gleneagle

**Gleneagle Investment Trust**

Supplementary Product Disclosure Statement

# The Equity Fund

**GLENEAGLE ASSET MANAGEMENT LIMITED**

ABN 29 103 162 278 | AFSL 226199 | ARSN 605 489 094

# Contents

# Key Points

This SPDS is for investing in Units in the Class of the Trust known as the Equity Fund.

Potential investors should be aware that every reference to the name "Equity Fund" is to a Class of the Trust, not a separate trust.

References to investing in the Equity Fund are references to investing in Units in the Class for the Equity Fund. Please read all this SPDS, including Section 2: Significant Risks, and the PDS.

Please see Section 5: 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 Class and an appropriate amount to invest in and or withdraw from the Class, switch to another Class or entirely withdraw from Trust.

## Investment Objective

The investment objective is to produce long-term sustainable investment returns and income by investing in financial products considered by the Investment Manager to have significant likelihood of capital gains and/or yield potential. The aim is to have constant exposure to the key Global Thematic driving changes in asset valuations and the underlying price momentum of those assets.

SEE ALSO SECTION 1

## Investment Exposure

Global listed equities and global currencies, commodities and derivatives (including Australian), acquired directly or by OTC exposure.

SEE ALSO SECTION 1

## Investment Strategy

The strategy aims to invest primarily in global listed equities and derivatives which provide potential for capital growth across different timeframes based primarily on three core principles:

1. Developing Global Thematics;
2. Price Momentum;
3. Long-term sustainable income and yield.

SEE ALSO SECTION 1

## Fees, Charges and Costs

There are fees, charges and costs that will be charged for investing in the Class.

SEE ALSO SECTION 3

## Investment Manager

Arbidyne Pty Ltd ACN 155 513 607 ("Arbidyne", "Investment Manager"), Corporate Authorised Representative (ASIC CAR No. 1291963) of Gleneagle Asset Management Limited AFSL No. 226199 has been appointed by Responsible Entity to manage the Trust's investments. For important features of this role and relationship, see Section 1 of the PDS.

SEE ALSO SECTION 1

## Income Distributions

Distributions for the Class will be declared on or before the last Business Day of each Month. Distributions are generally paid directly to each Members bank account within 10 Business Days after the Income Distribution Date for the Income Distribution Period.

SEE ALSO SECTION 4

[1] "Principal" means any amounts paid by Members for the acquisition of units in the Fund (being those in the relevant Class), which have not subsequently been redeemed and includes any amount of Intended Return earned by the Members in the Fund (being those in the relevant Class) that the Responsible Entity determines each month to be attributable to the relevant Class of Units. For the avoidance of doubt, any Units acquired by way of reinvestment of Distributions would be considered amounts paid by the Members of the Fund for the acquisition of Units.

[2] Threshold Manager is responsible for seeking to achieve the Intended Return. If the return would be below the Intended Return the Threshold Manager in its discretion may choose to pay all or some of the amount of shortfall to the Responsible Entity for the benefit of the Class so that the Class is achieving the Intended Return. There is no assurance or guarantee that Threshold Manager will pay all or any of the shortfall or that investors will receive the Intended Return.

## Investment Instruction Deadlines

For the Equity Fund, applications, switching and withdrawals occur monthly into and from the Equity Fund.

Investment Instructions relating to applications, switching and withdrawals from the Equity Fund can be provided at any time. Also:

i. Applications and switching between strategies (i.e, Classes) in the Equity Fund will generally be processed (i.e., Units issued and for switching, redemptions) monthly on the next Subscription Date provided the Responsible Entity receives the Investment Instruction, before the Designated Time for that Subscription Date. If the Investment Instruction is received after the Designated Time for a Subscription Date, it will be processed on the subsequent Subscription Date

ii. Withdrawals from the Equity Fund will generally be processed (i.e., Units redeemed) monthly on the next Redemption Date provided the Responsible Entity receives the Investment Instruction, before the Designated Time for that Redemption Date. If the Investment Instruction is received after the Designated Time for a Redemption Date, it will be processed on the subsequent Redemption Date.

SEE ALSO SECTION 4

## Minimum Initial Investment

$50,000[1]

SEE ALSO SECTION 4

## Minimum Additional Investment

$10,000[1]

SEE ALSO SECTION 4

## Minimum Redemption

$10,000[1]

SEE ALSO SECTION 4

## Minimum Balance

$50,000[1]

SEE ALSO SECTION 4

## Hedge Fund Disclosure Principle 1: Investment Strategy

The investment strategy of the Fund is summarised above in the key points and is further disclosed later in this Section 1.

SEE ALSO SECTION 1

## Hedge Fund Disclosure Principle 2: Investment Manager

Investment Manager is the investment manager who provides the investment strategy and organisational capacity and expertise for managing the investments of the Fund.

In addition to the summary above in the key points, for important features of this role and relationship, see Section 1 of this SPDS.

SEE ALSO SECTION 1

## Hedge Fund Disclosure Principle 3: Fund Structure

The Trust is a unit trust and structured in Classes. The Fund is a Class of the Trust.

The Trust is a registered managed investment scheme.

Potential investors should be aware that references to the name "Equity Fund" is to a Class of the Trust, not a separate trust.

This SPDS describes only the Class known as the Equity Fund and the Strategy for it. References to investing in the Fund or in the Equity Fund are references to investing in Units in the Class for the Equity Fund.

Further disclosure is in Section 1, including a diagram at the end of Section 3.

SEE ALSO SECTION 1

## Hedge Fund Disclosure Principle 4: Valuation, Location and Custody of Assets

Units in the Fund are valued for each Valuation Date. The net asset value is determined in accordance with the Constitution and industry standards. See Section 1 for more disclosure.

The geographic spread of assets held for the Fund, the location of them are disclosed in Section 1, especially under the headings "Geographical composition".

SEE ALSO SECTION 1

[1] Subject to the discretion of the Responsible Entity

## Hedge Fund Disclosure Principle 5: Liquidity

Withdrawals are summarised above in the key points and further details are in Section 4.

Please also refer to Section 2 on Significant Risks especially under the heading "Liquidity risk".

