

ASIC Benchmarks and Disclosure Principles for the AMP Constructor Series - SouthPeak Alternative Alpha Fund



Important information

ipac Asset Management Limited (ABN 22 003 257 225, AFSL 234655) is the Responsible Entity of the AMP Constructor Series - Alternative Fund 1 (ARSN 685 273 483) ('AMP Constructor Series - SouthPeak Alternative Alpha Fund' or 'the Fund') and issuer of this document.

National Mutual Funds Management Ltd (NMFM) (ABN 32 006 787 720, AFSL 234652) has been appointed by the Responsible Entity as the investment manager of the Fund and, under an agreement, to provide other Fund related services including responding to investor enquiries. NMFM is also a member of the AMP Group.

The Fund invests into the SouthPeak real diversification fund (8-16% vol) ('Underlying Fund'). The investment manager of the Underlying Fund is SouthPeak Investment Management Pty Limited, (ABN 86 142 183 917, AFSL 346036), referred to in this document as 'SouthPeak' or 'Underlying Fund Manager'. The Underlying Fund Manager is responsible for selecting and managing the Underlying Fund's investments.

In this document NMFM is referred to as 'AMP Investments', 'we', 'our' or 'us'.

Unless otherwise specified all dollar amounts in this document are Australian dollars.

This document should be read in conjunction with and, is taken to be included in, the current Product Disclosure Statement (PDS) for the Fund.

The PDS contains important information about investing in the Fund and it is important that the investors read the PDS before making a decision about whether to acquire or continue to hold or dispose of units in the Fund. This document has been prepared for the purpose of providing general information, without taking into account any particular investor's objectives, financial situation or needs. Investors should, before making any investment decisions, consider the appropriateness of the information in this document, and seek professional advice, having regard to their objectives, financial situation and needs.

The Australian Securities and Investments Commission (ASIC) has released ASIC Regulatory Guide 240 *Hedge Funds: Improving Disclosure* (RG 240), which includes benchmarks and disclosure principles to help investors better understand the characteristics of hedge funds and the risks associated with them.

Benchmarks and disclosure principles for the Fund and the Underlying Fund as set out in this document, are taken to be included in the current PDS for the Fund and should be read in conjunction with the PDS.

This document will be reviewed annually and updated where material changes are identified.

A copy of the 'ASIC Benchmark and Disclosure Principles for the AMP Constructor Series - SouthPeak Alternative Alpha Fund' and a current PDS for the Fund are available online at amp.com.au/investments/constructor-series (Fund page) and can also be obtained free of charge, on request.

Benchmark 1 - Valuation of Assets

The Responsible Entity has and implements a policy that requires valuations of the hedge fund's assets that are not exchange traded to be provided by an independent administrator or an independent valuation service provider.

This Benchmark is met as the Responsible Entity's valuation policy requires the Fund's assets that are not exchange traded to be valued by an independent administrator.

The Fund invests into the Underlying Fund, which invests internationally, mainly in derivatives. The derivatives in which the Underlying Fund invests are exchange traded. The Underlying Fund's exchange traded assets are valued at least each business day using the closing price on the relevant exchange.

All valuations for the assets of the Fund are in accordance with our Asset Valuation Policy.

Benchmark 2 - Periodic Reporting

The Responsible Entity has and implements a policy to provide periodic reports on certain key information as set out in the table below.

Periodic reporting of key information	
Monthly updates	<p>The following information is available on the hedge fund's website and is disclosed monthly or, if less often, at least as often as investors have the right to redeem their investments and in reasonable time to allow investors to consider that information in making a decision whether to redeem their investment:</p> <ul style="list-style-type: none">- the current total net asset value of the fund and the redemption value of a unit in each class of units as at the date the net asset value was calculated- the key service providers if they have changed since the last report given to investors, including any change in their related party status, and- for each of the following matters since the last report on those matters:<ul style="list-style-type: none">- the net return of the fund's assets after fees, costs and taxes- any material change in the fund's risk profile- any material change in the fund's strategy, and- any change in the individuals playing a key role in investment decisions for the fund.
Annual (or more frequent) reporting	<p>The responsible entity has and implements a policy to report on the following information as soon as practicable after the relevant period end:</p> <ul style="list-style-type: none">- the actual allocation to each asset type- the liquidity profile of the portfolio assets as at the end of the period - the representation of asset liquidity (the estimated time required to sell an asset at the value ascribed to that asset in the fund's most recently calculated net asset value) in a graphical or other form that allows easy comparison with the maturity profile of the liabilities- the maturity profile of the liabilities as at the end of the period - the representation of maturities in a graphical form that allows easy comparison with the liquidity profile of the portfolio assets- the leverage ratio (including leverage embedded in the assets of the fund, other than listed equities and bonds) as at the end of the period- the derivatives counterparties engaged (including capital protection providers)- the monthly or annual investment returns over at least a five-year period (or, if the hedge fund has not been operating for five years, the returns since its inception), and- the key service providers if they have changed since the latest report given to investors, including any change in their related party status. <p>This information must be given to members as often as, and no later than or as soon as practicable after, any periodic statement required by section 1017D of the Corporations Act 2001 (but in any event no later than six months after the end of the relevant period).</p>
Ongoing availability	<p>The latest report, which addresses the above matters, is available on the hedge fund's website.</p>

This benchmark addresses whether or not the Responsible Entity has and implements a policy to provide periodic reporting of certain key information about the Fund, annually and monthly.

