personal information in accordance with its privacy policy, which includes details about the following matters:

- the kinds of personal information it collects and holds;
- how it collects and holds personal information;
- whether collection is required or authorised by law;
- the purposes for which it collects, holds, uses and discloses personal information;
- the entities or persons to which personal information is usually disclosed;
- how you may access personal information that it holds about you and seek correction of such information (note that exceptions apply in some circumstances);
- how you may complain about a breach of the APPs, or a registered APP code (if any) that binds CIML, and how it will deal with such a complaint; and
- whether it is likely to disclose personal information to overseas recipients and, if so, the countries in which such recipients are likely to be located if it is practicable for CIML to specify those countries.

CIML may also be allowed or obliged to disclose information by law. If a Fund's investor has concerns about the completeness or accuracy of the information CIML has about them or would like to access or amend personal information held by CIML, they can contact CIML's Privacy Officer at:

**Attention:** Privacy Officer  
Channel Investment Management Limited  
GPO Box 206  
Brisbane QLD 4001

**Phone:** 1800 940 599

CIML's privacy policy is publicly available at [www.channelcapital.com.au](http://www.channelcapital.com.au) or you can obtain a copy free of charge by contacting CIML. If you are investing indirectly through an IDPS, CIML does not collect or hold your personal information in connection with your investment in the Fund. Please contact your IDPS operator for more information about their privacy policy.

# 16. Glossary

<b>ABN</b>	Australian Business Number
<b>AFCA</b>	Australian Financial Complaints Authority
<b>AML Act</b>	The <i>Anti-Money Laundering and Counter-Terrorism Financing Act 2006</i> (Cth).
<b>AML Entities</b>	CIML and the Fund Administrator as its agent.
<b>AML Requirements</b>	The Anti-Money Laundering Act and other applicable anti-money laundering and counter terrorism laws, regulations, rules and policies which apply to the Responsible Entity.
<b>Apex or Fund Administrator</b>	Apex Fund Services Pty Ltd ABN 81 118 902 891
<b>Apollo</b>	The Underlying Company, the Underlying Company Manager and their affiliates.
<b>APP</b>	The Australian Privacy Principles
<b>ARI</b>	Apollo Commercial Real Estate Finance, Inc. (NYSE: ARI)
<b>ARIS</b>	Apollo Realty Income Solutions, Inc.
<b>ASIC</b>	The Australian Securities and Investments Commission
<b>Asset-Backed Finance Asset</b>	The provision of finance to a borrower where a particular asset or asset of the borrower is used as Security against the loan
<b>ATO</b>	The Australian Taxation Office
<b>AUD, \$A or \$</b>	Australian dollars
<b>AUSTRAC</b>	The Australian Transaction Reports and Analysis Centre
<b>Benefit Plan Investor</b>	Has the meaning provided in ERISA, or any other plan or individual retirement account that is subject to laws or regulations similar to the fiduciary responsibility or prohibited transaction provisions of ERISA or the U.S. Internal Revenue Code of 1986 (US), as amended.
<b>Channel</b>	Channel Capital Pty Ltd ACN 162 591 568
<b>Capital Solutions</b>	Has the meaning provided in section 6.3
<b>CIML or Responsible Entity</b>	Channel Investment Management Limited ACN 163 234 240
<b>Collateralised Loan Obligation or CLO</b>	A bundle of individual loans that have been structured to be dealt with or sold as a single investment
<b>Commercial Mortgage</b>	Has the meaning provided in section 6.3
<b>Consenting Parties</b>	Has the meaning provided in section 13.6
<b>Constitution</b>	The constitution of the Fund as amended or modified from time to time.
<b>Consumer Finance</b>	Has the meaning provided in section 6.3
<b>Corporations Act</b>	The <i>Corporations Act 2001</i> (Cth).
<b>CRS</b>	Common Reporting Standard
<b>Dealer Manager</b>	Apollo Global Securities, LLC
<b>ERISA</b>	The U.S. Employee Retirement Income Security Act of 1974.
<b>ESG</b>	Environmental and social governance
<b>FATCA</b>	U.S. income tax laws commonly referred to as the Foreign Account Tax Compliance Act
<b>Financial Assets</b>	Has the meaning provided in section 6.3
<b>FMCA</b>	Financial Markets Conduct Act 2013 (NZ)
<b>Fund</b>	Apollo Asset Backed Credit Trust (AUD) ARSN 684 032 291
<b>Fund Auditor</b>	Ernst & Young, Australia
<b>Fund Custodian</b>	Citibank, N.A., Hong Kong Branch
<b>GST</b>	Goods and Services Tax
<b>Hard Assets</b>	Has the meaning provided in section 6.3
<b>IDPS</b>	Investor Directed Portfolio Service, IDPS-like scheme or a nominee or custody services (collectively known as master trusts or wrap accounts).
<b>Indirect Investors</b>	A person investing in the Fund via an IDPS.
<b>Investment Company Act</b>	Investment Company Act of 1940 (US)
<b>Investment Funds</b>	Has the meaning provided in section 6.4
<b>Investor</b>	A registered holder of a Unit. Also called a Unitholder.
<b>IRS</b>	Internal Revenue Service
<b>ITC</b>	Input Tax Credit

