

xDEPOSIT HIGH INCOME FUND

Information Memorandum

01 JUNE 2022





THE REVOLUTION THAT'S CHANGING THE WAY AUSTRALIANS BUY A HOME.

Invest in the strength of Australia's property market.

The unlimited potential of the Australian property market is ready to work for you. The property market seems increasingly out of reach for many people. And, the biggest problem can be raising the deposit, especially for First Home Buyers.

The substantial difference between the increase in property prices and wage growth has made raising a home deposit an impossible task for many people – especially younger Australians.

NO DEPOSIT - NO HOME.
BUT WITH xDEPOSIT
THE PROBLEM IS SOLVED.

INFORMATION MEMORANDUM

The information contained in this Memorandum is selective and is for illustrative purposes only and is provided only for gaining a general understanding of the proposed offer to invest in the Fund. The Trustee disclaims, to the extent permitted by law, all liability in reliance on this Memorandum.

Distribution of the Memorandum to any person other than the person receiving this copy from the Trustee is unauthorized. Any photocopying, disclosure, or alteration of the contents of the Memorandum, and any forwarding of this copy of the Memorandum or any portion thereof by electronic mail or any other means to any person other than the person receiving this copy from the foregoing persons is prohibited. By receiving and viewing this Memorandum, the recipient is warranting that they are legally entitled to do so, and the securities laws of their relevant jurisdiction do not prohibit them from acquiring interests in the Fund. Further, the person receiving and viewing this Memorandum from the Trustee warrants that, if they reside in Australia, they are a wholesale client as defined in section 761G of the Corporations Act.

The primary language of this document is English. This document may be translated into different languages. Any translations provided are for reference purposes only. If there is any inconsistency or conflict between the English version of this Information Memorandum and versions of this Information Memorandum in any other language, the English version prevails.

All references to \$ amounts are references to Australian Dollars, unless specified otherwise.

The information in this Memorandum can change and may be updated or replaced from time to time. Unless the changed information is materially adverse, the Trustee may not always update or replace this Memorandum to reflect the changed information. Updated information can be obtained by contacting the Trustee or your adviser. You should check if there is any updated information before you invest.



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A. IMPORTANT DISCLOSURE

This Memorandum is provided by the trustee of the Fund, Wharton Capital Limited ABN 601 353 735 AFSL 471003 (Trustee and Custodian) in strict confidence, solely to provide certain information about the Fund to a limited number of prospective Investors. The Trustee has appointed Mega Funds Management Pty Ltd ACN 658 474 778 (Investment Manager) as the manager of the Fund. By accepting this Memorandum, the recipient agrees to be bound by the following terms and conditions.

CONFIDENTIALITY

Neither this Memorandum nor any other information provided by the Trustee may be disclosed to any other party, except for the purpose of obtaining independent advice in connection with the consideration of an investment in the Fund or used for any purpose other than the consideration of an investment in the Fund, unless the express prior written consent of the Trustee is obtained. Any reproduction of all or part of this Memorandum is strictly prohibited without the written consent of the Trustee. In the event that the recipient does not participate in the Fund, this Memorandum, along with all related materials, must be returned to the Trustee immediately upon demand.

RESTRICTIONS ON DISTRIBUTION

This Memorandum does not constitute, and may not be used for the purposes of, an offer of units or an invitation to apply to participate in the Fund by any person in any jurisdiction in which such offer or invitation is not authorized or in which the person endeavoring to make such offer or invitation is not qualified to do so or to any person to whom it is unlawful to make such an offer or invitation.

No action has been taken to register or qualify interests in the Fund, the invitation to participate in the Fund, or to otherwise permit any public offering of Fund interests in any jurisdiction other than Australia.

It is the responsibility of prospective investors to satisfy themselves as to full compliance with the relevant laws and regulations of any territory in connection with any application to participate in the Fund, including obtaining any requisite governmental or other consent and adhering to any other formality prescribed in such territory.

By receiving and viewing this Memorandum, the recipient is warranting that they are legally entitled to do so and the securities laws of their relevant jurisdiction do not prohibit them from acquiring interests in the Fund.

WHOLESALE INVESTORS ONLY

With respect to Australian jurisdiction, this Memorandum has been prepared on the basis that prospective Investors are wholesale clients or

Accordingly, this Memorandum is not a product disclosure statement and does not contain all of the information that would be included in a product disclosure statement issued under the Corporations Act.

SUMMARY OF KEY DOCUMENTS ONLY

This Memorandum contains a summary of the terms of the Fund and certain other documents. However, prospective Investors should refer to the complete legal documentation for the Fund (available by application to the Trustee). Investments in the Fund are governed by the Trust Deed for the Fund and associated documents and nothing in this Memorandum limits or qualifies the powers and discretions conferred upon the Trustee and the Investment Manager under those documents. This Memorandum should be read in conjunction with the Trust Deed and associated documents for the Fund. In the event of any inconsistency between the Trust Deed and associated documents and this Memorandum, then the Trust Deed and associated documents will prevail to the extent of the inconsistency.

