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Watch it grow.

Blossom



**BlossomSave NZ**

**Supplementary  
Product Disclosure Statement**

**Blossom Fund**  
ARSN 645 889 998

Issued by: Gleneagle Asset Management Limited  
ABN 29 103 162 278, AFSL Licence 226 199

# SUPPLEMENTARY PRODUCT DISCLOSURE STATEMENT

Blossom Save NZ

## 1. This SPDS

This is a Supplementary Product Disclosure Statement (**SPDS**). It was prepared and issued on 8 December 2025 by Gleneagle Asset Management Limited ABN 29 103 162 278 AFS Licence No. 226 199 (**Gleneagle**), Responsible Entity of Blossom Fund ARSN 645 889 998 (Fund) and issuer of the PDS. This SPDS should be read together with the PDS (the Blossom Save NZ Product Disclosure Statement dated 01 August 2024).

## 2. Purpose of this SPDS

The purpose of this SPDS is to amend and update the PDS for a change to the minimum investment amount and minimum balance for investments in Blossom Save NZ from the Effective Date stated below.

## 3. Changes to minimum investment amount and minimum balance

On and from **12 December 2025 (Effective Date)**, the minimum investment amount and minimum balance for Blossom Save NZ for new accounts in Blossom Save NZ will change:

- previous minimum: \$5
- **new minimum: \$50**

This change applies on and from the Effective Date to all accounts existing on the Effective Date (existing accounts) and to new accounts established on and from the Effective Date. This only applies to accounts with investments in the Blossom Save NZ class of Blossom Fund.

If your application for a new account was submitted before the Effective Date but not approved until on or after the Effective Date, it will be a new account.

If you have an existing account and requested a withdrawal before the Effective date but it otherwise would be processed on or after the Effective Date, then the withdrawal will be declined if it would breach the new minimum balance from the Effective Date.

On and from the Effective date, withdrawals from all accounts (existing accounts and new accounts) which would leave less than the new minimum investment amount of \$50 will not be permitted or processed. If the withdrawal would result in your unit holding being less than \$50 (as shown in your account balance), then the App or Web App will only let you redeem all of your account balance (because there cannot be any balance less than \$50) (or you can redeem any other amount which would leave at least the minimum balance).

If the balance for your account is less than \$50 (for whatever reason), Gleneagle may choose to notify you giving you the choice of withdrawing the investment or topping up the balance (to at least the minimum) by a datespecified in the notice. If the investment is not withdrawn or the account balance topped up to at least the minimum balance by the due date notified to you, Gleneagle may

at any time after that redeem your units, force your account closure and transfer the redemption proceeds into an unclaimed monies account.

You will then need to contact BlossomApp at [blossom@blossomapp.com](mailto:blossom@blossomapp.com) if you wish to claim these funds and be paid into your linked bank account. You should also note that any fractional cents cannot be withdrawn and can be written off prior to settling your payment.

These changes affect the information in the PDS under these headings: “Minimum Initial Investment” and “Minimum Balance” (page 7); “Benefits of investing in Blossom Save NZ” (page 19); “How to Invest” (page 36); “When you wish to withdraw” (page 37); and “Some detail about withdrawals and how much we pay” (page 38).

#### **4. All other information remains the same**

Except as set out in this SPDS, all other information in the Blossom Save NZ PDS remains unchanged and continues to apply. There are no changes to any other features, fees, risks, or terms of the Blossom Save NZ product.

#### **5. More information**

You can obtain a copy of the current PDS, this SPDS and the Target Market Determination at [www.blossomapp.co.nz/documents](http://www.blossomapp.co.nz/documents) or by contacting BlossomApp by email at [blossom@blossomapp.com](mailto:blossom@blossomapp.com).

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# BlossomSave NZ

## Product Disclosure Statement

Blossom Fund  
ARSN 645 889 998

Issued by: Gleneagle Asset Management Limited  
ABN 29 103 162 278, AFSL Licence 226 199

## PRODUCT DISCLOSURE STATEMENT

Gleneagle Asset Management Limited ABN 29 103 162 278 AFS Licence No. 226 199 (**Gleneagle, Responsible Entity, RE, we or us**) is Responsible Entity of Blossom Fund (**Fund**) and issuer of this PDS. This PDS has not been lodged with the Australian Securities and Investments Commission (**ASIC**) and is not required to be lodged. ASIC takes no responsibility for the contents of this PDS.

The Fund may comprise multiple classes from time to time. There will be a separate PDS for each Class.

This PDS describes only the Class known as Blossom Save NZ and the Strategy for it.

A reference in this PDS to “Blossom Save NZ” or to “Blossom Save NZ Class” is a reference to the Class of the Fund with that name, not a reference to a separate trust.

Although each Class of Blossom Fund can be considered separately from each other Class, Responsible Entity cannot rule out the possibility that any investment in units in any particular Class might be affected by the Fund’s investments held for any other Class available from time to time, so you should read this PDS in full and also consider the PDS for any other Class before you decide whether to acquire, to hold or dispose of an interest in units in any particular Class.

The latest current copy of this PDS is available to be downloaded from the App or the website [www.blossomapp.co.nz](http://www.blossomapp.co.nz). If you make this PDS available to another person, you must give them the entire PDS, including the application form.

This PDS is not an offer or invitation in relation to the Fund in any place in which, or to any person to whom, it would not be lawful to make that offer or invitation. New Zealand investors should refer to the section “Information for New Zealand investors”. All references to NZ\$ or amounts or balances or return or earnings are denominated in New Zealand dollars.

This PDS is current as at 1 August 2024. Information in this PDS is subject to change from time to time. To the extent that the change is not materially adverse to investors, it may be updated by a notice of the change on the Fund’s website at [www.blossomapp.co.nz](http://www.blossomapp.co.nz). If the change is materially adverse to investors, Gleneagle will notify affected investors and supplement or replace this PDS. A paper copy of any updated information will be provided free of charge on request.

No party guarantees or promises the Intended Return of the Blossom Save NZ Class, or that the amount of capital invested will gain or retain its value. No company other than Gleneagle and the Liquidity Manager makes any statement or representation in this PDS.

This PDS has been prepared without taking into account your objectives, financial situation or needs. You should consider the appropriateness of the Fund Blossom and specifically the Blossom Save NZ Class having regard to your own objectives, financial situation and needs. You should read the entire PDS, and speak to a financial adviser, before proceeding to acquire or dispose of units in the Fund and specifically the Blossom Save NZ Class.

Dated: 1 August 2024  
Issued by: Gleneagle Asset Management Limited  
ABN 29 103 162 278  
AFSL Licence 226 199

## SERVICE PROVIDERS

**Responsible Entity**

Gleneagle Asset Management Limited ABN 29 103 162 278  
Level 27, 25 Bligh Street  
Sydney NSW 2000

**Liquidity Manager**

Fortlake Asset Management Pty Limited ABN 30 643 640 939  
Level 5, 66 Clarence Street  
Sydney NSW 2000

**Threshold Manager**

BlossomApp Pty Limited ABN 74 644 216 151  
Level 27, 25 Bligh Street  
Sydney NSW 2000

**Underwriter & Custodian**

Gleneagle Securities (Aust) Pty Limited ABN 58 136 930 526  
Level 27, 25 Bligh Street  
Sydney NSW 2000

**Administrator**

Cache Investment Management Pty Ltd ACN 624 306 430  
Level 2, 23 Foster Street  
Surry Hills NSW 2010

**Prime Broker & Custodian**

J.P. Morgan Securities LLC ABN 37 109 293 610  
277 Park Avenue  
New York, NY 10172

**Auditor**

Ernst & Young ABN 75 288 172 749  
200 George Street  
Sydney NSW 2000

## WHAT'S IN THIS PDS?

We hope you find this PDS easy to use. We encourage you to read it all before you make any investment decision.

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## BLOSSOM SAVE NZ SNAPSHOT

FEATURE	SUMMARY
FUND NAME	Blossom Fund
CLASS	Blossom Save NZ
LIQUIDITY MANAGER	Fortlake Asset Management Limited ABN 30 643 640 939 CAR #001283388
RESPONSIBLE ENTITY OF THE FUND	Gleneagle Asset Management Limited ABN 29 103 162 278 (AFSL 226 199)
ADMINISTRATOR	Cache Investment Management Pty Ltd ACN 624 306 430
PRIME BROKER & CUSTODIAN <sup>1</sup>	J.P. Morgan Securities LLC ABN 37 109 293 610
THRESHOLD MANAGER <sup>2</sup>	BlossomApp Pty Limited ABN 74 644 216 151 CAR #1284228

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<sup>1</sup> J.P. Morgan Securities LLC is custodian of certain assets that it holds on behalf of the Fund for Blossom Save NZ, including cash. Responsible Entity may itself hold certain derivative positions on behalf of the Fund for Blossom Save NZ.

<sup>2</sup> Threshold Manager is responsible for seeking to achieve the Intended Return. Amendments to the displayed rate affect the Intended Return from the time of amendment, so the Intended Returns will apply *pro rata* for the relevant periods of the displayed rates. Your actual Intended Return across a past period (e.g., a financial year) might not be the current displayed rates since it will also reflect any amendments to the displayed rates during the past year. If the return is below the Intended Return, Threshold Manager may in its discretion either: (i) pay the amount of shortfall to the Fund for Blossom Save NZ so that Blossom Save NZ is achieving the Intended Return; or (ii) if there are insufficient funds, request the Underwriter to pay the shortfall to it pursuant to the terms of the Intended Return Facility (as set out in Threshold Management and Underwriting Deed) so it can make the relevant payment to the Fund for Blossom Save NZ in respect of the shortfall. These are discretionary so there is no guarantee that these payments will be made at all.



INVESTMENT OBJECTIVE	<p>Blossom Save NZ investment objective is to deliver consistent targeted income to the investors of a maximum annualised percentage rate displayed on the App and the Web App, as amended from time to time, calculated daily, from the time of amendment, on the Principal<sup>1</sup> compounded daily (<b>Intended Return<sup>2</sup></b>). Although this is the stated investment objective there is no guarantee that the Intended Return will be achieved.</p>
KEY RISKS	<p>Some of the key risks in relation to an investment in the Fund and in particular Blossom Save NZ are summarised below.</p> <p>Please refer to “What are the significant risks?” section for a more comprehensive summary of potential risks.</p> <p>Key risks specific to an investment in Blossom Save NZ include:</p> <p><b>Credit Risk.</b> Responsible Entity in respect of Blossom Save NZ may be required to rely on the Intended Return Facility and Redemption Facility provided by the Underwriter under the Threshold Management and Underwriting Deed to:</p> <ul style="list-style-type: none"> <li>• facilitate Blossom Save NZ meeting the Intended Return when Blossom Save NZ underperforms.</li> <li>• provide that the NZ\$NAV of Blossom Save NZ equals the Principal.</li> <li>• satisfy investor redemptions from Blossom Save NZ.</li> </ul> <p>The amounts received by the Underwriter (if any) may be insufficient to deliver the Intended Return, prevent capital loss or there may be a delay in paying redemption proceeds.</p> <p><b>Liquidity Risk.</b> Blossom Save NZ invests in high-grade bonds, government or government related bonds and may invest opportunistically in short-term investment-grade bonds. Investments in bonds may suffer from a lack of liquidity during the term of the bond, or if there is a thin market for the particular bonds. This may result in a delay in paying redemption proceeds.</p>

<sup>1</sup> “Principal” means any cumulative amounts paid by Unitholders for the acquisition of units in the Blossom Save NZ Class which have not subsequently been redeemed at the end of each day and includes any cumulative balance of Intended Return, that the Responsible Entity determines, at the beginning of each day, earned by the investors in the Blossom Save NZ Class. For the avoidance of doubt, any units acquired by way of reinvestment of distributions would be considered amounts paid by the Unitholders for the acquisition of units in Blossom Save NZ.

<sup>2</sup> Threshold Manager is responsible for seeking to achieve the Intended Return. Amendments to the displayed rate affect the Intended Return from the time of amendment, so the Intended Returns will apply *pro rata* for the relevant periods of the displayed rates. Your actual Intended Return across a past period (e.g., a financial year) might not be the current displayed rates since it will also reflect any amendments to the displayed rates during the past year. If the return is below the Intended Return, Threshold Manager may in its discretion either: (i) pay the amount of shortfall to the Fund for Blossom Save NZ so that Blossom Save NZ is achieving the Intended Return; or (ii) if there are insufficient funds, request the Underwriter to pay the shortfall to it pursuant to the terms of the Intended Return Facility (as set out in Threshold Management and Underwriting Deed) so it can make the relevant payment to the Fund for Blossom Save NZ in respect of the shortfall. These are discretionary so there is no guarantee that these payments will be made at all.

RISK ASSESSMENT	Medium <sup>1</sup>
CLASS INCEPTION	1 August 2024
ENTRY FEES	Nil
EXIT FEES	Nil
LIQUIDITY MANAGEMENT FEE <sup>2</sup>	0.7% p.a. (excl. GST) of the NZ\$ net asset value of the Blossom Save NZ Class (before fees and indirect costs) at the end of each Business Day <sup>3</sup> .
THRESHOLD MANAGEMENT FEE	A fee in New Zealand dollars equivalent to any amount remaining of the amount of Return above the Intended Return after payment of management costs (i.e., liquidity management fees, expenses and costs), but not exceeding the amount which Responsible Entity is entitled to pay to the Threshold Manager under the Constitution. Refer to the Fees and Other Costs section of this PDS for more information.
BUY / SELL SPREAD	Nil
MINIMUM INITIAL INVESTMENT	NZ\$5
MINIMUM ADDITIONAL INVESTMENT	NZ\$5
MINIMUM WITHDRAWAL	NZ\$5
MINIMUM BALANCE	NZ\$5
UNIT PRICING FREQUENCY	Daily, each Business Day
APPLICATION PROCESSING	Daily, each Business Day, after funds are cleared, 4pm Sydney time (usually 6pm Auckland time).
REDEMPTION PROCESSING	Withdrawal requests are required to be received by 4pm Sydney time (usually 6pm Auckland time) on each Business Day, processed each Business Day 4pm Sydney time (usually 6pm Auckland time).

<sup>1</sup> If solely based on the Standard Risk Measure Guidance Paper For Trustees (SRM) which adopts a standard risk measure (SRM) to calculate the likely number of negative annual returns over a 20 year period, the Fund for the Class would be assessed as low risk return. SRM is not a definitive or complete assessment of risks and other risk factors need to be considered. The category of assets being only or substantially defensive assets such as fixed income would be assessed as a low-risk return. Since the Fund is a managed investment scheme and the Blossom Save NZ Class may invest in other funds, uses leverage and Interest rate derivatives, the overall risk assessment for the Fund for the Blossom Save NZ Class is a medium risk return.

<sup>2</sup> The Liquidity Management Fee will only be paid to the Liquidity Manager if the Class achieves the Intended Return and has not been waived to the extent of and in proportion to the amount of the Principal invested in any other fund for which Liquidity Manager is entitled to fees.

<sup>3</sup> Business Day means a day other than a Saturday, Sunday or public holiday in Sydney, Australia.

INCOME DISTRIBUTION  
AND ATTRIBUTION  
FREQUENCY

Any income distributions and attributions (if available and if made) will be made following the end of each financial year being 30 June each year or more frequently at Responsible Entity's discretion. The default will be an income attribution whereby no cash distributions will be paid to the Unitholders. Please refer to "Distributions and attributions" for more information.

