



PRINCIPLED MORTGAGE FUND

Product Disclosure Statement



PRINCIPLED
MORTGAGE INVESTMENTS®

Since 1919

ARSN 124 674 433
principledmortgages.com.au

4 March 2026

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Section 1 Principled Mortgages™

Principled Mortgage Investments Limited (“Principled Mortgages™”) manages The Principled Mortgage Fund (“the Fund”) and traces its heritage back to 1919, when Gordon Rennick began offering his legal practice clients mortgage investment services.

Principled Mortgages™ continues to build on these beginnings by offering you the opportunity to invest in registered real estate mortgages and to meet the different needs of investors, we offer different Investment Options. You have the opportunity to select the best Option for your needs.

Important Information

Responsible Entity: Principled Mortgage Investments Limited (“Principled Mortgages™”) ACN 089 384 172. AFSL 233081.

This Product Disclosure Statement (“PDS”) is dated 4 March 2026. This PDS has been lodged with ASIC, however ASIC takes no responsibility for its contents.

This document can only be used by Investors receiving it (electronically or otherwise) in Australia.

The Principled Mortgage Fund (ARSN 124 674 433) is a disclosing entity, and is subject to regular reporting and disclosure obligations. Copies of documents lodged with ASIC in relation to the Principled Mortgage Fund may be obtained from, or inspected at, an ASIC office. You may obtain a copy of the most recently lodged Annual Financial Report from ASIC or directly from Principled Mortgages™.

Please Note

This PDS offers two different Investment Options. We recommend you seek independent advice before making any investment or financial decisions.

In preparing this PDS, we have not taken into account your particular circumstances, including your own investment objectives or financial position. Before making a decision to invest, you should read this PDS in its entirety and consider obtaining independent advice about this investment and your own needs. Principled Mortgages™ and its Authorised Representatives do not provide financial product advice.

Subject To Change

Pursuant to ASIC Class Order 2016/1055, information that is not materially adverse information in this PDS is subject to change and may be updated from time to time on the website or by the issue of a Supplementary PDS by Principled Mortgages™. Where a change is required, all Investors shall be provided at no cost with a copy of the New SPDS. Investors may obtain this information at principledmortgages.com.au.

Section 2 Key Features

Product Issuer	Principled Mortgage Investments Limited (“Principled Mortgages™”) ACN 089 384 172 Australian Financial Service Licence No. 233081 See Section 7 for contact details
Investment Options	To invest you will need to become a member of the Principled Mortgage Fund ARSN 124 674 433 (“the Fund”) and then select one or more of the following two (2) Investment Options: 1. Select Mortgages Option™; and/or 2. Common Mortgages Option™.
Minimum Investment	\$1,000 AUD for Common Mortgages Option™ \$20,000 AUD for Select Mortgages Option™
Capital and Income Protection	Principled Mortgages™ does NOT provide any guarantee of the investment result, the return of capital, or the amounts payable to Investors. For further information regarding the risks associated with this investment, see Section 6.
Application Forms	New Applications to invest must be made by completing the Application Form attached to this PDS. New Investors are required to provide identification that meets the requirements of the Anti Money Laundering and Counter Terrorism Financing Act. Additional investments may be made by completing a Further Investment Form, available from Principled Mortgages™ or principledmortgages.com.au .
Fund Features	<ul style="list-style-type: none"> Two (2) Investment Options to choose from, giving you the flexibility to manage your investments to meet your own needs and risk profile; No investment entry fees; Interest payable Quarterly banked direct to your nominated financial institution account; Regulated by ASIC and subject to review by a Compliance Committee with independent members, and external financial auditor and an external compliance auditor.
Risks	You should read Section 6 of this PDS to consider the risks associated with investing in this Fund.

The table below sets out the basic information related to each Investment Option. All information is current as at the date of this PDS. These details are explained more fully in **Section 4**.

Feature	Select Mortgages Option™	Common Mortgages Option™
Investment Style	Contributory	Pooled
Investment Objective	The Select Mortgages Option™ is designed to provide the Investor with all the information necessary to make an investment decision on a loan by loan basis	The Common Mortgages Option™ is designed to provide the Investor with a diverse pool of investments that provide a reasonable return for risk
Nature of Investment	Individually selected by Investor	Pooled Option spread over assets of this pool
Type of Security/Assets	Any real property subject to approved criteria	Residential, Commercial, Industrial, Rural, vacant land and development properties (first and second mortgages where approved), Cash, Bank Deposits, Bank Bills and Government Bonds
Interest Payments	Interest paid to the Investor quarterly in arrears unless otherwise specified. Interest payments made by 10th day of March, June, September and December. Payments must be made directly to your nominated Financial Institutions Account	Interest paid to the Investor quarterly in arrears. Interest payments made by 10th day of March, June, September and December. Payments must be made directly to your nominated Financial Institutions Account
Minimum Investment	\$20,000.00	\$1,000.00
Investment Term	1 to 5 years	No Fixed Term
Types of Return	Amount and nature disclosed in Investment Proposal	Variable Distribution based on performance of assets in Option
Withdrawals	No right to withdraw until maturity Applications to withdraw considered. Withdrawals must be made directly to your nominated Financial Institutions Account	Applications to withdraw subject to 90 days notice and sufficient liquidity in fund. See page 12. Withdrawals must be made directly to your nominated Financial Institutions Account
Maximum Permitted LVR %	Amount disclosed in Investment Proposal	80.00%
Anticipated Management / Administration Fees at date of PDS (subject to Change)	1.50% plus GST paid by Borrowers	1.50%

Asset Allocation

Each Investment Option has an Asset Allocation Range that assists Principled Mortgages™ to ensure there is sufficient liquidity in the Options as well as achieving satisfactory rates of return. The following table sets out the Asset Allocation Ranges for each of the Investment Options. Principled Mortgages™ aims to keep the assets of the Investments Options within these Allocation Ranges, however Principled Mortgages™ may operate outside these ranges from time to time.

Asset Class	Select Mortgages Option™		Common Mortgages Option™	
	Allocation Range	Benchmark	Allocation Range	Benchmark
Cash, including Bank Bills, Term Deposits and Government Bonds	0%	0%	0% - 75%	15%
Mortgage Loans	100%	100%	25% - 98%	85%

Investor Returns

The Historical Returns provided below are the returns on the Fund to 1 March 2026 (the most recent quarterly distribution date). These returns have been influenced by the Directors' decision to maintain a particular levels of cash in the Common Mortgages Option™ to mitigate various market risks from time to time. Principled Mortgages™ will continue to manage Investors' funds prudently while seeking to provide a reasonable return.

Past performance does not necessarily provide a guide to future performance. The actual returns in the Common Mortgages Option™ are variable and will change each quarter.

Distribution Date	Select Mortgages Option™	Common Mortgages Option™
1-Mar-26	Returns determined at time of investment and disclosed in Investment Proposal	4.52%
1-Dec-25	Returns determined at time of investment and disclosed in Investment Proposal	1.26%
1-Sep-25	Returns determined at time of investment and disclosed in Investment Proposal	5.02%
1-Jun-25	Returns determined at time of investment and disclosed in Investment Proposal	3.96%



Section 3

How Does The Fund Work?

Principled Mortgages™ is committed to conducting its operations in accordance with the highest standards of compliance. There are a variety of internal and external rules with which Principled Mortgages™ complies.

Principled Mortgages™ does not take account of labour standards, environmental, social and ethical considerations in the selection, retention and/or realisation of investments.

The Australian Financial Services License

Principled Mortgages™ is the Responsible Entity and holds an Australian Financial Services Licence issued by ASIC. This enables Principled Mortgages™ to operate the the Fund.

The Constitution

The Constitution of the Fund is legally enforceable between the Investors and Principled Mortgages™.

Principled Mortgages™ will provide a copy of the Constitution, free of charge, to a member of the Fund who asks for it. A copy is available from the registered office of Principled Mortgages™.

Cooling Off

You should note that no “cooling off” period applies to investments made in the Fund. You do not have the right to withdraw from the Investment Option after you return the completed Investment Proposal (in the case of the Select Mortgages Option™) or after you have returned your Application Form and investment money (in the case of the Common Mortgages Option™).

Principled Mortgages™ recommends that you seek independent, professional advice before investing to ensure that a mortgage investment in the Fund is appropriate in light of your particular investment needs, objectives and financial circumstances.



How Do I Become A Member Of The Fund?

To invest in the Principled Mortgage Fund, you must become a member of the Fund. To do this, you:

1. must obtain and read a copy of the PDS, which is this document; and
2. must complete the Application Form attached to this PDS and send it to Principled Mortgages™. You may seek to have the Form provided to you after you have received this PDS in an electronic form to be signed electronically. Principled Mortgages™ may then approve the Application for membership. The Application must be approved before the information in the Application is entered in the Members Register. Any missing information may cause the Application Form to be rejected; and
3. must provide suitable identity documents to Principled Mortgages™, who will then perform a Verification of Identity process as required by the Anit Money Laundering and Counter Terrorism Financing Act - see below; and
4. may choose to forward your investment money immediately upon making your Application, or you may wait until you have been registered as a member.

Existing members of the Principled Mortgage Fund can obtain forms on our website at principledmortgages.com.au to:

- add further investments
- change their invest instructions
- change their banking details

What Verification Of Identity Is Required?

To invest in any financial product in Australia, you are required to prove your identity, and the financial service provider is required to independently verify that identity. The process to do this may change from time to time, but the following description is correct at the date of this PDS:

For individuals, we will arrange for an external service provider to send a text to your mobile phone with a link that allows you to provide your identity documents and take your photo, then checks these against government databases and provides Principled Mortgages™ with the results. Principled Mortgages™ has prepared a guide and will provide this to each person before the text is sent to assist you to complete the process.

For Companies, Principled Mortgages will complete a search of the ASIC register, and will also require the directors to be verified as individuals above.

For Trusts (including Superannuation Funds and deceased estates), we must receive a copy of the Trust Deed. We will then verify the trustee in the manner described above.