NMFM provides key information in relation to the Fund which is available on our website at amp.com.au/investments/constructor-series or upon request, free of charge.

The requirements of this benchmark are generally met in respect of the Fund where such information is relevant to the Fund. For the Underlying Fund into which the Fund invests, the information sought by the benchmark will not be separately provided. Most of the information provided for the Fund will be based on information from the Underlying Fund, given that the Underlying Fund will constitute the Fund's investment.

The Responsible Entity will provide the following information as soon as practical after the relevant period.

- Daily application and redemption prices.
- In relation to Monthly Reporting, the following information will be made available:
 - the current total net asset value of the Fund as at month end (the method of how we value assets is explained in the relevant asset valuation policy, a summary of which is available from us on request)
 - strategic asset allocation of the Fund, and
 - net investment return for the Fund as at month end, after fees, costs and before tax, for periods of one month, three months, one year, three years, five years and since inception (the Fund was established in April 2025). We report investment performance on a before tax basis.
- The Responsible Entity will provide the actual asset allocation of the Fund on a quarterly basis.
- In relation to Annual Reporting, the following information will be provided:
 - Fund financial statements. This is available on request from the Client Services team and on the website at amp.com.au/investments.
- The Fund issues the following information on an ad-hoc basis:
 - details of key service providers if they have changed since the last report was given to investors, including any change in related party status.
 - to the extent applicable:
 - any material change in the Fund's risk profile or investment strategy
 - any material change in the Fund's or Underlying Fund's custodian, administrator or investment manager, and
 - any change in the individual's playing a key role in investment decisions (as noted under Disclosure Principle 2).
- The following information will not be available for this Fund as it is not relevant:
 - liquidity profile - this report is not relevant as the assets are highly liquid (exchange traded). The Responsible Entity can reasonably expect to realise at least 80% of its assets, at the value ascribed to those assets in calculating the Fund's net asset value, within 10 days
 - maturity profile - this report is not relevant for the reasons noted above under liquidity profile
 - leverage ratio - this will not be reported as this is not relevant for this Fund, and
 - derivative counterparties - will not be reported as there are none used in this Fund and all derivatives traded in the Underlying Fund are exchange traded.
- Ongoing availability - the latest reports which address the above matters in relation to the Fund are available on our website at amp.com.au/investments or free of charge by calling us.

Disclosure Principles

1. Investment Strategy

DISCLOSURE PRINCIPLE 1: THE RESPONSIBLE ENTITY SHOULD DISCLOSE THE FOLLOWING INFORMATION:

- 1 a description of the fund's investment strategy, including:
 - the typical asset classes to be invested in
 - the typical location and currency denomination of the assets, and
 - the role of leverage, derivatives and short selling
- 2 an explanation of how the strategy will produce investment returns
- 3 any key dependencies or assumptions underpinning the strategy's ability to produce investment returns (e.g market conditions or interest rates)
- 4 what the diversification guidelines or limits are
- 5 any specific risks associated with the relevant investment strategy
- 6 disclosure of the key aspects of the Fund's risk management strategy, and
- 7 if and how the investment strategy can change and what notification would be provided to investors.

The Fund meets this Disclosure Principle.

Investment strategy

The Fund invests into the SouthPeak real diversification fund (8-16% vol) (Underlying Fund). The goal of the Underlying Fund is to provide consistent returns above the RBA daily cash rate target with annualised volatility of 10% (within the target range of 8-16% (measured daily)) and strong resilience to large equity falls. It is denominated in Australian dollars and can invest across international markets.

Through the Underlying Fund, the Fund invests in a broad range of instruments, typically exchange-traded futures and options in major international markets. The Fund can also hold bank deposits and short-term money market instruments, typically in Australia.

The Fund has been set up specifically to provide retail investors access to the Underlying Fund and its unique investment strategy. The Fund is capable of generating premium by selling volatility (insurance) to market participants while simultaneously being equipped to swiftly purchase protection during adverse market conditions. This approach provides a clear protective strategy during market downturns.

We impose restrictions on the use of derivatives within the Fund and monitor the implementation of these restrictions in accordance with the NMFDM Derivatives Risk Statement, which can be obtained online at amp.com.au/investments, or free of charge by contacting us.

Explanation of how the strategy will produce investment returns

To achieve its objectives, the Underlying Fund uses long and short volatility (options based) investment strategies. Short volatility (income) strategies are typically implemented by selling options and aim to profit from harvesting the 'volatility risk premium' but may lose money during periods of market turbulence. Long volatility (protection) strategies are typically implemented by buying options and expect to profit from large market falls but may lose money during calm markets.