SEE ALSO SECTION 1

## Hedge Fund Disclosure Principle 6: Leverage

Leverage of assets in the Fund is within the investment strategy and may be used.

Please also refer to Section 2 on Significant Risks especially under headings "Leverage" and "Derivatives".

SEE ALSO SECTION 1

## Hedge Fund Disclosure Principle 7: Derivatives

Investment Manager may, in its discretion, invest in derivatives and or exchange traded funds (or both) to gain an intended exposure or manage a particular risk.

Please also refer to Section 2 on Significant Risks especially under the heading "Derivatives Risk" for more information on the use of derivatives.

SEE ALSO SECTION 2

## Hedge Fund Disclosure Principle 8: Short Selling

Short selling may be undertaken by the Fund as part of the investment strategy. The Fund may engage in short selling by borrowing securities through other brokers and providing the required collateral.

Investment Manager will engage in short-selling in accordance with the rules of the particular market on which it is trading.

Please also refer to Section 2 on Significant Risks especially under the heading "short selling". Short selling risk is managed by Investment Manager.

SEE ALSO SECTION 1

## Hedge Fund Disclosure Principle 9: Withdrawals

The key aspects of withdrawals are in the key points above (see "Investment Instruction deadlines").

Further details are in Section 4 under the heading "Payment of withdrawal proceeds from Class".

SEE ALSO SECTION 4

## Benchmark 1: Valuation of Asset[1]

The Fund meets the valuation of assets benchmark since any non-exchange traded assets (such as over the counter derivatives) are valued by the Administrator, each is unrelated to Responsible Entity.

## Benchmark 2: Periodic Reporting[2]

This benchmark is met for the Trust as a whole and for the Fund in particular.

The periodic reporting is disclosed in the PDS, which you must read in conjunction with this SPDS.

SEE ALSO PDS SECTION 6

[1] This benchmark addresses whether valuations of the Fund's non-exchange traded assets are provided by an independent administrator or an independent valuation service provider.

[2] This benchmark addresses whether we provide periodic disclosure to our investors of certain key information on an annual and monthly basis.

# Section 1

## About the Equity Fund

### OVERVIEW

The Equity Fund is an investment opportunity offered through Gleneagle Investment Trust.

It consists of global listed equities and global currency, commodities, derivatives and other investments actively managed by the Investment Manager.

The investment objective is to produce investment returns by investing in the more promising capital gains opportunities in global listed equities and global currencies, commodities and derivatives, whilst actively managing downside risk exposures. The three core principles used by the Investment Manager for this investment objective affect how you should assess the Class and compare it with other investment opportunities.

The Class seeks to combine strategic, thematic, valuation and momentum factors to both long and short positions while maintaining the flexibility to respond to changing markets conditions. The Class also has the advantage of having the ability to execute shorter term opportunities to add incremental alpha to the strategy.

Core long-term high yielding opportunities through structured debt arrangements aim to provide solid continuous income for the Class. Listed opportunities to obtain above average yield growth are a core component in securing long-term income for the Class to help smooth returns.

We rely on our experience and expertise to identify key market thematic and then identify the specific assets that will be affected both at primary and at a secondary level. We marry these macro-thematic with bottom-up company and industry analysis to maximise the opportunity for the Class across the asset classes affected. It is anticipated that being in Australia, most of the Class' positioning will be in Australian assets on average, but without having arbitrary limits on our investable universe and exposure.

The Class will be more aggressively positioned, with higher degrees of concentration and risk than the general market both long and short. Unlike many other domestic managers, we have an extensive background across all asset classes and have specific expertise in identifying the inter-relationships between them. Our level of expertise sits in the capacity to identify how these relationships create meaningful market trends and their influence on companies at a granular level that market valuations are yet to reflect.

The Class aims to capitalise on these opportunities while the market continues to reflect these ongoing thematic with ongoing momentum. For differing thematic the timeframe of price adjustment can vary greatly, and the Class does not discriminate between timeframes or length of investment holding.

The distinct advantage the Class holds is in its consistent ability to identify when these price adjustments to the underlying fundamentals and thematic will occur. Adopting a series of key price focused data measurement tools and combining these with our fundamental research and models, pinpoints the periods where the market exposure should ideally be greater than normal to generate maximum alpha.

### INVESTMENT STRATEGY

We believe that giving our investors exposure to a larger opportunity set of markets and strategies than they would otherwise access allows for better capital diversification, with lower beta characteristics which is valuable in making asset allocation decisions.

Due to the nature of the investment strategies, there is no appropriate benchmark by which outperformance of the Class may reasonably be measured. The selection will be focused on capital gains over primarily the short to medium term (several months to two-years). By its nature an investment in the Class will tend to be riskier than investing the same amount in a bank account or even in a global equities fund which benchmarks against one of the major global indices, so the risk/return profile is distinctly different from that of investments tracking a global equities stock index or a fixed interest type of investment – although the Class at times may have exposure to these investments.

The Class' objectives, strategies and permissible investments may be relatively complex and sophisticated compared with managed funds whose investments are mainly Australian or global equities.

A key feature of the Class is the investment analysis process used to manage the assets. Investment Manager focuses on several key principles:

- Price Momentum
- Strong Macro Thematic
- Valuation Metrics
- Management
- Risk

### Price Momentum:

It is crucial that the underlying investment is generating alpha and continuing to do so via price momentum. The timeframe upon which price momentum is assessed will depend upon the outlook and potential size of the forecasted price adjustment. Price momentum is what generates returns for any fund and any investment that lacks price momentum within the parameters set, is not contributing positively to returns.

### Strong Macro Thematic:

The largest price adjustments occur when an underlying macro- thematic is driving a persistent change in the underlying fundamentals. This thematic can persist for extremely long periods of time and do so consistently. This thematic form the framework within which the Class determines the appropriate asset classes and specific equities to invest in.

### Valuation Metrics:

All investments have a perceived real-world value and a market-value, and these can often differ substantially. The differential when combined with Price Momentum and Strong Macro thematic can create significant revaluations that the Class specifically looks to capitalise on.

### Management:

Where applicable the Class assesses management’s ability, skill, track record and reputation to determine whether any of the above three key principles can be delivered from a proposed investment. Management for equity investments are crucial in the same way that any investor should assess the fund manager’s skills and reputation accordingly.