INVESTORS TO UNDERTAKE OWN DUE DILIGENCE

Information contained in this Memorandum has been provided to prospective applicants to assist them to make an assessment of whether or not to invest in the Fund. In relation to the information contained in this Memorandum, the Trustee and Investment Manager or their related parties, officers, employees, consultants, advisers or agents do not warrant or represent that:

- all information which is relevant to the making of an investment in the Fund has been provided in this Memorandum;
- material information which is relevant to the making of an investment in the Fund has been provided in this Memorandum; and
- all information provided under this Memorandum is accurate or correct or does not contain misleading or deceptive statements.

Whilst the Investment Manager has undertaken due diligence in relation to the Fund and the information which has been presented in this Memorandum, it is possible that due to factors such as the passage of time or the uncertainty in forecast details that the information contained in this Memorandum may be inaccurate at the date of release of the Memorandum or at a later time.

Prospective investors are strongly encouraged to undertake their own due diligence in relation to the Fund before making an investment. In addition, prospective investors should read this Memorandum in its entirety and seek independent professional advice as to the financial, taxation and other implications of investing in the Fund and the information contained in this Memorandum.

By making an investment in the Fund, an investor warrants and represents to the Trustee and Investment Manager that they have undertaken their own due diligence in relation to investment in the Fund, including without limitation, in relation to the structure of the Fund, and the likelihood of returns from the Fund.

TRUSTEE MAY REJECT AND NO COOLING OFF PERIOD

The Trustee reserves the right to evaluate any applications and to reject any or all applications submitted, without giving reasons for rejection. The Trustee and Investment Manager are not liable to compensate the recipient of this Memorandum for any costs or expenses incurred in reviewing, investigating or analyzing any information in relation to the Fund, in submitting an application or otherwise.

No cooling off period applies to the issue of interests in the Fund.

NO TAX OR INVESTMENT ADVICE PROVIDED

Prospective Investors should not construe the contents of this Memorandum as tax or investment advice.

This Memorandum does not purport to be complete, accurate or contain all information which its recipients may require to make an informed assessment of whether to invest in the Fund.

Any advice given by the Trustee in connection with the Fund or in this Memorandum is general advice only. This Memorandum does not take into account the objectives, circumstances (including financial situation) or needs of any particular person. Before acting on the information contained in this Memorandum, or making a decision to invest in the Fund, prospective Investors should make their own enquiries and seek professional advice as to whether investment in the Fund is appropriate in light of their own circumstances.

To the maximum extent permitted by law, the Trustee and Investment Manager and their directors, officers, employees, advisers or consultants and their associated companies, businesses, partners, directors, officers or employees do not accept any liability or responsibility for any loss or damage (however caused including without limitation for negligence) arising from reliance placed on the information contained in this Memorandum.

NO PRESENTATION OTHER THAN THIS MEMORANDUM

Except where expressly disclosed, the information contained in the Memorandum has not been independently verified or audited. To the maximum extent permitted by law, no representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by the Trustee or Investment

Manager and/or their advisers as to the accuracy or completeness of any part of this Memorandum, nor will they have any responsibility to update or supplement this Memorandum.

No person is authorized to give any information or to make any representation in connection with the offer of units in the Fund described in this Memorandum, which is not in this Memorandum. This Memorandum supersedes any prior Memorandum or marketing materials given prior to the issue of the Memorandum to the extent of any inconsistency. Any information or representation in relation to the offer of units in the Fund described in this Memorandum not contained in this Memorandum may not be relied upon as having been authorized by the Trustee and/or their advisers.

NO GUARANTEE OF TARGET INCOME RETURN

Neither the Trustee nor the Investment Manager guarantee the performance of any Fund, the repayment of capital or any income or capital return; and nor do any of our respective directors, associates or advisers.

FORWARD LOOKING STATEMENTS

This Memorandum includes forward looking statements that may contain the words "believe", "intend", "estimate", "expect" and words of similar meaning. All statements other than statements of historical facts included in this Memorandum, including, without limitation, those regarding any Fund's financial position and business or investment strategy, plans and objectives are forward looking statements. Such forward looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of any Fund to be materially different from future results, performance or achievements expressed or implied by such forward looking statements.

Any forward-looking statements in relation to a Fund are based on numerous assumptions regarding that Fund's operations, present and future business and investment strategies and the markets in which that Fund will operate in the future. These forward-looking statements are made on the date of this Memorandum. Accordingly, there can be no assurance that such statements, estimates or projections will be realized.

UPDATED INFORMATION

The information contained in this Memorandum can change, and the Memorandum may be updated or replaced from time to time. Unless the changed information is materially averse to you, the Trustee may not always update or replace this Memorandum to reflect the changed information.

LETTER FROM FUND MANAGER

Dear Investors,

On behalf of the team at Mega Funds Management Pty Ltd (Investment Manager), it gives me great pleasure to present our latest investment opportunity: the xDeposit High Income Fund (Fund).

The Fund gives you the opportunity to invest directly in the revolutionary business-xDeposit, which aims to transform purchases of off the plan property.