# DISCLOSURE PRINCIPLES

## DISCLOSURE PRINCIPLE 1

### THE INVESTMENT STRATEGY

#### The investment strategy

The strategy of the Blossom Fund as a whole is quantitative led and seeks to generate returns from the more liquid parts of the fixed income market using specialised techniques only available to institutional grade fixed income managers. The Liquidity Manager seeks to target areas of the fixed income market that have a lower probability of default. The Liquidity Manager only invests in areas if it considers that it has a competitive advantage compared with other fixed income managers.

The aim of Blossom Fund is to seek to ensure consistent and smoother annual returns through the Threshold Manager's management use of the Intended Return Facility provided by the Underwriter (as set out in Threshold Management and Underwriting Deed).

The Intended Return is different for each of the Classes because it is dependent on the risk and return for the Class's Strategy. The Intended Return for each Class, including Blossom Save NZ, is displayed on the App the Web App and can change from time to time.

Since the Intended Return is different for each Class (and there can be other differences, such as available withdrawal frequency), the Strategy for each Class will differ only as appropriate for the differences as among the Classes. The strategy of the Blossom Fund as a whole allows for efficiently tailoring the Strategy for each Class.

#### The investment strategy explained

The focus of the Fund is making (direct or indirect) investments in fixed income investments and derivatives to achieve synthetic interest investments. The Fund's investment style uses a variety of institutional techniques, including a combination of inflation hedges, overlays, arbitrage strategies and to opportunistically allocate to selective opportunities or to apply a distortions-based investment approach with the objective to generate a meaningful return for Blossom Save NZ above the RBA cash rate.

The focus and style of the Liquidity Manager for Blossom Save NZ is to seek out lower probability of default opportunities in fixed income markets relative to risk and then use specialised techniques with the objective of delivering stable returns to investors using a variety of return sources that have well understood correlations.

The Blossom Save NZ investment strategy may change from time to time. Responsible Entity will notify investors of any material changes to the Blossom Save NZ Strategy on the Fund's website at [www.blossomapp.co.nz](http://www.blossomapp.co.nz).

#### Investment universe

The investment universe of the Blossom Fund is comprised mainly of indirect investments (but at any time may also hold direct investments) (see below) in investment grade corporate bonds, asset backed securities inflation derivatives, interest rate derivatives, bank bills and negotiable certificates of deposit issued by larger banks and other derivatives.

The Liquidity Manager's Blossom Save NZ Strategy is to seek out the best opportunities irrespective of geography across rates, credit and inflation markets. As a result, the investment universe for Blossom Save NZ Strategy is a function of return versus probability of default and risk. Consequently, the investment universe is statistically based due to the filters that are used and will be dynamic and based on changes in the investment environment.

The indirect investments will be by investing in other funds (or classes of funds) managed by the Liquidity Manager which have substantially the same investment strategy and investment universe for Blossom Save NZ Strategy. This reflects the objective of the Fund to access the Liquidity Manager's skills and provide a cost-effective way of doing that until it is assessed that it is more cost effective for the Fund to make the investments directly, for Blossom Save NZ or for any other Class.

### **Key dependencies or assumptions**

Blossom Save NZ relies heavily on the effectiveness of the methodology described in the "Fortlake's investment process" section to deliver positive capital growth and for earnings appropriate for Blossom Save NZ. If the methodology does not work as anticipated, the Class could underperform or incur losses on capital.

The Class relies on the discretionary credit facilities provided by the Underwriter for its Intended Return. If the Underwriter does not make a payment under the Threshold Management and Underwriting Deed, then the Class could receive a lower return than the Intended Return (i.e., investors will earn less than the prevailing targeted annual rate of return).

For further information regarding the risks associated with the Blossom Save NZ Strategy, refer to 'What are the significant risks?'.

### **Diversification and position limits**

The Blossom Save NZ portfolio typically contains indirect investments by investing in other funds (or classes of funds) managed by the Liquidity Manager in excess of 450 positions and 25 countries (but at any time may also hold direct investments). The Blossom Save NZ portfolio typically contains some derivative positions, particularly if use of the derivative enhances the theme or strategy of the portfolio and allow a limited short exposure to the market.

Blossom Save NZ will generally over a broad time have the following asset allocations (direct or indirectly held):

- Weighted average credit weighting of the bond portfolio within Blossom Save NZ being investment grade being BBB-rated or better.
- Global government and corporate bond or other debt instruments issued by foreign corporations exposure of 0% - 50% of NZ\$ net asset value of Blossom Save NZ.
- Australian corporate and government bonds of 0% - 100% of NZ\$ net asset value of Blossom Save NZ.
- Derivatives (exchange-traded and over the counter derivatives) of 0% - 100%, to gain access to the above investment exposures including global government and corporate bonds and these derivatives may be in respect of (i.e., exposed to) sub-investment grade issuers.

Refer to disclosure principles 6 (leverage) and 7 (derivatives) below.

### **Risks**

Please refer to "What are the significant risks?" for details about risks of investing in Blossom Save NZ.

### **Is my capital protected?**

Returns of capital are not guaranteed.

## Risk management strategy

The Liquidity Manager continually monitors risk across four key dimensions: (i) Portfolio Exposures; (ii) Structure; (iii) Operations; and (iv) Commercial.

- (i) Portfolio Exposures relates to the individual and aggregate investment and currency exposures contained in the Class's long portfolio, short portfolio and the resulting net exposures. **11**
- (ii) Structure relates to the Fund's counterparties for foreign exchange forward transactions and prime broking services, as well as the oversight of the legal entities relating to the Fund and the Liquidity Manager.
- (iii) Operations relates to the Liquidity Manager's research, trading and accounting systems, the oversight of the Fund's service providers and other matters of regulation and compliance.
- (iv) Commercial relates to the internal workings of the Liquidity Manager, including research, finance, human resources and communications functions.

The Liquidity Manager conducts a formal risk review of these dimensions on a quarterly basis.

## For what type of investor is Blossom Save NZ suitable?

Blossom Save NZ is suited to those investors who are seeking a consistent targeted return above general inflation rates and a regular source of income. The prevailing Intended Return for Blossom Save NZ is available on the App and on the Web App.

There is no guarantee that the Intended Return will be achieved and there are risks associated with investing in Blossom Save NZ (please refer to "What are the significant risks?" for details about risks of investing in Blossom Save NZ) and therefore Blossom Save NZ is suited to those investors who are willing to accept those risks in seeking the desired Intended Return.

## DISCLOSURE PRINCIPLE 2 LIQUIDITY MANAGER AND THRESHOLD MANAGER

### Liquidity Manager

Fortlake Asset Management Limited ABN 30 643 640 939 is the Liquidity Manager for the Fund and is appointed by Gleneagle to manage a portfolio of assets of Blossom Save NZ. Fortlake is an Australian incorporated company.

Other liquidity managers may also be appointed from time to time to manage different portfolios of assets within Blossom Save NZ.

Gleneagle and Fortlake have made a liquidity management agreement, which is substantially in an industry standard format and provides for termination of the Liquidity Manager in a number of circumstances including insolvency, breach of an obligation, representation, warranty or undertaking under the agreement or if Gleneagle is required to terminate to comply with relevant law. There are no penalty pay outs in the event the liquidity management agreement is terminated. There are no unusual or onerous (from an investor's perspective) terms in the liquidity management agreement. There have been no adverse regulatory findings against Fortlake or its personnel.

There are several key investment personnel who have day to day responsibility for the running of the portfolio on behalf of Fortlake.



The key persons, including their relevant qualifications and commercial experience, are:

### **Dr Christian Baylis, Founder, Chief Investment Officer**

Christian is a highly regarded manager with broad experience across global fixed income and derivatives strategies, having worked previously at UBS Asset Management and the Reserve Bank of Australia (**RBA**).

Christian managed in excess of AUD\$8 billion AUM and was the lead Portfolio Manager in the UBS Fixed Income team for the UBS Cash Plus Fund, the Insurance and ALM book of business and ran a complex suite of overlay strategies for large cross-border liability clients. Christian was also a member of the Global Multi Strategy Committee and was appointed as the representative for the Global Dynamic Fund, the core global unconstrained Fixed Income offering for UBS Asset Management.

Christian was the Head of Derivative Strategy, Inflation Linked Assets and Credit Trading across the Fixed Income business, managing in excess of AUD\$26 billion. This role incorporated oversight of Sector Strategy - incorporating Semi-government and Sovereign Supra National Agencies (**SSAs**) and the development of the associated environmental, social or ethical considerations framework for these assets. As a member of the Global Multi Strategy Committee Christian was actively involved in the macro analysis and research of fixed income markets for the global Fixed Income business.

Christian joined UBS Asset Management in March 2011. Whilst managing the UBS Cash-Plus Fund from March 2011 to May 2020, Christian obtained the only 'Highly Recommended' rating from Zenith for consecutive years 2017 – 2020 for the Short-Term Credit category.

Prior to this, he was a Senior Analyst at the RBA, managing the Bank's investment portfolio, liquidity and liability profile. Prior to his role at the RBA, Christian worked for Standard and Poor's, as a Rating Specialist conducting rating assessments and research.

Christian has a PhD in Econometrics from Monash University and was a recipient of the distinguished Exceed First Class Honours award, receiving a perfect GPA. Christian won the Australian Postgraduate Scholar Award at both University of New South Wales (**UNSW**) and the University of Sydney (**USYD**) for his work in the Econometrics field and was a visiting scholar at Monash University in the Econometrics faculty. Christian was also the recipient of the prestigious Capital Markets CRC PhD Scholarship where his work focused on alternative methods of inflation modelling, probability density functions and option implied distributions.

Christian will spend approximately 90% of the time executing the investment strategies of the Blossom Fund.

### **Catherine Drysdale, Portfolio Manager**

Catherine serves as a Portfolio Manager at Fortlake. She is a current PhD (Engineering) candidate and scholarship recipient at the University of Sydney (USYD), where she is leveraging artificial intelligence for fixed income portfolio optimisation. Catherine has been conducting research alongside Dr Christian Baylis and Dr Kylie-Anne Richards since September 2023. She holds a Master of Data Science from USYD, where her thesis examined the role of Quantitative Easing and price bifurcations in the Australian Commonwealth Government Bond market. Having worked previously at ANZ and Dimensional Fund Advisors (DFA), Catherine has experience in domestic and global fixed income markets. DFA is a global investment firm with over \$1 trillion AUM, with a board that has featured numerous Nobel laureates and esteemed academics including Eugene Fama, Ken French, Merton Miller, Myron Scholes and Robert Merton. At DFA she worked in a trading and portfolio management capacity where she applied quantitative problem-solving and analytic skills to design fixed income strategies.

Catherine was also responsible for overseeing the incorporation of sustainability principles into the investment process. In her time at ANZ, she produced market communications and facilitated trades in fixed income and derivative products.

Catherine's experience in finance is preceded by a career in economics and business studies education, where she served as a teacher for several years. Outside her time at Fortlake, she continues her work as an educator for postgraduate students in the Faculty of Computer Science at USYD.

Dr Richards will spend approximately 90% of the time executing the investment strategies of the Blossom Fund.

### Threshold Manager

BlossomApp Pty Limited ABN 74 644 216 151 is the Threshold Manager for the Fund and is appointed by Gleneagle:

- To seek to obtain the Intended Return for Blossom Save NZ denominated in NZ\$ after accounting for any adverse currency fluctuations between the NZ\$ and the Australian dollar.
- If the Return is above the Intended Return, to determine the management costs payable (i.e., liquidity management fees, expenses and costs), as described in this PDS current for the relevant period, and to instruct Responsible Entity to accrue such payments daily.
- If the Return is below the Intended Return, at its sole discretion, to decide to make payments into Blossom Save NZ to meet the Intended Return.
- In its sole discretion, to decide to make payments to Responsible Entity to assist in satisfying withdrawals from Blossom Save NZ where necessary (and later be repaid for that).
- In its sole discretion, to decide to make payments to Responsible Entity at any time to ensure that the NZ\$NAV of Blossom Save NZ equals the Principal (and later be repaid for that).

The Threshold Manager is an Australian incorporated company owned 50% by Gleneagle Securities (Aust) Pty Limited (i.e., the Underwriter). The Underwriter makes available the Intended Return Facility and the Redemption Facility to the Threshold Manager under the Threshold Management and Underwriting Deed, by which the Underwriter may make certain payments to the Threshold Manager. See section "Threshold Management and Underwriting Deed" below.

Gleneagle, the Threshold Manager and the Underwriter have signed a threshold management and underwriting deed (**Threshold Management and Underwriting Deed**), which contains commercial terms and provides for termination of the Threshold Manager in a number of circumstances including insolvency, breach of an obligation, representation, warranty or undertaking under the agreement or if Gleneagle is required to terminate to comply with relevant law. There are no penalty pay outs in the event the Threshold Management and Underwriting Deed is terminated. There have been no adverse regulatory findings against the Threshold Manager or its personnel.

Gleneagle has the right to appoint more than one investment manager (including the Liquidity Manager) in respect of the Fund including with respect to any Class. If more than one investment manager is appointed, each investment manager will be appointed in respect of a portfolio. When determining the fees payable to each relevant investment manager as a management fee, the calculation of the fees will be undertaken on a portfolio basis, where the Intended Return and Return are calculated in respect of each individual portfolio.



## DISCLOSURE PRINCIPLE 3

### FUND STRUCTURE

The Fund is structured as a registered managed investment scheme and a unit trust. Interests in the trust are divided into “units” relating to each Class of the trust.

Responsible Entity of the Fund is Gleneagle.

The Liquidity Manager currently managing a portfolio of Blossom Save NZ is Fortlake Asset Management Limited (**Fortlake**).

The Threshold Manager of the Fund is BlossomApp Pty Limited (**BlossomApp**).

Gleneagle Securities (Aust) Pty Limited (**Gleneagle Securities**) is the Underwriter of the Fund and the Custodian for indirect investments (by way of holding units in other funds managed by the Liquidity Manager).

Other key service providers include Cache Investment Management Pty Ltd, the Administrator of the Fund, J.P. Morgan Securities LLC, the Prime Broker and Custodian of the Fund for direct investments in fixed income investments and Ernst & Young, the auditors of the Fund.

All key service providers of the Fund are appointed on commercial terms. Service providers are largely based in Australia.

Gleneagle ensures compliance of its service providers with their obligations under the relevant service agreements and laws by monitoring performance, and by conducting reviews in accordance with its service provider monitoring program.

There are risks of holding assets through third party service providers such as the Prime Broker. These risks are outlined in the section “What are the significant risks?” and “Counterparty risk”.

For information on fees and costs associated with an investment in Blossom Save NZ, please refer to “Fees and other costs”.

## DISCLOSURE PRINCIPLE 4

### VALUATION, LOCATION AND CUSTODY OF ASSETS

Below is a table summarising the Class's typical assets, location of assets and the current custody arrangements.

<b>Assets</b>	<b>Location of Assets</b>	<b>Prime Broker &amp; Custodian</b>
Direct investments in: Commonwealth Government Bonds, Semi-Government Bonds, Corporate Bonds, inflation derivatives, interest rate derivatives, bank bills and Negotiable Certificates of Deposit (NCDs) issued by larger banks and other derivatives.	Australia, North America, UK/EMEA, Asia Pacific	J.P. Morgan Securities LLC
Indirect investments in: Commonwealth Government Bonds, Semi-Government Bonds, Corporate Bonds, inflation derivatives, interest rate derivatives, bank bills and Negotiable Certificates of Deposit (NCDs) issued by larger banks and other derivatives.	Australia (other funds managed by Liquidity Manager which are domiciled in Australia)	Gleneagle Securities

Interests in Blossom Save NZ are typically valued daily each business day in Sydney, Australia (not NZ Business Days) and the net asset value is denominated in NZ\$ determined in accordance with the Constitution and industry standards.