### Risk:

Risk is always assessed and monitored, not only in relation to the potential reward of an investment but also in absolute terms.

Where applicable the option strategies will be used to mitigate price risk and provide protection to long-term investments. Liquidity risk, correlation risk and timing risk are all factors that are assessed to ensure the strategy remains within appropriate risk/ liquidity/market exposure limits.

Following these core values, the Class actively seeks to implement the following strategies:

### Equity Growth:

This specific strategy identifies companies experiencing strong expansion through either the adoption or introduction of new technology, expansion within a high-growth industry or the introduction of a new operation into an existing operation (e.g.: new mining project). A due diligence process of assessing management’s expertise, the underlying business, industry opportunity and company valuation relative to peers (or nearest comparisons), identifies the potential reward and risks. Investment size is determined across these key factors with holding positions aimed to be longer-term (>12 months) to maximise the growth opportunity.

### Equity Momentum:

Equity investment exposures may be gained through purchasing options or purchasing outright stock in companies that specifically meet our key criteria and principles. These will commonly be influenced by macro themes and where we have visibility into the underlying businesses. Our holding period will be based on the opportunity presented and the potential capital gain, adjusted for risk and opportunity cost (but predominately <12 months).

### High yield:

Opportunities are aimed to provide core ongoing sustainable long-term base returns for the Class. Structured debt instruments (preferably convertible) are a specific target as they provide the capacity for capital gain in the underlying equity.

### Global Macro:

Trend following of price momentum across fixed interest, foreign exchange, commodities and equity indices provides the Class to capitalise at the source of many market influences. The Class can establish long or short positions in keeping with the direction of these longer-term trends.

### Long/Short:

In specific circumstances the potential to profit from the differential between two companies in the same sector can present a market neutral opportunity. This strategy aims to sell assets that are assessed as being overvalued and to buy assets that are assessed as being undervalued with the objective of generating capital gains.

In managing risk, if a lack of perceived attractive investment opportunities arises the Investment Manager may hold 100% in cash. The philosophy of the Investment Manager is to preserve capital in the absence of adequate opportunities that meet the key criteria and investment principles.

The degree to which funds are allocated to the strategies will depend on where the Investment Manager sees the most value and least relative risk. Typically, averaged over the medium to long term, the Investment Manager could have between 0% up to a maximum of 100% invested in any of the above investment strategies or market exposures.

Therefore, please bear in mind that those are indications of possible typical allocations when averaged over time. The actual allocations could vary considerably at times and from time to time, so you should not make any investment decisions based on any allocation as among the strategies or cash holdings.

The marriage of Price Momentum, Strong Macro Thematic and attractive Valuation Metrics.

The five core investment strategies will be managed together, since they are strategies for investment analysis, not absolute rules. The Investment Manager manages the entire Class based on these five core strategies, also considering other investment analysis factors.

## INVESTMENT UNIVERSE

The investment returns by investing in global listed equities and global currencies (often referred to as "foreign exchange", FOREX or "FX") mainly for hedging purposes, commodities and derivatives can be sought by either direct holdings or by indirect holdings. Direct holdings are those which are bought on an exchange, though custody will be held by a custodian. Indirect holdings can be obtained by way of over the counter (OTC) financial products such as contracts for difference (CFDs).

The choice between the two requires ongoing assessment of several factors, such as market liquidity, exchange or product terms and financial rates, margin requirements, counterparty risk and yield. It is not possible to describe in advance any allocation between direct and indirect holdings, since the Investment Manager will assess these features from time to time considering the investment objective, the performance and any requirements imposed by the Responsible Entity.

The provision of financial services and financial products to the Responsible Entity which are accessible by the Investment Manager may also change over time due to existing or new providers in the market offering different legal terms. The Investment Manager cannot set firm limits on the type of securities or other financial products (exchange or OTC) or the relative proportions of leverage due to options or OTC investments which are also margined.

The Class invests in a potentially wide range of global listed equities and global currencies, commodities and derivatives with the aim of generating significant capital growth returns over the medium to long term. The composition of the Class will consider the opportunities available for investment, the available funds for investment and risk management (including the cost of hedging).

When enough opportunities within the core strategies cannot be found, the Class may hold a significant proportion (even up to 100%) of funds in cash deposits. Investments for the Class may engage in both return seeking and risk hedging strategies using a range of trading instruments such as options, leveraged exposure through over the counter derivatives such as contracts for difference, foreign exchange, fixed interest and futures.

The investments may therefore be a mix from time to time of globally listed equities and over the counter exposures, in varying combination of currencies which cannot be described in this SPDS due to the flexibility inherent in managing the investment strategies (such as investment selection, asset construction, timing and allocations as well as the extent of hedging for risk management). There may be varying degrees of leverage arising out of the options or other derivatives (such as contracts for difference), and varying degrees of counterparty exposure to the issuer of derivatives or the clearing house for exchange-traded options. (See also Section 2 of this SPDS for a description of the significant risks arising from these features.)

While some of the key benefits of investing in the Class include exposure to foreign stocks and currencies, which can provide diversification benefits to Australian investors, as a result of investing in assets which are denominated in one or more foreign currencies from time to time, an appreciation or depreciation of the Australian Dollar versus other global currencies could have a negative impact on the value of your investment. Conversely, depreciation in the Australian Dollar would tend to have a positive effect, as measured in Australian dollars if investments are denominated in foreign currencies.

The investment philosophy and security selection do not allow fixing in advance any parameters in the construction of the Class for any currencies, derivatives or over the counter investments (compared with exchange-traded investments) or any proportion of them since the Investment Manager must have the flexibility to take opportunities, to manage relevant risk and to divest whenever the Investment Manager decides is appropriate.

Investment Manager will not typically seek to hedge against a rise or fall in the Australian Dollar in respect of all investments denominated in foreign currencies but will have a general discretion and mandate to enter into hedging transactions in respect of specific positions held from time to time within the strategy where it deems this to be prudent or beneficial on a case by case basis. As such, unforeseen adverse currency fluctuations may still adversely impact on the overall performance of the strategy and the performance might fluctuate more rapidly than might be experienced by different managed funds with different strategies.

