

Issuer: Candour Structured Investment Pty Ltd

Issue Date: 27 June 2024

CANDOUR
PRIVATE WEALTH

Candour Deferred Purchase Agreements Term Sheet Information Memorandum Resettable Inverse Index Tracker



Important information

This Term Sheet IM dated 18 June 2024 supplements the Candour Deferred Purchase Agreements Master IM dated 12 June 2024 (**the "Master IM"**) issued by Candour Structured Investment Pty Ltd (**"the Issuer"**). This Term Sheet IM together with the Master IM constitutes the IM for the Offer of the Series of Resettable Inverse Index Tracker (**"the Units"**) as described below.

This IM is for the offer of an agreement to purchase the shares (**"Delivery Assets"**) specified in Section 2 "Term Sheet" of this Term Sheet Information Memorandum (**"Term Sheet IM"**) on certain terms including deferred delivery and, if applicable, entry into an Investment Loan for the Investment Amount (**"the Offer"**). This Term Sheet IM is dated 18 June 2024 and is issued by Candour Structured Investment Pty Ltd (ACN 673 664 527) (**"the Issuer"**) and arranged by Candour Private Wealth Pty Ltd (ACN 660 814 353, AFSL 544396) (**"the Arranger"**) pursuant to Section 911A(2)(b) of the Corporations Act. Pursuant to Section 911A(2)(b), the Issuer will issue the Units in accordance with the offer made by the Arranger.

This IM has not been lodged, and is not required to be lodged with the Australian Securities and Investments Commission (**"ASIC"**). ASIC and its officers take no responsibility for the contents of this IM.

All fees in this IM are stated inclusive of any GST (unless stated otherwise).

All monetary amounts referred to in this IM are given in Australian dollars (unless stated otherwise). All references to legislation in this IM are to Australian legislation.

Investments in the Units

This IM (including the Master IM) is an important document which should be read before making a decision to acquire the Units. The information in this IM is general information only and does not take into account an individual's investment objectives, financial situation or particular needs or circumstances.

Nothing in this IM is a recommendation by the Issuer or its related bodies corporate or by any other person concerning investment in the Units or the Reference Asset or any specific taxation consequences arising from an investment in the Units. Potential investors should also obtain independent financial and taxation advice as to the suitability of this investment to them having regard to their investment objectives, financial situation and particular needs. No cooling off rights apply to investments in the Units.

Potential Investors should note that the Issuer retains discretion to amend the closing date for the offer for a Series and move the Commencement Date (and all other consequential dates) for a Series, or not to continue with the issue of a Series of Units on the Commencement Date and terminate any Units in that Series already issued, including where there is a significant change in the Issuer's cost of hedging between the date of this Term Sheet IM and the Commencement Date. In particular, the Issuer will not continue with the issue of a Series of Units if it considers that it and its affiliates have not completed sufficient arrangements for management of their respective obligations in respect of that Series of Units. If a decision is made not to issue a Series of Units or to terminate Units in a Series that have already been issued, the Issuer will return [the Prepaid Interest, and any applicable Fees, that have been paid upfront, to applicants without interest within 10 Business Days of the scheduled Commencement Date.

Eligible investors and electronic IM

This IM and the Offer are available only to Australian resident wholesale investors (as defined by the Corporations Act) receiving this IM (including electronically) in Australia. Applications from outside Australia will not be accepted.

The Units have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold in the United States or to, or for the benefit of U.S. persons unless the Units are registered under the Securities Act or an exemption from the registration requirements of the Securities Act is available.

Updated information

Information set out in this Term Sheet IM is subject to change from time to time. Information not materially adverse to Investors in the Units may be amended without issuing an updated or supplementary Term Sheet IM.

Making an investment

Units can only be issued if potential investors use an Application Form (including relevant attachments) attached to either a paper or electronic copy of this IM.

Returns not guaranteed

Returns on the Units are not guaranteed. The Issuer and the Arranger nor any of their associates or subsidiaries guarantee the return on an investment in the Units or any gain. Investors may not recoup the total amount of any amounts outlaid as there is no guarantee that returns on the Units will be in excess of these amounts paid by Investors. Please refer to Section 2 "Risks" in the Master IM.

