



**Gleneagle Investment Fund  
Supplementary Product Disclosure Statement**

**Gleneagle High Yield Fixed Income Trust**

Gleneagle Investment Fund ARSN 605 489 094  
Gleneagle Asset Management Limited ABN 29 103 162 278  
Australian Financial Services Licence No 226199

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## DIRECTORY

### INVESTMENT MANAGER

Gleneagle Securities (Aust) Pty Limited  
ACN 136 930 526  
AFSL No. 337985  
Website: [www.gleneagle.com.au](http://www.gleneagle.com.au)

#### Melbourne Office:

Level 39, 55 Collins street Melbourne  
Australia, VIC, 3000  
Phone: +61 3 9900 7700

### RESPONSIBLE ENTITY

Gleneagle Asset Management Limited  
ACN 103 162 278  
AFSL 226199  
Website: [www.gleneaglecapital.com.au](http://www.gleneaglecapital.com.au)

#### Sydney Office:

Level 27, 25 Bligh Street  
Sydney NSW 2000  
Australia  
Phone: +61 2 8277 6655

#### Melbourne Office:

Level 39, 55 Collins street Melbourne  
Australia, VIC, 3000  
Phone: +61 3 9900 7700

### ADMINISTRATOR

Apex Fund Services Ltd  
20 Reid Street, Williams House,  
3rd Floor, Hamilton HM11,  
Bermuda

### SUB ADMINISTRATOR

Apex Fund Services (Australia) Pty Ltd  
ACN 149 408 702  
Level 13, 459 Little Collins Street  
Melbourne VIC 3000  
Australia [www.apexfundservices.com](http://www.apexfundservices.com)  
Phone: +61 3 9020 3000

### AUDITOR

LNP Audit and Assurance Pty Limited  
ACN 155 188 837  
Level 14, 309 Kent Street  
Sydney NSW 2000  
Australia

## SECTION 1: IMPORTANT INFORMATION

This Supplementary Product Disclosure Statement (**SPDS**) is dated 17 February 2020 and is issued by Gleneagle Asset Management Limited ACN 103 162 278, AFSL 226199 (**Responsible Entity** and **Gleneagle Capital**) of the Gleneagle Investment Fund ARSN 605 489 094 (**Fund**). This document is supplementary to the Gleneagle Investment Fund Product Disclosure Statement (**PDS**) dated 26 November 2019 and must be read together with that PDS.

The Fund currently has more than one Class. Each Class is for a Strategy Portfolio as described in a SPDS for that Strategy Portfolio.

This SPDS describes **only the Class known as the Gleneagle High Yield Fixed Income Trust** and the Strategy Portfolio for it. Potential investors in the Class for this Strategy Portfolio should read this SPDS in conjunction with the PDS.

**Potential investors should be aware that references to the name “Gleneagle High Yield Fixed Income Trust” is to a Class of the Fund, not a separate fund or trust.**

Although this SPDS describes the Gleneagle High Yield Fixed Income Trust, the Responsible Entity cannot rule out that any investment in Units in any other Class might be affected by the Fund’s investments held for any other Class available from time to time, so you should read this SPDS in full and consider supplementary disclosure statements for any other Classes before you decide whether to acquire, to hold or dispose of an interest in Units in any Class. To ensure that you receive any updated information and a copy of all available supplementary disclosure statements (for all Classes) you should contact Gleneagle Capital using the contact details detailed in the directory at the beginning of this SPDS about which Strategy Portfolios are available or, alternatively, you can request a PDS and supplementary disclosure statements at [www.gleneaglecapital.com.au](http://www.gleneaglecapital.com.au).

Applications for investment in the Fund can only be made via the Application Form which must be validly executed or made and sent to Gleneagle Capital with the other required documents.

The information contained in this SPDS is general in nature and has been prepared without taking into account your investment objectives, financial situation or particular investment needs. Before making a decision to invest in the Fund, it is important that you read this entire SPDS and all other supplementary disclosure statements and consult a financial adviser regarding the appropriateness of this investment for your personal circumstances. Investment in the Fund is not guaranteed. This means that you may not recover your initial investment and you are not guaranteed a return on your investment. You should consider the information contained in this SPDS and all other supplementary disclosure statements and the appropriateness of an investment in the Fund having regard to your objectives, financial situation and investment needs before proceeding to invest. This will include considering the risk factors that could affect the financial performance of the Fund, some of which are described in the Risks section of the PDS and in Section 4: Significant Risks of this SPDS.

No person has been authorised by the Responsible Entity to make any representation or to give any information about the Fund that is not contained in a supplementary disclosure statement or the PDS. Any representation or information of this kind that has been provided may not be relied upon as being authorised by the Responsible Entity in connection with this offer. In particular, no investment manager has authority to make statements on behalf of or to bind the Responsible Entity.

This SPDS will be issued in paper form and also as an electronic Supplementary Product Disclosure Statement (**Electronic SPDS**). The Electronic SPDS will be available via [www.gleneaglecapital.com.au](http://www.gleneaglecapital.com.au). Potential investors should only rely on the information in this SPDS. If this SPDS has been received electronically, then a paper copy of this SPDS will be provided free of charge on request by contacting Gleneagle Capital using the contact details detailed in the directory at the beginning of this SPDS.

If this SPDS has been received electronically, Potential investors should ensure that the complete Application Form and Electronic SPDS have been obtained. The Corporations Act prohibits any person from passing the Application Form on to another person unless it is attached to a hard copy of this SPDS or the complete and unaltered Electronic SPDS. If you are unsure about the completeness of this SPDS, whether received in printed or electronic form, you should contact Gleneagle Capital.

Information contained in this SPDS may change from time to time. Information that is not materially adverse information may be updated and provided via the website at [www.gleneaglecapital.com.au](http://www.gleneaglecapital.com.au). Upon request, Gleneagle Capital will provide you with a paper copy of any updated information free of charge. If there is a change to the information contained in the SPDS that is materially adverse to the offer, the Responsible Entity will issue a supplementary SPDS in accordance with the Corporations Act or may issue a new product disclosure statement.