Also, the cost of hedging affects the investment returns, while providing some protection against the negative performance which might occur if the hedges were not bought. Since the proportion, timing and cost of hedging cannot be known in advance, your investment in Units in the Class for this strategy may be materially impacted in the short term or in the long term, so you should carefully consider whether you are prepared for the volatile performance that might occur in the strategy.

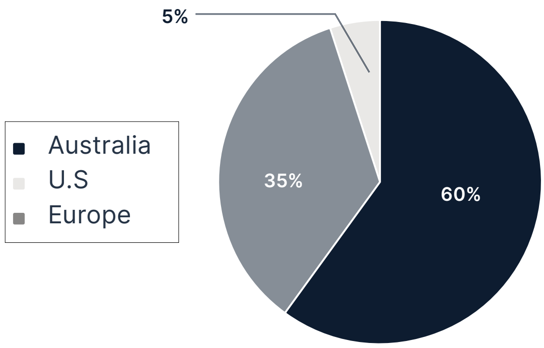
## ALLOCATION OF FUNDS BY THE INVESTMENT MANAGER

For the same reasons the Investment Manager cannot set firm limits on the extent of leverage in arising from the selection and management of the financial products (whether exchange traded or OTC). The selection of the leverage limits and management of margin obligations 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 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%).

## GEOGRAPHICAL COMPOSITION

The core investment strategies of the Class do not include any parameters or fixed allocations to geographical areas. The strategies used for the Class will not be limited by pre-determined geographical basis. The following is a general indication over time of the possible relative proportions of securities issuers by broad geographical dominance. It is important to remember, though, that this is not a mandate parameter and so actual investments at any time, and over time during different market conditions, might differ from the general indication on the right →.




| INVESTMENT TYPE | MINIMUM % ALLOCATION | INDICATIVE MAXIMUM % ALLOCATION |
|---|---|---|
| Options (Equities, Commodities & Indices) | 0% | 80% |
| CFDs (Equities, Commodities & Indices) | 0% | 80% |
| Shares | 0% | 100% |
| Foreign Exchange | 0% | 80% |
| Fixed Interest | 0% | 50% |
| Futures | 0% | 75% |
| Cash | 0% | 100% |

Investment Manager employs several fundamental and statistical filters in its investment process to select each investment for the Class. These filters are used to determine whether other investors are overly optimistic or pessimistic as to the prospects of that investment's price. Of the many opportunities analysed across the globe only a small number will make it through the filters used by the Investment Manager for the Class.

## ROLE OF LEVERAGE, DERIVATIVES AND SHORT SELLING

The Fund may use leverage or derivatives or engage in short selling.

The Responsible Entity has powers under the Constitution to use leverage without any specific limits (but subject always to the Responsible Entity's duties) and the investment strategy allows for leverage within certain parameters. The investment managers must use all reasonable efforts to keep the use of leverage within those parameters. However, it is not reasonable to place absolute limits on leverage, due to aspects of leverage being outside the control of the Responsible Entity and the investment managers.

## LEVERAGE

The investment manager may leverage if they believe that the use of leverage may achieve a higher rate of return. The Responsible Entity will impose as a guideline a leverage limit of 2.5x of that Class's NAV. This means that for every $1 of the Class NAV, the NAV is leveraged to a maximum of $2.50.

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

The following table provides examples of two different scenarios of performance and their theoretical outcome if its gross market exposure (2.5x) with no protection through short selling. Note that this example does not take into account borrowing or trading costs. The examples use an investment of $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% | $125,000 | $12,500 | $62,500 |
| Portfolio Return -10% | $125,000 | ($12,500) | $37,500 |

## DERIVATIVES

The Fund will have investment exposure to a portfolio of derivatives (including options), FX mainly for hedging purposes, OTC financial products such as CFDs over commodities (including oil) and equities. The leverage on derivatives can be unlimited due to the Fund itself being a wholesale investor as defined by the Corporations Act. Nevertheless, the Responsible Entity will impose as a guideline a leverage limit of 2.5x of that Class's NAV.

## SHORT SELLING

The Investment Manager may engage in short selling as part of the Fund's investment strategy.

The Responsible Entity will impose as a guideline of a leverage limit of 2.5x of that Classes net asset value NAV.

## RISK MANAGEMENT STRATEGIES

The Fund risk management strategy comprises:

The Class actively seeks to implement the following risk strategies as detailed in the "Investment Strategy" Section namely:

- Equity Growth
- Equity Momentum
- High Yield
- Global Macro
- Long / Short

Risk is assessed and monitored, not only in relation to the potential reward of an investment but also in absolute terms. Where applicable the option strategies will be used to mitigate price risk and provide protection to long-term investments. Liquidity risk, correlation risk and timing risk are all factors that are assessed to ensure the strategy remains within appropriate risk/liquidity/market exposure limits.

Monitoring risk across the portfolio exposures relates to the individual and aggregate investment and currency exposures contained in the Class' long portfolio, short portfolio and the resulting net exposures. The parameters set as a guideline for leverage limit of 2.5x of that Classes net asset value.

## INVESTMENT MANAGER PROFILE

Responsible Entity has appointed Arbidyne Pty Ltd ACN 155 513 607 ("Arbidyne", "Investment Manger"), Corporate Authorised Representative (ASIC CAR No. 1291963) of Gleneagle Asset Management Limited AFSL No. 226199.

# KEY PERSONS

### Tim Muirhead (CIO of Arbidyne)

Tim is a highly experienced and knowledgeable investment manager. Arbidyne is an Australian-licensed funds manager with a strong track record across the full spectrum of hedge funds. He previously worked at the renowned proprietary trading firm Tibra.

In 2006, Tibra made waves in the high-frequency options market when it outpaced its competitors after only five months from its inception. Within six years, Tibra turned an AU$7 million seed investment into AU$200 million AUM and outperformed its competitors all throughout the end of the global financial crisis.

Tim has extensive experience in systematic trading systems, proprietary trading, software engineering and computer science. He has generated positive returns for clients during bull and bear markets including the GFC and pandemic crisis.