Key dependencies or assumptions underpinning the strategy's ability to produce investment returns (eg market conditions or interest rates)

The Underlying Fund Manager uses its experience, skill and investment process with the aim to maximise the likelihood of the Fund meeting its return objectives. This also depends on a range of factors including:

- whether the volatility risk premium continues to be positive over time, allowing volatility income strategies to generate profits
- market conditions, including whether large equity falls will be associated with high volatility, which should help the Underlying Fund's volatility protection strategies
- whether the risk management design of the Underlying Fund's volatility income strategies (including inbuilt protection positions, strategy sizing constraints and dynamic rebalancing approach) is sufficient to limit losses in adverse market conditions.

Diversification guidelines or limits

The Underlying Fund uses several volatility income and protection strategies to create a diversified portfolio of complementary strategies. To address the risk of sudden, unexpected losses, the Underlying Fund uses a framework of 'stress losses' and 'concentration limits'. A stress loss for a strategy is defined as the worst simulated or actual loss for the strategy during a 1-10 day period historically. The Underlying Fund's exposure to each volatility income strategy may not exceed a size that would give a negative impact on the Underlying Fund's value of 10% or more, should the stress loss occur. The exposure to all volatility income strategies together may not exceed sizes that would give a negative impact on the Underlying Fund's value of 20% or more (assuming all volatility income strategies incur their respective stress losses simultaneously). These limits do not take into account the (expected positive) impact on the Underlying Fund from its protection strategies in such an event.

Any specific risks associated with the relevant investment strategy

Please refer to the 'Risks of investing' section of the PDS.

Disclosure of key aspects of the Fund's risk management strategy

The Fund uses a multi-layered approach to portfolio construction and risk management:

- diversification across different strategies
- concentration limits based on the impact of a large loss in each volatility income strategy or all income strategies combined
- dynamic exposures whereby positions are systematically adjusted as expected return and risk change.

By having multiple risk controls the Fund seek to mitigate losses and limit its exposure to extreme economic or market events.

If and how the investment strategy can change and what notification would be provided to investors

If the Responsible Entity intends to make material changes to the Fund's investment strategy or investment objective we will advise investors in writing.

2. Investment Manager

DISCLOSURE PRINCIPLE 2: THE RESPONSIBLE ENTITY SHOULD DISCLOSE A DESCRIPTION OF THE FOLLOWING:

- 1 the identity of, and information on, any relevant significant adverse regulatory findings against any investment manager appointed by the responsible entity of the hedge fund
- 2 the identities, relevant qualifications and commercial experience (including information on any relevant significant adverse regulatory findings against) of any individuals playing a key role in investment decisions and the proportion of their time each will devote to executing the fund's investment strategy
- 3 if any of the assets are not managed by the responsible entity, any unusual and materially onerous (from an investor's perspective) terms in the agreement or other arrangement under which any investment manager is appointed and the scope of this appointment, and
- 4 the circumstances in which the responsible entity is entitled to terminate the investment manager's appointment and on what terms (including any payments).

The Fund meets this Disclosure Principle.

The Fund is managed by NMFМ pursuant to an investment management agreement. The Responsible Entity may terminate the investment management agreement immediately upon notice for cause, if otherwise agreed between the parties, or by giving NMFМ at least a minimum period of notice and specifying the proposed date of termination.

The Responsible Entity has appointed NMFМ as the investment manager of the Fund and they are responsible for determining the Fund's investment strategy and management of the Fund's assets. The Fund invests in the SouthPeak real diversification fund (8-16% vol) (Underlying Fund). The investment manager of the Underlying Fund is SouthPeak.

SouthPeak is responsible for the investment management of the Underlying Fund. SouthPeak's investment team is made up of investment professionals located in Australia with extensive investment and derivatives experience. The members of the team expect to spend the majority of their time on a day-to-day basis managing the Underlying Fund.

There have been no relevant significant adverse regulatory findings against any individual playing a key role in investment decisions and who devotes time to executing the Fund or Underlying Fund's investment strategy.

Investment	Key Individual	Experience (Years)	Qualifications
AMP Constructor Series - SouthPeak Alternative Alpha Fund	Stuart Eliot	30	BCom (Actuarial Studies)
SouthPeak real diversification fund (8-16% vol) (Underlying Fund)	Zac Roberts	25	BЕc (Kobe)
SouthPeak real diversification fund (8-16% vol) (Underlying Fund)	Mattias Soderberg	25	MSc BA (Linkoping), CFA charterholder

Stuart Eliot - Head of Portfolio Management, AMP Investments

As Head of Portfolio Management for AMP Investments, Stuart Eliot brings more than 30 years of diverse financial markets experience to the stewardship of our client's funds. Most recently he spent 12 years with Pandal Group where he was Senior Portfolio Manager, Multi-Asset Investments since 2016, and previously Portfolio Manager, Diversified Funds; since 2009. In these roles Stuart was responsible for strategic and dynamic asset allocation, portfolio management and investment research, including a strong focus on responsible investing. Prior to joining Pandal, he held senior investment banking, trading and quantitative research roles, encompassing multiple asset classes, at several leading investment banks. Stuart holds a BCom (Actuarial Studies) from Macquarie University.