The distribution of this SPDS in jurisdictions outside Australia may be restricted by law and persons who come into possession of it should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. This SPDS does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify the Fund or otherwise permit the public offer of the Fund outside Australia.

Any forward looking statements that relate to future matters which are contained in this SPDS are subject to uncertainty and risks. The actual performance of your investment via the Fund may be materially different from that expressed or implied in the statements.

An investment in the Fund does not represent an investment or liability of the Responsible Entity, any of its related bodies corporate or any investment manager and is subject to investment risk, including delays in repayment and loss of capital invested or income re-invested. None of the Responsible Entity and its related bodies corporate assure or guarantee the performance or success of the Fund, payment of distributions or repayment of your investment.

Certain terms in this SPDS have defined meanings. Refer in particular to Section 7: Glossary in this SPDS and also to the PDS.

## SECTION 2: KEY FEATURES

This SPDS is for investing in Units in the Class of the Fund known as the **Gleneagle High Yield Fixed Income Trust**.

**Potential investors should be aware that every reference to the name “Gleneagle High Yield Fixed Income Trust” is to a Class of the Fund, not a separate fund or trust.** References to investing in the **Gleneagle High Yield Fixed Income Trust** are references to investing in Units in the Class for the **Gleneagle High Yield Fixed Income Trust**.

**Please read all of this SPDS, including Section 4: Significant Risks, and the PDS.**

The key features of investing in the Gleneagle High Yield Fixed Income Trust are set out below.

FEATURE	OVERVIEW	SECTION
<b>Investment Objective</b>	<p>The investment objective is to produce investment returns by sustained income distributions to Unitholders giving high yields by managing investment exposures to a broad range of fixed income investments.</p> <p>Investments in Units in the Class known as the Gleneagle High Yield Fixed Income Trust Yields have substantial differences in features and risks from investments in other kinds of financial products, including direct investments into fixed income products. The yield on Units in this Class and the return of capital are not assured. <b>Please read all of this SPDS and the PDS.</b></p>	<p><i>see also</i> <b>Section 3</b></p>
<b>Investment exposure</b>	<p>The Gleneagle High Yield Fixed Income Trust aims for investment exposure to a broad range of fixed income investments, structured products with various maturities and ratings; including structured notes, bond swaps and professional money market investments.</p> <p>The investment exposure is expected to be against banks, corporations, their subsidiaries and guarantors and insurers of the investments. The Investment Manager seeks underlying investments which are rated at issuance.</p> <p>The investment exposure is gained by investing available funds with the Investment Manager who in turn invests in the broad range of fixed income investments. The Investment Manager is obliged to pay a return into the Gleneagle High Yield Fixed Income Trust based on investments and returns approved by the Responsible Entity. The Investment Manager’s contractual obligations to the Responsible entity for the Gleneagle High Yield Fixed Income Trust support the targeted returns and liquidity for withdrawals.</p>	<p><i>see also</i> <b>Section 3</b></p>
<b>Investment Strategy</b>	<p>The investment strategy for the Gleneagle High Yield Fixed Income Trust is based on contractual payment and liquidity obligations from the Investment Manager, based on returns available to the Investment Manager from it investing in a broad range of fixed income investments. The Responsible Entity’s exposure is based on an OTC contract with the Investment Manager, who in turn directly invests in the fixed income products.</p> <p>The Investment Manager will seek a range of fixed income investments, mainly unlisted and structured fixed income investments (bonds, notes and swaps). These are expected to be rated at the time of issuance by reputable ratings agencies, at a grade of rating acceptable to the Investment Manager and the Responsible Entity.</p> <p>The range of yields on the fixed income investments, their maturities and credit risks will be assessed by the Investment Manager over time, as investment opportunities arise. The Investment Manager will seek a diverse range so it diversifies risks, yields and income and redemption profiles on its portfolio, broadly corresponding with its payment obligations to the Responsible Entity for the Gleneagle High Yield Fixed Income Trust.</p>	<p><i>see also</i> <b>Section 3</b></p>
<b>Fees and Other Costs</b>	<p>There are fees and costs that will be charged for investing in the Gleneagle High Yield Fixed Income Trust.</p>	<b>5</b>
<b>Investment Manager</b>	<p>Gleneagle Securities (Aust) Pty Limited ACN 136 930 526 AFSL No. 337985 has been appointed by Responsible Entity to manage the Trust’s investment exposure. Gleneagle Securities (Aust) Pty Limited is a related party of Responsible Entity. For important features of this role and relationship, see Section 3 of this PDS.</p>	<p><i>see also</i> <b>Section 3</b></p>
<b>Investment Instruction deadlines</b>	<p>For the Gleneagle High Yield Fixed Income Trust, the Valuation Dates for applications and switching occur monthly and for withdrawals from the Fund the Valuation Date occurs monthly.</p> <p>Investment Instructions relating to applications, switching and withdrawals from the Fund itself can be provided at any time. Also:</p>	<b>6</b>

FEATURE	OVERVIEW	SECTION
	<p>i. Applications and switching between Strategy Portfolios will generally be processed (i.e., Units issued and redeemed) on the Subscription Date following the first monthly Valuation Date after the Responsible Entity receives the Investment Instruction, provided it is received before the Designated Time. If the Investment Instruction is received after the Designated Time it will be processed on the Subscription Date following the second monthly Valuation Date after the Responsible Entity receives the Investment Instruction.</p> <p>ii. Withdrawals from the Fund itself will generally be processed (i.e., Units redeemed) on the Subscription Date following the first monthly Valuation Date after the Responsible Entity receives the Investment Instruction, provided it is received before the Designated Time. If the Investment Instruction is received after the Designated Time it will be processed on the Subscription Date following the second monthly Valuation Date after the Responsible Entity receives the Investment Instruction</p>	
<b>Income Distributions</b>	Distributions for the Gleneagle High Yield Fixed Income Trust will be made on or before the last Business Day of each Month.	<b>6</b>
<b>Minimum Initial Investment</b>	\$100,000 <sup>1</sup>	<b>6</b>
<b>Minimum additional Investment</b>	\$10,000 <sup>1</sup>	<b>6</b>
<b>Minimum Switching Amount</b>	\$5,000 <sup>1</sup>	<b>6</b>
<b>Minimum Withdrawal</b>	\$10,000 <sup>1</sup>	<b>6</b>
<b>Minimum Balance</b>	\$50,000 <sup>1</sup>	<b>6</b>

<sup>1</sup> subject to the discretion of the Responsible Entity

Please see Section 7: Glossary for defined expressions which are used in this SPDS.