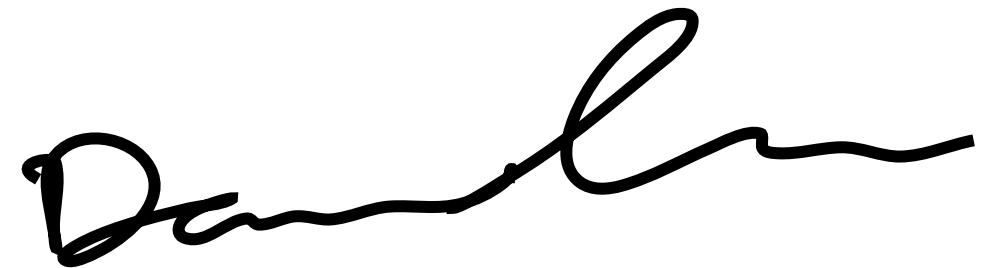
xDeposit represents a revolutionary path to purchase the an off the plan property, through a structure that allows home buyers to BUY NOW PAY LATER for their deposit for off the plan property. xDeposit will lend the funds to home buyers to enable them to pay their deposit today to exchange the sale contract and give home buyers the flexibility to repay their borrowed funds it later through a monthly payment schedule. The Fund would invest in the notes issued by xDeposit with a coupon rate of approximately 10% per annum.

The Fund affords investors access to an investment system which incorporates two classes of investment units, providing investors with the overarching goal of achieving targeted returns on their money. We aim to provide investors with these returns by applying Mega Funds Management's long-term strategy of thorough diligence and effective risk management that has been a successful methodology resulting in positive investment results.

The purpose of this IM is to provide investors with all the pertinent information in relation to the units offered under the Fund.

I hope you can join us in this investment opportunity.

Regards,

A handwritten signature in black ink, appearing to read 'David Liu', with a stylized, flowing script.

David Liu
Managing Director
Mega Funds Management Pty Ltd

B. KEY INVESTMENT FEATURES

The following table provides a high-level summary of the key features of an investment in the Fund.

Fund Name	xDeposit High Income Fund
Trustee and Custodian	Wharton Capital Limited ACN 601353735 AFSL 471003
Investment Manager	Mega Funds Management Pty Ltd ACN 658 474 778
Fund Structure	The Fund is an unregistered unit trust established by the Trustee pursuant to the Trust Deed and is governed by Australian law.
Objective	The objective of the Fund is to provide high distributions to Investors.
Investment Strategy	The Fund will invest in xDeposit who provides interest free loan for the deposit of off-the-plan property purchases.
Unit Class	Class A: Units offered under this unit class provide Investors with access to units which yield a fixed distribution (calculated at the Target Return Class A rate being 7% per annum). The Target Return Class A is calculated and determined on a monthly basis, with the intent of income distributions being paid to Investors within fourteen (14) days from the end of the calendar month
	Class B: Units offered under this unit class provide Investors with access to returns (calculated at the Target Return Class B rate being 8% per annum).The Target Return Class B is calculated on an annual basis with the intent of income distributions being paid to the Investor approximately every 12 months.
Target Return	Class A: Will seek to deliver a target return of 7% per annum (pre-tax, net of Fees and Costs) (Target Return Class A)
	Class B: Will seek to deliver a target return of 8% per annum (pre-tax, net of Fees and Costs) (Target Return Class B). Please note, this is a target and not a forecast. Actual returns may vary depending on a variety of matters.
Distribution	Class A: It is intended that distributions of income to Investors will be paid in arrears on a monthly basis, within 14 days of each months’ end based on the number of days the Investor has held Units in that month calculated by reference to the Target Return Class A.
	Class B: It is intended that distributions of income to Investors will be paid in full each 12 months calculated by reference to the Target Return Class B.

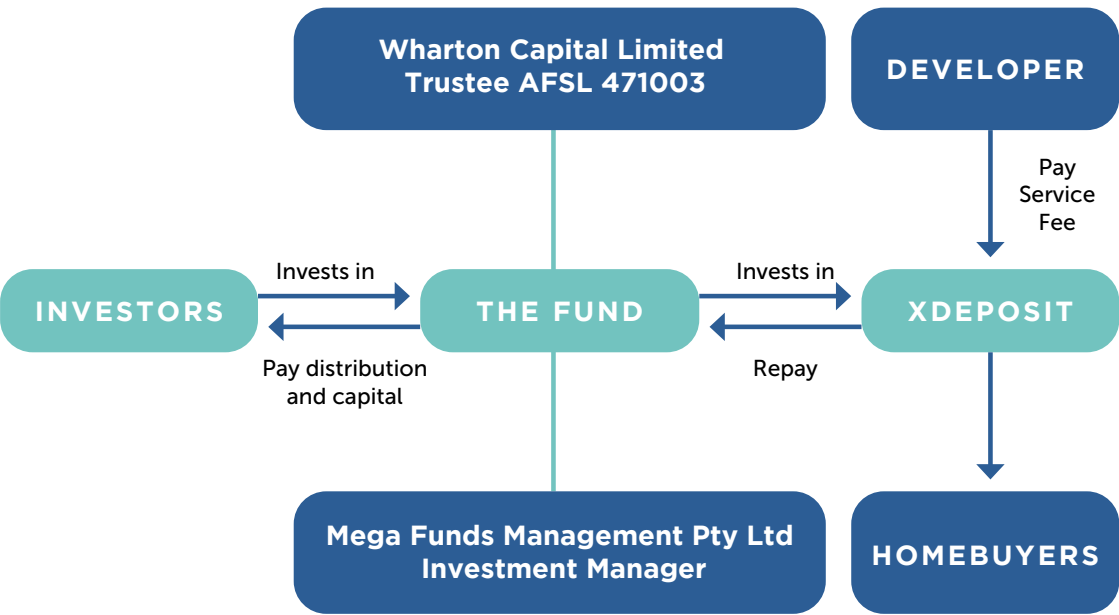
Minimum holding period	12 months for initial investments
Withdrawals	No withdrawal is allowed within minimum holding period. After minimum holding period:
	Class A: A two-month notice period is required for withdrawals, but they may be processed and paid in a shorter time at the discretion of Wharton.
	Class B: A three-month notice in advance is required for withdrawals, otherwise the capital will be reinvested in Class B for another 12 months
Entry and exit prices	\$1.00 per unit
Minimum Investment	The minimum aggregate investment required to be made by an Investor will be AUD100,000 although investments of lesser amounts may be accepted at the sole discretion of the Trustee.
Trustee Fee	0.5% per annum of the Fund’s net asset value
Management Fee	0.5% per annum of the Fund’s net asset value