## OTHER KEY SERVICE PROVIDERS

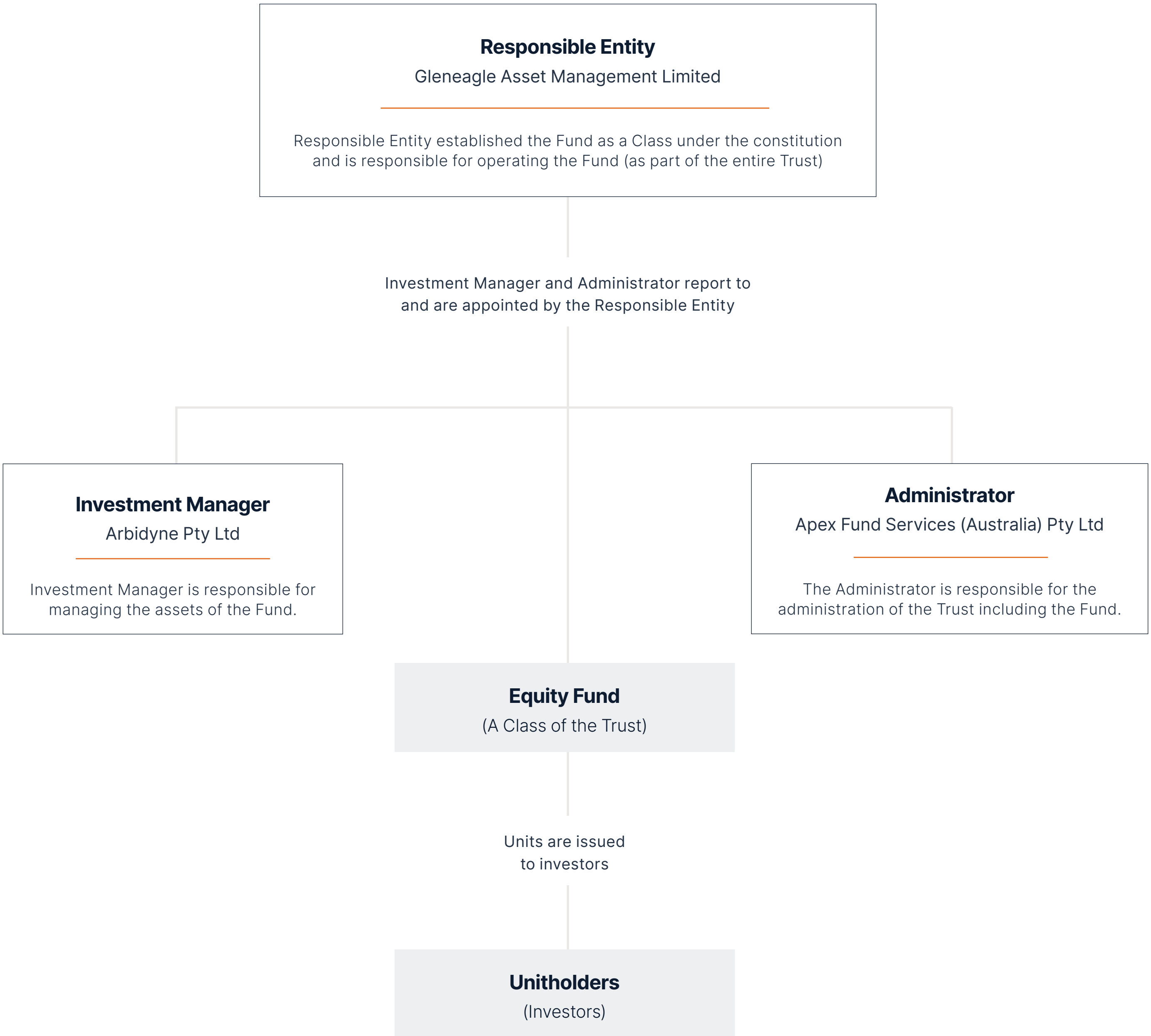
Other key service providers include Apex Fund Services (Australia) Pty Ltd, the Administrator of the Trust, and LNP Audit & Assurance, the auditors of the Trust.

All key service providers of the Trust are appointed on arm's length 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.

For information on fees and costs associated with an investment in the Class, please refer to "Fees and other costs" later in this SPDS.

## THE STRUCTURE OF THE CLASS



# Section 2

## Benefits of the Class

Investing in the Class involves various risks. Registered holders of units in the Class (Unitholders) may lose capital, or the Class may underperform in respect of its investments, resulting in the Intended Return not being achieved. Unitholders should expect that the Class' 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 Unitholders.

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

In addition, investing in the Class has these significant risks, these include but are not limited to:

### EQUITY RISK

Equity risk is the risk inherent in investing in listed equities (e.g. shares), where prices may be volatile due to stock market dynamics. Such dynamics may include company-specific issues (change in management, failure of a business venture, etc.), economic conditions, regulatory changes or political influences.

Shares issued by companies may fall in price (value) or at their worst, may lose all their value. International shares may be affected by foreign exchange (currency) movements, different taxation treatments to those applied to Australian shares and political and regulatory risks/changes associated with overseas markets and countries.

In a declining market, securities of smaller capitalisation companies may experience short-term price variation and may become less liquid (liquidity risk increases). Smaller companies are also likely to be more financially dependent upon a small number of key management personnel. This increases the risk of a company becoming insolvent if there are adverse developments, including failure of a product, loss of a large customer or changes in management.

### LIQUIDITY RISK

Liquidity risk is the risk that the Investment Manager will have difficulty in realising the investments necessary to satisfy a withdrawal request in respect of the Fund in a timely manner. This means that you may not be able to access your investment money quickly when you need it. Redemption from the Fund is dependent on whether there are equities, derivatives or commodities that are rarely traded on a market, or restricted or suspended from trading and may not be able to be sold quickly.

It is possible that the Fund's investments cannot be realised at the value ascribed to those investments in calculating the Fund's most recent NAV within 10 days due to the factors described above.

### MANAGING LIQUIDITY RISK

If the Fund is liquid, the Responsible Entity has an obligation to satisfy withdrawal requests within 21 days of receipt of a withdrawal request. Please refer to rule 7.3 of the Constitution for further information.