Earnings will be denominated in NZ\$. This is based on converting the actual earnings, denominated in Australian dollars to NZ\$ at the exchange rates used for valuing Units in Blossom Save NZ (on Business Days). There is a risk that the value of earnings and withdrawals for Blossom Save NZ (on Business Days) will change due to movements in the exchange rate between the Australian dollar and NZ\$ at the exchange rates used for valuing Units in Blossom Save NZ (on Business Days).

There will typically be no hedging of currencies between the NZ\$ and the Australian dollar. As such, the valuation of assets and Units in the Blossom Save NZ to NZ\$ may give rise to unforeseen adverse currency fluctuations between the NZ\$ and the Australian dollar. The Threshold Manager, at their discretion, assumes the risk of these currency fluctuations, allowing investors to achieve their targeted Intended Return without the risk of these currency fluctuations.

Please refer to the "The Class's Investment Process" section for information on the geographical exposures of the Class's investments. J.P. Morgan Securities LLC is custodian of certain assets that it holds on behalf of the Fund for Blossom Save NZ, including cash and direct investments. Gleneagle Securities is custodian of the financial assets which are the investments in other funds managed by the Liquidity Manager. Responsible Entity may itself hold certain derivative positions on behalf of the Fund allocated to Blossom Save NZ.

## DISCLOSURE PRINCIPLE 5

### LIQUIDITY

Withdrawals are processed on a daily basis each Business Day. Payments are ordinarily made by the next NZ Business Day<sup>1</sup>.

It is expected that Blossom Save NZ will be able to meet redemptions in normal market conditions. In a rapidly moving market, investors could experience a deferral or scaling back to a partial payment of their redemption amount plus a deferral of the outstanding amount.

The Underwriter may (in its discretion) assist to fund redemptions under the Threshold Management and Underwriting Deed, by way of making payments to the Threshold Manager for the Threshold Manager to make corresponding payments to Responsible Entity, to enable Blossom Save NZ to satisfy redemptions without having to defer redemptions.

The Constitution of the Fund and the Corporations Act permit deferral of redemptions in certain circumstances. Please refer to the section “Withdrawing your investment” for further information. Responsible Entity is also permitted to defer redemptions if it receives an individual redemption request that represents more than 5% (for an individual member) or redemptions received over a period of 5 consecutive business days for more than 10% (in aggregate) of the number of units in issue. This is commonly referred to as ‘gating’. Responsible Entity also has the discretion to waive these ‘gating’ rights.

Please refer to the section “What are the significant risks?” and “Liquidity risk” for more information on liquidity.

## DISCLOSURE PRINCIPLE 6

### LEVERAGE

The Liquidity Manager may leverage Blossom Save NZ capital because it believes that the use of leverage may enable Blossom Save NZ to achieve a higher rate of return. Accordingly, Responsible Entity may pledge Blossom Save NZ securities in order to borrow additional funds for investment purposes.

The Blossom Save NZ may also leverage its investment return with derivatives and short sales. The amount of borrowings which Blossom Save NZ may have outstanding at any time may be substantial in relation to its capital. Leverage can magnify both the gains and losses and Unitholders may experience increased volatility in the value of their investments.

Leverage is employed via the prime broking relationship with J.P. Morgan Securities LLC, or other trading counterparties who impose a strict set of leverage limits, asset class criteria restrictions as well as concentration risk calculations on Blossom Save NZ.

The Prime Broker or other counterparties may enter into leveraged transactions (e.g., short selling or derivatives) and may hold some assets of Blossom Save NZ as collateral for those transactions.

Please refer to the sections “What are the significant risks?” and “The Prime Broker” for more information on leverage.

#### **Worked example of impact of leverage on investment returns and losses**

The following table provides examples of two different scenarios of Blossom Save NZ performance and their theoretical outcome if Blossom Save NZ was at its maximum gross market exposure (2.5x) with no protection through short selling.

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<sup>1</sup> NZ Business Day means a day other than a Saturday, Sunday or public holiday on which banks are generally open for business in New Zealand.

At Blossom Save NZ maximum gross market exposure, this means that for every NZ\$1 of Blossom Save NZ\$ net asset value, Blossom Save NZ is leveraged NZ\$2.50. Note that this example does not take into account borrowing or trading costs. The examples use an investment of NZ\$50,000 and the maximum anticipated and allowed leverage of 2.5x:

RETURN ON INVESTMENTS	TOTAL GROSS PORTFOLIO EXPOSURE	TOTAL PORTFOLIO GAIN/(LOSS)	TOTAL PORTFOLIO VALUE
Portfolio return +10%	NZ\$125,000	NZ\$12,500	NZ\$62,500
Portfolio return -10%	NZ\$125,000	(NZ\$12,500)	NZ\$37,500

## DISCLOSURE PRINCIPLE 7

### DERIVATIVES

While Blossom Save NZ primarily invests indirectly by investing in other funds managed by the Liquidity Manager, the Liquidity Manager may, in its discretion, invest in derivatives or in exchange traded funds to gain an intended exposure or manage a particular risk.

Derivatives (both exchange traded and over the counter) may be used indirectly (or may be used directly) in the management of Blossom Save NZ for purposes including the following:

- managing investment risk and volatility of a security or market.
- managing actual and anticipated interest rate risk and credit exposure.
- managing currency risk and adjusting currency exposure.
- achieving asset exposures without buying or selling the underlying securities.
- creating short exposure to a security or market where permitted.
- generating additional income.
- adding to the gearing levels of Blossom Save NZ portfolio.
- managing strategic and tactical asset allocation strategies.
- taking advantage of price differences (known as arbitrage).

The primary over the counter derivative counterparty used, for direct investments, is J.P. Morgan Securities LLC, who is the Fund's Prime Broker.

Please refer to the sections "What are the significant risks?" and "The Prime Broker" for more information on the use of derivatives.

## DISCLOSURE PRINCIPLE 8

### SHORT SELLING

Short selling may be undertaken by Blossom Save NZ as part of the investment strategy. The Blossom Save NZ may engage in short selling by borrowing bonds through the Prime Broker or other brokers and providing the required collateral.

Liquidity Manager will engage in short selling in accordance with the rules of the particular market on which it is trading (for example, it will comply with relevant reporting requirements and, where “naked” short selling is prohibited, Liquidity Manager will not engage in such practice).

The risks of short selling are set out in the section “What are the significant risks?”. Short selling risk is managed by Liquidity Manager through size and by the use of the Prime Broker.

## DISCLOSURE PRINCIPLE 9

### WITHDRAWALS

Withdrawals are processed on a daily basis each Business Day in New Zealand dollars. Withdrawal requests must be received by 4pm Sydney time (usually 6pm Auckland time) on a Business Day. Payment is ordinarily made by the next NZ Business Day.

The process for making withdrawals and limitations in relation to withdrawals are set out in the section “Withdrawing your investment”. In some circumstances, such as when Blossom Save NZ is illiquid, investors will not be able to withdraw from Blossom Save NZ. If the withdrawal requirements are altered, you will be notified in writing. Please also refer to the section “What are the significant risks?” and “Liquidity risk” for more information on illiquidity.

#### Redemption Facility

The Underwriter has made available a credit facility to the Threshold Manager under the Threshold Management and Underwriting Deed to assist Responsible Entity in satisfying withdrawals from Blossom Save NZ. The facility is only made available where Blossom Save NZ does not have the liquidity required to satisfy the withdrawals for any given day in the Underwriter’s discretion. The facility is intended to bridge the time delay from receiving the receipts from realising assets (if necessary) to satisfy the daily withdrawals each Business Day.

## DISCLOSURE BENCHMARKS

This PDS addresses the following two disclosure benchmarks:

### BENCHMARK 1

#### VALUATION OF ASSETS

This benchmark addresses whether valuations of Blossom Save NZ non-exchange traded assets are provided by an independent administrator or an independent valuation service provider.

#### MET OR NOT MET?

The Blossom Save NZ meets the valuation of assets benchmark. Any non-exchange traded assets (such as over the counter derivatives) are valued by the Prime Broker or Administrator who are unrelated to Blossom Save NZ.

## BENCHMARK 2

### PERIODIC REPORTING

This benchmark addresses whether we provide periodic disclosure to our investors of certain key Blossom Save NZ information on an annual and monthly basis.

### MET OR NOT MET?

The Blossom Save NZ does not meet this benchmark.

The following information will be made available to unit holders in Blossom Plus on a monthly basis:

- the current total NZ\$ net asset value of the Blossom Fund.
- The net return of the Blossom Fund assets after fees, costs and taxes.

We will advise unit holders should there be any changes to the following:

- any changes to key service providers including any change in related party status in respect of Blossom Save NZ and in respect of the Fund more generally.
- any material changes to the risk profile and strategy of Blossom Save NZ more generally.
- any material changes related to the primary investment personnel responsible for Blossom Save NZ more generally.

## WHAT ARE THE BENEFITS OF INVESTING IN BLOSSOM SAVE NZ?

### Benefits of investing in Blossom Save NZ

Some of Blossom Save NZ key benefits include the following:

- NZ\$ denominated investment and earnings.
- easily accessible investment through the Blossom App or the Web App for Blossom Save NZ providing for daily applications and redemptions each Business Day.
- greater flexibility with minimum account balance of NZ\$5, minimum applications, minimum additional investments and minimum withdrawals of NZ\$5 (subject to the minimum balance).
- credit facilities provided by the Underwriter:
  - to pay, at its discretion, to the Threshold Manager the amount required to make up any shortfall of the Return to the Intended Return (and for the Threshold Manager to make the corresponding payment to the Fund for Blossom Save NZ),
  - to make advances, at its sole discretion, to provide liquidity to the Threshold Manager to pay investors redemptions within the timeframes as set out in this PDS (and for the Threshold Manager to make the corresponding payment to the Fund for Blossom Save NZ).
- transparent and daily up-to-date information available in the Blossom App or the Web App about your investment in Blossom Save NZ.
- the Liquidity Manager is highly specialised, with deep knowledge and experience in fixed income investments.
- investors have access to Liquidity Manager's investment methodology which is designed to produce returns and protect investors against inflation risk.

- investors have access to a highly diversified portfolio of investment grade fixed income investments.

## THRESHOLD MANAGEMENT AND UNDERWRITING DEED

Under the Threshold Management and Underwriting Deed, the Threshold Manager at its sole discretion, has the ability to pay the amount of shortfall to Responsible Entity for Blossom Save NZ so that Blossom Save NZ is achieving the Intended Return.

The Intended Return is expressed as an annualised percentage rate at the time. The rate may be amended (up or down) at any time.

It will be displayed on the App and on the Web App. An amended rate applies from the time of amendment. The current rate at any time applies on a *pro rata* for so long as that displayed rate is current. For example, an Intended Rate of 5.95% p.a. is an annualised rate applying *pro rata* each day it applies. If changed to, say, 5.0% p.a., then that new annualised rate immediately applies on a daily rate going forwards. While the current Intended Rate applies to the Intended Return Facility and the Redemption Facility, your actual investment return across a past period (e.g., a financial year) will reflect any amendments to the Intended Return during that past period.

If the Class underperforms and the Return is below the Intended Return, the Threshold Manager may at its discretion, either:

- (i) pay the amount of shortfall to the Fund for Blossom Save NZ so that Blossom Save NZ is achieving the Intended Return; or
- (ii) if there are insufficient funds, request the Underwriter to pay the amount of shortfall under the relevant credit facility (which may be made in the Underwriter's discretion) to it so that it can make the relevant payment in respect of the shortfall to Blossom Save NZ.

When the Class outperforms and the Return is above the Intended Return, the Threshold Manager determines the amounts of fees and expenses payable as set out in the PDS current for the relevant period and instructs Responsible Entity to accrue such payments daily. These fee amounts include the excess funds (net of all other fees and expenses) above the Intended Return of Blossom Save NZ paid to the Threshold Manager via the Threshold Management Fee.

Under the Threshold Management and Underwriting Deed, the Underwriter provides the:

1. Intended Return Facility: The Underwriter agrees under the threshold management and underwriting deed to pay, at its discretion, to the Threshold Manager the amount required to make up any shortfall of Blossom Save NZ return on Return to the Intended Return.
2. Redemption Facility: The Underwriter agrees under the threshold management and underwriting deed to make advances, at its sole discretion, to provide liquidity to the Threshold Manager to pay investors redemptions within the timeframes required as set out in the PDS current for the relevant period.



## BLOSSOM APP AND WEB APP

Blossom app (the **App** or **Blossom App**) or Blossom the website app (the **Web App**) are the platforms through which investors may make applications to acquire units in Blossom Save NZ, redeem their investment or check the value of their investments. Refer to sections 'How to invest' for more information on how to apply for Blossom Save NZ and 'Withdrawing your investment' from Blossom Save NZ for more information on how to redeem your investment through the App or Web App.

## THE CLASS'S INVESTMENT PROCESS

### Fortlake's investment process

Investors in the Class have the benefit of accessing Liquidity Manager's distinctive investment process. The Liquidity Manager utilises a Trade Meritocracy Framework (**TMF**) to build its portfolio, which includes the following stages:

- Stage 1 – Universe and Opportunity Set

The Liquidity Manager identifies a shortlist of potential investments (the investment universe) which fit the Fund's investment parameters. This process involves analysing a range of investment instruments and forming a view as to their relative merits (including any discount to their intrinsic value), based on their risks and potential return, commensurate with the Class's target return of the Intended Return. Once the Liquidity Manager has completed this analysis, it uses this data to optimise capital allocation and weight the portfolio.

- Stage 2 – Factor Audit

Once the investment universe is defined, each of the potential investments is subject to further analysis and modelling through repeated simulation. This stage involves scrutinising the performance of the potential investments across a range of factors. Such factors may include macroeconomic factors or investment specific factors like volatility or momentum. Potential investments are ranked across each factor with a view of identifying superior opportunities and areas for further optimisation. The factors used in this stage may change over time and themselves are evaluated regularly by the Liquidity Manager to ensure effectiveness.

- Stage 3 – Implementation Review

Once the investments and allocations have been confirmed, the Liquidity Manager considers the most effective means of implementing the investment. For example, in some circumstances, the Liquidity Manager may elect to trade in a bond directly, and in others, it may elect to instead trade via a derivative. In determining this, the Liquidity Manager will have regard to the potential merits and risks associated with each approach.

- Stage 4 – Execution Review

Once the most appropriate means of implementation has been identified, the Liquidity Manager determines the optimal means of executing the trade. This includes an evaluation of the potential trading counterparties, informed by the Liquidity Manager's previous knowledge and experience with the counterparties.

- Stage 5 – Post Execution Review

When the Liquidity Manager executes a trade (and thereafter), it analyses how the market responds to its trade. The Liquidity Manager uses this data to develop a profile on counterparty firms and the market, which it uses to better inform trading strategy and counterparty selection in the future.



- Stage 6 – Live Monitor

The portfolio is then subject to ongoing monitoring and evaluation from a risk management perspective by the Liquidity Manager. The data collected at this stage is used to evaluate the sufficiency of the model and identify further areas of optimisation.

### **Labour and environmental, social and governance (ESG) or ethical considerations**

Responsible Entity has adopted the ESG policy of BlossomApp for the Fund (available on the App and the Web App). The ESG policy accommodates the nature of the Fund, including its investment objectives, strategies, service providers and takes into account the investment objective of the Intended Return.