If you are unable to complete this process, we may not be permitted by law to accept your investment. In exceptional circumstances, we can implement alternative arrangements and will discuss this with you on a case by case basis.

When Will My Investment Begin?

For new Investors, we must receive the completed Application Form and verify the identity (VOI) of a new investor prior to placing any investments. If you pay investment money to us before this is completed, these funds will be retained in a non-interest bearing Trust Account.

Once the Application Form and VOI have been completed, if you are investing in the Common Mortgages Option™, we will place the investment no later than the next business day following receipt of your investment funds.

Once the Application Form and VOI have been completed, if you are investing in the Select Mortgages Option™, we will place the funds into the investment as soon as the investment is available. If the investment is a new loan that has not yet been advanced to the Borrower, the investment cannot be placed until all necessary requirements of Principled Mortgages™ are met and the loan has settled, and this may take some time. Principled Mortgages™ may place your funds in the Common Mortgages Option™ on a temporary basis while waiting to arrange this settlement.

In all cases, funds are not received until they are cleared through the banking system. All payments to the Fund must be made to our Trust Account (details of which will be provided to you) so that they are subject to external audit review. In order to avoid potential fraud, we strongly encourage all investors to contact our office by phone and verbally confirm the banking details of our Trust Account before making any transfers.

Can I Transfer My Interest?

The Constitution provides that Investors may transfer their interest to another person or entity, provided the transfer is in accordance with the Corporations Act and is done with the consent of the parties involved. The transferee must be or become a member of the Fund (see above).

Loan Assessment Criteria

In addition to the specific details set out in each of the Investment Options in the following pages, Principled Mortgages™ will adopt the following criteria:

- Consideration of adopting LVRs that are lower than the maximum levels set above for different property types.
- Valuers must be suitably qualified and must hold a minimum level of professional indemnity insurance;
- Valuers are instructed by Principled Mortgages™ and are asked to provide a valuation based on the existing condition of the property;
- The constitution of the Fund prohibits loans to related parties of Principled Mortgages™;
- Assessment of the creditworthiness of Borrowers is performed after reviewing Borrower material which may include a statement of Assets and Liabilities, credit checks, bankruptcy checks and/or a personal interview;
- Principled Mortgages™ may require the Mortgagee to insure all buildings and improvements on security properties and note Principled Mortgages™ as the mortgagee on the insurance policy;
- At the end of each term, Principled Mortgages™ will consider extending the term of the loan if requested by the Borrower subject to a review of the payment history of the current loan and new title, credit, company searches and any other checks considered prudent by Principled Mortgages™. A new valuation will be required if the last valuation is more than five years old.

Interest Assured™

Principled Mortgages™ has access to a facility called Interest Assured™, which is provided by Principled Mortgages™ or its related parties. In the event that an individual Borrower has not made the required interest payments to Principled Mortgages™ pursuant to the loan agreement, Principled Mortgages™ may at its discretion use Interest Assured™ to advance the interest due to Investors. If this occurs, Investors will receive their interest payments in the usual manner described in this PDS.

Whether or not Interest Assured™ is used, Principled Mortgages™ may be entitled to charge the Borrower a higher rate of interest under the mortgage agreement and Principled Mortgages™ is entitled to retain the difference between the amount of interest charged and the amount due to be paid to investors pursuant to the Investment Proposal. In most circumstances, the higher rate of interest is 4.0% over the lower rate of interest.

Interest Assured™ is not a guarantee and you do not have the right to influence the decision of when Principled Mortgages™ will use this facility. If a default occurs and the Interest Assured™ facility is used, you will still be notified of the default in the manner set out in this PDS.

When funds are recovered from the Borrower, Principled Mortgages™ may apply the funds recovered to repay up to the amount advanced under Interest Assured™ before making any distributions to investors.

ASIC Benchmarks

ASIC publishes eight Benchmarks that it requires mortgage funds disclose to Investors. These Benchmarks are set out below, together with details of how Principled Mortgages™ performs against each Benchmark as at the date of this PDS.

Benchmark	Statement	Explanation
Benchmark 1: Liquidity For a pooled mortgage Fund, the responsible entity has cash flow estimates for the Fund that: <ol style="list-style-type: none"> Demonstrates the Fund's capacity to meet its expenses, liabilities and other cash flow needs for the next 12 months Are updated at least every three months and reflect any material changes Are approved by the directors of the responsible entity at least every three months. 	The benchmark is met	We maintain regular updated cash flow projections to meet this Benchmark, which are reviewed and approved by the Directors quarterly.
Benchmark 2: Fund borrowing The responsible entity for the Fund does not have current borrowings and does not intend to borrow on behalf of the Fund.	The benchmark is met	The Fund does not leverage the Fund assets.
Benchmark 3: Loan portfolio and diversification For a pooled mortgage funds: <ol style="list-style-type: none"> The Fund holds a portfolio of assets diversified by size, borrower, class of borrower activity and geographic region. The Fund has no single asset in the Fund portfolio that exceeds 5% of the total Fund assets; The Fund has no single borrower who exceeds 5% of the Fund assets; and All loans made by the Fund are secured by first mortgages over real property (including registered leasehold title) 	The benchmark is not met	The Common Mortgages Option™ is able to invest in a broad range of registered Mortgages, however second mortgages are limited to 20% of this Option's assets. Details of the Common Mortgages Option portfolio diversification are set out in the following table.
Benchmark 4: Related party transactions The responsible entity does not lend to related parties of the responsible entity or to the fund's investment manager.	The benchmark is met	The Fund is prohibited from advancing money to a related party of the responsible entity.

Benchmark	Statement	Explanation
<p>Benchmark 5: Valuation policy</p> <p>In relation to valuations for the Fund's mortgage assets and their security property, the board of the responsible entity requires:</p> <p>a. A valuer to be a member of an appropriate professional body in the jurisdiction in which the relevant property is located;</p> <p>b. A valuer to be independent;</p> <p>c. Procedures to be followed for dealing with any conflict of interest;</p> <p>d. The rotation and diversity of valuers;</p> <p>e. In relation to security property for a loan, an independent valuation to be obtained:</p> <p>(i) Before the issue of a loan and on renewal:</p> <p>(A) For development property, on both an 'as is' and 'as if complete' basis; and</p> <p>(B) For all other property, on an 'as is' basis; and</p> <p>(ii) Within two months after the directors form a view that there is a likelihood that a decrease in the value of security property may have caused a material breach of a loan covenant.</p>	<p>This benchmark is not met</p>	<p>All parts of this Benchmark are met by the Fund with the exception of rotation and diversity of valuers.</p> <p>Our policy is to engage valuers with specific knowledge and experience regarding the type of property being assessed. This will mean that the same types of property may always be assessed by the same valuer. We believe this reliance on proven expertise provides better risk management protection for investors.</p>
<p>Benchmark 6: Lending principles – Loan-to-valuation ratios</p> <p>If the Fund directly holds mortgage assets:</p> <p>a. Where the loan relates to property development - funds are provided to the borrower in stages based on independent evidence of the progress of the development;</p> <p>b. Where the loan relates to property development - the Fund does not lend more than 70% on the basis of the latest 'as if complete' valuation of property over which security is provided; and</p> <p>c. In all other cases – the Fund does not lend more than 80% on the basis of the latest market valuation of property over which security is provided.</p>	<p>The benchmark is met</p>	<p>The Loan to Value Ratios (LVRs) adopted by the Board vary from time to time, however at the time of this PDS, all LVRs were significantly under those set in this benchmark.</p>
<p>Benchmark 7: Distribution practices</p> <p>The responsible entity will not pay current distributions from Fund borrowings.</p>	<p>The benchmark is met</p>	<p>The Fund does not accept borrowings. All distributions are paid from Fund earnings.</p>
<p>Benchmark 8: Withdrawal arrangements</p> <p>Non-liquid funds</p> <p>For non-liquid funds, the RE intends to make withdrawal offers to investors at least quarterly.</p>	<p>The benchmark is met</p>	<p>Details of the withdrawal rights for Investors are slightly different for each Investment Option. These rights are set out in detail for each Investment Option in Section 4.</p> <p>If you require assistance, you may contact our office on 03 8803 6120</p>

Portfolio Diversity

ASIC publishes eight Benchmarks that it requires mortgage funds disclose to Investors. These Benchmarks are set out below, together with details of how Principled Mortgages™ performs against each Benchmark as at the date of this PDS.