C. STRUCTURE OF THE FUND

The Fund is a unit trust established by the Constitution. It is an unregistered managed investment scheme and governed by Australian law.

Under a managed investment scheme, investors’ funds are pooled with those of other investors to facilitate larger scale investments. Investors hold Units in the Fund which represent a proportional entitlement in the assets of the Fund based on the amount invested and the Application Price of the Units at the time of entry to the Fund. No Unit confers an interest in a particular part of the Fund or in any particular asset.

Following the Trustee accepting an application for Units, the Trustee will make an investment in xDeposit Pty Ltd, the operator of “xDeposit”, who provides interest free loan to home buyers for their deposits for purchase of for off-the-plan property. The Fund will receive the income attributable to the investment in xDeposit and pay distribution to unit holders. Please note, these distribution rates are targets and not a forecast and the Trustee may not be successful in achieving these distribution rates or any return on the Fund’s investments. Neither distribution or returns, or your principal investment amount, are guaranteed.



Security

The Trustee, Wharton Capital Limited, will use the Invested Funds to purchase notes issued by xDeposit. The notes will earn a coupon rate of approximately 10% per annum, although this may fluctuate up and down over time in accordance with changes in credit markets.

xDeposits net assets will be represented by any surplus funds that have not been lent to home buyers, repayments on loans from home buyers offset by loans owing by home buyers. Through the agreement entered into by all stakeholders, xDeposit will have recourse to funds held in the Trust account by the Developer in case of Home Buyer defaults.

D. KEY ENTITIES

Trustee-Wharton Capital Limited

Wharton Capital Limited (WCL) is an unlisted public company which is the holder of an Australian Financial Services Licence (AFSL No. 471003). WCL provides responsible entity, trustee, fund administration and management services to Australian and international investors.

WCL’s AFSL authorises it to operate the Fund as an unregistered managed investment scheme. As Trustee, it is responsible for the day-to-day operation of the Fund in accordance with its AFSL, the Constitution, Corporations Act and general trust law.

The WCL team have significant experience in the Asia Pacific region in the management of equity funds, fixed income funds, private equity real estate funds, real estate securities funds and alternative funds.

WCL’s board executives are leading and experienced property and finance specialists. Their substantial qualifications include, Accounting, Financial Planning, Finance, Commerce, Marketing, Business Management, Engineering, an Australian Credit Licensee and an Accredited Mortgage Consultant, together with industry governing and licensing associations. The board has successfully completed numerous mid to large scale residential developments in the Sydney market inclusive of the Norwest Growth Sector, North Shore and Inner West regions with sales exceeding \$1 billion.

The Investment Manager-Mega Funds Management Pty Ltd

The Investment Manager of the Fund is Mega Funds Management Pty Ltd

Mega Funds Management Limited has been bringing together a team with business and investment expertise along with experience in to provide wholesale investors investment opportunities to participate in property investment in Australia.

The Investment Manager is an authorised representative of Wharton Capital Limited (AFSL 471003), the Trustee.

Investment Philosophy

- Recognize opportunities
- Risk Analysis and Strategy
- Monitor and Administer Transaction

Investment-xDeposit

xDeposit is the related party of the Trustee and the Investment Manager. Directors of the Trustee and the Investment Manager are also directors of xDeposit, and interests associated with them collectively own all of the capital of xDeposit. All related party transactions are done on arm’s length terms and so Investor approval for the transactions has not (and will not be) sought.

xDeposit was established in 2022 and aims to offer interest-free loans to Home Buyers for the deposit for off the plan properties. xDeposit provides different payment plans to Home Buyers to repay their interest-free loans before the off the plan settlement date.

Generally, all interest free loans offered by xDeposit are entitled a security interest over the borrower’s right to any refund of deposit paid. Home Buyers do not have to pledge any other asset that they own to take out the interest free loan. If Home Buyers default on their interest free loan repayment, the Property sale contract may be rescinded by xDeposit so that xDeposit receives the deposit to repay the loan. In addition, late payment fees are payable by borrowers. A Tripartite agreement (Home Buyer, xDeposit and Developer) is established to define terms and conditions.

The duration of this interest free loan offered by xDeposit is generally shorter than Project construction timeframe. Repayments are withdrawn from Home Buyers’ bank account via direct debit.