You should consider consulting a financial adviser or financial planner before deciding whether to invest in the Gleneagle High Yield Fixed Income Trust and an appropriate amount to invest in and or withdraw from the Fund.

## SECTION 3: ABOUT THE GLENEAGLE HIGH YIELD FIXED INCOME TRUST

### OVERVIEW

The Gleneagle High Yield Fixed Income Trust is an investment opportunity offered through Gleneagle Investment Fund. Please see Section 2 for the key features.

### INVESTMENT OPPORTUNITIES

The Investment Manager has access to opportunities for investments in a diverse range of fixed income investments, typically structured and unlisted.

The targeted investment returns take advantage of the investment opportunities available to the Investment Manager, aiming for sustained high yields over a rolling period for the medium term outlook.

The main focus of the investment opportunities over time will be investments having the broad characteristics of fixed income investments. Fixed income investments is a general term typically referring to bearing yields which, if duly paid by the issuer, deliver a relatively fixed rate of return.

Variations in the investment opportunities will occur due to complex returns and opportunities, including variations above benchmarks and other conditions. "Fixed income" (and "fixed interest") are commonly used expressions in the professional markets which refer to these general characteristics (and not specifically limited to fixed yields).

The investment opportunities targeted for the Class will seek sustained returns to the Class of at least 5% p.a. (after fees, charges and costs) over the medium term (of a rolling three years) (assuming the Units are held over that time), allowing for the risks of the income not being available at any time and from time to time due to poor performance of the investment exposure.

The opportunities tend to be limited in time and rely on industry documentation and processes which are sophisticated, complex and generally not available to retail investors.

Individual investment opportunities may carry risks which are complex, uncertain, changing and are affected by a diverse range of conditions, which are difficult to assess, quantify, verify and manage.

Investment opportunities may be subject to high minimum thresholds, not suitable for direct retail investment.

Existing investments of this kind may be subject to difficult procedures and requirements and, if the investment becomes impaired, suspended or subject to long, complex and uncertain processes, without any assurance of returns.

Ratings by third party ratings agencies are subject to conditions, qualification, limitations and exclusions so they are no assurance as to full, timely or comprehensive credit assessment as at issuance. Ratings might not be updated after issuance.

Guarantees and insurance of the investments or within their terms of issuance are typically not for the full amounts of return of capital and typically do not cover the income payments. The legal and credit risks of issuers of the investments and their guarantors or insurers may be complex, qualified and subject to the risk of performance by them and their solvency when called upon to perform their obligations, so do not, and will not, give full assurance of support for the investments.

Due to the limit (or no) availability to retail investors of these investment opportunities, their complexity, variety and their possible challenges, they are not intended for direct investments by the Responsible Entity in this Class. Instead, the Responsible Entity is pleased to offer investment exposure to these investment opportunities by contracting with the Investment Manager to pay the Responsible Entity for this Class returns which aim for the targeted returns for the Class and to provide liquidity based on investments by the Investment Manager.

The Investment Manager is also obliged to pay the Responsible Manager investment returns sufficient to redeem Units, as required, subject to the relevant investments' returns to the Investment Manager.

**The structure of the investments for this Class is designed to assist, over time, to provide the targeted yield and liquidity, but also has significant risks for potential investments due to the structure. Please read all of this Section 3 and Section 4: Significant Risks.**

### INVESTMENT STRUCTURE RISKS

Due to the structure to target giving sustained higher yields and liquidity over the medium term, potential investments should be aware of and make their own assessment of the following structural features:

- The Responsible Entity pays most of the funds invested for this Class directly and only to the Investment Manager.
- The Investment Manager has an unsecured obligation to invest the funds into investment opportunities approved by the Responsible Entity.
- The Investment Manager has an unsecured obligation to the Responsible Entity to pay yields based on the available returns from the Investment Manager's (approved) investments. The Responsible Entity does not have any beneficial interest in the investments held by the Investment Manager and has no security interest over those assets (this is to reduce costs, to support liquidity and to enhance access to the investment opportunities).
- The Investment Manager's payment obligations to the Responsible Entity will be reduced by shortfalls on the yields to the Investment Manager. Therefore the Investment Manager does not take the full risk on each investment opportunity as it relates to the payment obligation to the Responsible Entity. The Class therefore is subject to the investment risk. This reflects a broad approach to matching the yield risk to the investment exposure, taking advantage of the Investment Manager's investment opportunities, using its expertise and resources to access, assess and manage them, but generally pass through the investment risks as though the Responsible Entity had invested directly in those same investment opportunities.
- Another benefit of the investment structure is that the Investment Manager supports Monthly liquidity for Unitholders (by way of its redemption obligations to the Responsible Entity). This enhances the times and capacity for Unitholders to withdraw at times and in amounts which are very unlikely to be available if the Responsible entity had made the investments directly into the investment opportunities. It is a risk, though, because it relies on performance by the Investment Manager and also the possibility that due to general illiquidity of the Investment Manager's portfolio of its investments approved by the Responsible Entity, the obligations of the Investment Manager to support those payments may be suspended or deferred. Broadly, this is expected to correspond with illiquidity provisions applying to the Class as a whole, as though the Responsible Entity had made the investments directly.
- Due to the role of the Investment Manager as the party contacting as principal with the Responsible Entity for this Class, and not as agent, broker, custodian or fiduciary, in strict legal terms the Responsible Entity is an unsecured creditor of the Investment Manager for the payment and performance obligations of the Investment Manager in relation to this Class.
- The Investment Manager is a related party of the Responsible Entity. Actual or potential conflicts of interests and duties may arise such that the terms of the contract between the Responsible Entity and the Investment Manager or the administration of it (including the exercise of discretions by either party) may be perceived as not being in the best interests of Unitholders

of the Class. See Section 5 for more on this significant risk and how it is managed.