Zac Roberts, Co-Chief Investment Officer, SouthPeak Investment Management Pty Limited

Zac has been managing volatility and other derivatives strategies at SouthPeak for more than a decade. Zac's previous experience focused on solutions in portfolio efficiency and risk management across equities, interest rates, credit, alternative assets, inflation and longevity, working in investment banking and actuarial consulting in Australia and Asia. Zac is a Monbusho Scholar and completed a Bachelor of Economics from Kobe University in Japanese.

Mattias Soderberg, Co-Chief Investment Officer, SouthPeak Investment Management Pty Limited

Mattias has been managing volatility and other derivatives strategies at SouthPeak for more than a decade. Prior to this, Mattias worked in a range of roles across asset classes at top tier investment banks in Sydney and London. Mattias has a Masters of Science in Business Administration degree from the University of Linkoping and is a CFA charterholder.

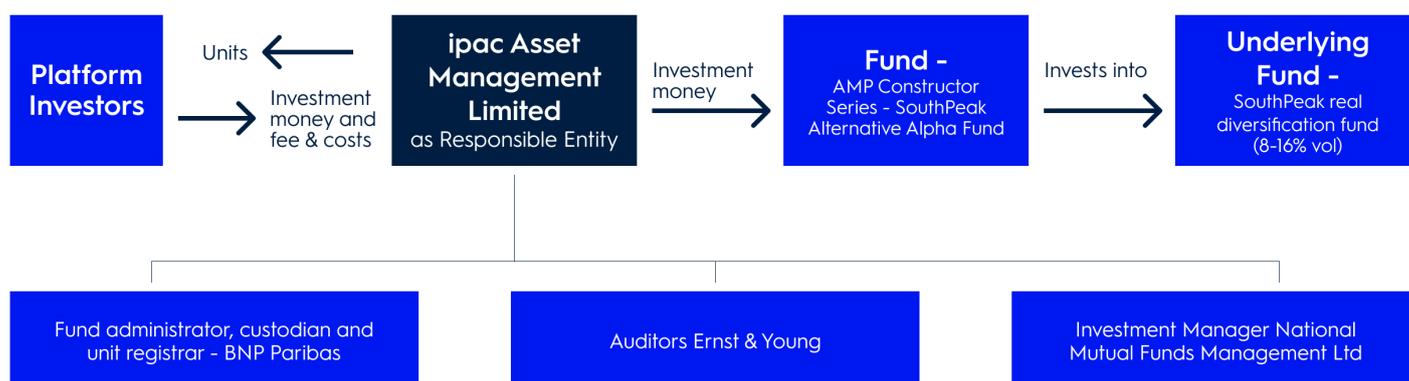
3. Fund Structure

DISCLOSURE PRINCIPLE 3: THE RESPONSIBLE ENTITY SHOULD DISCLOSE THE FOLLOWING INFORMATION:

- 1 the fund's investment structure - that is, the key entities involved (eg companies, funds, and limited partnerships), their relationship to each other and their roles, together with a diagram showing the flow of investment money through the structure
- 2 the identities of the key service providers (eg investment managers, prime brokers, custodian, administrator, valuation service provider and auditor) and scope of their services where applicable
- 3 how the responsible entity ensures that its key service providers will comply with their service agreement obligations
- 4 any related party relationships within the structure including any related party relationships between the responsible entity and the investment managers or between the responsible entity and the investment managers and any underlying funds, counterparties or any key service providers (including executing brokers) to the fund
- 5 the existence and nature of material arrangements in connection with the hedge fund that are not on arm's length terms (see Regulatory Guide 76 *Related party transactions* (RG 76))
- 6 for funds of hedge funds, the due diligence process performed on underlying funds and their key service providers
- 7 any fees and costs associated with investing in any underlying entity under Sch 10 of the Corporation Regulations 2001, as modified by ASIC Corporations (Disclosure of Fees and Costs) Instrument 2019/1070
- 8 the jurisdiction of the entities involved in the fund's structure, and
- 9 the risks of the structure, including any risks associated with the holding assets overseas or, for funds of hedge funds with investing in underlying funds overseas.

The Fund meets this Disclosure Principle.

The below shows the flow of investment money.



Key service providers

There are a number of parties who have been engaged by the Responsible Entity and SouthPeak to provide services in relation to operating the Fund and Underlying Fund.

A summary of the Fund's and Underlying Fund's key service providers is shown below.

Investment Manager - National Mutual Funds Management Ltd

The Fund's investment manager is National Mutual Funds Management Ltd (NMFM). The investment management agreement between NMFM and the Responsible Entity governs NMFM's provision of investment management services.