The notes issued by xDeposit which the Fund will purchase will typically have a coupon rate of approximately 10% per annum with a maturity date of 12 months, although this may fluctuate up or down over time depending on market conditions.

E. THE FUND’S INVESTMENT

Investment Objective

The objective of the Fund is to provide you with a target return from a direct investment in and exposure to the revolutionary business-xDeposit, which aims to change the game of off the plan property market.

In respect of Class A Units, the Fund will seek to deliver a target return of 7% per annum, net of Fees and Costs of the Fund and before tax (Target Return Class A).

In respect of Class B Units, the Fund will seek to deliver a target return of 8% per annum, net of Fees and Costs of the Fund and before tax (Target Return Class B).

Please note, this is a target and not a forecast. No returns are guarantees. The Trustee may, in its discretion and time from time, offer varying target net return rates for Unit Classes. Prevailing target net return rates are released on monthly report.

Investment Strategy

The Fund will lend money to or invest in xDeposit to provide interest free loans for deposit for off the plan property purchases. The Fund will typically purchase notes issued by xDeposit and hold security over the notes by general security deed over the entire assets of xDeposit.

The notes that xDeposit will issue will be for a face value of \$1.00 per note at a coupon rate of approximately 10% per annum, although this may fluctuate up and down over time in accordance with changes in credit markets. Interest on the notes will be payable to the Fund. The notes will have an initial maturity date of 12 months from the issue date, and they can be rolled over for another term of 3 months if some of all of the Investors that relates to that note do not make a redemption and processed by the Trustee. The Trustee is of the view that the terms of the notes issued by xDeposit that it will purchase for the Fund are based on arm’s length terms.

Investment timeframe

As the minimum holding period for the Fund is 12 months, you should consider the Fund as illiquid. We do not intend to take any redemption request for a period of 12 months from the date of issue of that Units, this is the minimum period you should consider holding an investment in the Fund.

After the minimum holding period, redemption may be allowed but our ability to accept redemption request is materially affected by a number of factors including having sufficient cash available from the Fund’s investments. We therefore cannot guarantee that the redemption would be processed at the time of any request.

Targeted return assumptions

The Fund’s targeted return rate is a target net return rate of 7% (Class A) and 8% (Class B) per annum (pre-tax, net of fund management fees and ordinary expenses) providing a targeted gross return rate of 10% per annum based on trustee fee, fund management fees and ordinary expenses of 2% per annum. This target is based on a series of assumptions including but not limited to the following:

- Actual costs may vary from estimates causing the management fees to be higher as a proportion of fund assets. This may reduce the Net Returns available for distribution. A drop in fund assets may similarly result in a reduced Net Return available for distribution without any increase in actual costs.
- Notes invested in by the Fund are for a face value of \$1.00 per note at a coupon rate of approximately 10% per annum although this may fluctuate up and down over time in accordance with changes in credit markets;

- Interest on the notes are payable to the Fund monthly;
- Notes will have a maturity date of 12 months although this may be extended if some or all of the Investors in the Unit that relates to that unsecured note do not make redemption requests;

There is no guarantee that these targets or objectives will be met and the Investment Manager may not be successful in achieving the targeted distribution rates or any return on the Fund’s investments. No distributions or returns are guaranteed. The Trustee may, in its discretion and from time from time, offer varying target net return rates. Prevailing target net return rates are published on monthly report.

Benefits of investing in the Fund

Some of the benefits of investing in the Fund are summarized as follows:

- a) Regular returns—For Class A Units, we will endeavor to pay distributions on a monthly basis , subject to the availability of income. We are seeking to achieve a targeted net return to Investors of 7 percent per annum (pre-tax, net of fund management fees and ordinary expenses). Please note, these are targets and not forecasts. No returns are guaranteed. The Trustee may, in its discretion and time from time, offer varying target net return rates for Investors.
- b) Redemptions —Investors can apply for redemption after 12 months from the date of issue to investors’ Units. Our ability to fulfill these requests is subject to the availability of sufficient assets and to other risk factors.



F. RISK FACTORS

All investments involve varying degrees of risk. While there are many factors that may impact on the performance of any investment, the section below summarizes some of the major risks that investors should be aware of when investing in the Fund.

Before investing, prospective investors should consider whether the Fund is a suitable investment, having regard to their personal investment objectives, financial position, and particular needs and circumstances. Investors should also consider and take into account the level of risk with which they are comfortable, the level of returns they require, as well as their frequency and nature, and their investment time horizon. Investors should seek professional advice in setting their investment objectives and strategies.

The risks described below are not exhaustive and whether a risk is specifically referred to in this section or not, that risk may have a material effect on the performance and value of the Fund. Importantly, investors should note that the value of an investment in the Fund, and income received by investors, may rise or fall and, consequently, investors may suffer losses (including the loss of all of their capital investment in the Fund).

Investment Risk

The value of an investment may rise or fall, distributions may or may not be paid and an Investor's capital may or may not be returned.

No Guarantee of Target Return

Neither the Trustee, the Investment Manager nor any other person or entity guarantees any income or capital return from the Fund.

Creditor Risk

There is a risk that either the entities in which the Fund invests, or the Home Buyers to whom xDeposit lends may not be able to meet their financial obligations to pay interest and/or principal in respect of the Fund's investments when they fall due, which could impact upon the Fund's performance and the value of Units.

