



Unhedged Fund (Fund)

Investment Options List

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Important information

This investment options list (**Investment Options List**) is issued by Melbourne Securities Corporation Limited (ACN 160 326 545, AFSL 428289) (**MSC, we, us, our**). It forms part of, and should be read in conjunction with, the primary Product Disclosure Statement for the Fund (available at unhedged.com.au/importantdocuments/PDS.pdf). You should also read the additional information document (available at unhedged.com.au/importantdocuments/AID.pdf). In this Investment Options List, the term **PDS** refers to the primary Product Disclosure Statement.

You should consider the information in the PDS (including the AID and this Investment Options List) and obtain financial advice tailored to your personal circumstances when making a decision about the Fund. The information in this Investment Options List is general information only, is not financial product advice and does not take account of your personal financial situation or needs. Information in this Investment Options List may change from time to time. Where a change is not materially adverse to investors, it may be updated via a notification at unhedged.com.au. You can ask us to provide a digital copy of any updated information, free of charge, at support@unhedged.com.au.

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This document describes the Investment Options that we may make available to investors from time to time. Investors will not necessarily have access to all of these Investment Options at all times. We may make available additional Investment Options in the future. To see which Investment Options are currently available for investment, please see the Unhedged App. The Unhedged App is not incorporated by reference into, and otherwise does not form part of, this document or the PDS.

1. Investment Options

We offer a range of Investment Options under this Investment Options List.

The Industrial Activity, Sector Rotation and Momentum Investment Options will invest in a portfolio of listed shares, exchange traded funds (**ETFs**) and cash (both AUD and USD) in accordance to the particular investment algorithm. The securities will be listed on financial markets in the United States of America.

The first three Investment Options are all managed in accordance with a quantitative strategy and investment decisions will be driven by a systematic algorithm comprised of three parts:

(Signal generator): This part of the algorithm continuously assesses market data to determine the preferred amount of market exposure and portfolio holdings required for the Investment Option.

(Execution): This part of the algorithm determines whether a trading threshold has been reached relative to the preferred portfolio holding. The algorithm will run an execution routine to rebalance the portfolio once a threshold has been reached

(including both buying or selling securities).

(Monitoring and stop loss): This part of the algorithm reduces the risk associated with individual positions held by the Investment Options by exiting positions when certain thresholds are reached (ie 'stop losses'). Stop losses are maintained dynamically based on market conditions and will reduce market exposure when certain conditions are met.

There is also a fourth Investment Option, called USD Cash. The USD Cash does not invest in securities. No investment algorithm underpins this Investment Option. The USD Cash Investment Option only holds US Dollars in a non-interest bearing ledger account with Phillip Capital Limited.

Actual returns and volatility of each Investment Option may differ from expectations and may deviate from return objectives over short or long periods of time.

Detailed information about each Investment Option is set out below section.

Industrial Activity – Product information

Product summary	A fully automated algorithmic Investment Option that is designed to adjust the market exposure of the portfolio between equity and bond asset classes, depending on whether the US economy is in expansion or contraction. Exposure to equity and bond classes are achieved by investing exclusively in ETFs.
Investment return objective	To exceed the performance of the S&P500 Total Return Index after fees and expenses in Australian dollars.
Benchmark for the performance fee	SPDR S&P 500 Trust ETF (SPY.ARC)
Investor profile	For investors with high risk tolerance seeking to capitalise and exploit a specific anomaly in the market. The specific anomaly is that the relative movement of Industrial metals versus investment metals will indicate growth or stagnation.
Investment strategy	This strategy aims to exploit the correlation between metals prices and economic activity. The strategy uses the ratio between copper and gold prices along with volatility indicators to determine whether the economy is expanding or contracting and trades to take advantage of these indicators.
Assumptions	Demand for copper is generally a leading indicator for economic activity as it has applications in many industries and products. Gold is generally considered a defensive commodity as its value typically increases in times of economic uncertainty.
Signal	Movement in the ratio between copper and gold prices. The algorithm will adjust its market exposure depending on the strength of the signal.
Minimum suggested investment time frame	7 years
Risk level*	High risk

*For information about risk levels, please go to section 3 of the AID ('Additional risks'). For more information about fees and costs, please go to section 5 of the AID 'Fees and costs'.

Investment Options continued

Industrial Activity - Asset allocation (of the gross value of the Investment Option)

International equities	94% [0% - 100%]
International bonds	0% [0% - 100%]
USD cash	5% [0% - 100%]
AUD cash	1% [0% - 10%]

Industrial Activity - Estimated costs

Indirect costs	0.35% p.a. of the net trust value of the Fund
Recoverable expenses	Nil
Buy/sell spread	Buy spread +0.25% / Sell spread -0.50%

*This sets out the estimated buy/sell spread incurred in relation to the relevant Investment Option. For the amounts recovered from investors as the buy/sell spread on unit prices, see page 8.