**It is important that potential investors and their advisers understand the features and significant risks of investing in the Gleneagle High Yield Fixed Income Trust and make their own assessment of whether it is suitable for their needs and objectives.**

**Neither the Responsible Entity nor the Investment Manager assures the yields or the return of capital invested in the Class.**

### INVESTMENT MANAGER PROFILE

Responsible Entity has appointed Gleneagle Securities (Aust) Pty Limited ACN 136 930 526 AFSL No. 337985 (**Investment Manager or Gleneagle Securities**) as the investment manager and all documentation and information about the Fund and all client communication can be inspected and (if permitted by the Responsible Entity and the Investment Manager) obtained by contacting Investment Manager using the contact details detailed in the directory at the beginning of this PDS.

Gleneagle Securities also manages other portfolios of the Gleneagle Investment Fund.

Please also see Section 4: Significant Risks.

### ALLOCATION OF FUNDS BY THE INVESTMENT MANAGER

The Investment Manager cannot set firm limits on the selection and management of the investments to be used to generate payments by the Investment Manager to the Responsible Entity. The selection falls within the investment process by the Investment Manager and is subject to any controls imposed by the Responsible Manager from time to time.

The following table gives a broad indication of likely ranges for the broad categories of investments likely to be held for this Strategy Portfolio over time.

It is important to remember, though, that these are not fixed parameters and so actual investments at any time, and over time during different market conditions, might differ from the general indication below, including exceeding any of the indicative maximum allocations (up to 100%).

Investment type	Minimum % Allocation	Indicative Maximum % Allocation
CFDs (fixed income)	0%	80%
Foreign Exchange	0%	10%
Fixed Income (structured notes, bonds, swaps, professional money market investments)	0%	95%
Cash	0%	100%

### OBLIGATIONS OF THE INVESTMENT MANAGER

The Investment Manager's obligations to the Responsible Entity in respect of this Class are principally:

- investment opportunities – sourcing, assessing, arranging, managing them;
- payment obligations to Responsible Entity – payments by reference to (but not exactly the same as) payments received on the investment opportunities; managing liquidity for withdrawals from the Class
- bearing expenses arising from managing the investment

opportunities.

The payment obligations of the Investment Manager to the Responsible Entity for this Class will be based on documentation widely used in the industry for global OTC master agreements. The documentation may be changed over time (without any notice to Unitholders). The material features of this documented arrangement are:

- to provide for regular payment by the Investment Manager to enable the Responsible Entity to make Income Distributions targeting the rate of return disclosed in this SDPS (or as may later be changed from time to time); and
- to provide for payment by the Investment Manager to enable the Responsible Entity to fund redemptions of Units in this Class.

In addition, if there is any significant outperformance of any relevant investment, the Responsible Entity may require the Investment Manager to pay a percentage of the outperformance. This will be arranged at the time the Responsible Entity approves a particular investment opportunity. This possibility is considered to be unlikely, given the nature of fixed income investments, but it is a possible way the returns could be enhanced. However, potential investors should be aware that it is not intended to focus on investment opportunities of this kind, since the investment strategy focuses on achieving and sustaining the targeted return on a rolling basis over the medium term (of 3 or more years).

It is therefore possible that in any particular Month the Investment Manager may derive income for its own account on the investment opportunities greater than it is obliged to pay the Responsible Entity for this Class, just as it might suffer delays, shortfalls and other mismatches in income it receives compared with the payment obligations which it owes the Responsible Entity for this Class.

The long term interests of the Investment Manager are aligned with the long term interests of Unitholders by way of the performance fee applying only above the hurdle of 5% p.a. Income Distributions and having sustained access to capital (from investors) to deploy in investment opportunities to generate returns to support payments to the Responsible Entity and so to the Unitholders.



## SECTION 4: SIGNIFICANT RISKS

All investments have an inherent level of risk. You must read Section 3 headed "Risks" in the Gleneagle Investment Fund Product Disclosure Statement.

In addition, investing in the Gleneagle High Yield Fixed Income Trust has these significant risks:

### UNSECURED INVESTMENT RISK

The Responsible Entity will invest most of the funds for the Class by paying it to the Investment Manager on an unsecured basis.

The Responsible Entity has no beneficial interest in or right to investments made by the Investment Manager. The Responsible Entity has no security interest over those investments (to secure the performance of the Investment Manager to pay the Responsible Entity).

The Responsible Entity has the significant risk of being an unsecured creditor of the Investment Manager for all of the payment and other performance obligations agreed with the Investment Manager in relation to the Class. If the Investment Manager becomes insolvent or otherwise is unable to meet its debts as and when they fall due, the Investment Manager will not pay all or some of the moneys it owes the Responsible Entity for this Class. In that case, Responsible Entity is likely to have no funds readily available for the Class to pay Income Distributions or to pay on redemption of the Units. The Responsible Entity in these cases may suspend payments to Unitholders and determine that the Class or the Fund as a whole is illiquid.

While the investment structure has these potential significant risks, they are assessed to be reasonable due to the important features of lowering of costs and enhancing potential yields to investors in the Class, because of the experience of the Investment Manager and its duties as a holder of an Australian Financial Services Licence, its capital resources and its expertise relevant to assessing and managing the investment opportunities.

The Responsible Entity will maintain a bank account to manage applications, payments to Unitholders for income and redemptions and payment of permitted expenses.

### INVESTMENT COMPLEXITY RISK

The investment opportunities are likely to be significantly complex, with many document and terms, different jurisdictional issues and a range of counterparties and possibly guarantors and insurers. The complexities may complicate the Investment Manager's assessments and management of the investments and therefore create unforeseen or unforeseeable uncertainties, consequences, delays and costs of outcomes if the investments later become impaired or in default.