The Fund's adopted ESG policy may change from time to time (ordinarily without other notice to investors and without a change to disclosures in this PDS), though it is not expected that any change will lead to any material impact on the Fund or on Blossom Save NZ in particular. Owing to the features of the Blossom Save NZ Class including the typical indirect investments and direct derivative investments for the Class, the ESG policy focuses on ESG principles and considerations for investing and for incorporation into the entire investment process, including appointing and overseeing managers such as Fortlake.

As an applicant of the Principles for Responsible Investment, Fortlake ensures the organisation publicly demonstrates its commitment to including environmental, social and governance (ESG) factors which are integral to the core of the investment decision making and ownership.

Effectively pricing ESG factors is vital to the management of risks and identifying investment opportunities in corporate and sovereign bonds and their derivatives. Carrying out stewardship responsibilities is also central in Fortlake's investment process, with some products and business practices being detrimental to society and the environment and therefore incompatible with sustainable investment practices. Certain exclusion criteria are applied to the investment universe, for example controversial weapons, within a tiered, scenario-based framework which also incorporates breach reporting in the extreme. For investment management mandates, Fortlake offers various other exclusion criteria to suit clients' needs.

Fortlake's Chair of ESG Committee is a member of the Investment Committee and Board of Directors for Fortlake Asset Management. In addition, Fortlake has external ESG academic affiliations and as such is actively involved in academic research. This brings both a level of rigour and independence to the investment process, whilst contributing practical expertise to the academic community.

### Blossom Save NZ Geographic exposure

The Class typically will invest indirectly (but may invest directly) in corporate bonds or other debt instruments issued by foreign corporations. The Blossom Save NZ will typically have geographical exposures of:

GEOGRAPHIC LOCATION	GROSS EXPOSURE RANGE
North America	0-50%
UK/EMEA	0-50%
Asia Pacific (predominantly Australia)	0-100%

These geographical allocations are guidelines only and may be varied at the discretion of the Liquidity Manager having regard to the best interests of Unitholders in the Class as a whole and the investment strategy of Blossom Save NZ.

### What corporate governance processes are in place to manage my investment?

Under the *Corporations Act 2001* (Commonwealth) and the Fund documents, investors are provided with several layers of oversight providing a robust and appropriate corporate governance structure.

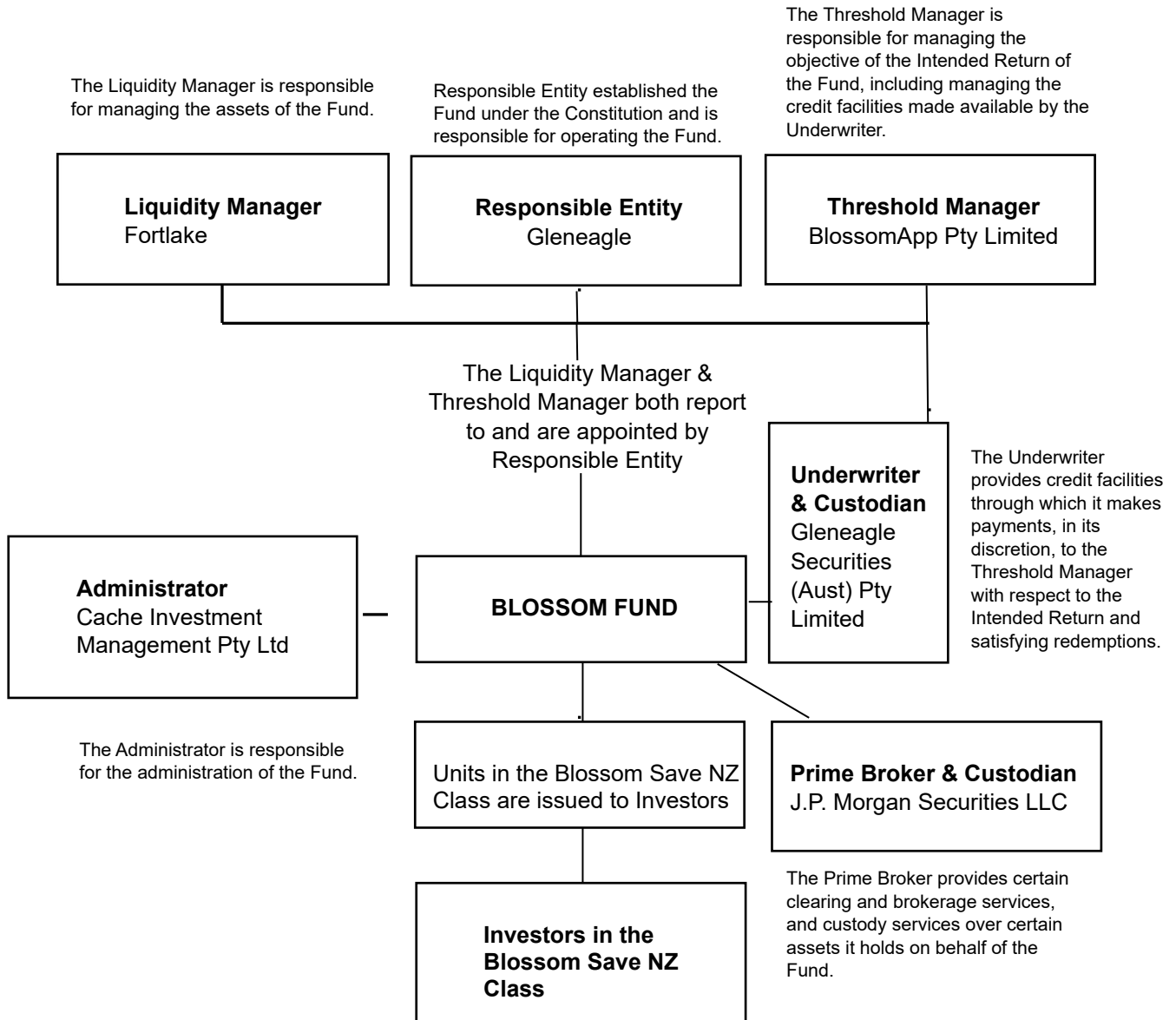
The structure provides additional investor safeguards through the separation of duties, specialisation of expertise, clear lines of responsibility and layered approval processes.

The Fund is operated by a responsible entity who holds an appropriate Australian financial services licence. Responsible Entity for the Fund is Gleneagle. Gleneagle has appointed Fortlake as Liquidity Manager, BlossomApp as Threshold Manager, Gleneagle Securities as Underwriter and Custodian, Cache Investment Management Pty Ltd as Administrator, and J.P. Morgan Securities LLC as the Prime Broker and Custodian (of direct fixed income investments and cash).

Similar to most Australian managed investment schemes for managing funds, the Fund is a unit trust comprising Classes within the trust. In exchange for your invested money, you are issued units in a Class. Certain rights (such as a right to any income and a right to vote) attach to your units in a Class. You may also have obligations in respect of your units in a Class.

### The structure of the Fund

The following diagram summarises the management and governance structure of the Fund:



### Need help?

If you need advice about investing generally, then speak to a financial adviser. ASIC can help you check if they're licensed.

ASIC's website can be found at <http://www.asic.gov.au>.

If you have questions about the Fund, contact us by email at [blossom@blossomapp.com](mailto:blossom@blossomapp.com).

## WHAT ARE THE SIGNIFICANT RISKS?

Investing in the Fund for Blossom Save NZ Class involves various risks.

### Investment performance risks

Registered holders of units in Blossom Save NZ (Blossom Save NZ Unitholders) may lose capital, or Blossom Save NZ may underperform in respect of its investments, resulting in the Intended Return not being achieved. Unitholders should expect that Blossom Save NZ unit prices, and total returns, may materially fluctuate over time.

### About risk and return

Unitholders should be aware that there is no guarantee that the implementation of the investment objective or process will not result in losses to Blossom Save NZ Unitholders. The Intended Return to Blossom Save NZ and the return of capital are not guaranteed by any person or organisation, including the Liquidity Manager, Threshold Manager, the Underwriter, Responsible Entity, the Prime Broker or the Custodian.

Therefore, each investor should carefully consider the risks of investing and, where necessary, seek professional advice as to the suitability of investing in Blossom Save NZ.

### Manager Skill

The Blossom Save NZ relies heavily on the methodology designed by the Liquidity Manager to outperform other investment options. If the Liquidity Manager makes the wrong decisions, Blossom Save NZ can have negative returns.

Liquidity Manager can be wound up or liquidated, they can cease to manage the relevant Blossom Save NZ and be replaced, their investment methodology can change, they can poorly manage operational risks and their funds can perform poorly.

If any of these events occurred in respect of any Liquidity Manager, Gleneagle would do all things reasonably practicable to seek a new Liquidity Manager, with a similar investment profile if thought appropriate or look to wind up Blossom Save NZ.

### Key Person Risk

Only a small number of investment professionals are responsible for managing Blossom Save NZ and their personal circumstances can change. From time to time, there may be changes to the personnel of the Liquidity Manager or of the Threshold Manager.

Such changes may include key personnel and may have an impact on investment returns of Blossom Save NZ.

### Credit Risk

The return on the investment may be required to rely on the Intended Return Facility and Redemption Facility provided by the Underwriter under the Threshold Management and Underwriting Deed to:

- facilitate Blossom Save NZ in meeting the Intended Return when Blossom Save NZ underperforms.
- ensure the NZ\$ NAV of Blossom Save NZ equals the Principal.
- satisfy investor redemptions from Blossom Save NZ,

and the amounts received by the Underwriter may be insufficient to deliver the Intended Return, prevent capital loss and there may be a delay in paying redemption proceeds.

**Liquidity**

The Liquidity Manager of Blossom Save NZ invests in high-grade bonds, government or government related bonds and may invest opportunistically in short-term investment-grade bonds. Investments in bonds may suffer from a lack of liquidity during the term of the bond, or if there is a thin market for the particular bonds. The Underwriter has provided a credit facility to assist with liquidity in funding redemptions, however, there is a risk that the Underwriter does not make payments under its discretion in the Threshold Management and Underwriting Deed with respect to funding the facility (e.g., if the Underwriter does not have sufficient liquid funds to do so). which may result in delay in paying redemption proceeds or redemption amounts not being fully met.

**Leverage**

The Liquidity Manager may leverage Blossom Save NZ capital because it believes that the use of leverage may enable Blossom Save NZ to achieve a higher rate of return. Accordingly, Responsible Entity may pledge Blossom Save NZ investments in order to borrow additional funds for investment purposes.

The Blossom Save NZ may also leverage its investment return with derivatives.

The amount of borrowings which Blossom Save NZ may have outstanding at any time may be substantial in relation to its capital. Leverage can magnify both the gains and losses and Unitholders may experience increased volatility in the value of their investments.

**Diversification**

The Liquidity Manager intends to seek to diversify Blossom Save NZ investments as it deems appropriate and consistent with Blossom Save NZ investment objective. If Blossom Save NZ investment portfolio is concentrated in a small number of investments, the portfolio will be subject to a greater level of volatility.

**Derivatives Risk**

Derivatives, such as options, futures and swaps, may be used by the Liquidity Manager within Blossom Save NZ for hedging and non-hedging purposes, such as:

- To manage particular risks (e.g., currency risks).
- When it is more efficient to execute a particular thematic via the derivative.
- To reduce risk or gain exposure to other types of investments when appropriate.

The risks of using derivatives might include: the value of the derivative failing to move in line with the underlying asset, potential illiquidity of the derivative, the possibility that the derivative position is difficult or costly to reverse, the derivative not performing as expected, and counterparty risk.

**Short Selling Risk**

The Liquidity Manager may engage in short selling. Short selling fixed income securities creates the risk of losing an amount greater than the initial investment and can also involve borrowing and other costs which may reduce profits or create losses.

**Counterparty Risk**

Counterparty risk is the risk of loss caused by another party defaulting on its financial obligations either because they become insolvent or cannot otherwise meet their obligations to Responsible Entity allocated to Blossom Save NZ. A party defaulting on its obligations could subject Blossom Save NZ to substantial losses because Responsible Entity will still be required to fulfil its obligations on any transactions which were to have substantially offset other contracts allocated to Blossom Save NZ.

## Currency Risks

The Blossom Save NZ will have exposure to investments which are denominated in currencies other than NZ\$. If the value of foreign currencies changes relative to NZ\$, the value of the investments of Blossom Save NZ may change when they are valued in NZ\$ for the purposes of Blossom Save NZ. There is a risk that the value of investments of Blossom Save NZ will change due to movements in the exchange rate between a relevant foreign currency and the Australian dollar and NZ\$ at the exchange rates used for valuing assets and Units in Blossom Save NZ.

Earnings will be denominated in NZ\$. This is based on converting the actual earnings, denominated in Australian dollars, to NZ\$ at the exchange rates used for valuing Units in Blossom Save NZ (on Business Days). There is a risk that the value of earnings and withdrawals for Blossom Save NZ (on Business Days) will change due to movements in the exchange rate between the Australian dollar and NZ\$ at the exchange rates used for valuing Units in Blossom Save NZ (on Business Days).

There will typically be no hedging of currencies between the NZ\$ and the Australian dollar and currencies other than NZ\$. As such, the valuation of assets and Units in the Blossom Save NZ to NZ\$ may give rise to unforeseen adverse currency fluctuations between the NZ\$ and the Australian dollar and currencies other than NZ\$. The Threshold Manager, at their discretion, assumes the risk of these currency fluctuations, allowing investors to achieve their targeted Intended Return without the risk of these currency fluctuations.

## Interest Rate Risk

Interest rates and bond prices have an inverse relationship. Changes in interest rates can have a direct impact on bond prices and the returns available on the investments of Blossom Save NZ.

They can also have an indirect positive or negative impact on the relative attractiveness of fixed income instruments to other asset classes, or on the capacity to service any borrowings by Responsible Entity allocated to Blossom Save NZ.

## Foreign Taxation

The Blossom Save NZ may invest in markets located in many jurisdictions around the world with different tax regimes, some of which may subject Responsible Entity to withholding or other taxation allocated to Blossom Save NZ, which may impact Blossom Save NZ returns.

## Investments in other funds managed by Liquidity Manager

The investment strategy and investment universe of Blossom Save NZ allow investments (in units) in other funds which are managed by the Liquidity Manager so long as the investment strategies and investment universes of those other funds are aligned with those of Blossom Save NZ.

This is to seek cost efficiencies for Blossom Save NZ, especially since direct investments in fixed income investments often require substantial minimum amounts (which could be more than Blossom Save NZ could commit to within its portfolio allocations until the size of Blossom Save NZ is sufficiently large for that to occur directly. Until the it is both possible and cost efficient for Blossom Save NZ to make direct investments across the intended portfolio allocation, it will be more cost efficient for Blossom Save NZ to invest in units in funds managed by the Liquidity Manager which are aligned with Blossom Save NZ investment strategy.

This way Blossom Save NZ accesses the same investment strategy and skills of the Liquidity Manager.

It is expected that these indirect investments will be used for some period from inception of Blossom Save NZ. The progression to direct investments cannot be predicted or committed in advance, since it depends on Blossom Save NZ size, underlying investments and assessments of the best outcome for Blossom Save NZ.