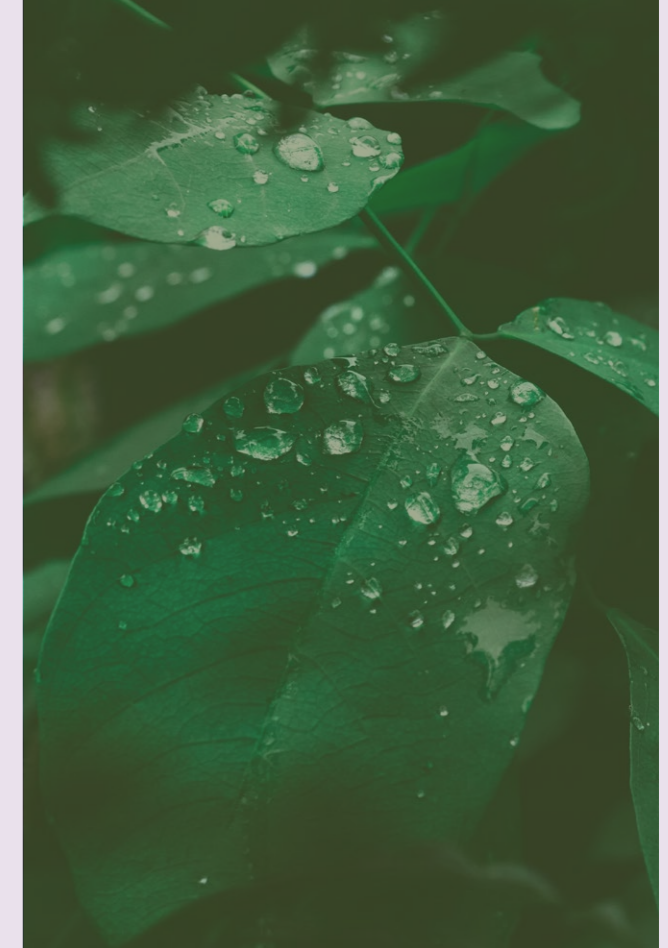
Item	Common Mortgages Option		
	Percentage	Number	Value
Loans by class			
Residential		5	175,200
Commercial		3	1,346,004
Industrial		1	20,000
Development		0	0
Vacant Land		7	9,356,910
Rural		2	38,000
Geographic Region			
Victoria		16	8,936,114
New South Wales		1	1,000,000
South Australia		0	0
Queensland		1	1,000,000
West Australia		0	0
Tasmania		0	0
Loans In Default¹		0	0
Priority of Loans			
First Mortgage		18	10,936,114
Second Mortgage		0	0
Significant Loans			
Largest investment	13.04%		
Ten largest investments	69.76%		
Approved Loans that have not yet been fully drawn (value shows amount undrawn)		0	0
Maturity Profile			
0 to 1 year		12	6,803,114
1 to 2 years		5	4,115,000
2 to 3 years		1	18,000
3 to 4 years		0	0
4 to 5 years		0	0
Loan to Value Ratios			
0% to 25%		3	66,000
25.01% to 50%		5	167,200
50.01% to 60%		4	4,602,915
60.01% to 70%		6	6,100,000
Interest Rates			
Below 7.0%		0	0
7.01% to 8%		11	936,114
8.01 +% to 10%		7	10,000,000
Loans where interest has been capitalised		1	98,000
Are Derivatives used	No derivatives are held by any Investment Option in the Fund		
Non loan assets of the Investment Option	The only non-loan assets of this Investment Option are cash accounts held in Bendigo Bank.		4,406,132

¹For the purposes of these disclosures, a default is defined as a mortgage in arrears by more than 60 days



Section 4

Nature Of The Investment



Select Mortgages Option™

This Option is a traditional selective or contributory mortgage investment. Investors in this Option will be provided with details of specific properties over which Principled Mortgages™ has taken a mortgage to secure a specific sum. The Investors will be able to choose whether to invest their money in a specific mortgage.

To invest in the Select Mortgages Option™, you must become a member of the Fund, and may then either:

- a. Place money in the Fund to be “held pending a suitable investment” (see below); or
- b. Wait until an investment is available and place money in the Fund when required.

Principled Mortgages™ cannot guarantee the numbers of Investment Proposals available for consideration at any one time. In the event there are insufficient investments for all potential Investors, Investors who have placed money in this Option to be held pending a suitable investment may be given priority to those Investors that do not have their money in this Option.

Your money will not be placed into a single specific mortgage loan until you have received a Supplementary Product Disclosure Statement (SPDS), which we call an “Investment Proposal”, and you have signed and returned the Investment Proposal providing your written consent for the investment to be placed. You need to read both this PDS and the Investment Proposal in order to determine if the investment is acceptable to you.

At the end of the fixed term of the investment, the loan is reviewed by Principled Mortgages™. If the loan is being renewed, Investors in the mortgage will be notified via a new Investment Proposal and will then have an opportunity to elect to withdraw from the mortgage or to continue the investment on its new terms. If you do not advise Principled Mortgages™ that you wish to withdraw your investment within 14 days of the Renewal Date or the date of the new Investment Proposal (whichever is the later), your investment will automatically be invested on the terms set out in the new Investment Proposal.

When money is deposited into this Option, or if your investment in a select mortgage is repaid, Investors’ money will be “held pending a suitable investment”.

What Does It Mean To Have My Money “Held Pending A Suitable Investment”?

When you choose the Select Mortgages Option™, you may have money invested in the Option that is not invested in a specific mortgage loan at a particular point in time. This may be because you have just provided your money or your investment in an existing loan has been repaid.

In these circumstances, your funds will be invested in the Common Mortgages Option™ as a quarantined category of the Common Mortgages Option™. You will be entitled to earn the relevant distribution rate from the Common Mortgages Option™ for the time your money is in that Option. Your funds invested in the quarantined category of the Common Mortgages Option™ will be available at call.

If your funds have been “held pending a suitable investment” for a period of more than ninety days, Principled Mortgages™ may automatically transfer your money out of the quarantined category of the Common Mortgages Option™ and invest it as a regular investment in the Common Mortgages Option™. From that time, your investment will be subject to the normal rules of the Common Mortgages Option™. No fee is payable on such an automatic transfer.

What Information Is In The Investment Proposal?

The Investment Proposal will contain the terms and conditions of the investment (sometimes called a “Sub-Scheme”), including the return to the Investors, fees payable by the Borrower to Principled Mortgages™, details of the security, the processes undertaken to assess the loan, what will happen if the loan is repaid early and your rights to withdraw your money at the end of the loan term.

Can I Reinvest My Interest With The Fund?

Interest from the Select Mortgages Option™ can be reinvested into the Fund, but not directly into the Select Mortgages Option™. You may reinvest your interest into the Common Mortgages Option™. You can do this by indicating your preference on the Application Form or the Further Investment Form or the Investment Switching Form (all of which are available from this office or at principledmortgages.com.au).

What Happens When A Borrower Makes A Partial Repayment?

If a Borrower wants to make a partial repayment of their loan:

1. When negotiating the terms of a partial repayment, the security position of the Investors remaining in the loan should not be diminished. This means that the overall Loan to Value Ratio that was accepted by Investors when they received their most recent Investment Proposal cannot be increased without receiving the written consent to the new terms from all remaining Investors. If Investors do not consent, Principled Mortgages™ may elect to substitute those non-consenting Investors with other Investors;
2. If the Common Mortgages Option™ has an investment in the loan that is being partially repaid, Principled Mortgages™ can elect to apply the repayment to the redemption of the Common Mortgages Option™ investment first. If Principled Mortgages™ elects to do this, Principled Mortgages™ must provide an Investment Proposal to Select Mortgages Option™ Investors that sets out the terms on which the remaining loan is continuing;
3. If Select Mortgage Option™ Investors are to have part of their investment repaid, they will be notified in writing of the negotiated terms of the continuing loan and given the opportunity to withdraw their investment or

continue in the loan. A withdrawal at this time will not incur any costs;

4. If insufficient Investors wish to withdraw from the loan to meet the negotiated repayment, Principled Mortgages™ shall, in its absolute discretion, select Investors to be repaid or withdrawn from the investment, which may include a proportionate share of all investors’ investment.
5. If there are more applications to withdraw from the loan than the repayment being made, Principled Mortgages™ may, at its discretion:
 - 5.1 withdraw a proportionate share of all Investors’ investments who have applied to withdraw from this loan; or
 - 5.2 withdraw a proportionate share of all Investors’ investments.

Can I Withdraw My Investment?

Before you accept an Investment Proposal, your funds are available as set out above. Once an Investor has accepted an investment in the Select Mortgages Option™ by returning a signed Investment Proposal Consent Form, you do not have the right to withdraw from a loan investment before the Sub-Scheme’s review date. You should be aware of the term of the loan, as your funds are committed until the end of the term.

Investors should note that, if a loan is in default, no Investor will be allowed to withdraw their investment until the default is resolved, including after the repayment date.

However, Principled Mortgages™ will consider requests for early withdrawal and may grant such applications in unforeseen and exceptional circumstances. The costs associated with meeting such requests must be borne by the Investor seeking early withdrawal (see section 5). Investors who wish to make a request for an early withdrawal must complete a Withdrawal Application Form (available from our office or at principledmortgages.com.au) and send it to our office.

What Are The Benefits Of Investing In This Option

Individual Selection – When you invest in this Option you will receive an Investment Proposal prior to your money being invested in a Mortgage Loan. You are required to consider this PDS and the Investment Proposal together and decide if you want to participate in the particular loan. If you decide the loan is not acceptable to you, you do not have to return the Investment Proposal Consent Form.

Certainty of Terms – the Investment Proposal provides you with complete details of the arrangements for that particular loan, including the interest amounts payable, the term of the loan, what will happen if the Borrower repays early, what the security for the loan is, and brief details of the Borrower.

Interest Payments – Interest will generally be paid to you quarterly on set dates (unless otherwise disclosed), and will be paid into your bank account directly.

What Are The Authorised Investments For This Option?

As you receive an Investment Proposal with the specific details of the loan, Principled Mortgages™ can offer you a loan on any terms negotiated between Principled Mortgages™ and the Borrower. This may include higher than average Loan to Value Ratios, unusual loan terms or unusual security arrangements. These features will be set out in the Investment Proposal.

Each loan will be assessed according to the standard procedures of the Fund. If there are any departures from those procedures, those departures will be fully disclosed in the Investment Proposal with a clear warning of the different risks for that loan.

Maturity Matching Policy

The maturity of your investment in a loan is matched precisely to the repayment date of the loan. Principled Mortgages™ will endeavour to ensure that there are sufficient alternative Investors available to allow your investment to be returned at the repayment date (if we decide to offer the Borrower a further term), however there may be a delay in processing such requests.

The only time an Investor will not receive the full amount of the principal they invest is if the specific loan they invested in is in default and Principled Mortgages™ is unable to recover the amounts owed from the Borrower and from the security provided for the loan.

Common Mortgages Option™

The Common Mortgages Option™ is a Pooled Option that will give you access to a wider range of security properties underlying the mortgage investments that are included in the pool's assets. Examples of the types of security properties that the Common Mortgages Option™ may invest in include residential, commercial, industrial, vacant land, rural and development properties.

To invest in the Common Mortgages Option™, you must become a member of the Fund and select this Option on your Application Form.

This Option does not provide you with an Investment Proposal, and you do not have to choose the specific investments of this pool. Rather, the investments that qualify for this Option are restricted to those set out in the Authorised Investments section below.