The Investment Manager will seek at all times to balance the maturities of the Fund's assets and liabilities.

### LEVERAGE RISK

Leverage may be employed by the investment managers of the Equity Fund, if they believe that the use of leverage may achieve a higher rate of return.

While a leveraged portfolio can amplify positive returns, it can also result in significant losses greater than those generated by an equivalent non leveraged portfolio.

The anticipated level of leverage in Equity Fund: is 2.5x of the Class's NAV and at times may be protected through short selling.

For further information in respect of the use of leverage in Fund as a whole, please refer to Section 1 under the heading "Leverage".

### DERIVATIVE RISK

A derivative is a financial instrument which has pricing and other characteristics derived from an underlying asset or index including put and call options. Derivatives may be used by investment managers to protect against changes in market value of existing investments, to simulate an investment position without purchasing or selling the underlying asset, to partially or substantially manage against various risks such as credit and interest rate risks or to gear an investment or a strategy.

The use of derivatives attracts a higher level of risk than other investment classes. The risks include the failure of the value of derivatives to move in line with the underlying asset, a derivative position may be costly to reverse, the parties/counterparties associated with the derivative contract may not fulfil their obligations, and derivatives may be impacted by market liquidity in relation to movements in the price of the underlying assets.

The investment could suffer losses in excess of the amounts initially committed to the relevant derivatives which could substantially reduce or even lose all of the investments and expose the Responsible Entity to meeting further shortfalls in addition to the amount invested, potentially also exposing assets bought for other Strategies of the Trust. Similarly, assets bought for the Class are possibly exposed to being used to meet obligations incurred for assets bought for other Strategies of the Trust (as described in the PDS). The Responsible Entity from time to time sets parameters for managing leverage and other risks for the class and other Class' of the Trust in order to minimise those risks while allowing the manager of each of the Class's Strategies reasonable scope to manage the respective Class' within the terms described in each strategy's SPDS.

OTC derivatives, including those that give indirect exposure to global listed equities, by their nature will not be tradeable on an exchange so depend on the issuer for being able to close out the position. The price of that and the solvency of the issuer are additional risks for the Class and so also for any investment in Units in it. As derivatives are leveraged investments, potential losses and gains are multiplied in.

## SHORT SELLING RISK

Short selling may be undertaken as part of the specific strategies by the Fund.

A short selling strategy may allow the holder of a short position to profit from a decrease in value in the market price of the relevant security. However, short selling can theoretically create the risk of an unlimited loss if the value of the underlying security continues to increase. It is also standard practice for the establisher of the short position to provide collateral for any short selling transactions.

## OPTIONS RISK

Options are a form of a derivative and so there are inherent risks associated with their use. When an option is purchased the entire amount invested in that option can be lost. When a call option is sold (also referred to as writing the option) covered against a security then the strategy will not have any of the upside in the security above the strike price of the option. The risk is that the security may rise further than the strike price of the option and the Class will not benefit from the increase in value.

When a call option is sold but covered by cash deposits rather than against a security then the strategy (technically, the Responsible Entity in respect of the Trust) will be exposed to meeting more margin requirements if the market price of the security increases. The Class' exposure will also be affected if the options are denominated in foreign currencies, since it will have to meet margin requirements in foreign currency.

## 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 Class has a particular risk of the five core investment strategies not performing due to opportunities suitable for those strategies not becoming available or not becoming available at prices which deliver sufficient investment return relative to the costs of hedging the Class.

Although the Investment Manager cannot create suitable investment opportunities, it has the incentive of performance fees for correctly identifying investment opportunities in a timely manner. This helps to manage this risk by aligning the Investment Manager's interest in seeking full opportunity for capital gains from investments for the Class over the medium to long term.

## FX AND NON-AUSTRALIAN INVESTMENTS

This SPDS described how there may be foreign exchange investments and fluctuations in the Australian Dollar value of investments denominated in other currencies from time to time. Because of the volatility of those foreign exchange-based fluctuations, an investment in this Class may not be suitable for you if you do not have experience, and are unfamiliar with, investing in products that provide exposure to foreign exchange.

The changes in the geographical spread of investments, and in the business activities of the companies invested in, can affect the overall investment returns, since the combination of laws, taxes, global market pricings and international events can have complex, unforeseeable impacts on investment prices and performances, in the short term, medium term and long term.

Potential investors in Units in the Class should therefore be experienced in investments with these kinds of global investment features and risks.

# Section 3

## 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 Trust 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 your Customer Relationship Manager.

### 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) 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 Class. All fees, charges and other costs outlined in this section have been stated inclusive of any Goods and Services Tax (GST) and excluding any reduced input tax credits (RITCs) unless otherwise specified. These fees and costs may be deducted from the Class assets. Taxes are set out in the PDS, Refer to Section 7, Taxation for a further explanation.

Please see ADDITIONAL EXPLANATION OF FEES, CHARGES AND COSTS after the fees and costs table.

| TYPE OF FEE OR COST | AMOUNT | HOW AND WHEN PAID |
|---|---|---|
| ONGOING ANNUAL FEES AND COSTS | | |
| **Management Fee and Costs**<br>The fees and costs for managing your investment. | The Management fee is 1.1% p.a. of the NAV for the Class calculated at the end of each Month (at an equivalent Monthly rate of 0.0916%). | The Management fee is calculated, accrues and is payable Monthly from the Trust's assets for the Class, first out of income and then out of capital. This is reflected in the Unit Price for the Class. |
| **Performance Fee**<br>The fee payable for the investment performance of a strategy. | 22% of the increase in an assessed Unit's NAV for a given Month, calculated in respect of each given Class and series of Units issued, subject to the Unit's NAV surpassing the highest previously achieved (high watermark) NAV for that Unit. | The Performance fee for the Class is calculated, accrues and is payable Monthly from the Trust's assets for the Class, first out of income and then out of capital. This is reflected in the Unit price for the Class. |
| Member activity related fees and costs (fees for services or when your money moves in or out of the scheme) | | |
| **Establishment Fee**<br>The fee to open your investment. | Nil | Not Applicable |
| **Contribution Fee**<br>The fee on the initial amount contributed to your investment. | Nil | Not Applicable |
| **Withdrawal Fee**<br>The fee on each amount you take out of your investment. | Nil | Not Applicable |
| **Termination Fee**<br>The fee to close your investment. | Nil | Not Applicable |
| **Buy / Sell Spread**<br>The amount deducted from Unit Prices to allow for costs of investment transaction to be more fairly borne by investors. | Nil | Not Applicable |

# ADDITIONAL EXPLANATION OF FEES, CHARGES AND COSTS

Unless otherwise stated in this PDS or in an SPDS, all fees and costs are quoted inclusive of any Goods and Services Tax (GST) and excluding 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. Due to the impact of GST and RITC calculations, actual fees may vary slightly from those stated in an SPDS, which may be rounded to two decimal places.