While the Fund as a whole and the Blossom Save NZ Class in particular are not intended to be or remain a “fund of funds”, there are some risks arising from such indirect investments even for an initial period:

- There is a risk of the investment strategies of the other funds diverging materially from the investment strategy for Blossom Save NZ or, even if aligned, not being implemented in alignment with the investment strategy. This is managed by the mandate to the Liquidity Manager for Blossom Save NZ and by Gleneagle monitoring the investment strategy and reports on the composition of the investments in the other funds in which Blossom Save NZ is invested.
- There is a risk that the investments in the other funds will be illiquid, since they are subject to the rights, powers and discretions of the responsible entity of those other funds (not the Liquidity Manager) and those other funds’ respective constitutions from time to time and the same underlying investments might become illiquid sufficient to trigger the rights to suspend redemptions of those investments held for Blossom Save NZ. This risk is considered to be relatively low, since the underlying assets will be the same and the diversification within those other funds should facilitate redemptions of units in those other funds.
- There is a risk that the Liquidity Manager will cease being the investment manager for those other funds or that the investment strategy of those other funds will change (from being aligned with Blossom Save NZ investment strategy). While this is possible, it is considered unlikely. If this were to occur, Gleneagle would assess at the time the outcomes and risks for Blossom Save NZ and, if appropriate, withdraw all or some of the investments in the other funds. **28**
- There is a potential risk that the indirect investments would cause there to be higher expenses for that Blossom Save NZ, due to the fees, charges and costs of the other funds. There is a potential risk of the Liquidity Manager having conflicts of interest and duties, by way of being investment manager for two or more funds and receiving fees two or more funds. The purpose of this approach in an initial period of Blossom Save NZ is to access the Liquidity Manager’s skills and the same investment strategy. Also, for so long as such indirect investments are held for Blossom Save NZ, the Liquidity Manager has waived to the extent of and in proportion to the amount of the Principal invested in any other fund for which Liquidity Manager is entitled to fees. Responsible Entity also has policies and procedures with respect to conflicts of interest.

### Multi Class Risk

Risks may arise due to the Fund being managed on the basis that each Class corresponds with its own Strategy. It is possible that not all of the risks may be identified in this PDS due to the open-ended nature of the Fund, since investments in each Class might affect investments made for other Classes, due to tax and legislative or other risks that cannot be fully controlled by Responsible Entity or known in advance and disclosed in this PDS.

While it is intended that the Fund operates as far as possible on the basis that Responsible Entity allocates assets, liabilities, expenses and income to each Class according to investments made for a Strategy, this separate allocation cannot be assured at all times in the future. Responsible Entity will try to make the allocations based on information provided to it but will not independently verify data given to it.

It is possible that shortfalls in investments for a particular Class may result in that shortfall having to be made good by Responsible Entity drawing on assets acquired for another Class. This could come about for various reasons including, but not limited to, the use of derivatives including options and this PDS cannot reasonably try to anticipate all of those reasons. Although it is intended that the investment guidelines and strategies for each Class and implementation of them, would avoid that occurring under the current law, Responsible Entity cannot give any assurance that the value of units in any Class will absolutely always strictly follow only investments made for the corresponding Strategy.

Common risks associated with most multiclass managed funds include the risk that Blossom Save NZ as a Class may be terminated or that the fees and expenses for this Class could change.

### **Blossom Fund Risk**

Common risks associated with most managed funds include the risk that Blossom Fund as a whole may be terminated, the fees and expenses could change, or Responsible Entity or the Liquidity Manager could change. Further, Responsible Entity has the discretion to compulsorily redeem units in Blossom Fund including just in Blossom Save NZ.

In addition, the results of investing in Blossom Save NZ may lead to different results compared with investing directly in securities because of income or capital gains accrued in Blossom Save NZ and the consequences of other investors investing in, or withdrawing from, Blossom Save NZ.

### **Service Provider Risk**

Blossom Fund relies on external service providers in connection with its operations. Services include prime brokerage/custody, fund administration and middle office.

There is a risk that these service providers may not meet their contractual obligations or seek to terminate their services to Responsible Entity for Blossom Fund. In this situation, Responsible Entity may be required to replace a service provider, and this may lead to a disruption to the activities of Blossom Save NZ.

### **Related Party Risk**

Each of Responsible Entity and Threshold Manager has significant roles and responsibilities in relation to Blossom Fund as a whole including with respect to Blossom Save NZ. They are both related parties of Gleneagle Securities (Aust) Pty Limited (i.e., the Underwriter and Custodian). There is a risk that decision-making between the entities may not be impartial and may adversely affect the viability or performance of Blossom Save NZ.

This risk is mitigated since Responsible Entity has duty to Blossom Fund Unitholders and must always act in the best interests of Blossom Fund Unitholders as a whole and all arrangements with respect to Blossom Fund are entered into on commercial terms. The Underwriter is not entitled to a fee paid from Blossom Fund or Blossom Save NZ in particular. Responsible Entity also has policies and procedures with respect to managing conflicts of duties and interests.

### **Legal, Regulatory & Tax Risk**

Legal, regulatory and tax changes could occur during the term of Blossom Save NZ, which may adversely affect Blossom Save NZ and its underlying investments. The value or tax treatment of an investment, or the effectiveness of the Blossom Save NZ Strategy may be adversely affected by changes in government (including taxation) policies, regulations and laws, or changes in generally accepted accounting policies or valuation methods.

### **Withdrawal Risk**

If market events reduce the liquidity of Blossom Save NZ investments, the generally applicable timeframe for meeting withdrawal requests might not be met. In addition, if an investor or a group of investors in Blossom Save NZ seek to make large withdrawals, then selling assets to meet those withdrawals may result in a detrimental impact on the price received by Blossom Save NZ for those assets. In certain circumstances, it may be necessary to suspend withdrawals to allow sufficient time for liquidation of assets to meet withdrawals (see above 'Liquidity Risk'). It may also be necessary to distribute capital of Blossom Save NZ by way of an in specie distribution of the underlying assets to investors.

This risk is mitigated by the Underwriter making available a credit facility to the Threshold Manager under the Threshold Management and Underwriting Deed to assist, in the Underwriter's discretion, satisfying withdrawals from Blossom Save NZ.



## FEES AND OTHER COSTS

### DID YOU KNOW

Small differences in both investment performance and fees and costs can have a substantial impact on your long-term returns. For example, total annual fees and costs of 2% of your account balance rather than 1% could reduce your financial return by up to 20% over a 30- year period (for example reduce it from NZ\$100,000 to NZ\$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the Fund or your financial adviser.

### TO FIND OUT MORE

If you would like to find out more or see the impact of the fees based on your own circumstances, the Australian Securities and Investments Commission (ASIC) website ([www.moneysmart.gov.au](http://www.moneysmart.gov.au)) has a managed investment fee calculator to help you check out different fee options.

### FEES AND OTHER COSTS THAT YOU MAY BE CHARGED

These fees and costs may be deducted from your money, from the returns on your investment or from the assets of the managed investment scheme relating to Blossom Save NZ.

Information about taxes is set out in another part of this document. You should read all the information about fees and costs, because it is important to understand their impact on your investment.

BLOSSOM SAVE NZ CLASS		
Type of fee or cost <sup>1</sup>	Amount	How and when paid
<b>Ongoing annual fees and costs</b>		
<b>Management fees and costs<sup>2</sup></b> The fees and costs for managing your investment	0.7% p.a. of NZ\$ net asset value 0.5% p.a. of investor's net capital balance	calculated on the last Business Day and accrued daily and paid quarterly in arrears

<sup>2</sup> This is Gleneagle's reasonable estimate at the current date of this PDS for the current financial year and assumes Liquidity Management Fee of 0.7% p.a. of NZ\$ NAV (before fees and indirect costs) of the Blossom Save NZ Class at the end of each business day has been waived to the extent of and in proportion to the amount of the Principal invested in any other fund for which Liquidity Manager is entitled to fees and Gleneagle will be reimbursed indirect costs of up to 0.5% p.a. of investors net capital balance.

<b>BLOSSOM SAVE NZ CLASS</b>		
<b>Type of fee or cost<sup>1</sup></b>	<b>Amount</b>	<b>How and when paid</b>
<b>Performance fees</b> Amounts deducted from your investment in relation to the performance of the product	Nil	Not applicable
<b>Ongoing annual fees and costs</b>		
<b>Transaction Costs</b> The costs incurred by Blossom Save NZ when buying or selling assets	0.1% p.a. of investors' net capital transactions	Paid by Blossom Save NZ when incurred
<b>Member activity related fees and costs</b> <i>(fees for services or when your money moves in or out of Blossom Save NZ)</i>		
<b>Establishment fee</b> The fee to open your investment	Nil	Not applicable
<b>Contribution fee</b> The fee on each amount contributed to your investment	Nil	Not applicable
<b>Buy-sell spread</b> An amount deducted from your investment representing costs incurred in transactions by Blossom Save NZ	Nil	Not applicable
<b>Withdrawal fee</b> The fee on each amount you take out of your investment	Nil	Not applicable
<b>Exit fee</b> The fee to close your investment	Nil	Not applicable
<b>Switching fee</b> The fee for changing investment options	Nil	Not applicable

## EXAMPLE OF ANNUAL FEES AND COSTS

This table gives an example of how the fees and costs for Blossom Save NZ can affect your investment over a one-year period. You should use this table to compare Blossom Save NZ with other managed investment products. It is important to read the assumptions and notes below the table.

<b>EXAMPLE</b> <b>Blossom Save NZ</b>		<b>BALANCE OF NZ\$50,000 WITH A CONTRIBUTION OF NZ\$5,000 DURING THE YEAR</b>
CONTRIBUTION FEES	Nil	For every additional NZ\$5,000 you invest, you will be charged NZ\$0.
<b>PLUS</b> MANAGEMENT FEES AND COSTS	1.2% p.a.	<b>And</b> , for every NZ\$50,000 you have in Blossom Save NZ you will be charged or have deducted from your investment NZ\$600 each year.
<b>PLUS</b> PERFORMANCE FEES	0% p.a.	<b>And</b> , you will be charged or have deducted from your investment NZ\$0 in performance fees each year.
<b>PLUS</b> TRANSACTION COSTS	0.1% p.a.	<b>And</b> , you will be charged or have deducted from your investment NZ\$50 in transaction costs.
<b>EQUALS</b> COST OF THE FUND <sup>1</sup>	1.3% p.a.	If you had an investment of NZ\$50,000 at the beginning of the year and you put in an additional NZ\$5,000 during that year, you would be charged fees and costs of up to NZ\$715 each year.

The Corporations Act requires that when calculating management costs in this table we must assume that the value of your investment remains at NZ\$50,000 and Blossom Save NZ unit price does not fluctuate. Management costs actually incurred will depend on the market value of your investment and the timing of your contributions (including any reinvestment of distributions) during any 12-month period.

The example assumes Liquidity Management Fee of 0.7% p.a. of NZ\$ net asset value (before fees and indirect costs) of the Blossom Save NZ Class at the end of each Business Day has been waived to the extent of and in proportion to the amount of the Principal invested in any other fund for which Liquidity Manager is entitled to fees and no additional service fees are incurred by you and that fees are not individually negotiated with us. Totals may vary from the expected number due to rounding.

<sup>1</sup> The figure reflects Gleneagle's reasonable estimate, that will apply for the current financial year (adjusted to reflect a 12-month period). Please refer to 'additional explanation of fees and costs' section for more information. All fees are exclusive of GST and exclusive of any RITC.

# ADDITIONAL EXPLANATION OF FEES AND COSTS

## About management costs and other fees, charges and costs

These include Fortlake's liquidity management fees, indirect costs, audit costs, legal costs, and administration and custody fees. Management costs do not include transactional costs. On any given day, the amounts payable to fee recipients is to be calculated and accrued daily, until the amount of Return above the Intended Return is exhausted, in the following order:

- (i) Liquidity Management Fee. The Liquidity Manager has waived to the extent of and in proportion to the amount of the Principal invested in any other fund for which Liquidity Manager is entitled to fees.
- (ii) Indirect Costs (see below).
- (iii) Threshold Management Fee (see below).

If the Return is not sufficient to allow for the payment of all fees and costs to the fee recipients, then the fees will be waived or reduced in the order of priority as listed above.

## Management fees

The Liquidity Manager is entitled to a management fee of 0.7% per annum (exclusive of GST) of the NZ\$ net asset value (before fees and indirect costs) for the Blossom Save NZ Class at the end of each Business Day calculated on the last Business Day and accrued daily and payable quarterly in arrears. The management fee is charged for acting as Liquidity Manager in respect of Blossom Save NZ, managing its investments and overseeing Blossom Save NZ operations.

The Liquidity Manager has waived to the extent of and in proportion to the amount of the Principal invested in any other fund for which Liquidity Manager is entitled to fees.

Gleneagle has the right to appoint more than one investment manager (including the Liquidity Manager) in respect of Blossom Save NZ. If more than one investment manager is appointed, each investment manager will be appointed in respect of a portfolio.

When determining the fees payable to each relevant investment manager as a management fee, the calculation of the fees will be undertaken on a portfolio basis, so the Intended Return and Return are calculated in respect of each individual portfolio.

## Threshold Management Fee

### *What is incurred*

The Threshold Manager is entitled to a Threshold Management Fee of:

- (i) any amount of the Return<sup>1</sup> that is above the Intended Return, less
- (ii) all management fees.

This is applied on a Class by Class basis. The Threshold Manager is entitled to be paid out of Blossom Save NZ.

The Threshold Management Fee is calculated at the end of each Business Day and accrued daily, and payable quarterly in arrears.

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<sup>1</sup> The value of the Assets of the Class above the investors' net capital balance less any expenses of the Class at the end of each business day, incurred by the Responsible Entity in its proper performance of its duties, for which the Responsible Entity is indemnified in accordance with the Constitution (but not including the Liquidity Management Fee, Threshold Manager Fee, or any expenses of the Trust paid by the Threshold Manager and not recovered from the Fund for the Class).

**Why it is incurred**

The Threshold Management Fee is charged for the provision of the threshold management services to Blossom Save NZ under the Threshold Management and Underwriting Deed.

**Why isn't it included in the "management costs" or "management fees" above?**

It is a very important charge for investors to know about and to consider in deciding whether to acquire or to hold units in Blossom Save NZ but it is not considered to be a cost of managing the investments for Blossom Save NZ within the rules for the disclosures above.

It is a charge (called the "Threshold Management Fee") separate from fees, charges and costs of "management costs" or "management fees". It is for the services relating to seeking to reach the investment return threshold, not for managing the investments. For better transparent comparison of "like with like" fees, charges and costs, this is described separately from (investment) management costs or fees.

**How does it impact my investments?**

Since it depends on the performance of Blossom Save NZ, it is not known in advance whether the amount is payable by the Blossom Save NZ. Any previous payment is never a guide as to whether future payments will be paid or their amounts.

The general effect of the Threshold Management Fee, over time, would be to limit the Return (which is after all management costs (i.e., liquidity management fees, expenses and costs)) to the Intended Return (adjusted pro rata for the periods when different Intended Returns applied). If in any quarter there is outperformance of Blossom Save NZ (after management costs), the payment of this fee to Threshold Manager means investors will not receive a Return above the Intended Return. You should consider this an important additional cost (paid out of the Class, not directly by you).

The Threshold Management Fee is compensation to Threshold Manager for what it does under the Threshold Management and Underwriting Deed. The Fee is structured in timing, amounts and conditional nature for supporting the key aim of Blossom Fund seeking to achieve consistently the Intended Return.

**Performance Fee**

The Fund does not charge a performance fee for Blossom Save NZ.

**Indirect costs**

Indirect costs are costs incurred in managing the Fund as a whole and also specifically for Blossom Save NZ which directly or indirectly reduce the return on a product. Gleneagle is entitled under the Constitution to be reimbursed out of the Fund's assets for the expenses incurred in the proper performance of its duties as the responsible entity of the Fund. Indirect costs include the fee charged by the Administrator and Auditor. Gleneagle will be reimbursed indirect costs of up to 0.5% per annum (exclusive of GST), of the investors net capital balance calculated at the end of each Business Day and accrued daily, and payable from Blossom Save NZ quarterly in arrears.