The complexities and the difficulties, uncertainties and extra costs caused by them are generally unavoidable because they arise in the course of offering higher yields calculated by reference to selected investment opportunities. It is not feasible for the targeted kind of investment opportunities to remove all of the risks arising from the complexities nor is it possible to quantify or to prevent them.

Investors in the Class should be prepared for and accept a relatively higher degree of risk, commensurate with the relatively high targeted sustained returns over the medium term.

**The Class is not suitable for potential investors who seek relatively low risk investments, who want their managed fund exposure to invest mainly in low risk, non-complex investment opportunities or their fund to invest directly into the fixed income investments.**

Generally, the Investment Manager will use its own expertise and will also (to varying extents) rely on the advice and statements of counterparties, principals to the transactions and their advisers, but without any ability to verify those statements and without being able to rely on statements except to limited extents set out in a variety of complex transaction documents (which may be too

costly to pursue some defaults).

There is a significant risk that the investments may be too complex to assess or to verify properly, or that the Investment Manager believes it has assessed the investment opportunities but has not adequately assessed it.

There is a significant risk that, due to the complexity, the documents may not be fully enforceable as they were intended to be enforced in accordance with their terms, or the performance of them and the enforcement of them may be subject to discretions which cannot be fully assessed in advance.

Potential investors in the Class must be aware and accept that the Investment Manager does not guarantee or assure full investment performance of any investment opportunity. If the investment opportunity does not perform as originally expected, then the Investment Manager is only obliged to pay the Responsible Entity for the Class an amount based on the actual proceeds paid to the Investment Manager less any provision (acceptable to the Responsible Entity and the Investment Manager) for the costs to the Investment Manager of managing disputes, enforcement and recovery costs. This can delay, complicate and reduce the payments by the Investment Manager to the Responsible Entity for the Class, which is likely to impact adversely the Income Distributions to Unitholders, the value of the Units and the amount paid on redemption of the Units from time to time (and on wind up of the Class).

The Responsible Entity may therefore suffer significant losses for the Class if the Investment Manager does not make payments to the Responsible Entity due to losses on the investments even though the Investment Manager exercised all reasonable care in assessing and managing the investment opportunities.

The Responsible Entity does not have direct access to the investments acquired by the Investment Manager and will not undertake review of any such investment opportunity documentation.

The Responsible Entity relies on the Investment Manager to access, assess and to advise on the investment opportunities, to report on them and to pay the Responsible Entity by reference to actual performance of the investment opportunities (including allowing for provisions for maintaining disputes, enforcement and recovery costs arising in relation to the investments).

There is a risk to the Responsible Entity (and so to investors in the Class) that since it will not be aware of all of the matters of which the Investment Manager is aware, the Responsible Entity cannot assess all of the risks and features known to the Investment Manager. This is, however, typical where a responsible entity appoints an investment manager for their expertise and access to markets and it is not in the normal business of the Responsible Entity to have the expertise, resources and access which the Investment Manager has.

In the worst outcomes, the Investment Manager may be unable to obtain return of some or all of its investment capital, which will automatically flow through to the Responsible Entity being not entitled to payment from the Investment Manager.

### FX AND NON-AUSTRALIAN INVESTMENTS

The payment obligation by the Investment Manager to the Responsible Entity is denominated in Australian dollars. Any component of the payment obligation referable to an investment opportunity whose payments are in a currency other than AUD will be converted at a rate calculated by the Investment Manager (and agreed by the Responsible Entity from time to time) for the purposes of determining the amount payable by the Investment Manager to the Responsible Entity.

This gives a risk to potential investors that the income stream into the Class may be adversely affected by adverse fluctuations in the currency exchange rate for the payment denomination of the investment opportunity and AUD (at the times the payment amounts are calculated for the payment obligation of the Investment Manager to the Responsible Entity).

Conversely, currency exchange rates can move the other way and by that enhancing the potential payment by the Investment Manager to the Responsible Entity (subject to other investments, to provisions and to the cap on payments) and so by that possibly enhance the income returns to Unitholders.

This risk of volatile and fluctuating currency exchange rates is partly managed by the payment obligations of the Investment Manager to pay the Responsible Entity for the Class applying a longer term weighted average and so tend to smooth out changes to the relevant currency exchange rates over the medium term.

This can both benefit the Unitholder and reduce their potential income (or value of the Unit on withdrawal), depending on when income is distributed or the redemption is made, relative to shorter term trends in the relevant exchange rates.

### **INVESTMENT MANAGEMENT RISK**

While the PDS describes the general risk of an investment manager failing to perform its duties or an investment strategy not achieving its objectives, the Gleneagle High Yield Fixed Income Trust has a particular risk of that the Investment Manager may perform poorly in assessing and managing the investment opportunities, leading to impaired returns the Class, reducing income to Unitholders and the value (if any) on withdrawals from the Class.

No financial sector participant can avoid these risks. The Responsible Entity has appointed the Investment Manager based on the expertise, experience and sustained performance in relevant markets. The Investment Manager will exercise reasonable care and due diligence in performing its services, but does not and cannot assure that its services removes the risks arising from the investment opportunities.

### **RELATED PARTY RISK**

While the PDS describes the general risks arising from the Investment Manager being related to the Responsible Entity, the Gleneagle High Yield Fixed Income Trust has a particular risk that the Investment Manager might give priority to its commercial interests over the best interests of the Responsible Entity. A related risk is that the Responsible Entity may agree to the arrangements with the Investment Manager because they would benefit the Investment Manager (a related party), adversely impacting on the investment performance for Unitholders.

These potential significant risks are considered to be very unlikely to occur. The Responsible Entity and the Investment Manager are in the same corporate group for several years. The Investment Manager has provided comparable services to the Responsible Entity over many years. Each of the Responsible Entity and the Investment Manager are subject to statutory duties, licensee obligations and have compliance oversight, including external members of a compliance committee.

## SECTION 5: FEES, CHARGES 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 fund balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from \$100,000 to \$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. For more information, please contact Gleneagle Capital.

### 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.fido.asic.gov.au](http://www.fido.asic.gov.au)) has a managed investment fee calculator to help you check out different fee options.