Underlying Investment Manager - SouthPeak Investment Management Pty Limited (SouthPeak)

SouthPeak is the Trustee and Investment Manager of the Underlying Fund.

Responsible Entity - Fund administrator, custodian and unit registrar - BNP Paribas

BNP Paribas Fund Services Australasia Pty Limited (BNP Paribas) has been appointed to provide certain administration, registry services (Class A), accounting, and custodial services to the Fund. NMFM is a dedicated team responsible for the ongoing management of outsourced service provider relationships in place. This activity is carried out by the Service Provider Relationship team in liaison with NMFM internal business units and senior management.

The ongoing review process of BNP Paribas includes a review of key performance indicators (KPIs) on a monthly basis. Failures of any of these KPIs allows NMFM to enforce a formal operational review of BNP operational processes on the basis of recurring KPI failures.

A wider governance framework also regulates the relationship between NMFM and BNP Paribas, via which NMFM is able to monitor its custodian and fund administrator. This framework provides for an issues log that is discussed during operational meetings held monthly or as required, a monthly relationship meeting, a project oversight meeting and an incident reporting system, which provides NMFM with the ability to raise any issues that it deems will necessitate remedial action.

BNP Paribas also provides NMFM with a report on internal controls in operation and tests of operating effectiveness and design, prepared in accordance with international service organisation reporting standards. This report describes the controls surrounding certain custody, fund administration, and registry functions of BNP Paribas' business. It is prepared in accordance with the guidelines contained in the International Standard on Assurance Engagements (ISAE) 3402 (hereafter referred to as ISAE 3402), issued by the International Auditing and Assurance Standards Board (IAASB). The focus of the report is on the internal controls of BNP Paribas and has been designed to provide information to be used by NMFM and their independent auditors. This is an internationally recognised framework.

SouthPeak - Underlying Fund - Fund administrator - Apex Fund Services (Sydney) Pty Limited

Apex provides registry, unit pricing, fund accounting, trade/position matching, reconciliations and cash processing.

SouthPeak - Underlying Fund - Execution and clearing broker - UBS AG

Exchange traded derivatives are executed and cleared through major international exchanges through UBS AG.

Responsible Entity - Firm auditors - Ernst & Young

Ernst & Young has been appointed as auditor to the Fund. We use Ernst & Young as external auditors and they are appointed at the AMP Group level. Ernst & Young has acted in this capacity for several years and their appointment is re-assessed on a periodic basis by the AMP Group Chief Financial Officer and the AMP Limited Audit Committee.

SouthPeak - Underlying Fund auditors - Ernst & Young

Ernst & Young is the auditor of the Underlying Fund and has acted in this capacity for many years.

SouthPeak - Underlying Fund - Trade execution: Meraki Global Advisors, LLC

Meraki has been appointed to assist in trade execution for the trades needed to implement the Underlying Fund's investment strategies. Trades are also executed by the Investment Manager.

Related party transactions

Responsible Entity

Any transaction between NMFM or the Responsible Entity and any of their respective related parties must comply with the Corporations Act and related party protocols and AMP Group policies and procedures. For these purposes, a related party includes certain entities and individuals that have a close relationship with NMFM or the Responsible Entity. Related parties of the Responsible Entity include the Responsible Entity itself, entities that the Responsible Entity controls, funds operated or managed by the Responsible Entity and agents of the Responsible Entity.

As at the date of this additional disclosure, the relevant policies and procedures that apply to related party transactions of NMFM or the Responsible Entity are contained in the AMP Conflicts Management Policy. Under this Policy, the parties must transact on terms that would be reasonable if they were dealing at arm's length, relevant legislative requirements must be satisfied and the interests of investors must be protected. The Policy will be reviewed on a regular basis and may change from time to time. Further information on how we manage conflicts can be obtained by contacting us.

Under the Fund's constitution, the Responsible Entity may:

- deal with itself, an associate, investor or any other person
- be interested in, and receive a benefit under any contract or transaction with itself, an associate, investor or any other person, or
- act in the same or similar capacity in relation to any other fund.

The Fund's constitution also provides that amounts may be paid to related parties for services provided to NMFM or the Responsible Entity in connection with the Fund and for expenses such as those related to arranging for repurchase transactions on behalf of NMFM, through the use of repurchase agreements or through other lending instruments. These payments are on arm's length terms.

Underlying Fund Manager

SouthPeak has entered into legal agreements with the above service providers. As part of SouthPeak's compliance policy, service standards for the fund administrator are monitored quarterly and reviews on all service providers are done annually.

NMFM has a rigorous Operational Due Diligence (ODD) process for assessing external fund managers. The ODD review methodology consists of questionnaires and documents we require the external fund manager, and their relevant service providers such as their custodian and appointed Fund Administrator, to complete and provide to us. The methodology may also include on-site validation meetings or other meetings via video conference for example to ascertain additional information. The outcome of this process is a detailed control risk rating across the key aspects of the business such as compliance, audit and regulation, investment implementation, derivatives, material third-party outsourcing, investment operations and administration and technology, IT infrastructure and security.