Definitions

Capitalised terms used in this IM have the meaning given in Section 9 "Definitions" of the Master IM, and as defined in this Term Sheet IM.

Nature of the Units

The Units are "Securities" for the purposes of Chapter 7 of the Corporations Act.

Please note "Unit" or "Units", when used in this IM, means an agreement to buy the Delivery Assets between the Issuer and the Investor pursuant to the Deferred Purchase Agreement. The Units are not units in a trust or managed investment scheme.

1. Overview

The Resettable Inverse Index Tracker ("Units") provide returns based on the performance of the inverse ASX200 Index ("Reference Asset").

A summary of the key features are as follows

	Resettable Inverse Index Tracker
Reference Asset	S&P/ASX200 Index (AXJO)
Investment Term	36 months
Issue Price	\$1.00 per Unit (funded by a limited recourse Investment Loan)
Investment Loan Interest Rate	Applicable, 6.99% p.a. (paid upfront at the Application Payment Date)
Final Value	\$1.00 per Unit plus any positive performance of the Reference Asset at Maturity
Coupons	Subject to Reference Asset performance payable annually
Currency exposure	AUD
Settlement Currency	AUD
Fees	Application fee of 1.10% (inclusive of GST)

2. Term Sheet – Resettable Inverse Index Tracker

The following Term Sheet is a summary of the key dates and terms of the Units. However, this section is not intended to be a complete summary of this Term Sheet IM or the Master IM and you should read the entire Term Sheet IM and Master IM before deciding whether or not to invest. The information in this section is qualified in its entirety by the more detailed explanations set out elsewhere in this Term Sheet IM and Master IM, in particular Section 4 "Terms of the Deferred Purchase Agreement" in the Master IM.

Initial Offer Closing Date	26 June 2024 Completed Application Forms must be received by this time. Cleared funds must be available from the date the Application Form is lodged.
Interest Payment Date ("Application Payment Date")	26 June 2024 Initial Offer Closing Date or General Offer Closing Date, and thereafter 10 Business Days after the first and second Coupon Determination Dates.
Commencement Date / Issue Date	27 June 2024 or as soon as reasonably practicable thereafter as determined by the Issuer and as notified to you. The Commencement Date may be deferred as determined by the Issuer if any of the Terms of the offer cannot be achieved by the Issuer. Other relevant dates may be adjusted accordingly if required.
Coupon Determination Dates	12 June 2025 and 11 June 2026, if such day is not a Business Day, the next following Business Day.
Coupon Payment Dates	10 Business Days after the relevant Coupon Determination Date or as soon as reasonably practicable thereafter as determined by the Issuer.
Maturity Date	10 June 2027 or if such day is not a Business Day, the next following Business Day. The Units may mature early in the case of an Early Maturity Event, and Maturity may be extended in the case of a Market Disruption Event and/or an Early Maturity Event. The Maturity Date will only be varied by the Issuer and may be varied at the Issuer's discretion.
Settlement Date	10 Business Days after the Maturity Date, or such other date as determined by the Issuer in its discretion as is reasonably necessary for the Issuer to fulfil its obligations under the Terms.
Annual Walk Away	Applicable
Buy Back	Applicable
Reference Asset	S&P/ASX200 Index (AXJO)
Reference Asset Starting Level (n = 1, 2, 3.)	The Reference Asset Closing Price on the following dates: 27 June 2024 - Reference Asset Starting Level (1) 26 June 2025 - Reference Asset Starting Level (2) 25 June 2026 - Reference Asset Starting Level (3)
Reference Asset Ending Level (n = 1, 2, 3.)	The Reference Asset Closing Price on the following dates: 12 June 2025 - Reference Asset Ending Level (1) 11 June 2026 - Reference Asset Ending Level (2) 10 June 2027 - Reference Asset Ending Level (3)