### FEES AND COSTS

This SPDS shows fees and other costs that you may be charged for the Gleneagle High Yield Fixed Income Trust.

All fees, charges and other costs outlined in this section are exclusive of GST unless otherwise specified.

These fees and costs may be deducted from the Gleneagle High Yield Fixed Income Trust assets as a whole. Taxes are set out in the PDS (see the PDS Section 7: Taxation for a further explanation).

TYPE OF FEE OR COST	AMOUNT	HOW AND WHEN PAID
<b>Fees when your money moves in or out of the Fund</b>		
<b>Establishment Fee</b> The fee to open your investment.	Nil	Not Applicable
<b>Contribution Fee</b> The fee on the initial amount contributed to your investment.	Nil	Not Applicable
<b>Withdrawal Fee</b> The fee on each amount you take out of your investment.	Nil	Not Applicable
<b>Termination Fee</b> The fee to close your investment.	Nil	Not Applicable
<b>Buy / Sell Spread</b> The amount deducted from Unit Prices to allow for costs of investment transaction to be more fairly borne by investors	Nil	Not Applicable
<b>Management Costs: The fees and costs for managing your investment.</b>		
<b>Expense Recovery</b> The fees and costs for operating the Fund. They include administration and other expenses incurred in operating the Fund e.g. custodian fees, audit, compliance, accounting, insurance. These fees and other costs comprise both fixed fees and a percentage of total assets under management.	Transaction costs and abnormal expenses will be recovered at cost.  Other expenses will <b>not</b> be recovered from the Fund.	Transaction costs and abnormal expenses will be borne by the Fund when incurred.

TYPE OF FEE OR COST	AMOUNT	HOW AND WHEN PAID
<b>Management Fee</b> The amount you pay for investing in a professionally managed investment option.	Nil	Not Applicable
<b>Performance Fee</b> The fee payable for the investment performance of a Strategy Portfolio.	22% of the increase in an assessed Unit's NAV for a given Month, above a hurdle of a 5% p.a increase, calculated in respect of each given Class and series of Units issued, subject to the Unit's NAV surpassing the highest previously achieved high water-mark for that Unit (being the previous high NAV plus 5% for that Unit).	The Performance fee for the Gleneagle High Yield Fixed Income Trust is calculated, accrues and is payable Monthly from the Fund's assets for the Gleneagle High Yield Fixed Income Trust Class, first out of income and then out of capital. This is reflected in the Unit price for the Class.
<b>Service Fees</b>		
<b>Investment Switching Fee</b> The fee for changing Strategy Portfolios.	Nil	Not Applicable

### ADDITIONAL EXPLANATION OF FEES AND COSTS

Unless otherwise stated in this SPDS, all fees and costs are quoted inclusive of any Goods and Services Tax (GST) and net of any reduced input tax credits (RITCs). The prescribed RITC rate is currently 55% or 75%, depending on the nature of the fee or cost incurred. Please refer to "Goods and Services Tax (GST)" in Section 7 of the PDS for more information. Due to the impact of GST and RITC calculations, actual fees may vary slightly from those stated in this SPDS, which may be rounded to two decimal places.

#### MANAGEMENT FEE

No Management fee for the Class is charged.

#### PERFORMANCE FEE

The Investment Manager is entitled to a Performance fee. The Performance fee is 22% (inclusive of GST) of the net increase in the assessed Unit's NAV of the Class for a given Month, above a hurdle of a 5% p.a increase, calculated in respect of each series of Units issued for that Class, subject to the Unit's Net Asset Value surpassing the highest previously achieved Net Asset Value for that Unit above the a hurdle of a 5% p.a increase (referred to as the **high water mark**). The Performance fee is calculated, accrued and payable Monthly. It is also applied *pro rata* in respect of redeemed Units.

Therefore a Performance fee only becomes payable for the Gleneagle High Yield Fixed Income Trust if there is a net increase in the Net Asset Value of Units in that Class above a hurdle of a 5% p.a. increase.

For new investments made before any Performance fee is actually paid, each new issue of Units will be treated as a Series. If and when a Performance fee is paid on those new Units too, then they may be redesignated to be the same as the initial issue of Units in the same Class. This is known as Series accounting and methodology.

If the NAV of the Unit in a particular Class such as this Gleneagle High Yield Fixed Income Trust falls below the previous high for those Units plus the hurdle of a 5% p.a increase, then no further Performance fee can be accrued until the loss in value (including the hurdle of a 5% p.a increase) has been fully recovered.

The NAV applicable to each Class of Unit for the purpose of calculating the Performance fee is adjusted to reflect any increase in NAV resulting from new applications and reduced to reflect Distributions and withdrawals.

The high water mark is reset each financial year for the Class. This is to make the performance and reporting for each Class and their respective Series relatively simpler, more cost-effective and transparent. This means that the high water mark as from 1 July of each year is based on the NAV for that Class as at the end of 30 June (the previous end of financial year), including after paying any fees and charges. In the global investment community there have been funds with performance fees which never reset the high water mark, which means that their performance fees only become payable each time that fund's asset value reaches increasingly new highs. Superficially this might appear to reduce performance fees payable over time; however, in practice many of those other funds can have high performance fees especially due to higher fee rates or other factors.

The annual resetting used for the Gleneagle High Yield Fixed Income Trust also avoids the greater complexity caused by having multiple Series over periods longer than 12 months. The annual resetting for the Gleneagle High Yield Fixed Income Trust makes it easier to compare investment performance of the Gleneagle High Yield Fixed Income Trust, especially for investors who make additional contributions after their initial investment

It is not possible to provide a meaningful dollar estimate of Performance fees since they depend on future performance.