SouthPeak has undergone this rigorous ODD process. This ODD process entailed a comprehensive evaluation of the operational aspects of SouthPeak, including an assessment of its governance, risk management, compliance, and operational controls. The objective of this process is to identify potential risks and to evaluate the effectiveness of the operational capabilities and control environment of the Underlying Fund.

Fees and costs

In accordance with the Fund's constitution, NMFM is entitled to receive fees for the provision of services to the Fund and to be reimbursed for certain expenditure incurred in the administration of the Fund. For more information on the fees and costs charged to the Fund, please refer to the 'Fees and other costs' section of the PDS.

Jurisdiction of the entities involved in the Fund structure

The Fund is domiciled in Australia. The Fund currently predominately invests in units of the Underlying Fund, an Australian unregistered managed investment scheme.

Risks of the Fund's structure

Leverage - The Fund and the Underlying Fund cannot directly borrow or short sell physical shares. The Underlying Fund may be economically leveraged through the use of derivatives. In this case, a relatively small movement in the market price of the index or asset underlying the derivative may result in a disproportionately large profit or loss.

Investments in a managed investment scheme - When you invest in a managed investment scheme, you should be aware that:

- returns are not guaranteed - future returns may differ from past returns, and the level of returns may vary, and
- the value of your investment may vary, and there may be the risk of loss of invested capital.

Derivatives - There is risk of loss through the use of derivatives, and where derivatives are used by the Underlying Funds in which the Fund invests, including:

- the value of a derivative may not move in line with the value of its underlying asset
- a derivative position cannot be reversed
- leverage in derivatives may magnify losses
- the party on the other side of a derivative contract may default on financial or contractual obligations.

Alternatives assets - traditional risks such as credit and liquidity risk can be magnified for alternative assets.

Markets - the value of the Fund's investments will rise and fall with the prices of the markets in which they are invested.

Currency risk - where investments are located overseas, the relative strength or weakness of the Australian dollar against other currencies may influence the value of, or income from, an investment.

Currency hedging - international investments may be hedged back to the Australian dollar to protect against currency risk. Even where currency hedging is in place, the Fund could still incur losses related to exchange rate movements, and the hedging itself may give rise to risks such as illiquidity or default by the other party to the hedging transaction.

Offshore jurisdictional risk - the laws by which offshore assets are governed may not provide equivalent protection to that of Australian laws and it may be more difficult for the Fund to recover the full value of offshore assets.

Changes in the state of the Australian and world economies may affect the value of your investment in the Fund.

Please refer to the 'Risks of investing' section of the PDS for further information about the risks noted above, as well as information about other investment risks.

4. Valuation, Location and Custody of Assets

DISCLOSURE PRINCIPLE 4: THE RESPONSIBLE ENTITY SHOULD DISCLOSE THE FOLLOWING INFORMATION:

- 1 the key aspects of the valuation policy
- 2 the types of assets that the fund does or may invest in and the allocation range for each asset type, using the following assets types (including the assets of underlying funds):
 - Australian listed equities
 - Australian unlisted equities
 - international listed equities
 - international unlisted equities
 - Australian government bonds
 - Australian corporate bonds
 - international government bonds
 - international corporate bonds
 - structured products
 - real property
 - infrastructure
 - exchange traded derivatives
 - over-the-counter (OTC) derivatives
 - cash equivalent investments, and
 - other (provide details)
- 3 any policy about the geographic location of the asset
- 4 the geographic location of any material asset, and
- 5 the custodial arrangements, including details of the roles provided by the custodian (where assets are not held by a third party custodian, the responsible entity should disclose the types and proportion of those assets relative to the fund's net asset value).

The Fund meets this Disclosure Principle.

Key aspects of the valuation policy for the Fund

Valuations for the assets that the Fund holds are covered under the Valuation Policy.

This policy seeks to ensure that:

- valuations are calculated and applied consistently and equitably
- valuations include all assets of a fund at the point of valuation
- valuations are unbiased and are not subject to undue influence
- valuation processes are documented and transparent to ensure they are independently verifiable
- assets are valued as a 'going concern' basis, unless this assumption is inappropriate for a particular fund, for example where the fund is in the process of being wound up
- the methodologies used are appropriate for the nature of the assets
- the formulae or methods used are reviewed at appropriate periods, and
- the Responsible Entity satisfies its regulatory obligations.

Investments in forward contracts, futures contracts, options and swaps are valued on a daily basis by an independent administrator (BNP Paribas).

Key aspects of the valuation policy for the Underlying Fund

The Underlying Fund holds cash in AUD and other major currencies (held with Australian banks and/or posted to the Underlying Fund's clearing brokers located in Australia or overseas). The Underlying Fund also enters into derivatives that are exchange-traded and listed on major international exchanges (e.g. in the USA). In accordance with SouthPeak's valuation policy, assets are valued using the settlement value or appropriate mid prices for instruments as at the close of business in the relevant market on the valuation day. New York closing exchange rates at the valuation time are used to revalue assets and liabilities into AUD (if they are denominated in a different currency).