**About Transactional costs**

Transactional costs include brokerage, settlement costs, bid-offer spreads on investments and currency transactions, borrowing costs, clearing and stamp duty costs, and the costs of derivatives used for hedging purposes.

When you invest in Blossom Save NZ, the Liquidity Manager may incur expenses in buying and selling investments (for example, brokerage and custody costs). The Liquidity Manager may also incur costs resulting from trading certain derivative products for hedging purposes. The Liquidity Manager will also incur costs in selling investments to meet withdrawal requests.

A buy-sell is an adjustment to the unit price reflecting our estimate of the transaction costs that may be incurred as a result of the purchase/sale of assets arising from the issue/withdrawal of units in Blossom Save NZ. This adjustment ensures that the existing investors do not pay costs associated with other investors acquiring/withdrawing units in or from Blossom Save NZ.

The buy-sell spread is typically reflected in the issue/withdrawal price of Units. Currently there is no buy-sell spread for units in Blossom Save NZ. The Liquidity Manager's estimates of the transactional costs for Blossom Save NZ are:

Total transactional costs (% p.a. of investors' net capital transactions)	Recovery through buy-sell spread	Net transactional costs	For every NZ\$50,000 you have in Blossom Save NZ the Class is likely to incur approximately
0.1%	Nil	0.1%	NZ\$50

This information reflects the Liquidity Manager's reasonable estimate of the transaction costs for Blossom Save NZ and is not the actual transaction costs incurred. We have also assumed that application monies received are fully invested. In practice, your investment balance, Blossom Save NZ volume of trading and the number and value of applications and withdrawals processed will vary from year to year, which will impact the transactional costs of Blossom Save NZ.

Transactional costs such as brokerage, bid-offer spreads on investments, borrowing costs, transactional taxes, and settlement costs are incurred when Blossom Save NZ acquires or disposes of assets. The amount of these costs for Blossom Save NZ will vary from year to year depending on the volume and value of trades undertaken for Blossom Save NZ.

Transactional costs for Blossom Save NZ are paid out of the assets of Blossom Save NZ and are not fees paid to the Liquidity Manager.

### Can the fees change or be updated?

Yes, all fees can change. Reasons might include changing economic conditions and changes in regulation. We will give you at least 30 days' written notice of any increase to fees where practicable. The Constitution for the Fund sets the maximum amount we can charge for all fees. If we wished to raise fees above the amounts allowed for in the Constitution, we would need the approval of investors.

Please refer to our website for any updates on our estimates of any fees and costs (including indirect costs and transactional costs). Past performance is not an indicator of future performance and fees or costs may change in future years.

### Adviser remuneration

No commissions will be paid by us to financial advisers. Additional fees may be paid by you to your financial adviser if one is consulted. You should refer to the Statement of Advice they give you in which details of the fees are set out.

### Can fees be different for different investors?

The law allows us to negotiate fees with “wholesale” investors or otherwise in accordance with legal requirements. The size of the investment and other relevant factors may be taken into account. We generally don’t negotiate fees; however, we may negotiate fees with very large wholesale clients only. The terms of these arrangements are at our discretion.

### Government charges and taxation

Government taxes such as GST are applied to your account as appropriate. In addition to the fees and costs described in this section, standard government fees, duties and bank charges may also apply such as stamp duties. Some of these charges may include additional GST and will apply to your investments and withdrawals as appropriate. Please refer to the ‘What about Tax?’ section of the PDS.

## HOW TO INVEST

### Who can invest?

We can accept applications from persons or entities (subject to any other restrictions covered by this PDS):

- individuals over 18 years of age;
- corporate applicants;
- trustee applicants (a corporation or individuals acting as joint trustees) (typically for managed funds, private equity, and family trusts);
- accounts for kids – a special kind of trustee account where a parent, grandparent or other guardian nominates a minor as beneficiary and we later assist for transferring it into the beneficiary’s name when they reach the Fund’s minimum permitted age (currently 18); and
- joint accounts – two or more of the above.

We may consider on request other kinds of applicants (such as incorporated associations or statutory bodies).

The Fund’s current minimum permitted age is 18 years. This may later be reduced for new or existing accounts on terms set by Responsible Entity. Any change will be notified on the Fund’s website at [www.blossomapp.co.nz](http://www.blossomapp.co.nz).

### How to invest

You may invest in Blossom Save NZ by downloading the App or via the Web App and creating an investor account for Blossom Save NZ. Within the App or via the Web App, you may complete the electronic application process to our satisfaction (including providing any identification documentation) and pay your application funds in New Zealand dollars. The minimum investment amount is NZ\$5.

Application requests will generally be processed daily using the unit price effective for the day.

If your application request is received before 4pm Sydney time (usually 6pm Auckland time) on a Business Day, it will be processed using the unit price for Blossom Save NZ effective for the end of the day. If an application request is received after this time, it is treated as having been received the following day.



Application requests are valid when the initial identification verification has been passed and cleared funds, from a bank account in the same name as your investor account for Blossom Fund or from a bank account holder name verified to be controlled by the Blossom Fund investor, are received.

We may have additional or special identity verification or account access security requirements from time to time for different investor types. These may be mentioned in the application form or in the App or via the Web App. For example:

- corporate applicants: we may be required to obtain verification of further identification about directors and beneficial owners;
- trustee applicants: we may be required to obtain verification of further identification of trustees and beneficiaries (and, if the trustee is a corporation, about directors and beneficial owners of the trustee); **37**
- accounts for kids: we may be required to obtain verification of further identification about the child for your account;

Any of your payments which remain subject to being dishonoured or clawed back will be shown as “pending” and so additional units in Blossom Save NZ might not be issued until your payment has cleared. Although generally units in Blossom Save NZ will be issued following payment in cleared funds as described above, if for any reason Gleneagle holds application moneys prior to full credit for payment, Gleneagle will retain the interest (if any) earned on the application monies.

You can make additional investments at any time through your investor account in Blossom Save NZ in the App or via the Web App. Minimum amount for additional investments is NZ\$5. Units will be issued in Blossom Save NZ to you in the same manner as initial application funds as stated above.

## WITHDRAWING YOUR INVESTMENT

### When you wish to withdraw

There is generally a minimum withdrawal amount of NZ\$5 and a minimum balance of NZ\$5 that applies to Blossom Save NZ.

You can ask to withdraw all or part (but see below) of your investment in New Zealand dollars Blossom Save NZ at any time by making a request to withdraw a specified amount through your investor account in Blossom Save NZ on the App or via the Web App. This is called a redemption or withdrawal request.

If the withdrawal would result in your unit holding being less than NZ\$5 (as shown in your account balance in the App), then the App or Webb App will only let you redeem all of your account balance (because there cannot be any balance less than NZ\$5).

Withdrawals of units in Blossom Save NZ are processed on a daily basis each Business Day. Withdrawal requests must be received by 4pm Sydney time (usually 6pm Auckland time) on a Business Day. The withdrawal takes effect by redemption for unit price on the day of redemption. Redemption requests received after 4pm Sydney time (usually 6pm Auckland time) on the day of redemption will be processed the Business Day after the day of redemption.

Redemption funds will be paid to your nominated payment account on the following NZ Business Day after the day your redemption request is processed.



You will be notified of any material changes to your withdrawal rights through the Web.

Please note that units in Blossom Save NZ are not listed on any stock exchange like the ASX, so you can't sell your units through a stockbroker.

### **Some detail about withdrawals and how much we pay**

How much money you receive for each redeemed unit in Blossom Save NZ depends on the withdrawal price of units for Blossom Save NZ.

First, we calculate the value of the investments of Blossom Save NZ and take away the value of the liabilities (allocated to the Class) as defined in the Fund's Constitution. Secondly, we divide the result of this by the number of units we have on issue in Blossom Save NZ to obtain a unit mid-price for Blossom Save NZ.

These steps produce a NZ\$ *per* unit price for Blossom Save NZ.

We have a documented policy in relation to the guidelines and relevant factors taken into account when calculating unit prices, for example the business days being days in Sydney, Australia and the exchange rates methodology used. We call this our unit pricing policy. We keep records of any decisions which are outside the scope of the unit pricing policy, or inconsistent with it. A copy of the unit pricing policy and of the records are available free on request from Responsible Entity.

We generally pay all withdrawal proceeds in cash, (cleared funds, not physical money), directly to your nominated bank account, in the same name as your Blossom Save NZ investor account or to a bank account holder name controlled by the Blossom Save NZ Investor. We are permitted under the Constitution for the Fund to pay redemption proceeds in kind (i.e., *in specie* asset transfer).

If your account balance for Blossom Save NZ is less than NZ\$5 (for whatever reason), Gleneagle may choose to notify you giving you the choice of withdrawing the investment or topping up the balance (to at least the minimum) by a date specified in the notice. If investment is not withdrawn or the account balance topped up to at least the minimum balance by the due date notified to you, Gleneagle may at any time after that redeem your units, force your account closure and transfer the redemption proceeds into an unclaimed monies account.

You will then need to contact BlossomApp at [blossom@blossomapp.com](mailto:blossom@blossomapp.com) if you wish to claim these funds and be paid into your linked bank account. You should also note that any fractional cents cannot be withdrawn and can be written off prior to settling your payment.

We can withhold any amount you owe us, or we owe someone else relating to your unit holding (for example, the Australian Tax Office (ATO)). Withholding tax will generally be required for Blossom Save NZ Unitholders, payable in Australian dollars, for those Australian residents who have not disclosed their TFN (or exemption number) or, for non-Australian (for example, a New Zealand tax resident investor, for whom withholding tax is required under the relevant tax laws and intergovernmental agreements. The withholding tax payable in Australian dollars is based on converting the actual earnings, denominated in NZ\$ to Australian dollars, at the exchange rates used for calculating taxable income of the Blossom Save NZ which is generally the last Business Day for the financial year ending on 30 June each year.

The equivalent amount of withholding tax in NZ\$ may be made from distributions to you denominated in NZ\$, calculated from the withholding tax in Australian dollars using the exchange rate at the time of processing the distribution in NZ\$. The amount in NZ\$ will be withheld by us and converted into Australian dollars at the time of distribution.

If there was no distribution declared for the relevant financial year, Gleneagle will make a withdrawal of the Unitholder's units denominated in NZ\$ of an equivalent amount of withholding tax in NZ\$ , calculated from the withholding tax in Australian dollars using the exchange rate at the time of processing the withdrawal in NZ\$. The required amount in NZ\$ will be withheld by us and converted into Australian dollars at the time of withdrawal.

This will not be paid to the Unitholder's bank account but instead will be paid to the ATO.

Gleneagle has a withholding tax collection mechanism whereby if a Unitholder makes a full redemption denominated in NZ\$, Gleneagle will collect the equivalent required amount in NZ\$ based on an estimated withholding tax collection % applied to NZ\$ earnings.

The estimated withholding tax collection % may not collect the required amount of withholding tax payable in Australian dollars for the following reasons:

- estimating the proportion of taxable income on the earnings in Australian dollars into its various tax components, due to different withholding tax %, for interest being at 10% or other Australian income being at 15%;
- The withholding tax % rates would be based on earnings in Australian dollars. We apply the % to NZ\$ earnings (not to Australian dollar earnings).

The collection of the equivalent required amount of withholding tax in NZ\$ at the time of the full withdrawal is to ensure that we do not pay you the full withdrawal to your nominated bank account but we withhold the required equivalent amount in NZ\$ to make a payment to the ATO payable in Australian dollars.

If the amount collected in NZ\$ exceeds the required equivalent amount of withholding tax in NZ\$, there will be an adjustment to the amount collected in NZ\$. The excess will either be paid to the Unitholder in NZ\$ to their nominated bank account or posted to their account. If there is a shortfall in the amount collected in NZ\$ and the investor does not have sufficient funds in their account to make a withdrawal of that shortfall amount, Gleneagle will need to pay the difference owing in Australian dollars to the ATO (but has the right to be reimbursed from the investor).

### **Payments can be delayed**

In certain circumstances, such as a freeze on withdrawals or the Fund in general or in particular Blossom Save NZ is illiquid (as defined in the Corporations Act), you might have to wait a longer period of time before you can redeem your investment.

If Blossom Save NZ is not sufficiently liquid, then you will only be permitted to withdraw if we make a withdrawal offer to all investors in Blossom Save NZ in accordance with the Fund's Constitution and the Corporations Act.

We can delay withdrawal of your money for 21 days or such period as considered appropriate in our view in all the circumstances if:

- there are not enough investments which we can easily turn into cash (the law dictates this). We don't anticipate Blossom Save NZ would become illiquid but if it did, the law says we can (if we wish) make some money available and requires us to allocate it on a *pro rata* basis among those wanting to exit.
- we receive a quantity of withdrawal requests representing more than 10 per cent of the value of the investments of Blossom Save NZ. In this case we can stagger withdrawal payments.

In certain circumstances we can also delay withdrawal of your money for so long as the relevant event continues. The Constitution sets out the full range of circumstances in which we can delay withdrawal of your money, and these include (among others) if:

- something outside our control affects our ability to properly or fairly calculate the unit price (for example, if the investments are subject to restrictions or if there is material market uncertainty like a stock market crash); or
- an emergency or similar state of affairs occurs which, in our reasonable opinion, makes it impractical to redeem units or which might be prejudicial to the remaining investors; or
- there is a closure or material restriction on trading on the major global stock exchanges or realisation of the assets cannot be affected at prices which would be obtained if assets were realised in an orderly fashion over a reasonable period in a stable market; or **40**
- we otherwise consider it is in the best interests of Unitholders as a whole to delay withdrawal of units.

Responsible Entity may also gate redemptions in either of the following two scenarios:

- (i) if a redemption request by a single investor represents more than 5% of the number of units in issue in Blossom Save NZ, Gleneagle may in its discretion treat that investor's redemption request as 5 separate redemption requests for 1/5 of the amount of the original redemption request which will be deemed to have been received on the 5 successive business days; or
- (ii) if the redemption requests made by investors (including the single investor described in (a)) during any 5 business day period in aggregate represent more than 10% of the number of units in issue in Blossom Save NZ, Gleneagle may in its discretion reduce each of the redemption requests *pro rata* so that only 10% in total of the units in Blossom Save NZ are redeemed. The unredeemed portion of the relevant redemption requests are carried forward to the fifth business day after the original redemption request was received. The scaling back may apply again if redemptions comprising more than 10% of units in issue in Blossom Save NZ are received.

Responsible Entity also has the discretion to waive these 'gating' rights.

If your nominated payment account is no longer current, then there may be a delay until you nominate a different active account.

### **We can give you back your invested money**

In certain circumstances we can, or may be required to, also redeem some or all of your units in Blossom Save NZ without you asking. These circumstances include:

- If you breach your obligations to us (for example, you provide misleading information in your application).
- if we suspect that law prohibits you from legally being an investor.
- such other circumstance as we determine in our absolute discretion (but we must always act in the best interests of Unitholders as a whole when deciding to do this).

## DISTRIBUTIONS AND ATTRIBUTIONS

Any income distributions or attributions (if available and if made) will be made following the end of each financial year being 30 June each year or more frequently at Responsible Entity's discretion. The default will be an income attribution whereby no cash distributions will be paid to the Unitholders.

In certain circumstances, such as if investments are sold to meet a significant redemption, Gleneagle may choose to allocate undistributed income and any net realised capital gains to withdrawing Blossom Save NZ Unitholders based on a *pro rata* allocation with reference to the number of units in Blossom Save NZ being withdrawn. This would only be used to ensure a fair and reasonable allocation of any undistributed income and net realised capital gains amongst all Blossom Save NZ Unitholders.