Investors in this Option will be paid a distribution quarterly. The distribution will be calculated by multiplying your investment by the distribution rate for the quarter (applied to the number of days you held your investment during that quarter).

The distribution rate is the investment income of the Common Mortgages Option™ (interest from all of the investments less any losses incurred) less the Administration Fee charged by Principled Mortgages™ and the Expense Recoveries (if applicable), divided by the weighted average of the total investments in the Common Mortgages Option™.

As this is a Pooled Option, you will not have to wait for an "acceptable investment". Your funds are invested in the Option within one business day of receipt and banking clearance.

The Asset Allocation table in Section 2 indicates the ranges for each assets class that is intended to be held by this Option. The maturity of the loan assets in this pool are monitored regularly against the cash flow projections. If the amount of cash required under those projections is inconsistent with the Asset Allocation table, we will take a conservative approach and hold more cash as we think is required. See below regarding withdrawing your investment.

Can I Reinvest My Distributions With The Fund?

Distributions from the Common Mortgages Option™ can be reinvested into the Fund, but not directly into the Select Mortgages Option™. You may reinvest your distributions into the Common Mortgages Option™. You can do this by indicating your preference on the Application Form or the Further Investment Form or the Investment Switching Form (all of which are available from this office or at principledmortgages.com.au).

How Can I Withdraw My Investment?

There is no fixed term for investment in the Common Mortgages Option™. If you do not make a written request for your investment to be returned, it will remain in place or until the Common Mortgages Option™ is closed.

You are able to apply to withdraw from the Common Mortgages Option™ by giving Principled Mortgages™ 90 (ninety) days notice. If you wish to withdraw all or part of your investment in this Option, Principled Mortgages™ will follow the procedure set out below:

1. You must complete a Withdrawal Application Form (available from our office or at principledmortgages.com.au) and send it to our office;
2. Principled Mortgages™ will register the withdrawal request and will calculate any fees payable and notify you of those fees (if applicable – see Section 5).
3. If there is sufficient liquidity in the Common Mortgages Option™ to pay all of the withdrawal requests that have been made in a particular month, Principled Mortgages™ will arrange for your funds to be paid directly to your account (or as directed in the Withdrawal Application Form) 90 days after Principled Mortgages™ has registered the request.
4. If there is insufficient liquidity in the Common Mortgages Option™ to pay all of the withdrawal requests that have been made in a particular month, Principled Mortgages™ is required by the Constitution of the Fund to split the requests made each month into "Withdrawal Groups", and to pay each Withdrawal Group according to the following formula:

$$\text{Amount member requested to withdraw} \times \frac{\text{Amount member requested to withdraw}}{\text{Total amount of Withdrawal Group}}$$

Each Withdrawal Group must be satisfied in full before a subsequent Withdrawal Group can be partially paid.

What Are The Benefits Of Investing In This Option?

Risk diversification – Your investment is spread over a wider range of mortgages, so you are not as highly exposed to a single Borrower.

Less paperwork – The investments made by Principled Mortgages™ in this Option are made without the need to provide you with ongoing Investment Proposals at the start of each loan and each time the loan matures. Funds are available for return to you on 90 days notice.

Broad Asset Allocation – This Option has been set up to allow you to obtain the benefits of risk diversification while exposing you to a broader range of security properties for the mortgage investments. This broader range of security properties may provide higher returns on selected individual assets, potentially increasing the distribution rate for the Common Mortgages Option™. The Option will also hold an allocation of cash to maintain liquidity, which is may potentially reduce the distribution rate.

What Are The Authorised Investments For This Option?

following is the complete list of acceptable investments for this Option:

1. a loan to or guaranteed by the government of the Commonwealth or of a State or Territory or a local government authority;
2. Money on deposit with, or invested in, an Australian Bank or its subsidiary which has an approved Short Term Rating, Australian bank accepted or endorsed bills of exchange, a building society or a credit union as defined in the Financial Institutions (Victoria) Code or corresponding State or Territory law which has an approved Short Term Rating, a cash management trust or a cash common fund under the Trustee Companies Act 1984 (Vic) or a corresponding State of Territory law, and bonds, stocks or other securities issued by or guaranteed by the government of the Commonwealth or of a State or Territory or a local government authority;
3. A deposit with, a loan to, or the purchase of bills of exchange, promissory notes, certificates of deposit or other negotiable instruments which are accepted, drawn or endorsed by a Victoria statutory authority at the time of the deposit, loan or purchase which has an approved Short Term Rating;
4. Mortgage Investments that comply with all of the following criteria:
 - 4.1 The Primary Security is located in Australia and is secured by a mortgage registered on the Title to that property;
 - 4.2 Loan to Value Ratio is less than or equal to 80% of Primary Security value at the time the loan is advanced;
 - 4.3 Second registered mortgages on the Primary Security may make up no more than 20% of the total assets of the Option. All other mortgage investments shall be secured by first mortgages over the Primary Security.
 - 4.4 Development and Construction loans may make up no more than 20% of the total assets of the Option.

Who Will Manage The Mortgage Investments?

The Common Mortgages Option™ may invest in loans managed by Principled Mortgages™, either as the sole lender of the money required for that individual loan, or as one of the Investors in a Select Mortgages Option™ loan (but subject to the criteria above).

The Common Mortgages Option™ may also invest in a mortgage managed by an Alternative Responsible Entity ("ARE") on the following basis:

1. The ARE holds an Australian Financial Services Licence with similar conditions to those of Principled Mortgages™, and is the responsible entity for a managed investment fund that is authorised to manage mortgage investments;
2. The ARE has allowed Principled Mortgages™ to undertake a due diligence review of its systems, procedures and processes in order to satisfy Principled Mortgages™ that it will manage the mortgage investments in a manner that meets Principled Mortgages™ requirements;
3. The ARE will agree to provide Principled Mortgages™ with access to the assessment file of the mortgage investments when requested in order for Principled Mortgages™ to assess whether the individual mortgage investment is acceptable to it.
4. Principled Mortgages™ shall only select mortgage investments that meet the criteria of an Authorised Investment for this Option set out above.

As at the date of this PDS, Principled Mortgages™ has used the service of two ARE over the last 10 years.

Maturity Matching Policy

Principled Mortgages™ monitors the maturity of the assets in this Option to ensure there is a spread of assets maturing at different times. This material is then taken into account when preparing the cash flow estimates required under the Liquidity Benchmark set by ASIC.

No asset is permitted to have a maturity of greater than 5 years. Part of the selection criteria for assets in this pool are that they enhance the maturity profile of the Option at the time they are acquired.



Section 5

Fees and Other Costs



Consumer Advisory Warning

The Corporations Act regulations require the following Consumer Advisory Warning to be inserted here. You should ensure you read all information regarding the Fees and Costs to understand their impact on your investment.

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 fund 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 contribution fees and management costs where applicable. 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) website (www.moneysmart.gov.au) has a managed investment fee calculator to help you check out different fee options.

Fee Disclosure Table

This table shows the fees and costs that you may be charged. These fees and costs may be paid as outlined in the “how and when” section of the table.

Type of Fee or Cost	Select Mortgages Option™	Common Mortgages Option™	How & When Paid
Establishment Fee: Fee to set up your investment	Nil	Nil	-
Contribution Fee: Fee for each deposit	Nil	Nil	-
Withdrawal Fee:	If withdrawn at maturity, Nil If prior to maturity, 2% of Investment (minimum \$500), plus GST, plus an economic cost calculated as the excess between the Reserve Bank Cash Rate Target plus 4.0% and the return on the investment being withdrawn (if any), discounted to present value.	If Investor gives 90 days notice, Nil If Investor requires withdrawal within 90 days of request, maximum of 2% of Investment (minimum \$500), plus GST	Upon withdrawal if applicable. The fee will be deducted from the amount withdrawn. Please note that Principled Mortgages™ may pay the economic cost to the Investor who replaces you upon your withdrawal. Please also note that withdrawals are subject to the liquidity levels in the Option (see Section 4)
Termination Fee: Fee to close account	Nil	Nil	-
Switching Fee: Charged when you switch between Investment Options offered by the fund	Nil	Nil	-
Adviser Referral Fee:² Commissions paid to external bodies upon contribution of your investment	We may pay a commission to your licensed financial advisor if you have consented to the fee in writing with your advisor. This fee is limited to a maximum of 2.0% of the investment amount.	We may pay a commission to your licensed financial advisor if you have consented to the fee in writing with your advisor. This fee is limited to a maximum of 2.0% of the investment amount.	If Principled Mortgages™ chooses to charge this fee, it will be deducted from your capital amount invested upon receipt.
Service Fee	Nil	Nil	-

²See “Adviser Remuneration” in the Important Additional Information section below.

Ongoing Fees	Select Mortgages Option™	Common Mortgages Option™	How And When Paid
Administration Fee General administration of Fund	Nil	A fee of up to 2% of the gross assets of the Common Mortgages Option™ fund, plus applicable GST	Deducted from the income of the Option in which the Investor has their funds invested on a monthly basis.
Management Fee During Loan investment	Nil – Charged to Borrower	Nil	-
Expense Recoveries: Dishonoured Cheque Fee (inclusive of bank fees) for each cheque received from you that is banked but not honored by your bank	\$60.00 plus GST	\$60.00 plus GST	Invoiced at the time the dishonour occurs.
Document Issuance Fee for statements or other correspondence issued to you at your request after an original has already been provided to you	\$60.00 plus GST plus an administrative charge for the preparation of this material charged at \$100/hour	\$60.00 plus GST plus GST plus an administrative charge for the preparation of this material charged at \$100/hour	Invoiced prior to the time the correspondence is sent.

The preceding fees do not include fees and costs which Principled Mortgages™ is entitled to receive from the Borrower on the establishment of and during the term of a Loan. These fees and costs are paid directly by a Borrower and are not an additional cost to Investors or the Principled Mortgage Fund.