Sector Rotation – Product information

Product summary	A fully automated algorithmic Investment Option that is designed to allocate between equity and bond exposures according to market conditions. Exposure to equity and bond classes are achieved by investing exclusively in ETFs.
Investment return objective	To exceed the performance of the S&P Target Risk Growth Index after fees and expenses in Australian dollars.
Benchmark for the performance fee	iShares Core Growth Allocation ETF (AOR.ARC)
Investor profile	For investors with high risk tolerance seeking to capitalise and exploit a specific anomaly in the market. The specific anomaly is that some sectors tend to be more volatile than others from time to time and we rebalance the risk of that volatility. By using various pairs to determine market conditions we increase or decrease exposure depending on those market conditions.
Investment strategy	This strategy is designed to allocate between equity and bond exposures depending on market conditions. These conditions are measured by comparing the performance between various pairs of markets. There are markets which are deemed to be defensive in nature, such as gold, so their relative performance against another market, such as silver, will signal whether the overall market is in a positive or negative sentiment. The allocation to equity or bond exposure will be based on individual sectors with the weightings determined by an allocation algorithm to set the risk contribution of each security.
Assumptions	The speed of the change in the value of precious metals, industrials and commodities on a dollar adjusted basis are generally good indicators of market sentiment relating to risk. When market appetite for risk increases, certain sectors outperform the market generally. When market appetite for risk decreases, certain other sectors outperform the market generally.
Signal	Allocates between equity and bond ETFs based on the relativity between pairs within the market, including: <ul style="list-style-type: none"> • precious metals; • growth in defensive sectors; and • commodity sector and currency. Risk is assessed based on the above relativities and market exposure is adjusted accordingly.
Minimum suggested investment time frame	7 years
Risk level	High risk

Investment Options continued

*For information about risk levels, please go to section 3 of the AID ('Additional risks'). For more information about fees and costs, please go to section 5 of the AID 'Fees and costs'.

Sector Rotation – Asset allocation (of the gross value of the Investment Option)

International equities	59.5% [0% - 100%]
International bonds	39.5% [0% - 100%]
USD cash	0% [0% - 100%]
AUD cash	1% [0% - 10%]

Sector Rotation - Estimated costs

Indirect costs	0.19% p.a. of the net trust value of the Fund
Recoverable expenses	Nil
Buy/sell spread	Buy spread +0.25% / Sell spread -0.50%

*This sets out the estimated buy/sell spread incurred in relation to the relevant Investment Option. For the amounts recovered from investors as the buy/sell spread on unit prices, see page 8.

Investment Options continued

Investment Option – Momentum

Product summary	A fully automated algorithmic Investment Option that is designed to allocate between equity and bond exposures according to market conditions. Exposure to equity and bond classes are achieved by investing exclusively in ETFs.
Investment return objective	To exceed the performance of the S&P Target Risk Growth Index after fees and expenses in Australian dollars.
Benchmark for the performance fee	SPDR S&P 500 Trust ETF (SPY.ARC)
Investor profile	For investors with high risk tolerance seeking to capitalise and exploit a specific anomaly in the market. The specific anomaly is that stocks that show more momentum (upward) tend to continue that momentum longer.
Investment strategy	The strategy seeks to identify the set of stocks within the Russell 3000 universe which demonstrate the most upward movement over a defined period. The measure used to determine directional movement (up or down movement) is the average true range (The average true range (ATR) is a market volatility indicator used in technical analysis). The strategy applies the following screening criteria to the Russell 3000 universe: <ul style="list-style-type: none"> • minimum trading volume and market capitalisation; and • minimum quality based on the return on equity measure.
Assumptions	Even though historical returns are not necessarily indicative of future returns, stocks that experience strong price movement in a particular direction are more likely to continue to move in that direction, over the short term.
Signal	Identify stocks which have triggered the momentum threshold of the algorithm as measured by statistical metrics or indicators independent from market indices. Screen out stocks for the following: <ul style="list-style-type: none"> • insufficient trading volume; and • insufficient market capitalisation.
Minimum suggested investment time frame	7 years
Risk level	High risk

*For information about risk levels, please go to section 3 of the AID ('Additional risks'). For more information about fees and costs, please go to section 5 of the AID 'Fees and costs'.

Investment Options continued

Momentum – Asset allocation (of the gross value of the Investment Option)

International equities	99% [0% - 100%]
International bonds	0% [0% - 100%]
USD cash	0% [0% - 100%]
AUD cash	1% [0% - 10%]

Momentum – Estimated costs

Indirect costs	0.004% p.a. of the net trust value of the Fund
Recoverable expenses	Nil
Buy/sell spread	Buy spread +0.25% / Sell spread -0.50%

*This sets out the estimated buy/sell spread incurred in relation to the relevant Investment Option. For the amounts recovered from investors as the buy/sell spread on unit prices, see page 8.

USD Cash - Product Information

Product summary	The USD Cash Investment Option will hold USD cash in a USD bank account.
Investment return objective	The US Federal Funds Rate in Australian dollars.
Benchmark for the performance fee	No performance fee will be charged.
Investor profile	For investors with a low risk tolerance seeking to preserve capital (subject to exchange rate risk) or to temporarily hold their investment capital prior to investing it into other Investment Options.
Investment strategy	Preserve capital by depositing cash in a USD bank account.
Minimum suggested investment time frame	No minimum investment time frame
Risk level*	Low risk

*For information about risk levels, please go to section 3 of the AID 'Additional risks'. For more information about fees and costs, please go to section 5 of the AID 'Fees and costs'.

USD Cash – Asset allocation (of the gross value of the Investment Option)

USD Cash	100%
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USD Cash – Estimated costs

Indirect costs	Nil
Recoverable expenses	Nil
Buy/sell spread	Buy spread +0.00% / Sell spread -0.10%

*This sets out the estimated buy/sell spread incurred in relation to the relevant Investment Option. For the amounts recovered from investors as the buy/sell spread on unit prices, see page 8.

2. Transactional and Operational Costs

	Gross transactional and operational costs*	Buy/sell spread recovery*	Net transactional and operational costs*
Industrial activity	1.34%	0.29%	1.06%
Sector Rotation	1.70%	0.29%	1.42%
Momentum	1.37%	0.29%	1.08%
USD cash	0.02%	0.02%	0.00%

*All figures are expressed as a percentage of the net trust value of the Fund. For more information about fees and costs, please go to the Additional Risks section of the AID and the Fees and costs section of the AID.

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