Conflict Of Interest And Related Party Transactions

The Trustee, Investment Manager and xDeposit are members of Wharton Capital Group, and these entities share management teams and, from time to time, company directors.

To mitigate any potential conflict of interest, where a director is appointed to more than one board within the Group structure, that director will be excluded from decision-making in relation to Fund activities in

accordance with our Conflicts of Interest and Related Party Transaction policies.

All potential and actual transactions with related parties go through an assessment process to ensure conformance with legal requirements and the Trust Deed and must be approved by the relevant board of directors, excluding any conflicted director.

Wharton maintains relevant records of potential conflicts and related party transactions that are subject to ongoing independent compliance oversight and at least annual audit.

Diversification Risk

The Fund invests in unsecured notes issued by xDeposit for the primary purpose of funding the loan book of xDeposit.

xDeposit is a related entity of the Trustee and makes interest free loans to buyers for 10% deposit for off the plan properties. While the overall default risk is low due to the spread of loans over a big number of borrowers.. The investment objective of the Fund will therefore highly depend on the performance of xDeposit to be able to lend and collect repayments from Home Buyers.

Defaults And Non-performing Loans

Investors should note the Trustee believes it is inevitable that some of xDeposit's loans will become delinquent as a result of Home Buyers' failure or inability to pay. Therefore, Investors should be aware the Fund will bear some risk in this regard.

If defaults were to occur on a larger than expected scale, there may be a negative effect upon the Fund's returns as a result of xDeposit's failure or inability to repay their loans impacting on their ability to pay the coupon rate and principal repayments under the unsecured notes it issues to the Fund.

Legal, Regulatory And Compliance Risk

Changes in government legislation, regulation and policies generally could materially adversely affect the operating results of the Fund or Project Developer. Although unable to predict future policy changes, the Investment Manager intends to manage this risk by monitoring and reacting to any potential regulatory and policy changes.

The operation of a funds management business in Australia is subject to significant regulation by Australian government authorities including without limitation the Australian Securities and Investments

Commission, the Australian Transactions Reporting and Analysis Centre, the Foreign Investment Review Board and the Australian Consumer and Competition Commission. There is a risk that the Fund may not comply at all times with its various obligations under government regulations and this may result in the loss of authorisations of the Australian Financial Services Licence held by the Trustee thereby preventing the continued operation of the Fund.

Liquidity Risk

The Fund is an illiquid investment.

An investment in the Fund should be viewed as illiquid. There is currently no secondary market for units in the Fund and it is unlikely that any active secondary market will develop.

You should only consider an investment in this Fund if you are not likely to require access to your investment in the medium term.

Information Not Complete Or Accurate

The Investment Manager is not in a position to confirm the completeness, genuineness or accuracy of any information or data included in this Information Memorandum. A significant amount of the material provided in this Memorandum was supplied by third parties. This information has not been audited or independently reviewed.

Tax Risk

Tax regulations can change and changes can be adverse. Investors should consider their own circumstances before investing.

Operating History

The Fund has no operating history upon which Investors may base an evaluation of its likely performance. The success of the Fund's investment activities will depend almost entirely on the Investment Manager's ability to carry out the proposed investment strategy successfully. While the principals of the Investment Manager have previous experience making and managing investments of the type contemplated by the Fund, there can be no assurance that the Fund's investments will achieve the targeted rate of return. Macroeconomic Risk

The general state of the Australian and international economies, as well as changes in taxation, monetary policies, interest rates and statutory requirements may have a negative impact on the Fund's performance and on the value of your investment.

Other Risks

It is important to note that not all risks can be foreseen. It is therefore not possible for the Investment Manager to protect the value of the Fund's investment from all risks. Investors should ensure they obtain appropriate professional advice regarding the suitability of an investment in the Fund having regard to their individual circumstances, including investment objectives, their level of borrowings, their financial situation and individual needs.

G. KEY ASPECTS OF xDeposit'S RISK MANAGEMENT STRATEGY

The Fund is primarily exposed to the risks of the business model of xDeposit because the majority of the Fund's investments are in unsecured notes issued by xDeposit.

xDeposit will takes steps to reduce its exposure to defaults and delinquencies from Home Buyers. xDeposit will apply the skills and resources of its team to conduct adequate and prudent due diligence on its customers to ensure they are of a sound financial standing and have the appetite to carry out the property purchase.

Agreement has been established amongst all stakeholders to minimize operational risk and vulnerability to defaults and delinquencies by Home Buyers:

A Tripartite Agreement is established to minimize vulnerability to fraud by Home Buyers:

- i) xDeposit will only lends 80% of the required deposit
- ii) Late payment fee (\$200 per month for each repayment that is not made on time) will be charged to the Home Buyer
- iii) If a Homebuyer defaults for more than 90 days, the purchase contract for the Property may be terminated by xDeposit and upon such termination, the deposit for Property is forfeited and paid to xDeposit to fund repayment of the loan.

H. TAX AND REGULATORY CONSIDERATIONS

Each Investor's taxation position will depend on their individual circumstance and Investors should seek their own taxation advice in relation to the taxation of income distributed by the Fund, whether interest, dividends, capital gains, etc.