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

The Management fee for the Class is 1.1% per annum of the NAV for the Class calculated at the end of each Month (at an equivalent Monthly rate of 0.00916%).

A worked management fee example is set out below.

The Management fee based on a $10,000 investment held over a 12 Month period (assuming no change in value of the NAV for the Class at the end of each Month throughout the 12 Month period) would be calculated:

$10,000 x 1.1% = $110

The NAV for each Class is likely to change from month to month, either up or down. A lower NAV for the Class at the end of a month will mean there is a smaller management fee dollar amount for that month. A higher NAV for the Class at the end of a month will mean there is a higher Management fee dollar amount for that month. The actual total Management fees paid over a 12 Month period might be different from the total amount calculated above which assumes that the NAV does not change throughout the 12 Month period.

Please also note that the Management fee is calculated using the NAV for the Class, not the entire Trust’s NAV, since that more fairly relates the fee to the Class as among Unitholders and so also the fee is based in part upon unrealised gains (as well as unrealised losses) and such unrealised gains and/or losses might never be realised.

Unless otherwise stated in this SPDS, all fees and costs are quoted exclusive of any Goods and Services Tax (GST) and any reduced input tax credits (RITCs).

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.

## PERFORMANCE FEE

The Investment Manager is entitled to a Performance fee. The Performance fee is 22% of the net increase in the assessed Unit’s NAV of the Class for a given Month, 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 (high water mark) Net Asset Value for that Unit. The Performance fee is calculated, accrued and payable Monthly. It is also applied pro rata in respect of redeemed Units.

A Performance fee only becomes payable for the Class if there is a net increase in the Net Asset Value of Units in that Class.

There is no other benchmark hurdle because of the nature of the investment philosophy and strategies.

For new investments made before any Performance fee is actually paid, each new issue of Units will be treated as a Series. 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 Class falls below the previous high for those Units, then no further Performance fee can be accrued until the loss in value 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.

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

| | |
|---|---|
| High water mark at commencement of period | $23,000 |
| High water mark per Unit (assume 23,000 Units on issue) | $1.000 |
| Closing NAV for the Month | $23,115 |
| New NAV per Unit (23,000 units on issue at end of the Month) | $1.005 |
| Equals: New performance per Unit ($1.005 - $1.000) | $0.005 |
| Number of Units on issue during the Month | $23,000 |
| Performance for the Month ($0.005 x 23,000) | $115 |
| Performance fee payable (22% of $115) | $25.30 |
| Performance fee (incl. GST) per Unit ($25.30 / 23,000) | $0.0011 |

## EXAMPLE 2

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

| | |
|---|---|
| High water mark | $23,000 |
| High water mark per Unit (assume 23,000 Units on issue) | $1.000<br>Closing |
| NAV for the Month | $22,000 |
| NAV per Unit for the Month (23,000 units on issue at end of the Month) | $0.95652 |
| Equals: Net performance per Unit ($0.9692 - $1.0000) | $-0.04348 |

Since the net performance per Unit is negative, no Performance fee is payable. The highwater mark per Unit for the next Performance fee calculation in the annual period remains $1.0000.

## OPERATIONAL COSTS AND EXPENSES

Operational costs and expenses incurred in managing the Fund which directly or indirectly reduce the return on a product.

The Responsible Entity is entitled under the Constitution to be reimbursed out of the Fund's Assets for the fees and expenses incurred in the proper performance of its duties as the responsible entity of the Fund.

Operational costs and expenses include the fee charged by the Responsible Entity, Administrator, Auditor, the Custodian, regulatory fees and other expenses which relate directly to the Fund. The operational costs and expenses will not be recovered from the fund.

In the case that the operational costs and expenses are not recovered from the Management Fee the unrecovered sum of the costs and expenses will be payable by the Fund.

## TRANSACTION COSTS

Transaction costs incurred in the acquisition or disposal of the assets of the Class such as brokerage, clearing costs, custody costs, hedging costs, transaction fees, taxes and stamp duty will generally be paid for by the Class.

The amount of transaction costs incurred when transacting to implement and to manage investment objectives is dependent on a number of different variables, including the level of trading undertaken so we are unable to provide a meaningful estimate or example of these costs. Investment Manager may also incur costs resulting from trading certain derivative products for hedging purposes. Investment 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. This adjustment ensures that the existing investors do not pay costs associated with other investors acquiring/withdrawing units from the Class. The buy-sell spread is typically reflected in the issue/withdrawal price. There is no buy sell spread for the Class.

| | |
|---|---|
| Total transactional costs (% p.a. of NAV) | 0.1% |
| Recovery through buy-sell spread (% p.a. of NAV) | 0% |
| Net transactional costs (% p.a. of NAV) | 0.1% |
| For every $50,000 you have in the Trust you will likely incur approximately | $50 |

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

Transactional costs for the Class are paid out of the assets of the Class and are not fees paid to Investment Manager.