Reference Asset Closing Price	The closing price of the Reference Asset as published by the Relevant Exchange on any scheduled Business Day.
Initial Strike (n = 1, 2, 3.)	95.00%
Reset Strike (n = 1, 2, 3.)	Initial Strike (n = 1, 2, 3.) + 2% * Min [5, Int((Maximum Index Level (n = 1, 2, 3.) - 100%)/2%)]
Int()	Int() shall mean the number between zero to 5 rounded down to the nearest integer
Maximum Index Level (n = 1, 2, 3.)	Maximum index Level is the highest Reference Asset Closing Price observed on the Observation Days during respective annual Observation Period, divided by the Reference Asset Starting Level (n = 1, 2, 3.).
Observation Period (n = 1, 2, 3.)	n=1, 27 June 2024 to 12 June 2025 inclusive. n=2, 26 June 2025 to 11 June 2026 inclusive. n=3, 25 June 2026 to 10 June 2027 inclusive.
Observation Days	Every Friday
Issue Price	\$1.00 per Unit
Loan Amount	\$1.00 per Unit
Investment Loan	100% Limited Recourse Investment Loan
Interest Rate and Prepaid Interest	The Interest Rate in respect of the Investment Loan is 6.99% p.a. for the first year. The Prepaid Interest per Unit is 6.99% p.a. x 1 year x \$1 = \$0.0699 per Unit for the first year. Prepaid Interest is required to be paid in advance on the Application Payment Date for the first year.
Annual Performance (n=1, 2, 3.)	Reference Asset Ending Level (n = 1, 2, 3.) divided by the Reference Asset Starting Level (n = 1, 2, 3.), expressed as a percentage.
Coupon (n=1)	Investment Amount * Max [0, Reset Strike (1) – Annual Performance (1)]
Coupon (n=2)	Investment Amount * Max [0, Reset Strike (2) – Annual Performance (2)]
Final Value	Investment Amount * {1 + Max [0, Reset Strike (3) – Annual Performance (3)]}
Listing	The Units will not be listed or displayed on any securities exchange.
Minimum Investment Amount	100,000 Units at the Issue Price of \$1.00 per Unit.
Withdrawal of the Units	If the Issuer is unable to achieve the economic exposure described in this Term Sheet IM on the Commencement Date due to any condition set out in this Term Sheet IM not being satisfied (e.g. the Issuer being unable to hedge its obligations), or otherwise determines not to proceed with the issue for any reason, then the Issuer will terminate any Units already issued, and return the Prepaid Interest and Fees without interest. The Investment Loan will be terminated and no drawdown will be made.
Issuer	Candour Structured Investment Pty Ltd (ACN 673 664 527)
Arranger	Candour Private Wealth Pty Ltd (ACN 660 814 353 AFSL 544396)

Registrar	Registry Direct Pty Limited (ACN 160 181 840)
Hedging Counterparty	Citigroup Global Markets Funding Luxembourg S.C.A. ("CGMFL")
Minimum Early Maturity Value, Termination Payment	\$1.00 per Unit If the Units mature early for any reason, you will receive an Early Maturity Value of at least \$[1.00] per Unit which will be applied to repay your Investment Loan. You will not have to pay any other fees, costs or interest. Investors will not be entitled to a refund of any Prepaid Interest or any other Fees paid in relation to the Units and will not be entitled to payment of the Final Value and any remaining Coupons. Please refer to Section 1.10 "Early Maturity" of the Master IM for more information on when the Units can mature early.
Beneficial Interest	The Beneficial Interest in a Portion of the Delivery Asset held for each Unit an Investor holds. The Beneficial Interest will be set out in the Confirmation Notice sent to Investors and is a feature of the product designed to ensure the Units are a "security" under the Corporations Act.
Delivery Asset	Telstra Group Limited (TLS.AU). On Maturity, the Issuer intends to deliver a parcel equal in value to the Final Value per Unit multiplied by the number of Units held by an Investor ("Delivery Parcel") containing ordinary shares in Telstra Group Limited (ASX Code: TLS, website: www.telstra.com.au ("Delivery Asset")). If an Investor has not repaid the Investment Loan by the Maturity Date, such Investor will be deemed to have elected the Agency Sale Option and their Final Value will be set off against the outstanding Investment Loan and the Investor will not receive a Delivery Parcel. You should be aware that the Issuer can change or substitute the Delivery Asset in certain circumstances (including where it is to operationally difficult), and you should take this into account when considering whether to invest in the Units.
Agency Sale Option	Available to sell the Delivery Parcel and receive cash instead. Please refer to Clause 4.4 of Section 4 "Terms of the Deferred Purchase Agreement" in the Master IM. `
Key Risks	Key risks include: Your return (in the form of the Final Value) is affected by the performance of the Reference Asset. No Final Value will be payable if the performance of the Reference Asset on the Maturity Date is not positive. Investors must pay the Prepaid Interest to be entitled to receive the Final Value. If Prepaid Interest is not paid on the relevant due date, Investors Units will be terminated, they will not be entitled to any returns or any Final Value and will have no exposure to the Units. There is no guarantee that the Units will generate returns in excess of the Prepaid Interest and any Fees during the Investment Term. Additionally, in the event of an Investor requested Issuer Buy-Back, Early Maturity Event, you will not receive a refund of your Prepaid Interest or any Fees nor will you be entitled to any Final Value or remaining Coupons. Instead you will receive the Buy-Back Price or Early Maturity Value. Gains (and losses) may be magnified by the use of leverage. Investors are subject to counterparty credit risk with respect to the Issuer and the Hedge Counterparty; and the Units may mature early following an Early Maturity Event, including an Adjustment Event, Market Disruption Event.