### PERFORMANCE FEE

#### EXAMPLES EXAMPLE 1

##### Performance fee payable because performance exceeded high water mark and hurdle rate

High water mark at commencement of period	\$23,000
Hurdle rate performance (5%p.a) for the month	\$95.84
High water mark per Unit above the hurdle rate (assume 23,000 Units on issue)	\$1.00417
Closing NAV for the Month	\$25,000
New NAV per Unit (23,000 units on issue at end of the Month)	\$1.08695
equals: new performance per Unit above Hurdle Rate (\$1.08695-\$1.00417)	\$0.08279
number of Units on issue during the Month	23,000
Performance for the Month above Hurdle Rate (\$0.08279 x 23,000)	\$1904.17
Performance fee payable (22% of \$1,904.17)	\$418.92

##### Performance fee (incl. GST) per Unit (\$418.92/23,000) \$0.01821

Hurdle rate performance (5% p.a.) for the next month \$104.17

Hurdle rate performance (5% p.a.) per Unit for the next month 0.00453 (\$104.17/ \$23000)

The high water mark per Unit for the next Performance fee calculation during the financial year is \$1.07327 (\$1.08695 + \$0.00453 - \$0.01821)

#### EXAMPLE 2

##### Performance fee NOT payable because performance did not exceed high water mark

High water mark	\$23,000
Hurdle rate performance (5% p.a.) for the month	\$95.84
High water mark per Unit above the Hurdle Rate (23,000 Units on issue)	\$1.00417
Closing NAV for the Month	\$23,000
NAV per Unit for the Month (23,000 Units on issue at end of the Month)	\$1.00
equals: net performance per Unit above the Hurdle Rate (\$1.00-\$1.00417)	-\$0.00417

Since the net performance per Unit above the Hurdle Rate is negative, no Performance fee is payable. The high water mark per Unit above the Hurdle Rate for the next Performance fee calculation in the annual period remains \$1.00417.

### EXAMPLE OF ANNUAL FEES AND COSTS

The following table gives an example of how the fees and costs for the Gleneagle High Yield Fixed Income Trust can affect your investment over a 12 month period. You should use this table to compare this with other managed investment products.

**EXAMPLE**

\$10,000 investment made at the beginning of the year with a contribution of 5,000 during the year and no withdrawal during that year and there is no borrowing for the Global Opportunities Portfolio:

Management Fees	Nil	For every \$10,000 you have in the Gleneagle Investment Fund's Class known as the Gleneagle High Yield Fixed Income Trust you will be charged fees of \$0.
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**EQUALS**

Cost of investment in Units in the Gleneagle High Yield Fixed Income Trust		If you had an investment of \$10,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged management fees of \$0.
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**PLUS**

Performance fee	22%	If you invested \$10,000 and after the first year the net increase in value of your Units is \$1,200, a Performance fee would be charged annualised to 22% of the performance for the month above the Hurdle Rate being \$154 (\$1,200 less 5% of \$10,000).
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**SERIES ACCOUNTING**

The Responsible Entity has elected to utilise the "Series Accounting and Consolidation" method to administer and value the Fund in respect of Classes which need to accommodate different amounts of accrued Performance fees due to new issues of Units before a Performance fee has been paid on earlier issued Units in the same Class.

With this accounting method, the first series of Units issued when the Class is launched is known as the "Lead Series" or "Master Series". All subsequent issues of Units in the Fund are quarantined in a separate series (Series) created for the relevant subscription period. Each Series, being the Lead Series and each subsequent Series, have the same rights attached to them but only participate in the net profits of the Class for a series of Units from the relevant date of issue.

This method ensures that Unitholders fairly participate in the profits and related distributions of the Fund for the Class and fairly incur Performance fees applicable to their investment in Units in the particular Class.

Each Series will participate equally in the Net Assets of the Class that is as a proportion of the total NAV of the Class.

The Unit price in a Series will be calculated as the NAV of the Series divided by the number of Units in the Series.

The Distributions of the Fund for that Class will be allocated to each Series on a gross asset value (GAV) basis, i.e., the NAV prior to the calculation of Performance fees.

Performance fees for a particular Series will be independently calculated and accrued above the established high water-mark for each Series. The initial high water-mark for a new Series will be the issue price.

If at the end of a particular accounting period the Lead Series and any subsequent Series have paid a Performance fee it is anticipated that the latter Series will be consolidated into the Lead Series. However, if any subsequent Series is not profitable by the end of a particular accounting period, it will carry forward into the next accounting period with the existing high water mark in place. No transaction costs will be applied to the consolidation.

There will be an annual reset of the high watermark, so all Series will be consolidated into the Lead Series no later than 1 July of each new financial year. The high water mark for all Units in a Class as at 1 July of each financial year will be based on the NAV as at the end of the 30 June immediately before that 1 July (that is, after paying out or providing for all fees, charges and other allowable costs and expenses).

The value of a Unitholder's aggregate holdings will not be affected by the consolidation of a Series into the Lead Series. To give effect to this intention, the Responsible Entity may adjust the calculation of any fees and other amounts where, if the adjustment is not made, the calculation would not produce a fair or intended result.

## SECTION 6: ADDITIONAL INFORMATION

### APPLICATIONS

To invest in the Fund, please refer to the PDS Section 4 "Application Process" for the general description. This SPDS details the specifics relating to the Gleneagle High Yield Fixed Income Trust.

The minimum initial investment amount is \$100,000, subject to the discretion of the Responsible Entity.

Applications require the payment of cleared funds into the trust account for applications for the Gleneagle Investment Fund. To be invested and allocated to the Gleneagle High Yield Fixed Income Trust the cleared funds must be received by the Designated Time for this Portfolio, being 11:00 AEST on the 25th of the Month. The Application will be processed (i.e., Units issued) on the Subscription Date being a calendar day by reference to Australian Eastern Standard Time (AEST) corresponding with the first Trading Day following the first Monthly Valuation Date.

The Valuation Date is the calendar day by reference to the AEST corresponding with the closing time of the last Trading Day of the Month.

If the Investment Instruction is received after the Designated Time being 11:00 a.m. AEST on the 25th of the calendar Month, it will be processed (i.e., Units issued) on the Subscription Date, being a calendar day by reference to AEST corresponding with the second Monthly Valuation Date after the Responsible Entity receives the Investment Instruction.