Types of assets the Fund invests in

Asset Class	Long term benchmark	Strategic range
Alternatives	100%	98-100%
Cash	0%	0-2%

Geographic location of the asset

The Fund and Underlying Fund do not have a geographic allocation policy. The Underlying Fund's derivatives are predominantly listed on exchanges located in the USA.

Custodial arrangements

Responsible Entity - BNP Paribas is the custodian of the assets of the Fund. See Disclosure Principle 3 for further information on BNP Paribas.

SouthPeak - The Underlying Fund holds cash and derivatives. Unlike physical assets, derivatives are not held in custody so the fund does not have a custodian. Instead, the Underlying Fund's derivatives are cleared through its clearing broker. Cash transfers require the involvement of the external administrator.

5. Liquidity

DISCLOSURE PRINCIPLE 5: IF THE RESPONSIBLE ENTITY OF A HEDGE FUND CANNOT REASONABLY EXPECT TO REALISE AT LEAST 80% OF ITS ASSETS, AT THE VALUE ASCRIBED TO THOSE ASSETS IN CALCULATING THE FUND'S NET ASSET VALUE, WITHIN 10 DAYS, THE RESPONSIBLE ENTITY SHOULD DISCLOSE:

- 1 a description of any asset class that has a value greater than 10% of the fund's net asset value and cannot be reasonably expected to be realised at the value ascribed to that asset in calculating the fund's most recent net asset value within 10 days, and
- 2 the key aspects of the liquidity management policy.

This disclosure principle and additional disclosure is not applicable to the Fund as the Responsible Entity can reasonably expect to realise at least 80% of its assets, at the value ascribed to those assets in calculating the Fund's net asset value, within 10 days.

AMP Investments has implemented a Liquidity Management Policy that outlines a coordinated and consistent approach to assessing liquidity across various schemes managed by AMP Investments. This policy has been adopted by the Board of Directors of ipac Asset Management Limited (IAML) and National Mutual Funds Management Ltd (NMF), which are responsible for implementing it within the AMP Investments business. AMP Investments' liquidity management practices involve regularly monitoring the liquidity characteristics of AMP Investments funds and their assets, to ensure that funds remain within the allowed investment guidelines. The policy also covers stress testing, scenario analysis, asset valuations, and liquidity management activities such as redemption restrictions and secondary market trading.

The Underlying Fund provides daily pricing and allows for daily withdrawals. Based on the assets within the Underlying Fund, it is anticipated that SouthPeak can liquidate its entire portfolio within 1-3 days, except in cases of trading suspension or extreme volatility.

6. Leverage

DISCLOSURE PRINCIPLE 6: THE RESPONSIBLE ENTITY SHOULD DISCLOSE THE FOLLOWING INFORMATION:

- 1 the circumstances in which the hedge fund may use leverage and any restrictions on its use of leverage
- 2 the sources of leverage, including the type, the amount and the providers of the leverage
- 3 whether any assets are used as collateral, and the extent to which they are otherwise encumbered or exposed to set-off rights or other legitimate claims by third parties in the event of the insolvency of the responsible entity, a service or credit provider, or a counterparty
- 4 the maximum anticipated and allowed level of leverage (including leverage embedded in the assets of the fund, other than the leverage embedded in holdings of listed equities and bonds) as a multiple of the net asset value of an investor's capital in the fund (eg for every \$1 of the fund's net asset value, the fund is leveraged \$x), and
- 5 a worked example showing the impact of leverage on investment returns and losses, assuming the maximum anticipated level of leverage (including leverage embedded in the assets of the fund, other than leverage embedded in holdings of listed equities and bonds).

The Fund meets this Disclosure Principle.

The Fund does not borrow or use derivatives for leverage purposes, however the Underlying Fund can be leveraged indirectly through the use of derivatives.

The Fund and the Underlying Fund cannot directly borrow or short-sell physical shares. The Underlying Fund may be economically leveraged through the use of derivatives. In this case, a relatively small movement in the market price of the index or asset underlying the derivative may result in a disproportionately large profit or loss.

The Underlying Fund earns its investment returns from exposure to volatility, the notion of leverage is less applicable compared to a fund that earns returns from exposure to physical assets (such as shares). Instead, the risk of the Underlying Fund's economic leverage needs to be considered. The Underlying Fund manages the risk of its economic leverage in several ways.