# EXAMPLE OF ANNUAL FEES AND COSTS

This table gives an example of how the fees and costs for the Class can affect your investment over a 12-month period. You should use this table to compare this with other managed investment products.

| EXAMPLE<br>**$50,000 investment made at the beginning of the year with a contribution of 10,000 during the year and no withdrawal during that year and there is no borrowing for the Class:** | | |
|---|---|---|
| Contribution Fee | Nil | For every additional $10,000 you invest, you will be charged $0 |
| | PLUS | |
| Management Fee and Costs | 1.1% per annum | For every $50,000 you have in the Gleneagle Investment Trust Class your investment will incur fees or have deducted from your investment $550 each year. |
| | PLUS | |
| Performance fee | 22% per annum of NAV | In addition to the above fees, and after the first year the net increase in value of your Units is $1,200, your investment will bear the cost of a Performance fee of 22% of $1,200 i.e., $264. |
| | PLUS | |
| Transaction Costs | 0.1% per annum of NAV | You will be charged or have deducted from your investment $50 in transaction costs. |
| | **EQUALS** | |
| Cost of investment in Units in the Class[13] | 1.2% p.a | If you had an investment of $50,000 at the beginning of the year and you put in an additional $10,000 during that year, your investment would incur management fees including Transaction costs of $600 each year (on the $50,000) and up to a further $120 per annum on your additional investment depending on the timing of your additional investment (since the fee and costs are charged at a pro rata amount each Month). |

[13] The Corporations Act requires that when calculating management costs in this example's table we must assume that the value of your investment remains at $50,000 and the Class' Unit price does not fluctuate. Management costs actually incurred will depend on the market value of underlying investments and the timing of your contributions (including any reinvestment of Distributions) during any 12-month period.

The example also assumes 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.

# Section 4

## Additional Information

### APPLICATIONS

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

The minimum initial investment amount is $50,000, subject to the discretion of the Responsible Entity. Applications require the payment of cleared funds into the Gleneagle Investment trust account.

Applications (with cleared funds) will be processed (i.e Units issued):

- on the next Subscription Date (being the first Trading Day of the month), provided the Responsible Entity receives the Investment Instruction before the Designated Time for that Subscription Date (being 11:00 am AEST on the 25th day of the Month preceding that Subscription Date); or
- if the Responsible Entity receives the Investment Instruction after the Designated Time for that Subscription Date, on the subsequent Subscription Date.

### ADDITIONAL INVESTMENTS

To make additional investments into the Class, please refer to the PDS Section 5 under the heading "Making Additional Investments" for the general description. This SPDS details the specifics relating to investments in the Class.

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 Class, please refer to the PDS Section 5 under the heading "withdrawing all or part of your investment" for the general description. This SPDS details the specifics relating to investments in this Class.

The minimum switching amount is $5,000, subject to the discretion of Responsible Entity and subject to the minimum balance always being above $50,000. If you decide to switch between Strategies, this requires an Investment Instruction for a withdrawal from this Class and an investment into Units in a different class for another Strategy.

The Investment Instruction may be given to your Customer Relationship Manager either by yourself directly, or by your Authorised Person.

Switching requests will be processed (i.e., Units issued and redeemed:

- on the next Redemption Date (being the first Trading Day of the month) provided the Responsible Entity receives the Investment Instruction, before the Designated Time for that Redemption Date (being 11:00 am AEST on the 25th day of the Month preceding the proposed Redemption Date); or
- if the Responsible Entity receives the Investment Instruction after the Designated Time for that Redemption Date, on the subsequent Redemption Date.

If you wish to withdraw all or part of your investment from the Equity Fund at any time and you want the redemption proceeds to be paid to the Member, this can be done by contacting your Customer Relationship Manager to obtain a Redemption Form or by writing to your Customer Relationship Manager 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 will be processed (i.e., Units redeemed):

- on the next Redemption Date (being the first Trading Day of the month) provided the Responsible Entity receives the Investment Instruction, before the Designated Time for that Redemption Date (being 11:00 am AEST on the 25th day of the Month preceding the proposed Redemption Date); or
- if the Responsible Entity receives the Investment Instruction after the Designated Time for that Redemption Date, on the subsequent Redemption Date.

### PAYMENT OF WITHDRAWAL PROCEEDS FROM CLASS

As per the Constitution, the Responsible Entity must, within 21 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 under the heading “Income Distributions” for the general description.

This SPDS details the specifics relating to investment in Units in the Class.

At the discretion of the Responsible Entity, income (if any) of the Class 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. All subsequent issues of Units in the Class 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 Trust for the Class and fairly incur Performance fees applicable to their investment in Units in the 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 Trust for that Class will be allocated to each Series on a net asset value (NAV) basis, i.e., the NAV prior to the calculation of Performance fees. Performance fees for a Series will be independently calculated and accrued above the established high watermark for each Series. The initial high watermark for a new Series will be the issue price.

## DISTRIBUTION REINVESTMENT

Distributions as a default are required to be reinvested in Units in this Class but will not incur any entry fee (and there is no buy/sell spread).

## SERIES ACCOUNTING

The Responsible Entity has elected to utilise the “Series Accounting and Consolidation” method to administer and value the Trust in respect of this Class 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”.

# Section 5

## Glossary

| | |
|---|---|
| **$** | Australian dollars |
| **AEST** | Australian Eastern Standard Time (Please note that this applies even if there is daylight saving time locally.) |
| **Class** | A Class in the Trust. The Class covered by this SPDS is the Equity Fund. |
| **Customer Relationship Manager** | The entity appointed by the Responsible Manager to assist investors and potential investors in the Class as the first point of contact, typically specified in the FSG given to you from time to time. |
| **Designated Time** | Designated Time means, in respect of an application for Units is 11:00 a.m. AEST on the 25th of the Month, or a withdrawal request is 11:00 a.m. AEST on the 25th of the calendar Month. |
| **Gleneagle** | Gleneagle Asset Management Limited ABN 29 103 162 278, AFSL 226199 |
| **Income Distribution Date** | The Income Distribution Date is the last day of each Month, including the last day of each financial year being 30 June each year. |
| **Investment Manager** | Arbidyne Pty Limited (ACN 155 513 607) |
| **Month or Monthly** | A calendar Month, ending on the Valuation Date of that month |
| **Redemption Date** | This is the date the Unit in the Equity Fund may be redeemed, being the first Trading Day of each Month. |
| **Responsible Entity** | Gleneagle Asset Management Limited ABN 29 103 162 278, AFSL 226199. |
| **SPDS** | This Supplementary Product Disclosure Statement. |
| **Subscription Date** | The date the Unit in the Equity Fund is issued, being the first Trading Day of each Month. |
| **Trading Day** | Is the day the money markets are open for execution in Sydney. |
| **Valuation Date** | 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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