Gleneagle has absolute discretion, in performing its obligation as Responsible Entity, and may accept or reject a written direction from a Blossom Save NZ Unitholder.

Gleneagle also reserves the right to cancel distribution reinvestments. Blossom Save NZ Unitholders will be notified if this occurs.

## ENTITLEMENTS, EARNINGS AND SAVINGS

You become legally entitled to income (called "distributions or attributions") and withdrawal proceeds when paid.

This is governed by the Fund's Constitution and law. This PDS describes when distributions or attributions are made and important features of withdrawals.

We want to keep you informed of your earnings during your investment (i.e., before you become legally entitled to distributions or attributions and withdrawal payments). You can see in the App or via the Web App the total value of your investment in Blossom Save NZ and your investment's "earnings".

This total value of your investment amount in Blossom Save NZ is based on how much you have invested, less any withdrawals, plus increases (or decreases) in the value based on Blossom Save NZ earnings (as described in this PDS, including provisions for fees, charges and costs).

The displayed amount of your Blossom Save NZ earnings, will be denominated in NZ\$, based on the Intended Rate expressed as an annualised percentage rate (365-day year, 366 in a leap year), displayed on the App and the Web App for Blossom Save NZ, as amended from time to time, and is compounded daily. In order to reflect the daily earnings, the earnings may be displayed as fractional cents. As fractional cents cannot be distributed or withdrawn when a Blossom Save NZ investor makes a withdrawal then the fractional cents will be rounded up to the nearest cent.

The displayed total amount of your investment in Blossom Save NZ and earnings on a daily basis is an indicative amount only and the actual value is based on the daily approved NZ\$ NAV for Blossom Save NZ being the number of units in Blossom Save NZ and the actual daily, unit price of Blossom Save NZ for the same day (on business days in Sydney, Australia).

For example, if you started with NZ\$10,000, your account in Blossom Save NZ starts by showing your indicative amount of your investment in Blossom Save NZ of NZ\$10,000.

The increase being the earnings will be displayed as a dollar value. For example, say sometime later your investment has increased due to an amount of indicative earnings. In this example, your investment amount in Blossom Save NZ might be shown as NZ\$10,150 and your earnings will be displayed as NZ\$150.00 after 6 months of investment.

If the annualised rate for the Intended Return is amended, the change takes effect on a daily basis. The indicative amount of the earnings is therefore based on the annualised rate for the Intended Return on a daily basis.

It is important to be aware that you may not be legally entitled to the NZ\$10,000 and NZ\$150 and the actual amount paid out of Blossom Save NZ will be subject to the daily approved NZ\$ NAV for Blossom Save NZ being the number of units in Blossom Save NZ and the actual daily unit price for Blossom Save NZ for the same day.

It is possible that say after the 6 months of your investment in Blossom Save NZ, the value which is used for calculating unit prices for Blossom Save NZ has decreased, then your investment value would have decreased by the same rate. For example, Blossom Save NZ can have a temporary decrease of say 3% of your investment amount of NZ\$10,150 being NZ\$304.50. Your investment amount would be displayed as NZ\$10,150 but if you were to withdraw your funds then the actual amount that you are legally entitled to withdraw is NZ\$9,845.50. If the Threshold Manager in its discretion decides to fund the temporary loss of NZ\$304.50 then you would be legally entitled to withdraw the NZ\$10,150.

Investment amount and earnings displayed in the App or via the Web App are indicative figures only and the actual amount is based on the daily approved NZ\$ NAV for Blossom Save NZ based on valuations and assumptions for the valuation (set out in the unit pricing policy, described in this PDS) before you actually withdraw, distribute or attributions are actually made. Actual performance is not guaranteed and displayed indicative values and rates may differ from actual proceeds paid on withdrawals.

Since we price units for Blossom Save NZ every Business Day, in the ordinary course, you should refer to the calculated NZ\$ NAV for Blossom Save NZ available for that Business Day as the legally withdrawable amount.

## KEEPING YOU INFORMED

We will:

- confirm every transaction you make
- send you Annual Tax Statements (around late August/ September)
- each year (around October) make the accounts of the Fund available to you on our website
- send you Annual Periodic Statements
- notify you of any material changes to this PDS and any other significant event as required by law
- comply with “disclosing entity” obligations for the purposes of the Corporations Act, which apply when the Fund has 100 investors or more. As at the date of this PDS the Fund has more than 100 investors, so the Fund will be considered to be a “disclosing entity”. This means the Fund is subject to regular reporting and disclosure obligations under the Corporations Act. Copies of any documents required to be lodged with ASIC in relation to the Fund may be obtained from, or can be inspected at, an ASIC office. Investors will have a right to obtain a copy, free of charge, in respect of the Fund, of:
  - the most recent annual financial report.



- any half yearly financial report required to be lodged with ASIC after that most recent annual financial report but before the date of this PDS.

Any continuous disclosure obligations we have will be met by following ASIC's good practice guidance via website notices rather than lodging copies of these notices with ASIC.

Accordingly, should Gleneagle, as Responsible Entity of the Fund, become aware of material information that would otherwise be required to be lodged with ASIC as part of any continuous disclosure obligations, we will ensure that such material information will be made available as soon as practicable on the website [www.blossomapp.co.nz](http://www.blossomapp.co.nz).

## WHAT ABOUT TAX?

Your tax liability ultimately depends on your circumstances, for example, whether you are a New Zealand or Australian tax resident. So, it's important that you seek professional advice before you invest or deal with your investment.

The discussion below assumes that the Fund will be an Attribution Managed Investment trust (**AMIT**) and if the investor for tax purposes who holds their units in Blossom Save NZ directly on capital account.

These comments are of a general nature only and do not constitute tax advice and should not be relied upon as such. Investors should seek their own independent taxation advice about their specific facts and circumstances.

The Responsible Entity of the Fund should not generally be subject to tax in respect of the income and gains derived by the Fund in each financial year, provided investors are presently entitled to the income of the trust or, where the Fund is an AMIT, the Responsible Entity attributes all of the taxable income of the Fund to investors in accordance with the AMIT rules and the Constitution each income year. It is noted that, under the AMIT Rules, the cash paid to investors does not need to be equal to amounts attributed to those investors.

You may need to pay tax in relation to your investment in Blossom Save NZ. Whilst you may pay income tax you might be able to claim some tax credits or have the benefit of some concessions.

The Fund is an Australian resident trust for Australian tax purposes. It is required to determine its tax components for each year of income. These tax components may include assessable income, exempt income, non-assessable non-exempt income, tax offsets and credits of different characters. The trustee will attribute the tax components to investors on an annual basis such that investors should be treated as having derived their share of the tax components of Blossom Save NZ directly on a flow through basis. In the case where Blossom Save NZ makes a loss for tax purposes, that Blossom Save NZ cannot distribute (or attribute) the loss to Blossom Save NZ investors. However, subject to Blossom Save NZ meeting certain conditions Blossom Save NZ may be able to take into account the losses in subsequent years.

Blossom Save NZ will generally attribute any income and realised gains (the timing of recognition of income may be impacted by the Taxation of Financial Arrangements (**TOFA**) provisions as noted below), if any, shortly after 30 June each year. Investors will be required to include in their assessable income the taxable components attributed to them by Blossom Save NZ. Blossom Save NZ may attribute a number of different types of income which reflect the income derived by Blossom Save NZ.

These components could comprise of:

- interest;
- capital gains;
- foreign income and foreign income tax offsets; **44**
- Australian sourced income;
- franked dividends/franking credits; and
- non-assessable amounts

If the Fund's assets are \$100 million or more it will be subject to TOFA provisions of the tax legislation which provide rules in relation to the method for calculating gains and losses from financial arrangements and the time at which these gains and losses are brought to account for tax purposes (the default recognition of gains and losses would be accruals or realisation method but there are certain elections that Responsible Entity might make for alternative timing recognition).

An investor's share of the assessable tax components of Blossom Save NZ for a year of income forms part of the investor's assessable income of that year.

Tax components of Blossom Save NZ which are attributed to investors may include franked distributions. Subject to the application of anti-avoidance provisions at Blossom Save NZ level (such as the dividend imputation holding period and related payment rules), such franked distributions generally entitle Australian resident investors to obtain a tax offset (the franking credit) that is available to offset against their income tax liability. Franked distributions and franking credits are included in a person's assessable income. If the franking credits exceed the tax payable on an investor's taxable income, the excess credits may be refundable to the investor if the investor is a resident individual or complying superannuation fund. Excess franking credits may generate tax losses if the investor is a corporate entity.

Tax components of Blossom Save NZ which are attributed to investors may also include non-cash amounts, such as foreign income tax offsets (**FITOs**).

Depending on the investor's circumstances, they may be able to claim a tax offset for these amounts against income tax payable on foreign income. An investor's entitlement to FITOs may be limited to where the FITO does not relate to an amount included in assessable income, or where the investors do not have sufficient overall foreign source income to utilise all of the FITOs relevant to a particular year of income. The excess FITOs cannot be carried forward to a future income year.

## **Taxation of the Fund**

Under Australian tax law, a holding of units may give rise to taxable income even though investors may not receive distributions in cash to fund the tax liability.

Where the Fund is an AMIT during an income year, the amount attributed to investors will represent a fair and reasonable attribution of the Fund's taxable income determined by the Responsible Entity in accordance with the Constitution. The fair and reasonable attribution may take into account the investor's share of their interests in the Fund on a daily basis and any gains realised by the Fund in order to fund an investor's redemption request. Investors who have redeemed their funds as at 30 June will still be liable for taxable income for the time that they were investors in the Fund.



## Annual tax statement

We will send you the information you need each year in the form of an AMIT Member Annual Tax (**AMMA**) Statement for Blossom Save NZ, denominated in Australian dollars, to help you to complete your Australian tax return within 3 months after the end of each financial year or your New Zealand tax return.

This information will advise the investor of the share of the tax components of Blossom Save NZ (if any) of any foreign income/foreign income tax offsets as well as any adjustments required to be made to the investor's cost base. This will assist the investor when preparing their income tax return.

The amount of the tax components of Blossom Save NZ which the investor is required to include in their assessable income may be different to the earnings received by an investor in respect of their units in Blossom Save NZ. This is because the earnings received on the units in Blossom Save NZ is determined by reference to the returns received in respect of Blossom Save NZ, whereas the tax components of Blossom Save NZ are determined by reference to the overall tax position of Blossom Save NZ.

## Cost base adjustments

All amounts including the cost base adjustments on the AMMA statements will be denominated in Australian dollars.

The New Zealand tax return denominated in NZ\$ may require you to convert the amounts on the AMMA statements denominated in Australian dollars to NZ\$.

An investor may be required to make, in certain circumstances, both upward and downward adjustments to the cost or cost base of their unit holdings in Blossom Save NZ. This occurs where during an income year there is a difference between:

- (a) amounts distributed, whether in cash or property to the investor from Blossom Save NZ and the tax offsets that are attributed to the investor in relation to the year; and
- (b) the tax components (grossed up for any capital gains tax (CGT) discount) attributed to the investor included in that investor's assessable income and any non-assessable non-exempt income.

If the amount in (a) exceeds the amount in (b), the cost base of the investor's units in Blossom Save NZ should be reduced by the excess amount. This results in either an increased capital gain, or a reduced capital loss, upon the subsequent disposal of the investor's units in Blossom Save NZ. Should the cost base be reduced to below zero, the amount in excess of the cost base should be a capital gain that is to be included in the investor's taxable income. Conversely, where the amounts in (a) falls short of the amounts in (b) during an income year, the cost base of the investor's units in Blossom Save NZ should be increased by the shortfall amount.

## Disposal or redemption of units

Additionally, investors will generally realise a capital gain where the capital proceeds from the disposal or redemption of their units in Blossom Save NZ exceeds the cost base of the relevant units. Conversely, a capital loss will arise if the capital proceeds are less than the reduced cost base of the Blossom Save NZ units.

Depending on the kind of taxpayer you are, and how long you have held your units, you may be entitled to a CGT discount which can reduce any capital gain (if any).

## Tax File Number (TFN)

The Responsible Entity is authorised under Australian tax laws to collect TFNs for Australian investor in connection with investments in the Fund. It is not compulsory for an Australian investor to provide their TFN.

If Australian investor chooses not to provide us with your tax file number (**TFN**) or exemption number, we must withhold Australian tax, from distributions (and undistributed amounts to which they are presently entitled), at the highest personal tax rate plus the Medicare levy. The law is very strict on how we can use these details. If this withholding tax applies it is noted that it is merely a collection mechanism, and an investor may claim a credit in their annual income tax return in respect of the tax withheld.

Investors should seek their own tax advice to ensure Blossom Save NZ is appropriate for them. Gleneagle does not provide any tax advice.

## New Zealand tax residents

New Zealand (NZ) tax residents are taxed in NZ on their world-wide income. An investment in Australian equities (a foreign investment fund) including unit trusts like the Fund, will most commonly give rise to taxable income in NZ under one of the following methods.

1. Fair dividend rate under the foreign investment fund regime; under this method you are taxed on 5% of the value of the fund at the start of each income year you hold the interest is taxable plus the gain or loss on any assets both purchased and sold in the period;
2. Comparative value also under the foreign investment fund regime; under this method you are taxed on the actual gain or loss in the period including receipts and unrealised gains (in broad terms, this method is only available if you are a natural person or family trust); Where the foreign investment fund rules have been applied any receipts (dividends, interest or other distributions and sale proceeds) are not separately included in your return.
3. Receipts; this method is available if you are exempt from the foreign investment fund rules (for example where all relevant holdings including your interests in the Fund cost less than NZ\$50,000); essentially you will be taxed on the income you receive. In addition, where you purchase any interest with the intention of disposing of that interest or as part of a dealing business or profit-making undertaking, any gain or loss on sale will also be taxable.

Amounts invested in financial arrangements (corporate bonds, deposits or similar), will also be taxable in NZ under the financial arrangement rules. In broad terms, the financial arrangement rules require the taxation of receipts as well as the impact of foreign exchange and any differential in consideration paid versus consideration received.

If you are a Non-resident investor for Australian tax purposes (for example, a New Zealand tax resident investor), we must withhold tax, in Australian dollars, in accordance with the appropriate Australian non-resident withholding tax rates. Non-resident investors should seek their own independent tax advice before investing, taking into account their particular circumstances and the provisions of any relevant double taxation agreement and/or multilateral instrument/exchange of information agreement between Australia and their country of residence for taxation purposes.

Where amounts attributed to NZ tax resident investors include interest and other Australian income, Australian withholding taxes of 10% and 15% respectively are likely to be applied. A foreign tax credit may be available in NZ where NZ tax is payable. The withholding tax in Australian dollars will need to be converted to NZ\$. A tax credit is not available in NZ for any franking credits applied to Australian dividends.

Additionally investors should seek their own New Zealand tax advice regarding the tax treatment of any disposal or redemption of units and any cost base adjustments. The New Zealand tax return denominated in NZ\$ may require conversion of the amounts on the AMMA statements denominated in Australian dollars to NZ\$.

We recommend you provide a copy of this PDS (or link thereto) as well as any statements or receipts to your NZ tax adviser.

## GLENEAGLE'S RESPONSIBILITIES TO YOU

The Constitution establishes the Fund and sets out certain rules which apply to the relationship between Gleneagle as Responsible Entity and each unitholder. Together with this PDS and the law from time to time, it governs your relationship with Gleneagle. It gives Gleneagle rights to be paid fees and expenses and be indemnified from the Fund.