Tax File Number And Australian Business Number

It is not compulsory for an Investor to quote a Tax File Number (TFN), claim a valid exemption for providing a TFN, or (in certain circumstances) provide an Australian Business Number (ABN). However, if an Investor does not provide a TFN, exemption or ABN, tax will be required to be deducted from the Investor's distributions at the highest marginal tax rate plus Medicare levy and any other applicable Government charges (currently 47%).

Foreign Account Tax Compliance Act (FATCA)

FATCA is United States (US) tax legislation that enables the US Internal Revenue Service (IRS) to identify and collect tax from US residents that invest in assets through non-US entities. If Investors are a US resident for tax purposes, Investors should note that the Fund is or is expected to be a 'Foreign Financial Institution' under FATCA and it intends to comply with its FATCA obligations, as determined by either the FATCA regulations or any inter-governmental agreement (IGA) entered into by Australia and the US for the purposes of implementing FATCA. Under these obligations, the Fund will have to obtain and disclose information about certain Investors to the Australian Taxation Office (ATO). In order for the Fund to comply with its obligations, the Trustee may also request that Investors provide certain information about themselves, including their US Taxpayer Identification Number (TIN). The Trustee will only use such information for this purpose from the date the Fund is required to do so.

Australian Goods and Services Tax (GST)

GST should not be payable on the issue or redemption of units nor on any of the distributions to Unit holders. GST may apply to the fees charged to the Fund by the Investment Manager and in relation to other expenses of the Fund. The Fund may be entitled to claim input tax credits and / or reduced input tax credits for any GST paid.

Anti-Money Laundering Regulations

The Investment Manager is required to comply with the Anti-Money Laundering and Counter Terrorism Financing Act 2006 ("AML/CTF Law"). This means that the Investment Manager will require potential Investors to provide personal information and documentation in relation to their identity when they invest in the Fund. The Investment Manager may need to obtain additional information and documentation from Investors to process applications or subsequent transactions or at other times during the period of the investment.

The Investment Manager may need to identify:

- an Investor prior to purchasing units in the Fund. The Investment Manager will not issue units until all relevant information has been received and an Investor's identity has been satisfactorily verified; and
- anyone acting on behalf of an Investor, including a power of attorney.

In some circumstances, the Investment Manager may need to re-verify this information.

By applying to invest in the Fund, Investors also acknowledge that the Investment Manager may decide to delay or refuse any request or transaction, including by suspending the issue or withdrawal of units in the Fund, if it is concerned that the request or transaction may breach any obligation of, or cause the Investment Manager to commit or participate in an offence under, any AML/CTF Law, and the Investment Manager will incur no liability to Investors if it does so.

Privacy

Investors will be required to provide personal information to make an investment in the Fund. The Trustee and service providers to the Trustee or the Fund may collect, hold and use potential Investors' personal information in order to assess applications, service their needs as a client or investor, provide facilities and services to Investors, the Trustee or the Fund and for other purposes permitted under the Privacy Act 1998 (Cth). Tax and company law also require some of the information to be collected in connection with applications. If a potential Investor does not provide the information requested or provides incomplete or inaccurate information, their application may not be able to be processed efficiently, or at all. Investors' information may be disclosed to the Trustee's agents and service providers on the basis that they deal with such information in accordance with the Trustees privacy policy.

An Investor's personal information may also be used to administer, monitor and evaluate products and services, gather, aggregate and report statistical information, assist the Investor with any queries and take measures to detect and prevent fraud and other illegal activity. The Investment Manager may also be allowed or obliged to disclose information by law and to report on risk management matters. Any Investors who have concerns about the completeness or accuracy of the information the Trustee has about them or who would like to access or amend their personal information held by the Trustee should contact the Trustee. Investors who wish to receive a copy of the Investment Manager's privacy policy should also contact the Trustee.

I. FEES AND COSTS

Trustee Fee and Management Fee

A Trustee Fee of 0.50% of the net asset value (NAV) of the Fund shall apply. This fee is calculated and paid quarterly in arrears from the Fund.

A Fund Management Fee of 0.50% of the NAV of the Fund shall apply. This fee is calculated and paid quarterly in arrears from the Fund.

The target return rates of 7.0% (Class A) and 8.0% (Class B) per annum are net of fund trustee fee and management fees and ordinary expense recoveries. Please note this is a target and not a forecast.

We reserve the right to delay or waive payment of the above fees at our discretion.

Expense recoveries

In addition to receiving trustee fees and management fees, we are entitled to be reimbursed for expenses and costs incurred in the proper management of the Fund (expense recoveries). The expense recoveries represent the ordinary operating expenses incurred in the operation of the Fund. The Constitution allows all properly incurred expenses to be recovered from the Fund and does not place any limit on the amount or types of expenses that can be recovered.

Ordinary expenses are the ordinary and every day expenses incurred in operating the Fund. These ordinary expenses include:

- Fees and expenses payable to the Custodian, Registrar and Administrator;
- Fees and costs of the audit of the Fund;
- Statutory charges including taxes, government fees and levies;
- Registry charges, accounting fees, legal fees, printing of annual reports, postage and handling, Compliance Committee costs, expert and consultant fees;
- All other costs, disbursements and outgoings incurred in connection with the management and administration of the assets and performance of the duties and functions of the responsible entity under the Constitution; and
- All costs and expenses we incur in relation to the preparation, due diligence, printing, promotion and distribution of this IM.