<b>LLC Agreement</b>	The limited liability company agreement constituting the Underlying Company.
<b>Management Fee</b>	Has the meaning provided in section 10.2
<b>NAV</b>	Net asset value.
<b>NAV Loan</b>	The provision of finance to a fund Secured on the NAV of the fund's assets.
<b>PDS</b>	This product disclosure statement
<b>Performance Fee</b>	Has the meaning provided in section 10.2
<b>Privacy Act</b>	The <i>Privacy Act 1988</i> (Cth)
<b>Residential Mortgage</b>	Has the meaning provided in section 6.3
<b>RG 240</b>	ASIC Regulatory Guide 240 – 'Hedge Funds: Improving Disclosure'
<b>RITC</b>	Reduced Input Tax Credit
<b>Royalty Stream</b>	The revenue or income arising out of a business' intellectual property.
<b>Secured</b>	In respect of a loan or debt instrument, means that the repayments under that loan or debt instrument are backed by certain property of the borrower such that the lender, if the loan is not repaid may be able to take possession of such property to obtain the value of the monies owed and this context <b>Security</b> has a corresponding meaning.
<b>Securities Act</b>	United States Securities Act of 1933
<b>Series</b>	Each of Series I and Series II.
<b>Series I</b>	The Apollo Asset Backed Credit Company LLC – Series I, a registered series of the Company.
<b>Series II</b>	The Apollo Asset Backed Credit Company LLC – Series II, a registered series of the Company.
<b>Shares</b>	A share in the capital of the Underlying Company.
<b>TFN</b>	Tax File Number
<b>TOFA</b>	Taxation of Financial Arrangements
<b>Transaction Costs</b>	The costs incurred by the Fund in buying and selling assets.
<b>Underlying Company</b>	Apollo Asset Backed Credit Company LLC, a series limited liability company that was formed in accordance with the laws of Delaware, United States.
<b>Underlying Company Administrator</b>	State Street Bank and Trust Company
<b>Underlying Company Auditor</b>	Deloitte & Touche LLP
<b>Underlying Company Catch Up</b>	Has the meaning provided in section 10.4
<b>Underlying Company Custodians</b>	Collectively, U.S. Bank and State Street Bank and Trust Company
<b>Underlying Company Loss Carryforward Amount</b>	Has the meaning provided in section 10.4
<b>Underlying Company Excess Profits</b>	Has the meaning provided in section 10.4
<b>Underlying Company High Water Mark</b>	Has the meaning provided in section 10.4
<b>Underlying Company Hurdle Amount</b>	Has the meaning provided in section 10.4
<b>Underlying Company Investor Shares</b>	Has the meaning provided in section 10.4
<b>Underlying Management Fee</b>	The fee payable to the Underlying Company Manager for managing the assets of the Underlying Company.
<b>Underlying Company Manager</b>	Apollo Manager, LLC, a limited liability company organised under the laws of Delaware, United States.
<b>Underlying Company Members</b>	Means the members of either Series of the Underlying Company.
<b>Underlying Company Operating Agreement</b>	The 'operating agreement' under which the Underlying Company Manager is appointed to manage the Operations of the Underlying Company.
<b>Underlying Performance Fee</b>	The Performance Fee payable to the Underlying Company Manager out of the assets of the Underlying Company.
<b>Underlying Company Total Return</b>	Has the meaning provided in section 10.4
<b>Units</b>	Class A units in the Fund
<b>Unitholder</b>	A registered holder of a Unit. Also called an Investor.
<b>Unsecured</b>	Refers to the ability of a lender to gain access to a borrower's assets in the event that the borrower defaults on its obligations to repay its debt.
<b>USD or \$US</b>	United States dollars
<b>Valuation Guidelines</b>	Has the meaning provided in section 6.3

# 17. Contacts

## **Responsible Entity**

Channel Investment Management Limited  
ACN 163 234 240 AFSL 439007

### Address

GPO Box 206,  
Brisbane, Queensland 4001,  
Australia

### Website

[www.channelcapital.com.au](http://www.channelcapital.com.au)

### Fund Website

[www.channel-apollo.com.au](http://www.channel-apollo.com.au)

### Phone

1800 940 599

### Email

[clientservices@channelcapital.com.au](mailto:clientservices@channelcapital.com.au)

## **Underlying Company Manager**

Apollo Manager, LLC

### Address

9 West 57<sup>th</sup> Street, 42<sup>nd</sup> Floor  
New York, NY 10019

### Website

<https://apollo.com/abc>