### ADDITIONAL INVESTMENTS

To make additional investments into the Class for the Gleneagle High Yield Fixed Income Trust, please refer to the PDS Section 5 "Making Additional Investments" for the general description. This SPDS details the specifics relating to investments in the Class for the Gleneagle High Yield Fixed Income Trust.

The minimum additional investment amount is \$10,000 subject to the discretion of the Responsible Entity.

### SWITCHING AND WITHDRAWING ALL OR PART OF YOUR INVESTMENT

To switch and withdraw all or part of your investment from the Gleneagle High Yield Fixed Income Trust, please refer to the PDS Section 5 "Switching and withdrawing all or part of your investment" for the general description. This SPDS details the specifics relating to investments in the Class for the Gleneagle High Yield Fixed Income Trust.

The minimum switching amount is \$5,000, subject to the discretion of the Responsible Entity and subject to the minimum balance always being above \$50,000.

If you decide to switch between Portfolio Strategies, this requires an Investment Instruction for a withdrawal from Gleneagle High Yield Fixed Income Trust and an investment into Units in a different Class for another Strategy Portfolio. The Investment Instruction may be given to Gleneagle Capital either by yourself directly, or by your Authorised Person.

Switching requests received by the Designated Time being 11:00 a.m. AEST on the 25<sup>th</sup> of the calendar Month, will be processed (i.e., Units issued and redeemed) on the Subscription Date, being a calendar day by reference to AEST corresponding with the first Trading Day following the first monthly Valuation Date.

The Valuation Date is the calendar day by reference to the AEST corresponding with the closing time of the last Trading Day of the Month.

If the Investment Instruction is received after the Designated Time being 11:00 a.m. AEST on the 25<sup>th</sup> of the calendar Month it will be processed (i.e., Units issued and redeemed) on the Subscription Date, being a calendar day by reference to AEST corresponding with the second Monthly Valuation Date after the Responsible Entity receives the Investment Instruction.

If you wish to withdraw all or part of your investment from the Fund at any time and you want the redemption proceeds to be paid to the Member, this can be done by contacting Gleneagle Capital to obtain a Redemption Form or by writing to Gleneagle Capital and providing your unique client identification code (if known), account name, the value to be withdrawn and the external account details to deposit the funds.

Redemption requests from the Fund which are received by the Designated Time being 11:00 a.m. AEST on the 25th of the previous calendar Month will be processed (i.e., Units redeemed) on the Subscription Date, being a calendar day by reference to AEST corresponding with the first Trading Day following the second Monthly Valuation Date after the Responsible Entity receives the Investment Instruction.

The Valuation Date is the calendar day by reference to the AEST corresponding with the closing time of the last Trading Day of the Month.

If the Investment Instruction is received after the Designated Time being 11:00 a.m. AEST on the 25<sup>th</sup> of the previous calendar Month it will be processed (i.e., Units redeemed) on the Subscription Date, being a calendar day by reference to AEST corresponding with the third Monthly Valuation Date after the Responsible Entity receives the Investment Instruction.

### PAYMENT OF WITHDRAWAL PROCEEDS FROM FUND

As per the Constitution, the Responsible Entity must, within 60 Business Days of receipt of a withdrawal Request, redeem the number or value of Units in a Class specified in the withdrawal request by payment from the Class of assets at the withdrawal price.

As per the Constitution, the Responsible Entity will, in its absolute discretion, calculate whether the whole or any amount paid as redemption proceeds represents distributable income to which the Member in the Class of units was entitled.

### INCOME DISTRIBUTIONS

For the general description of income distributions, please refer to the PDS Section 5 "Income Distributions" for the general description. This SPDS details the specifics relating to investment in Units in the Class for the Gleneagle High Yield Fixed Income Trust.

At the discretion of the Responsible Entity, income (if any) of the Class will be distributed on or before the last Business Day of each Month to all Unitholders *pro rata* to the Units on issue and, to the extent permitted by the Constitution, by reference to the Class.

Further, at the discretion of the Responsible Entity, income (if any) of the Fund will be distributed yearly as at 30 June each year to all Unitholders *pro rata* to the Units on issue and, to the extent permitted by the Constitution, by reference to the Class.

### DISTRIBUTION REINVESTMENT

Distributions as a default are automatically paid to each Unitholder unless notified in the application process or in writing to the Responsible Entity that distributions are to be reinvested to acquire additional Units in the Fund.

## SECTION 7: GLOSSARY

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<b>\$</b>	Australian dollars
<b>AEST</b>	Australian Eastern Standard Time (Please note that this applies even if there is daylight saving time locally.)
<b>calendar quarter or calendar quarterly</b>	refers to the calendar quarters: January to March, April to June, July to September, October to December
<b>Designated Time</b>	Designated Time means, in respect of an: i. application for Units is 11:00 a.m. AEST on the 25 <sup>th</sup> of the calendar Month; or ii. a withdrawal request is 11:00 a.m. AEST on the 25 <sup>th</sup> of the previous calendar Month.
<b>Gleneagle Capital</b>	Gleneagle Asset Management Limited ABN 29 103 162 278, AFSL 226199.
<b>Income Distribution Date</b>	The Income Distribution Date is the last day of each financial year being 30 June each year.
<b>Investment Manager or Gleneagle Securities</b>	Gleneagle Securities (Aust) Pty Limited (ACN 136 930 526)
<b>Month or Monthly</b>	A calendar Month, ending on the Valuation Date of that month
<b>Responsible Entity</b>	Gleneagle Asset Management Limited ABN 29 103 162 278, AFSL 226199.
<b>SPDS</b>	This Supplementary Product Disclosure Statement.
<b>Subscription Date</b>	This is the date the Unit in the Gleneagle High Yield Fixed Income Trust Class is issued. It is a calendar day by reference to AEST corresponding with the first Trading Day following a Valuation Date.
<b>Trading Day</b>	Is the day the money markets are open for execution in Sydney.
<b>Valuation Date</b>	This is the date when the NAV of the Class of assets are calculated for determining the Unit price for the Class of Units. This is the calendar day by reference to the AEST corresponding with the closing time of the last Trading Day of each Month (i.e., monthly valuation).

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