It governs (amongst other things) Gleneagle's powers (which are very broad), investor meetings and unit issue, pricing and withdrawal, as well as what happens if Blossom Save NZ terminates.

The Constitution limits Gleneagle's need to compensate you if things go wrong. Generally, Gleneagle is not liable in equity, contract, tort or otherwise to investors for any loss suffered in any way relating to the Fund.

The Constitution also contains a provision that it alone is the source of the relationship between you and Gleneagle and not any other laws (except, of course, those laws that can't be excluded).

Gleneagle must have investor approval to make changes to the Constitution which are adverse to the rights of investors.

You can obtain a copy of the Constitution by emailing BlossomApp at [blossom@blossomapp.com](mailto:blossom@blossomapp.com).

## ENQUIRIES AND COMPLAINTS

Gleneagle has established procedures for dealing with complaints. If an investor has a complaint, they can contact Gleneagle. Gleneagle will use reasonable endeavours to deal with and resolve the complaint within a reasonable time but in any case, no later than 30 days after receipt of the complaint.

If you are a direct investor (and not resident in NZ) and have notified Gleneagle of a complaint in writing and you are not satisfied with how the complaint has been handled, you can refer your complaint to the Australian Financial Complaints Authority (AFCA). Gleneagle is a member of AFCA (member number 11357) which is an external dispute complaints resolution scheme approved by ASIC.

Mail:

Australian Financial Complaints Authority  
GPO Box 3 Melbourne  
VIC 3001

Phone: 1300 56 55 62

Email: [info@afca.org.au](mailto:info@afca.org.au)

website: [www.afca.org.au](http://www.afca.org.au)

## COOLING OFF

If you are a retail investor (as defined in the Corporations Act), who invests directly in the Fund, you are entitled to a 14-day cooling-off period during which you may change your mind about your investment. During that time, you may exercise your cooling-off rights by requesting your money be returned.

The cooling-off period begins when your transaction confirmation is received by you or, if earlier, 5 business days after your units are issued. Gleneagle is allowed to (and generally does) make adjustments for market movements up or down, as well as any tax and reasonable transaction and administration costs. This may result in you receiving back less than you originally invested.

You may have capital gain/loss tax implications if you happen to receive more or less back than you originally invested.

If you wish to cancel your investment during the cooling-off period, you need to inform Gleneagle in writing of your intention to exercise this right before the end of the cooling-off period (and before exercising any rights or powers you have in respect of your investment in the Fund).

## PRIVACY

We collect personal information from you in the application and any other relevant forms to be able to process your application, administer your investment and comply with any relevant laws. If you do not provide us with your relevant personal information, we will not be able to do so.

Privacy laws apply to our handling of personal information, and we will collect, use and disclose your personal information in accordance with our privacy policy, which includes details about the following matters:

- the kinds of personal information we collect and hold.
- how we collect and hold personal information.
- the purposes for which we collect, hold, use and disclose personal information.
- how you may access personal information that we hold about you and seek correction of such information (note that exceptions apply in some circumstances).
- how you may complain about a breach of the Australian Privacy Principles (APP), or a registered APP code (if any), or for New Zealand investors, a breach of the New Zealand Information Privacy Principles that binds us, and how we will deal with such a complaint.
- whether we are likely to disclose personal information to overseas recipients and, if so, the countries in which such recipients are likely to be located if it is practicable for us to specify those countries.

# ANTI-MONEY LAUNDERING AND COUNTERTERRORISM FINANCING

## AML ACT

The Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (AML Act) and other applicable anti-money laundering and counter terrorism laws, regulations, rules and policies which apply to Gleneagle (AML Requirements), regulate financial services and transactions in a way that is designed to detect and prevent money laundering and terrorism financing. The AML Act is enforced by the Australian Transaction Reports and Analysis Centre (AUSTRAC).

In order to comply with the AML Requirements, Gleneagle is required to, amongst other things:

- verify your identity and source of your application monies before providing services to you, and to re-identify you and verify your identity if we consider it necessary to do so.
- where you supply documentation relating to the verification of your identity, keep a record of this documentation for 7 years.

Gleneagle including by the Administrator may request such information as is necessary to verify your identity and the source of the payment. In the event of delay or failure by you to produce this information, Gleneagle may refuse to accept an application and the application monies relating to such application or may suspend the payment of withdrawal proceeds, if necessary, to comply with AML Requirements applicable to them. Neither Gleneagle nor their delegates shall be liable to you for any loss suffered by you as a result of the rejection or delay of any subscription or payment of withdrawal proceeds.

Each of Gleneagle and the Administrator has implemented a number of measures and controls to ensure they comply with their obligations under the AML Requirements, including carefully identifying and monitoring investors. As a result of the implementation of these measures and controls:

- transactions may be delayed, blocked, frozen or refused where Gleneagle or the Administrator has reasonable grounds to believe that the transaction breaches the law or sanctions of Australia or any other country, including the AML Requirements.
- where transactions are delayed, blocked, frozen or refused the Gleneagle (and each service provider to the Fund) are not liable for any loss you suffer (including consequential loss) caused by reason of any action taken or not taken by them as contemplated above, or as a result of their compliance with the AML Requirements as they apply to the Fund.

Gleneagle and the Administrator may from time to time require additional information from you to assist it in this process.

Each of Gleneagle and the Administrator may have certain reporting obligations under the AML Requirements and may be prevented by law from informing you that any such reporting has taken place. Where required by law, Gleneagle or the Administrator may disclose the information gathered to regulatory or law enforcement agencies, including AUSTRAC. Gleneagle and the Administrator (and each service provider to the Fund) are not liable for any loss you may suffer as a result of their compliance with the AML Requirements.

## FATCA

### US Tax Withholding and Reporting under the Foreign Account Tax Compliance Act

The United States of America has introduced rules (known as FATCA) which are intended to prevent US persons from avoiding tax. Broadly, the rules may require the Fund to report details of all US persons and suspected US persons in the Fund to the US tax authorities, to prevent a 30% FATCA withholding tax on certain income and proceeds of the Fund. The Australian Government has entered into an agreement with the United States of America to implement the FATCA regime in Australia (Intergovernmental Agreement). Gleneagle or the Administrator may therefore request that you provide certain information in order to comply with FATCA requirements.

### COMMON REPORTING STANDARD

The OECD Common Reporting Standard for Automatic Exchange of Financial Account Information (**CRS**) requires certain financial institutions to report information regarding certain accounts to their local tax authority and follow related due diligence procedures. The Fund is a 'Financial Institution' under the CRS and complies with its CRS obligations by obtaining and reporting information on relevant accounts (which may include the units in the Fund) to the Australian Tax Office (**ATO**).

In order for the Fund to comply with its obligations under CRS and FATCA, Gleneagle requests (and the Administrator may also request) the investors to provide certain information and certifications to Gleneagle for the Fund's compliance with FATCA and the CRS. Gleneagle (and the Administrator) may determine whether the Fund is required to report the investors' details to the ATO based on Gleneagle's (and/or the Administrator's) assessment of the relevant information received. The ATO may provide this information to the IRS (in the case of the FATCA regime) where applicable and to other jurisdictions' tax regulators (in the case of the CRS regime) that have signed the "CRS Competent Authority Agreement", the multilateral framework agreement that provides the mechanism to facilitate the automatic exchange of information in accordance with the CRS. The Australian Government has enacted legislation amending, among other things, the *Taxation Administration Act 1953* to give effect to the CRS and to implement FATCA (in accordance with the Intergovernmental Agreement).



# INFORMATION FOR NEW ZEALAND INVESTORS

Units in Blossom Save NZ offered under this PDS are offered to New Zealand as well as Australian investors.

## New Zealand investors' warning statement

- This offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act 2001 (Aust) and regulations made under that Act. In New Zealand, this is subpart 6 of Part 9 of the Financial Markets Conduct Act 2013 and Part 9 of the Financial Markets Conduct Regulations 2014. **51**
- This offer and the content of the offer document are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act 2001 (Aust) and the regulations made under that Act set out how the offer must be made.
- There are differences in how financial products are regulated under Australian law. For example, the disclosure of fees for managed investment schemes is different under the Australian regime.
- The rights, remedies, and compensation arrangements available to New Zealand investors in Australian financial products may differ from the rights, remedies, and compensation arrangements for New Zealand financial products.
- Both the Australian and New Zealand financial markets regulators have enforcement responsibilities in relation to this offer. If you need to make a complaint about this offer, please contact the Financial Markets Authority, New Zealand (<http://www.fma.govt.nz>). The Australian and New Zealand regulators will work together to settle your complaint.
- The taxation treatment of Australian financial products is not the same as for New Zealand financial products.
- If you are uncertain about whether this investment is appropriate for you, you should seek the advice of a financial advice provider.

## Dispute resolution process

- The dispute resolution process described in this offer document is available only in Australia and is not available in New Zealand.

The above statements are required pursuant to New Zealand's financial markets legislation. For the avoidance of any doubt, Gleneagle Asset Management Limited will only remit distributions and redemptions in New Zealand dollars and to a New Zealand bank account in the name of the Unitholder. The default will be an income attribution whereby no cash distributions will be paid to the Unitholders.



## KEY SERVICE PROVIDERS

### Responsible Entity

Responsible Entity is Gleneagle Asset Management Limited which is a wholly owned subsidiary of Gleneagle Securities (Aust) Pty Limited (i.e., the Underwriter and Custodian).

Gleneagle is able to offer asset management and related services to retail investors and fund managers.

### Liquidity Manager

Fortlake is the Liquidity Manager currently managing a portfolio of Blossom Save NZ. Fortlake blends its talented and experienced team of individuals with a combination of global business insights and investment philosophy.

Responsible Entity may appoint other investment managers to Blossom Save NZ in its discretion. Each investment manager is responsible for managing a relevant portfolio in accordance with the relevant management agreement and is contractually required to act in the best interests of Unitholders in performing its duties under the terms of such management agreement.

### Threshold Manager

Threshold Manager is BlossomApp Pty Limited (also referred to as **BlossomApp**). Gleneagle as Responsible Entity of the Fund has signed a Threshold Management and Underwriting Deed with the Threshold Manager and the Underwriter. The deed contains general commercial terms in a standard format and provides for the termination of the Threshold Manager in a number of circumstances including insolvency, breach of an obligation, representation, warranty or undertaking under the agreement or if Gleneagle is required to terminate to comply with relevant law.

BlossomApp is responsible for seeking to facilitate the Intended Return. For further information on the Threshold Manager and how it will seek to facilitate the Intended Return, refer to the section above 'Threshold Management and Underwriting Deed'.

The Threshold Management and Underwriting Deed is publicly available for inspection free of charge at our offices by contacting BlossomApp at [blossom@blossomapp.com](mailto:blossom@blossomapp.com).

### Underwriter and Custodian

The Underwriter and Custodian is Gleneagle Securities (Aust) Pty Limited (**Gleneagle Securities**). Gleneagle as Responsible Entity of the Fund has signed a Threshold Management and Underwriting Deed with the Threshold Manager and the Underwriter. The deed contains general terms in a standard format and provides for the termination of the Threshold Manager in a number of circumstances including insolvency, adverse regulatory findings and breach of duty of care.

Pursuant to the Threshold Management and Underwriting Deed, Gleneagle Securities may, in its discretion, provide funds to the Threshold Manager which may be used to fund the Intended Return on the investments in Blossom Save NZ if BlossomApp does not have sufficient funds. For further information on the Underwriter and these arrangements, refer to the section above 'Threshold Management and Underwriting Deed'.

Gleneagle Securities acts as Custodian in respect of Blossom Save NZ investments in other funds, primarily expected to be the other funds for which Liquidity Manager is their investment manager and their investment strategies are aligned with those of Blossom Save NZ.

## Administrator

Responsible Entity has entered into an accounting service agreement (**Administration Agreement**) with Cache Investment Management Pty Ltd (**Administrator**). Under the Administration Agreement, the Administrator agrees to perform administration services for the Fund.

The Administrator has not been involved in the preparation of any part of this PDS. They have not authorised or caused the issue of, and expressly disclaims and takes no responsibility for any part of this PDS.

## Prime Broker and Custodian

J.P. Morgan Securities LLC (**JPMS**) and certain of its affiliates (each such affiliate, a **JP Morgan Entity**, and collectively, **JP Morgan**) may provide certain clearing (including prime brokerage), margin financing and stock lending services with respect to the Fund's securities and cash (for Blossom Save NZ) carried on the books of a JP Morgan Entity. Such services and facilities will be provided pursuant to a series of agreements (the **Customer Documents**) and may include an Institutional Account Agreement with JP Morgan in compliance with the laws, rules and regulations of the United States Securities and Exchange Commission and other exchanges and dealer associations by which certain of the JP Morgan Entities are regulated (collectively, the US Rules). The Fund may also enter into principal transactions with one or more JP Morgan Entities.

Fund assets for the Class that are held by JPMS as prime broker will be carried in the name of Responsible Entity for the Fund and will be subject to a lien to secure the Fund's obligations to JP Morgan. To the extent permitted under US Rules, with respect to JPMS or any other JP Morgan Entity subject to the US Rules, the Fund's assets that are not required by US Rules to be segregated may be borrowed, lent, pledged, repledged, sold, hypothecated, rehypothecated, transferred or otherwise used by such JP Morgan Entities as may hold such assets for their own purposes. Cash held with a JP Morgan Entity subject to the US Rules may be used by such JP Morgan Entity in the course of its business to the extent permitted by the US Rules.

Neither JPMS nor any other JP Morgan Entity will be liable for any loss to the Fund resulting from any act or omission in relation to the services provided under the terms of the Customer Documents unless such loss results directly from the gross negligence, bad faith or wilful misfeasance of JPMS or any other JP Morgan Entity, nor will JPMS or any other JP Morgan Entity be liable for consequential or other types of special damages, or losses to the Fund caused by the insolvency or acts or omissions of any sub-custodian or other third party by whom or in whose control any of the Fund's investments or cash may be held. Responsible Entity for the Fund has agreed to indemnify JPMS and the other JP Morgan Entities against any loss suffered by, and any claims made against, them to the extent set forth in the Customer Documents.

Neither JPMS nor any other JP Morgan Entity will have any involvement in the management of the Fund or any decision-making discretion relating to the Fund's investments. Neither JPMS nor any other JP Morgan Entity has any responsibility for monitoring whether investments by any investment manager or advisor are in compliance with any internal policies, investment goals or limitations of the Fund, and neither JPMS nor any other JP Morgan Entity will be responsible for any losses suffered by the Fund.

JPMS and each other JP Morgan Entity reserve the right not to clear transactions and not to provide any of the services. JP Morgan and each other JP Morgan Entity reserve the right to terminate the arrangements in accordance with the provisions of the Customer Documents.

JPMS and the other JP Morgan Entities are service providers and are not responsible for the preparation of this document or the activities of the Fund and therefore accept no responsibility for the accuracy of any information contained in this document.

## CONSENTS

Fortlake consents and, as at the date of this PDS, has not withdrawn its consent to the statements (in the form and context in which they are included) about it in this PDS. Fortlake has not otherwise issued or caused the issue of this PDS.

BlossomApp Pty Limited consents to being named in the PDS and, as at the date of this PDS, has not withdrawn its consent to the statements (in the form and context in which they are included) about it in this PDS. BlossomApp Pty Limited has not otherwise issued or caused the issue of this PDS.

Gleneagle Securities (Aust) Pty Limited consents to being named in the PDS and, as at the date of this PDS, has not withdrawn its consent to the statements (in the form and context in which they are included) about it. Gleneagle Securities (Aust) Pty Limited has not otherwise issued or caused the issue of this PDS.