Important Additional Information

Schedule 10 of the Corporations Regulations 2001 requires a Dollar Fee Example to be provided as set out in example 1 below. We have also provided example 2 and 3 to assist Investors to clearly understand how the Fund operates.

Dollar Fee Examples

Example 1: This table gives an example of how the fees and costs for the Fund can effect your investment over a one year period. You should use this information to compare this produce with other managed investments products.

EXAMPLE – Investment in the Common Mortgages Option™		BALANCE OF \$50,000 WITH A CONTRIBUTION OF \$5,000 DURING THE YEAR
Contribution Fees	Nil	For every \$5,000 you put in, you will be charged \$0
PLUS Management Costs	1.50%	AND, for every \$50,000 you have invested in the Common Mortgages Option™, you will be charged \$750.
EQUALS Cost of Funds		If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged fees from: \$750 to \$825 What it costs you will depend on the investment option you choose and the fees you negotiate with your fund or financial advisor

Example 2: Select Mortgages Option™ withdrawal fee - An Investor elects to invest \$30,000.00 in the Select Mortgages Option™ with a fixed term of 2 years and interest rate to the Investor fixed at 6.00% p.a.³ After 12 months the Investor makes an application to withdraw the investment for personal reasons and Principled Mortgages™ agrees to allow the early withdrawal. The Reserve Bank's Cash Target Rate at that time is 3.60%⁴, so the economic cost calculated according to the Fee Disclosure Table above is 1.60% p.a

Investment	\$30,000.00 for 2 years. Interest rate 6.00% p.a.
Fee paid to Principled Mortgages™	\$660.00 (2% of \$30,000.00 plus GST)
Economic Cost	\$480.00 (1.60% of \$30,000.00 for the balance of the term, namely 12 months). Please note that Principled Mortgages™ may pay this economic cost to the Investor that replaces you.
Payment to Investor	\$28,860.00 plus any interest due to the date of withdrawal
How and when paid	Balance of investment monies is paid on the date of the withdrawal to the Investor's nominated bank account. Any interest due to the date of withdrawal is paid with the next quarterly interest distribution.

Example 3: Common Mortgages Option - If an Investor elects to invest \$20,000.00 in the Common Mortgages Option™, assuming the Investor makes no other transactions during a 90 day term and the Common Mortgages Option™ paid a net distribution rate of 3.50% p.a. for the 90 days⁵, the Investor would receive a return of \$172.60.

The actual fee charged is set at different times by Principled Mortgages™ with a maximum fee of 2%. The following example assumes an Administration Fee of 1.50%

Investment	\$20,000.00 for 90 days. Distribution rate 2.50% p.a.
Payment to Investor	Interest paid for the 90 days: \$172.60.
Fee paid to Principled Mortgages™	\$73.97 X $\frac{(1.50\% \times \$20,000.00 \times 90)}{365}$
How and when paid	Fees are paid quarterly in arrears. They are deducted from the Common Mortgages Option™ prior to the declaration of the distribution rate.

Advisor Remuneration

Where the law permits, if an Investor is referred to the Principled Mortgage Fund by a licensed financial advisor, then Principled Mortgages™ may pay from its own funds a referral fee of up to 2.0% of the amount invested if the Investor has consented to the fee in writing. Principled Mortgages™ may charge the Advisor Referral Fee to the Investor if such a referral fee is paid to recover that cost.

Similarly, Principled Mortgages™ may also pay from its own funds an ongoing commission of up to 0.25% of the amount invested if the Investor has consented to the fee in writing. Principled Mortgages™ may charge the Advisor Service Fee to the Investor if such a commission is paid to recover that cost. A payment to a financial advisor can only be made where you have provided written consent for such a payment.

Actual Fees Charged

The fees disclosed above represent the maximum amounts Principled Mortgages™ can charge subject to changes (see below). The actual amounts Principled Mortgages™ will charge may be lower than the amounts disclosed above at the absolute discretion of Principled Mortgages™. Investors may obtain details of the actual amounts Principled Mortgages™ is charging by contacting it at the registered office. The Principled Mortgage Fund Constitution specifies the nature of the fees Principled Mortgages™ is entitled to charge the Investors of the Fund. The fees disclosed in this PDS may be increased after all Investors have been provided with 30 days notice of the changes.

Borrower Fees & Charges

Principled Mortgages™ charges most of its fee income to the Borrowers who have taken the loans which are offered to Investors as investments. The current schedule of Fees and Charges payable by a Borrower can be found on our website at <https://principledmortgages.com.au/download-centre/>

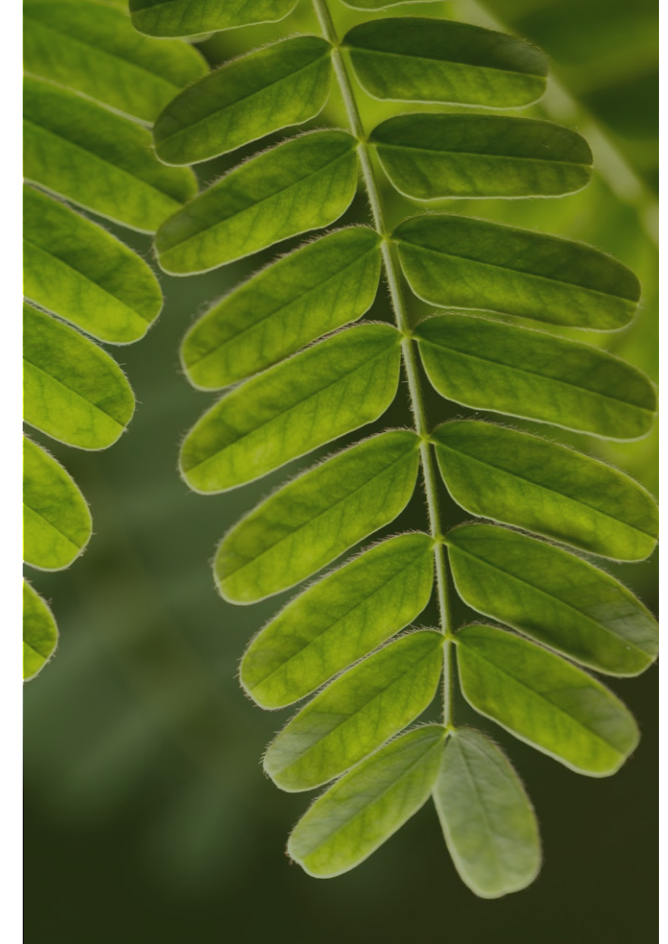


While these fees are not charged to the Investor, they may have an impact on the Borrower's risk profile.

³this is not a forecast as interest rates vary for each select mortgage investment

⁴this is not a forecast. The Reserve Bank Cash Target Rate may be greater or lesser

⁵this is not a forecast as interest may be greater or lesser



Section 6

Risks

Principled Mortgages™ aims to provide a safe investment whilst offering competitive returns. Principled Mortgages™ have developed a range of systems and procedures to manage risk. These Risk Management strategies have been designed using the Australian Standard on Risk Management and have been used by Principled Mortgages™ since it was incorporated. However risk is inherent in making any investment and should be carefully considered prior to deciding to invest.

Principled Mortgages™ encourages Investors to seek professional advice from a licensed financial advisor to discuss their particular circumstances and their individual tolerance for risk.

The risks for the Select Mortgages Option™ are different from the Common Mortgages Option™. There are also risks that are related to all Options.

Investment specific risk		
Option	Risk	Explanation
Select Mortgages Option™	Risk to capital	Principled Mortgages™ does not guarantee the repayment of capital sums invested. If a loan falls into default, the Investors in that particular investment could suffer a loss of their invested capital. Default can arise because of a variety of reasons such as poor economic conditions, ill health, death, changes to a local property market or the local conditions affecting a borrower's business.
	Risk to income	Principled Mortgages™ does not guarantee the interest due on a sum invested. A default may affect the ability of Principled Mortgages™ to be able to recover all amounts due under each individual mortgage loan.
	Withdrawal risk	At the end of the term of a loan, Principled Mortgages™ may offer the Borrower the right to continue the loan for a further term. If you elect to withdraw your investment, Principled Mortgages™ will be required to find an alternative investor to be substituted into the loan on your behalf. This process may take some time to complete.
Common Mortgages Option™	Risk to capital	Principled Mortgages™ does not guarantee the interest due on a sum invested. A default may affect the ability of Principled Mortgages™ to be able to recover all amounts due under each individual mortgage loan. The impact of a loss of income from any individual mortgage affects each Investor in these Options, but is diluted by the other assets of the Option pool. The performance of these Options is therefore affected by any under-performing mortgage loan. The Pooled Options may also experience lower income returns if the investments in the Option are too heavily weighted to cash or similar cash-based assets.
	Risk to income	The Pooled Options will hold an amount of assets in cash or assets easily converted to cash to provide liquidity for anticipated levels of Investor redemptions. If the level of investor Redemptions is higher than the budgeted amounts, the level of liquid assets may be insufficient to meet redemption requests.
	Liquidity Risk	The Pooled Options will hold an amount of assets in cash or assets easily converted to cash to provide liquidity for anticipated levels of Investor redemptions. If the level of investor Redemptions is higher than the budgeted amounts, the level of liquid assets may be insufficient to meet redemption requests.
	Development & Construction Loans	If you invest in a Development or Construction Loan (see Section 4), these loans will be considered to have a greater level of risk and corresponding return. Risks beyond the control of Principled Mortgages™ include "pure" building risk (such as builder solvency) and greater uncertainty of the value of the security property. In addition, "as if complete" valuations are used to set facility limits but a potential sale may not realise enough to recover the funds advanced.
All Investment Options	Liquidity Risk Generally	As investors' funds are predominately placed into mortgages over real estate, these assets are relatively illiquid. Investors may not be able to receive their investment monies immediately upon being entitled because the assets may be unable to be sold or converted into cash, despite the underlying value being unaffected.
	Valuation Risk	Valuations, which are a fundamental part of the risk management strategy of the Fund and are a key part of determining how much is advanced to a Borrower, may be inaccurate and the sale of properties may not realise enough to repay the loan.
	Insurance Risk	All security properties that have improvements are required to hold building insurance up to the amount specified by the valuer. This insurance policy may either lapse or be insufficient in the event of material damage to the security property.
	Environmental risk	Such as termite infestation, undisclosed chemical residue below the surface or asbestos.