- The Fund targets a certain annualised volatility. Historically this has been less than 10%, below that of the long-term volatility of Australian or international shares.
- The exposure to each volatility income strategy and all income strategies combined is capped through a framework of stress tests (similar to Value-at-Risk). The aim of this is to limit the impact of sudden, extreme market moves.
- The Underlying Fund sells options (as part of its volatility income strategies) in a delta adjusted notional size that typically gives less exposure to equity markets than a typical equity fund. The Underlying Fund also uses a dynamic delta hedging process for sold options. Delta hedging involves taking an offsetting position in (or linked to) the underlying asset with the aim of mitigating exposure to the direction of the underlying market (but maintaining exposure to volatility). The aim of this delta hedging is to further reduce the fund's exposure to equity markets.
- In a calm market environment, the Underlying Fund would typically have sold option strangles with a notional of up to 7 times the value of the Underlying Fund, offset by bought put options with a notional of up to 12 times the value of the Underlying Fund. In a period of higher market turbulence, the manager will typically act to reduce the outstanding sold option notional and increase the outstanding bought option notional.
- Derivative exchanges require collateral to support derivative positions. The cash collateral required by derivative exchanges is typically 10-25% of the value of the Underlying Fund.

For a particular profile of options, a greater notional leads to a larger gain or loss for a given move in the underlying markets. For example, for a \$10,000 investment the table below compares the impact of a gain and a loss on portfolios with 3 times or 6 times notional of the same options.

Option notional	Portfolio gain	Portfolio value	Portfolio loss	Portfolio value
3 times fund	\$1,000	\$11,000	\$(1,000)	\$9,000
6 times fund	\$2,000	\$12,000	\$(2,000)	\$8,000

7. Derivatives

DISCLOSURE PRINCIPLE 7: THE RESPONSIBLE ENTITY SHOULD DISCLOSE THE FOLLOWING INFORMATION:

- 1 the purpose and rationale for the use of derivatives (eg investment hedging, leverage and liquidity), including how they form part of the hedge fund's investment strategy
- 2 the types of derivatives used or planned to be used
- 3 the criteria for engaging derivative counterparties (including principal protection providers)
- 4 the key risks to the hedge fund associated with the collateral requirements of the derivative counterparties, and
- 5 whether the derivatives are OTC or exchange traded.

The Fund meets this Disclosure Principle.

Purpose and rationale

The Fund does not use derivatives however the Underlying Fund invests in derivatives to manage risk and achieve its return objectives.

The Underlying Fund trades derivatives for investment purposes to implement its investment strategies. Derivatives may also be used to hedge non-AUD currency exposures. The derivatives used are exchange-traded.

Types of derivatives used or planned to be used - Underlying Fund

The Underlying Fund utilises exchange-traded derivatives.

We impose restrictions on the use of derivatives within the Fund and monitor the implementation of these restrictions in accordance with the NMFM Derivatives Risk Statement, which can be obtained online at amp.com.au/investments, or free of charge by contacting us.

Criteria for engaging derivatives counterparties - Underlying Fund

Exchange traded derivatives do not have counterparties.

Key risks of derivative collateral requirements - Underlying Fund

One of the risks with derivatives include counterparty risk; e.g. the risk that a counterparty fails to make agreed payments related to the derivative contract as well as repayment of collateral. While exchange-traded derivatives do not have counterparties, they involve clearing brokers where some counterparty risk remains. This risk is managed by working with highly rated clearing brokers and monitoring clearing brokers on a regular basis.

Whether the derivatives are OTC or exchange traded

The Underlying Fund uses exchange traded derivatives. Derivatives used by the Underlying Fund include futures and options.

8. Short Selling

DISCLOSURE PRINCIPLE 8: IF A HEDGE FUND INTENDS OR IS LIKELY TO ENGAGE IN SHORT SELLING, THE RESPONSIBLE ENTITY SHOULD DISCLOSE THE FOLLOWING INFORMATION:

- 1 the purpose and rationale for short selling, including how short selling forms part of the hedge fund's investment strategy
- 2 the risks associated with short selling, and
- 3 how these risks will be managed.

The Fund and the Underlying Fund do not borrow or short sell securities.

9. Withdrawals

DISCLOSURE PRINCIPLE 9: THE RESPONSIBLE ENTITY SHOULD DISCLOSE THE FOLLOWING INFORMATION:

- 1 any significant risk factors or limitations that may affect the ability of investors to withdraw from the hedge fund, including any gating restrictions that may be imposed or the requirement for requests for withdrawal only to be acted on under a statutory withdrawal offer if the hedge fund is not a liquid scheme or sub-fund as defined in the Corporations Act
- 2 how investors can exercise their withdrawal rights, including any conditions on exercise
- 3 if withdrawal is to be funded from an external liquid facility, the material terms of this facility, including any rights the external liquid facility provider has to suspend or cancel the facility, and
- 4 how investors will be notified of any material change to their withdrawal rights (eg if withdrawal rights are to be suspended).

The Fund meets this Disclosure Principle.

Please refer to the 'Accessing your money' section of the PDS. In addition to the information in the PDS, we would note that:

- due to the nature of the underlying assets, the Fund does not have an external liquidity facility in place to fund redemptions, and
- we will notify investors if there is any change to the withdrawal rights associated with the Fund.

Contacting the Responsible Entity and NMFM

For further information about investing with the Responsible Entity, please contact NMFM.

Client services

T: 133 267
8.30 am - 5.30 pm, Sydney time, Monday to Friday

E: ampinvestments@amp.com.au

W: amp.com.au/investments