The target return rates of 7.0% and 8.0% per annum are net of fund trustee fee and management fees and ordinary expense recoveries. Please note this is a target and not a forecast.

Adviser and Introducer Fees

The Trustee reserves to right to pay up to 2% of any Application Amount to an adviser or introducer.

Differential Fee

The Manager may charge or rebate fees by negotiation with certain Unit holders. We note that ASIC instrument 2017/40 applies to differential fee arrangement.

J. INVESTING IN THE FUND

To invest in this opportunity, simply visit the website www.xdeposit.com.au and click on the relevant deal. There are no paper forms to fill out or documents to sign and scan. Our simple application process allows you to register an account and make your investment quickly and easily online.

Or

An application for units can be made by completing and lodging the “Application form” that is attached to this Memorandum (“Application”). Instructions relevant to completion of the Application are set out in the form.

A completed and lodged Application, together with payment of the relevant application monies should be returned to the Trustee at the address shown on the Application. This will constitute a binding and irrevocable application for the number of units noted on the Application.

If the Application for units is not completed correctly or if the payment of the application monies is for the wrong amount, it may still be treated as a valid Application at the sole discretion of the Trustee. However, where the payment is for less than the number of units applied for, the Application will be deemed to be for the lower number of units.

The Trustee reserves the right to reject an Application (in whole or in part) without reason. Applications along with application monies should be emailed, faxed, mailed or delivered to:

Wharton Capital Limited
Level 22
88 Phillip Street
Sydney NSW 2000
Australia
T +61 2 9251 8885
E info@whartoncapital.com.au

All application money payments should be made as follows:

By cheque:

Bank Cheque will be accepted and will need to be made in the name of **Wharton Capital Limited as Trustee for xDeposit High Income Fund**. No application will be processed until the cheque has been cleared. Only cheques or drafts in Australian currency and drawn on an Australian bank will be accepted.

By electronic transfer:

You need to pay for your investment by Electronic Fund Transfer (EFT) from your financial institution account.

Transfer the funds to the following account:

Branch Address:	6/20 Martin Place, Sydney
Account name:	Wharton Capital Limited ATF xDeposit High Income Fund
BSB:	012606
Account number:	4326-28061
Account Holder Address:	Level 22, Aurora Place, 88 Phillip St, Sydney NSW 2000 Australia

The offer under this Memorandum to invest in the Fund is available to wholesale investors only. We are unable to issue Units in the Fund to you unless we are satisfied you are a wholesale investor as defined in the Corporations Act 2001. That is, you need to satisfy at least one of the following requirements:

- You invest at least \$500,000 into the Fund; or
- You meet the minimum asset test - \$2.5 million of net assets; or
- You meet the income test - \$250,000 of gross income for the last two financial years requirements; or

you otherwise satisfy us you are not a “retail client” for the purposes of Chapter 7 of the Corporations Act 2001.

You will receive confirmation when your application is accepted. All payments must be accompanied by a notification email to info@whartoncapital.com.au or the undersigned representatives in order to ensure that the investor account is properly credited.

To apply for units in the Fund using electronic means, you must accept full responsibility (to the extent permitted by law) for any loss arising from us acting upon application forms and supporting documents received by email or fax.

You agree to release and indemnify Wharton Capital Limited, its subsidiaries and representatives in respect of any liabilities arising from us acting on application forms and supporting documents received by email or fax, even if those documents are ultimately found to not be genuine. You also agree that neither you nor any other person has any claim against Wharton Capital Limited, its subsidiaries and representatives in relation to a payment processed, units issued or other action taken by us if we rely on application forms and supporting documents received by email or fax.

L. GLOSSARY

ADI	An authorised deposit taking institution as defined in section 5 of the Banking Act 1959 (Cth).
AFSL	Australian financial services licence
Application Form	The application form included in or accompanied by this IM.
ASIC	Australian Securities and Investments Commission
ASX	The Australian Securities Exchange Limited.
Business Day	A day on which banks are open for business in Sydney, except a Saturday, Sunday or public holiday.
Class	A class of Units in the Fund
Commencement Date	The date of commencement of the Fund, being the date on which Units are first issued
Trust Deed	The deed establishing the Fund dated 04 May 2022 as amended from time to time
Corporations Act	Corporations Act 2001 (Cth) for the time being in force together with the regulations of the Corporations Act.
Fund	xDeposit High Income Fund, established pursuant to Constitution
GST	Goods and Services Tax as defined in A New Tax System (Goods and Services Tax) Act 1999, as amended.
IM	This information memorandum.
Investment Manager	Mega Funds Management Pty Ltd
Investor	A holder of Units
Offer	The offer under this IM to acquire Units.
Qualifying Investor	The Offer is only available to persons wholesale client as defined in section 761G of the Corporations Act
Trustee	Wharton Capital Limited
Unit	A Unit in the Fund
Unit Price	The price per Unit as calculated from time to time in accordance with the Trust Deed.

FIND OUT
MORE ABOUT
HOW YOU CAN
BENEFIT FROM
XDEPOSIT

TRUSTEE

Wharton Capital Limited

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AFSL 471003

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INVESTMENT MANAGER

Mega Funds Management Pty Ltd

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