Investment specific risk		
Nature	Risk	Explanation
Portfolio Risk	Document risk	Principled Mortgages™ engage suitably qualified solicitors to prepare the security documentation (such as mortgage documents and contracts). A deficiency in documentation could impede the ability of Responsible Entity to recover all monies advanced to the Borrower.
	Asset risk	If the Fund holds a significant proportion of an individual Investment Option's assets in a similar industry or in a similar geographic region which suffered material financial difficulties, this could impact on the ability of the Responsible Entity to meet its obligations to investors.
Market risk	General economic conditions	Changes to the overall economy or general changes in the funding industry or even changes to a particular sector of the property market can affect the Fund. Similar changes to taxation, interest rates and monetary policy exchange rates, property markets and business cycles may affect the ability of borrowers to meet their obligations.
	Inflation	There is a risk that the payments from Principled Mortgages™ may not keep pace with inflation
Regulatory risk	Licensing	Changes to the regulatory environment, such as governmental policies, regulations and taxation laws can impact on the manner in which the Fund is conducted. If Principled Mortgages™ was unable to retain its Australian Financial Services licence, this could have a negative impact on the performance of the Fund.
	Taxation	Changes to the Australian taxation laws may affect Investors. Principled Mortgages™ is not responsible for tax liabilities of Investors. Investors should consult their own taxation adviser to ascertain the tax implications of their investment.

Default Management

Defaults on the loans managed by Principled Mortgages™ (as defined under the terms of the mortgage documentation for each loan) are managed by:

- monthly interest payments required from the borrowers;
- monthly review of all insurance renewals on secured property;
- if a default occurs, the loan is reviewed and the borrower is contacted to discuss the matter;
- if the default is not rectified within 30 days, Principled Mortgages™ may instruct its solicitors to call up the loan. In the case of the Select Mortgages Option™, Principled Mortgages™ will notify the investors in that loan of the default at this time;
- Principled Mortgages™ may arrange for a meeting with the borrower to discuss how they will either rectify the default or sell the property;
- If no cooperation is provided, Principled Mortgages™ may then instruct its solicitors to enforce its rights under the mortgage documentation.

What are The Taxation Implications of My Investment?

Principled Mortgages™ does not give advice in relation to the tax implications of investment in the Fund. Prior to making any investment, it is recommended that independent investment and taxation advice be sought.

Principled Mortgages™ will issue personalised Annual Tax Statements after 30 June each year. These statements will set out the distributions applicable to the relevant financial year. Subsequent copies will be available upon request for a fee.

Section 7

Other Information



How Can I Obtain Further Information?

Information Available On Request

Principled Mortgages™ provides Investors with regular information updates and also provides this information on its website at principledmortgages.com.au. Investors may request information regarding their investments and about the Fund generally. Investors may obtain copies of the Compliance Plan or Constitution, as well as any information relating to the resolution of complaints.

General inquiries regarding your investment can be made directly to Principled Mortgages™ registered place of business. Contact details can be found below.

The Fund is a Disclosing Entity under the Corporations Act 2001. Copies of documents lodged with ASIC related to the Fund are available from or may be inspected at an ASIC office. Investors have the right to obtain a copy of the most recent annual financial report lodged with ASIC from Principled Mortgages™.

Compulsory Disclosure

Principled Mortgages™ will comply with all disclosures required of it under the Corporations Act or by ASIC or the Anti Money Laundering and Counter Terrorism Financing Act or any other valid authority, including disclosure of personal information related to Investors. Each Investor consents to these disclosures.

Email Communication

Principled Mortgages™ prefers to provide all correspondence to you by email. This ensures our communication is available to you as soon as possible. You should ensure your email systems are secure. If you have provided your email address to our office and have not received correspondence from us that you are expecting, please contact our office. In certain situations, we can facilitate electronic signatures if requested.

Privacy Policy

Principled Mortgages™ will maintain the privacy of all investors in a manner consistent with the Privacy Act and its own Privacy Policy. You may obtain a copy of the Privacy Policy by contacting our registered office.

Investors in the Select Mortgages Option™ may be provided with personal information of Borrowers and their related parties. The Constitution of the Principled Mortgage Fund, which is an enforceable contractual document, requires that members of the Principled Mortgage Fund must not distribute or otherwise disseminate the information provided by Principled Mortgages™ without written authority from Principled Mortgages™.

What Dispute Resolution Systems Operate?

Complaints should be directed in the first instance to Principled Mortgages™ at its office (see below).

If the outcome of the referral is not satisfactory, assistance can be sought from the Australian Financial Complaints Authority (AFCA) established as an objective body to hear unresolved industry complaints. Details can be obtained from Principled Mortgages™ or by contacting AFCA directly at:

G.P.O. Box 3, Melbourne, VIC 3001

Telephone: 1300 78 08 08

Facsimile: 03 9613 6399

Email: enquiries@fos.org.au

Website: www.fos.org.au

Consultants' Consents

Rennick & Gaynor has given and has not withdrawn its written consent to be named as Solicitors for Principled Mortgages™ in the form and context in which they are so named. Rennick & Gaynor has consented to but neither authorised nor caused the issue of this PDS.

Wisewould Mahony has given and has not withdrawn its written consent to be named as Solicitors for Principled Mortgages™ in the form and context in which they are so named. Wisewould Mahony has consented to but neither authorised nor caused the issue of this PDS.

Kidmans Partners has given and has not withdrawn its written consent to be named as Accountants for Principled Mortgages™ in the form and context in which they are so named. Harmon Partners has consented to but neither authorised nor caused the issue of this PDS.

Douglas Cameron is a Registered Company Auditor and is the Fund Compliance Plan Auditor. He has given and has not withdrawn his written consent to be named as such. He has consented to but neither authorised nor caused the issue of this PDS.

Evan Mudie from Kidmans Partners is a Registered Company Auditor and is the Fund Financial Auditor. He has given and has not withdrawn his written consent to be named as such. He has consented to but neither authorised nor caused the issue of this PDS.

Place Of Business And Registered Office:

Suite 502, 685 Burke Road, Camberwell, VIC, 3124

Postal: PO Box 1347, Camberwell, VIC, 3124

Telephone: 03 8803 6120

Facsimile: 03 8803 6121

Email: Investors@principled.com.au

Company Directors

- Geofery Leslie Rowles
- Juliann Ruth Byron
- Christopher Mayne Young

External Advisors

Financial Auditors and Independent Accountants



Evan Mudie, Partner
Kidmans Partners
255 Whitehorse Road
Balwyn VIC 3103

Compliance Plan Auditors

W MARSHALL & ASSOCIATES
CHARTERED ACCOUNTANTS

Douglas Cameron
W Marshall & Associates
64 Jolimont Street
East Melbourne VIC 3002