	Event of Counterparty Default or Insolvent In the event of a Counterparty Default or insolvency, the investment unit will be cancelled. As a result, the investor will not be able to recover any prepaid interest or any unrealized upside gain. This means that the total investment amount and any fees paid may be lost entirely. Investors should be aware that the occurrence of such events could result in a complete loss of the investment, underscoring the importance of carefully considering the creditworthiness of both the Issuer and the Hedge Counterparty before investing. Please refer to Section 2 "Risks" of the Master IM for more information.
Fees	The following Fees may be payable in respect of the Units. <u>Application Fee</u>: An application fee of 1.1% (inclusive of GST) will payable in respect of each application for Units. For example, if you applied for 100,000 Units, you would pay an application fee of \$1,100. <u>Adviser Fee (if any)</u>: You may nominate an Adviser Fee to be paid to your Adviser in the Application Form attached to this Term Sheet IM. The Issuer will deduct and collect any Adviser Fee nominated on the Application Form on the Interest Payment Date and pay it to your Adviser in accordance with the terms of this IM.
Taxation	Investors should refer to section 8 of the Master IM and obtain their own independent tax advice prior to investing in Units.

Applications and issue of Units

Applications may be accepted or rejected at the discretion of the Issuer. Units will be issued within 10 Business Days upon receipt of application monies from an Investor. The Unit's economic exposure to the Reference Asset will begin on the Commencement Date. If a Unit is issued prior to the Commencement Date it will have no economic exposure until the Commencement Date.

The Units will only be issued at the discretion of the Issuer, and applications may be accepted or rejected at the discretion of the Issuer. Without limiting its discretion, the Issuer may choose not to proceed with the issue of the Units for a Series and terminate the product for those Units already issued for any reason whatsoever, including (without limitation) if there is a significant change in the Issuer's cost of hedging between the date of this IM and the Commencement Date. Where the Issuer has not received the Prepaid Interest and Fees (if any) in respect of a Unit(s) from the Investor by the Application Payment Date, the Issuer will cancel the Units relating to the unpaid amounts and will arrange for the Investors name to be removed from the register of Unitholders.

If a decision is made for any reason not to issue, or not to proceed with the issue of the Units, the Issuer will return the Prepaid Interest, Fees (if any) to applicants (without interest) within 10 Business Days of the scheduled Commencement Date and any Units already issued will be terminated.

The Units may mature early in the case of an Early Maturity Event or Issuer Buy-Back, and the Maturity Date may be extended in the case of a Market Disruption Event.

3. Master IM

Investors must have read and understood the Master IM prior to applying for Units.

To obtain a copy of the Master IM, please refer to <https://candourcapital.com/deferred-purchase-agreement/> or contact the Issuer.