Solicitors



Rennick & Gaynor
431 Riversdale Road
Hawthorn East VIC 3123

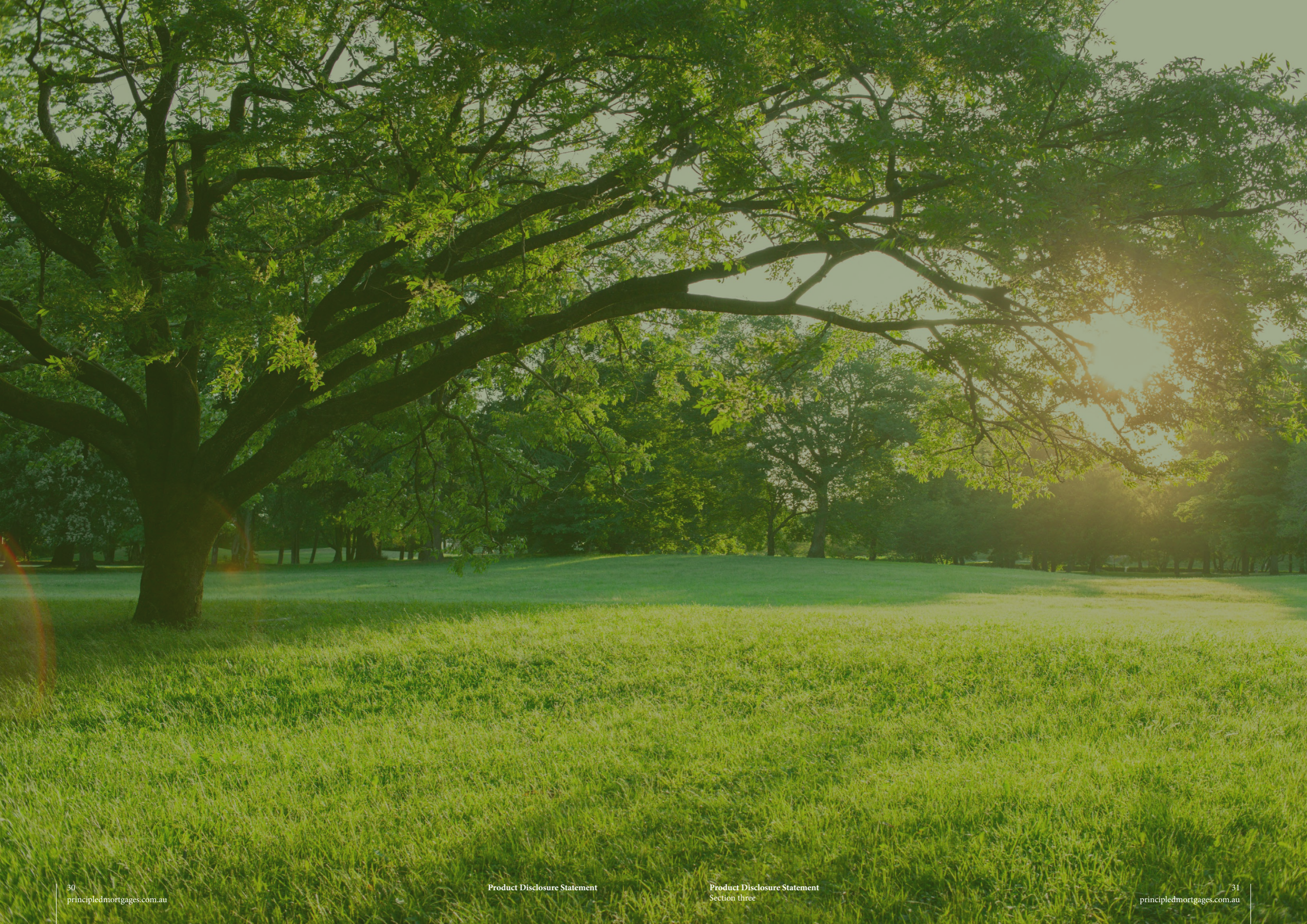


Wisewould Mahony Lawyers
Level 8, 419 Collins Street
Melbourne VIC 3000

Directors Consent

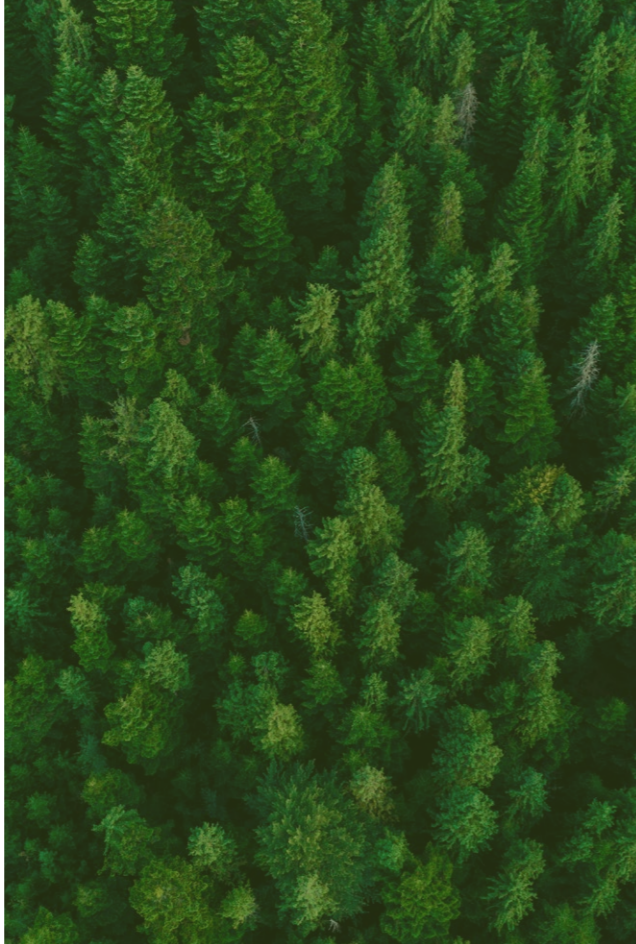
Signed on behalf of the Directors of Principled Mortgage Investments Limited, all of whom have consented to the issue of this PDS.

Geofery Leslie Rowles
Managing Director



Section 8

Glossary



Applicant – A person who has applied to become an Investor by completing the Application Form accompanying this PDS.

Application Form – An application by the Applicant for an interest in Principled Mortgages™ in the Form attached to this PDS.

ASIC – Australian Securities and Investments Commission.

Benchmarks – the eight benchmarks developed by ASIC for unlisted mortgage funds that are designed to improve disclosure and ASIC requires to be disclosed in this PDS.

Borrower – Person or entity identified in the mortgage security as the recipient of a mortgage loan.

Business day – A day other than a Saturday or Sunday on which banks are open for general banking business in Melbourne.

Common Mortgages Option™ – A Pooled Option offered by Principled Mortgages™ as set out in Section 4 of this PDS.

Compliance Plan – the Principled Mortgages™ Compliance Plan.

Constitution – the Principled Mortgages™ Constitution.

Corporations Act 2001 – Corporations Act 2001 (Cth) as amended from time to time.

Corporations Regulations 2001 – Corporations Regulations 2001 (Cth) as amended from time to time.

Directors – Directors of Principled Mortgages™.

Fund - Principled Mortgage Fund (ARSN 124 674 433).

GST – Goods and services tax which has the meaning given to that expression in the Goods and Services Tax Act 1999 (Cth).

Investment – an investment in the Fund

Investment Option – any one of the Select Mortgages Option™ or the Common Mortgages Option™.

Investment Proposals – An SPDS provided to a Member who elects to invest in the Select Mortgages Option™ and contains all details of the mortgage security, including the LVR, valuation and personal details of the Borrower.

Investor – Any person wishing to become a Member for the purpose of investing in the Fund.

Lending Policy – the Responsible Entity's policy for approving and monitoring loans.

LVR – Loan to Valuation Ratio being the amount of the loan expressed as a percentage of the market valuation of the security.

Member - Person whose signed Application Form has been approved by the Responsible Entity.

PDS – This document containing the Product Disclosure Statement and Application Form.

Pooled Option – the Common Mortgages Option™.

Power of Attorney – the power of attorney given by the Member to the ASL under the terms of the PDS authorised by their signature on the Application.

Responsible Entity - Principled Mortgages™ who manages the fund.

Select Mortgages Option™ - An Investment Option offered by Principled Mortgages™ as set out in Section 4 of this PDS.

SPDS – Supplementary Product Disclosure Statement prepared by the Responsible Entity.

Guide to Completing the Application Form

Principled Mortgage Fund ARSN 124 674 433

This Application Form is for new Investors of the Principled Mortgage Fund only. If you wish to contribute additional monies to your existing investments with the Principled Mortgage Fund, please complete the Further Investment Form (available from our office or at principledmortgages.com.au).

Please complete all relevant sections of this Application Form using BLOCK LETTERS and follow this guide to ensure your Application is complete and correct.

Account Name

If you are investing in the name of a Company, Trust or Superannuation Fund you should complete the full name of the Company, Trust or Superannuation Fund in this section (in accordance with the Correct Form of Registrable Title as shown in the table below).

Applicant 1 and 2

Record your name and address details here. Please refer to the table below for the correct form of registrable title. Applications using the wrong form of name may be rejected.

Individual

Write the full name you wish to appear on the statement of investment.

Joint

Up to two joint Applicants may register. Write the full names you wish to appear on the statement of investment.

Date of Birth

The date of birth of each Applicant must be provided.

Company/Trust/Superannuation Fund

If you have completed the "Account Name" section above, you are required to write the Trustee's and/or Director's full names in this section under Applicant 1 and 2.

Mailing Address and Contact Details

Please enter your postal address for all correspondence. All correspondence to you will be mailed to the first person and address shown. For Joint Applicants, only one address can be entered.

Please enter your daytime/business hours telephone number(s), area code and contact name in case we need to contact you in relation to your Application or your Investments. If you have an email address please complete it as it would be typed by using both lowercase and capital BLOCK letters.

Tax File Number and Residency

For individual or joint investments enter your personal tax file number/s or valid exemptions.

For Company, Trust or Superannuation Fund investments enter the TFN for that entity and make sure you do not enter your personal TFN.

If you are a non-resident for taxation purposes, please tick the box and enter your country of residence.

Collection of TFN's is authorised by taxation laws. It is not compulsory to provide your TFN and will not affect your Application, however, we are required by law to deduct tax at the highest marginal rate (plus Medicare levy), should it not be provided.

Bank Account Details

Please insert the name of your nominated financial institution (bank, building society or credit union), branch location, BSB number, your account number and account name (in full). Proceeds of distributions and redemptions will be electronically credited to the account nominated here. PLEASE COMPLETE THIS SECTION CAREFULLY. If an Applicant provides incorrect information Principled Mortgages™ will not be responsible for any misplaced, lost or unrecoverable funds where it has relied on information provided by the Applicant.

Investment Authority

Please choose which investment option/s you would like to invest in and how much you would like to initially invest in each of the Options.

Please note that interest and distributions are paid quarterly into the bank account nominated by you on this Form. If you wish to reinvest your interest into the Common Mortgages Option™ please tick the box under "Reinvestment". You may reinvest your interest if you have invested in the Select Mortgages Option™, however your interest can only be reinvested into the Common Mortgages Option™.

Identification

We are required by laws to verify of your identity. We will do this via a text service to your mobile phone. Instructions are available to help you complete this process. This information will be held in accordance with our Privacy Policy which is available on our website. Please note that we cannot commence your investment until all documentary requirements are completed.

Authorisation and Signing

The Application Form must be signed by you personally, or under common seal (if applicable) or by an attorney.

Joint Applications must be signed by each Applicant, Joint Applications will be deemed to be joint tenants unless otherwise specified.

If signed by an attorney, the attorney declares that no notice of revocation of the power of attorney has been received. A certified copy of the Power of Attorney must accompany all new investments.

If signed under the common seal, the director(s) and/or secretary attest that the common seal was affixed in accordance with the company's constitution. Please insert the date of signing and print your name in the space provided.

This form can be sent by arrangement to you for electronic signing – please contact our office.

Lodgement

Please return your completed Application Form with cheque(s) to:
Principled Mortgage Investments Ltd
Email: investors@principled.com.au
Post: PO Box 1347
CAMBERWELL VIC 3124

Correct Form of Registrable Title

Please note that only legal entities are allowed to hold investments. Applications must be in the names of a natural person(s), companies or other legal entities acceptable to Principled Mortgages™. At least one full given name and the surname is required for each natural person. The name of the beneficiary or any other non-registrable name may be included by way of an account designation if completed exactly as described in the example of correct forms of registrable title below:

Type of Investor	Correct Form of Registrable Title	Incorrect Form of Registrable Title
Individual Use given names in full, not initials	Mr John Alfred Smith	J A Smith
Minor (person under the age of 18) Use the name of a responsible adult, do not use the name of the minor	John Alfred Smith <Peter Smith>	Peter Smith
Company Use company title, not abbreviations	ABC Pty Ltd	ABC P/L ABC Co
Trusts Use trustee(s) personal name(s), do not use the name of the trust	Mrs Sue Smith <Sue Smith Family Trust A/C>	Sue Smith Family Trust
Deceased Estates Use executor(s) personal name (s), do not use the name of the deceased	Ms Jane Smith <Est John Smith>	Estate of late John Smith
Partnerships Use partners personal names, do not use the name of the partnership	Mr John Smith and Mr Michael Smith <John Smith and Son A/C>	John Smith and Son
Clubs/Unincorporated Bodies/Business Names Use office bearer(s) personal name(s), do not use the name of the club etc.	Mr Michael Smith <ABC Tennis Association A/C>	ABC Tennis Association
Superannuation Funds Use the name of the trustee of the fund, do not use the name of the fund	Jane Smith Pty Ltd <Super Fund A/C>	Jane Smith Pty Ltd Superannuation Fund

Application Form

Principled Mortgage Fund ARSN 124 674 433

Principled Mortgage Investments Limited AFSL No 233081
For PDS dated 4 March 2026

Please refer to the accompanying Guide for assistance in completing the Application Form

Part 1 – Account Details

Account Name: (Trust Name / Super Fund Name / Company Name and ABN) if applicable

Account Name ABN

Applicant 1: Individual's Name / Trustee's Name / Director's Name:

Title First Name Middle Name Last Name Date of Birth

Applicant 2: Individual's Name / Trustee's Name / Director's Name:

Title First Name Middle Name Last Name Date of Birth

Mailing Address

No & Street / PO Box Suburb / Town State Postcode

Contact Details

BH Telephone Number Mobile Phone Number Contact Name

Email Address

Email Address

Tax File Number (TFN) & Residency: Enter each TFN (or Exemption Category – refer to Guide)

TFN for Applicant 1 / Trust / Super Fund / Company TFN for Applicant 2

I/We confirm that I/We are NON-residents of Australia

Bank Account Details

Bank Name Branch Location

BSB Account Number Account Name

Part 2 – Investment Details

Initial Investment Authority: Please indicate how much you wish to invest in each Investment Option

I/We wish to invest the following amount into the Common Mortgages Option™

Min \$1,000.00

I/We wish to invest the following amount into the Select Mortgages Option™

Min \$20,000.00

Reinvestment: Please indicate if you want the your interest/distribution to be reinvested (Optional)

I/We wish to reinvest my/our interest and distributions into the Common Mortgages Option™ Yes No

Referral

If you have been referred to Principled Mortgages™ by someone, are you happy to tell us who that was:

Office Use Only

CMS Ref: Date: ID Check Bank Verified AMLCTF Audit



Application Form

Principled Mortgage Fund ARSN 124 674 433

Principled Mortgage Investments Limited AFSL No 233081
For PDS dated 4 March 2026

Part 3 – Identification

For the Anti Money Laundering and Counter Terrorism Financing Act

The following information is required to be collected by Principled Mortgage Investments Ltd to meet its obligations under the Anti Money Laundering and Counter Terrorism Financing Act. All financial service providers are required to comply with these laws. We will hold this information in a secure environment and we will only release the information as required by law.

Please refer to the accompanying Guide for assistance in completing the Application Form

Please tick if you are either:

Individual – Complete Section A below

Trustee – complete Section B below

Company – complete Section C below

Association – complete Section D below

SECTION A

Identification Form - Individual

To be completed by each individual investor

Investor 1	Investor 2
Investor's Residential Address	
Driver's Licence Number	
Mobile Phone Number	
Tick if you are a politically exposed person <input type="checkbox"/>	

SECTION B

Identification Form - Trustee

To be completed by each Trustee, Settlor, Appointor, Beneficiary and Guardian. If insufficient space, please provide a schedule.

Trustee, Settlor, Appointor, Beneficiary, Guardian	Trustee, Settlor, Appointor, Beneficiary, Guardian
Full Business Name of the Trustee, Settlor, Appointor, Beneficiary, Guardian	
Type of Trust	
Where the Trust was established	
Residential Address of the Trustee, Settlor, Appointor, Beneficiary, Guardian	
Mobile Phone Number	
Additional Material Must Be Provided Tick if you are a politically exposed person <input type="checkbox"/> Each individual must provide their mobile phone number in the previous section so that the Verification of Identity process can be completed	

Application Form

Principled Mortgage Fund ARSN 124 674 433

Principled Mortgage Investments Limited AFSL No 233081
For PDS dated 4 March 2026

SECTION C

Identification Form - Company

To be completed by each Company investor

Investor 1	Investor 2
Full Name of Company	
ACN	
Address of Registered Office	
Address of Principal Place of Business	
Type of Company	
Mobile Phone Number	

SECTION D

Identification Form - Association

To be completed by each Association investor

Director/Committee Position 1	Director/Committee Position 2
Full Name of Association	
Association Number (if registered)	
Address of Registered Office or Address of Public Officer	
Is the Association Incorporated	
Provide the Full Name of the President, Secretary and Treasurer (provide a schedule if insufficient space)	
Mobile Phone Number	
Additional Material Must Be Provided a certified copy of the Constitution of the Association <input type="checkbox"/>	
If the association is unincorporated please also provide the minutes authorising the investment in Principled Mortgages <input type="checkbox"/>	

Part 4 – Authorisation And Signature

Authorisation & Signing

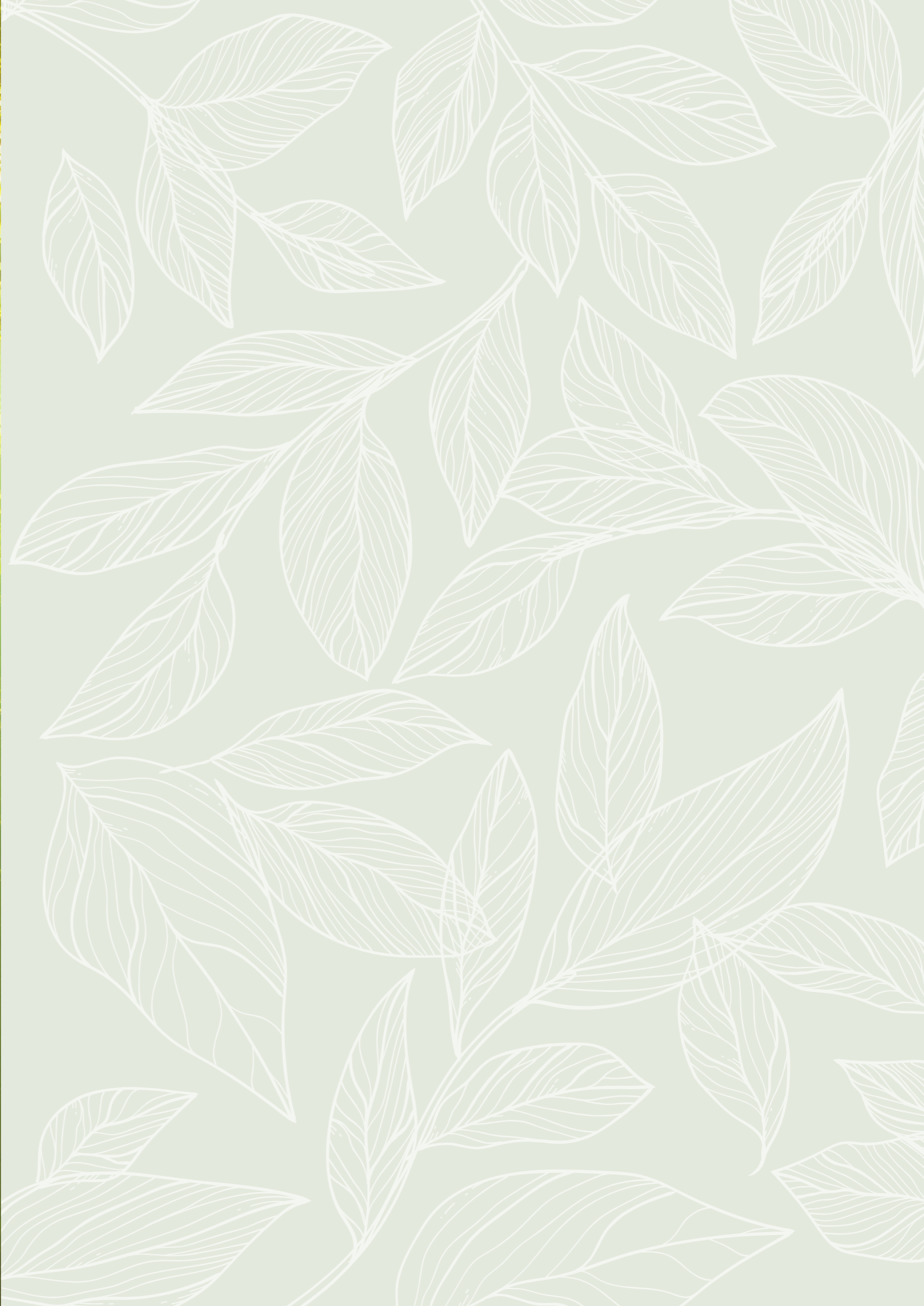
I/We hereby apply to become a member of the Principled Mortgage Fund and acknowledge, agree and understand that:

- I/we have received and fully read and understood the information contained in the Product Disclosure Statement and agree to be bound by it and the Constitution of the Fund;
- I/We declare that the details given in this Form are correct.

Signature of Applicant 1

Signature of Applicant 2

Date of signing





PRINCIPLED
MORTGAGE INVESTMENTS®

Celebrating Over 100 Years

Suite 502, 685 Burke Road
Camberwell, VIC, Australia 3124
PO Box 1347, Camberwell, VIC, 3124

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ABN 13 089 384 172

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