www.tanggram.com

Supplementary Product Disclosure Statement for Tanggram Spark

ARSN 623 672 336

An Investment Option of the Tanggram Investment Fund

Responsible Entity and Issuer
Vasco Trustees Limited (ACN 138 715 009, AFSL 344486)

Investment Manager
Tanggram Capital Pty Ltd (ACN 630 041 020)

Fund Administrator
Vasco Fund Services Pty Limited (ACN 610 512 331)

Date
26 October 2021

Important Information

This Supplementary Product Disclosure Statement is dated 26 October 2021 (**SPDS**) and relates to the offer of units in Tanggram Spark, an Investment Option of the Tanggram Investment Fund ARSN 632 672 336 (**Fund**) and the terms on which that offer is made.

This SPDS is issued by Vasco Trustees Limited ACN 138 715 009 AFSL 344486 (**Vasco or Responsible Entity**), in its capacity as responsible entity of the Fund. In this document, the description 'we', 'us' or 'our' refers to Vasco Trustees Limited.

It is envisaged that Vasco Trustees Limited will retire as responsible entity during 2021 and that a related company, Vasco Responsible Entity Services Limited ACN 160 969 120 AFSL 434533, will be appointed responsible entity of the Fund.

This SPDS should be read in conjunction with the Product Disclosure Statement dated 26 October 2021 (**PDS**). The information in the PDS continues in full force and effect except to the extent that information is varied in relation to Tanggram Spark as described in this SPDS. Defined terms in the PDS have the same meaning in this SPDS unless noted otherwise.

An investment in Tanggram Spark offered under this SPDS is not guaranteed by the Responsible Entity, the Investment Manager or any of their directors, employees, advisors, agents, related parties or associates. This means that the performance of Tanggram Spark, any return of capital or any particular rate of return on your investment is not guaranteed and to the maximum extent permitted by law, they deny any liability for any loss or damage suffered by any person investing on the Fund. An investment in the Fund does not represent a deposit with or a liability of the Responsible Entity or the Investment Manager.

You should consider this when assessing the suitability of the investment, and particular aspects of risk, including the risk of loss of income and capital invested or delays in repayment. The significant risks associated with investing in the Fund are summarised in Section 8 of the PDS.

This document contains important information but does not constitute financial product advice and accordingly does not take into account your investment objectives, financial situation or particular needs. Before making any decision based upon information contained in this document, you should read it carefully in its entirety and consult with a financial adviser or tax adviser.

This SPDS has been prepared to comply with the requirements of the laws of Australia. The distribution of this SPDS in jurisdictions outside of Australia may be restricted by law and persons who come into possession of this SPDS should seek their own 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 or invitation in any place in which, or to any person to whom, it would be unlawful to make such an offer or invitation.

The assets depicted in photographs in this SPDS are not assets of the Fund unless otherwise stated.
This SPDS is available in electronic format, including access via our website www.vascofm.com. If you are unsure whether the electronic document you have received is complete, please contact us.

A printed copy is available free of charge by contacting the Responsible Entity (see the Corporate Directory in Section 12 of the PDS).

Information in this SPDS is subject to change from time to time. If the change is not materially adverse to investors, the Responsible Entity may update the SPDS by posting a notice on its website at www.vascofm.com. If the change is materially adverse to investors, the Responsible Entity will replace this SPDS or issue a supplementary SPDS.

If there are any inconsistencies between the PDS, SPDS and the Constitution, the Constitution will prevail. If there are any inconsistencies between the PDS and this SPDS the SPDS will prevail.

We recommend you obtain and review all information before you invest.

Alternatively, you can contact the Investment Manager on info@tanggram.com or +61 1300 099 777 and they will send you the requested information free of charge.

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1. A Snapshot of Tanggram Spark

Key Features	Description	Further Information
Offer	An investment in Tanggram Spark, an Investment Option of the Tanggram Investment Fund	
Investment Strategy	Tanggram Spark will invest indirectly in a diversified portfolio of loan assets with a view to generating a steady stream of income and preserving Investor capital. The Investment Manager's mandate is to invest in cash and similar short-term money market products, including highly liquid cash funds and other managed investment funds which predominantly invest in secured loans, mortgage-backed securities, and bonds. Initially, the Fund will make investments in the Trilogy Monthly Income Trust and LaTrobe Australian Credit Fund.	Section 2.1 of this SPDS
Eligibility	Tanggram Spark is available to Investors who participate in the Tanggram Shopping Rewards Program and Investors who invest directly.	Section 6 of the PDS
Target Return	The Investment Manager is targeting a return of 5.05% per annum (after fees and expenses but before any withholding tax). This is a target return only and is not a forecast or a guaranteed return. It is anticipated that in the initial stages of its operation, the Fund will not generate sufficient income from the underlying mortgage schemes in which Tanggram Spark is invested to pay distributions to investors at the target rate specified in the SPDS. Pursuant to a Short-fall Commitment Deed, the Investment Manager has undertaken to make shortfall payments to the Fund to enable the payment of a distribution at the target rate, should a distribution be able to be paid. Investors should note that there is a risk that the Investment Manager may not have sufficient cash reserves to make these short-fall payments. In addition, the Investment Manager can terminate the Sshort-fall Commitment Deed by providing 6 months' notice to the Trustee. There is no guarantee that a distribution may be paid or may not be paid, or if a distribution is paid, that it is paid at the target rate specified. Please see sections 3.2 and 5 for more information.	
Key Risks	It is important that you read and consider the risks associated with and investment in the Fund before deciding whether to invest. For example, distributions or capital returns are not guaranteed.	Section 3.2 of this SPDS and Section 8 of the PDS
Minimum Term	Tanggram Spark is subject to a Minimum Term of 6 months.	Section 2.3 of this SPDS

Target Market Determination	Tanggram Spark is likely to be appropriate for those investors seeking capital preservation and income distribution to be used as a satellite/ small allocation within a portfolio whether the consumer has a medium investment timeframe, medium risk/return profile and needs monthly access to capital.	Section 2.3 of this SPDS
Minimum Investment Amounts		
Initial Investment	$5,000	Section 4.1 of this SPDS
Additional Investment	$100	
Minimum Balance	$500	
Fees and Other Costs of the Fund		
Responsible Entity Fees	Up to 0.31% per annum of the Gross Asset Value of Tanggram Spark. This fee is apportioned pro-rata across each Investment Option of the Fund based on the gross asset value, and is subject to a minimum fee of $62,700 per annum for the Fund.	Section 6 of this SPDS
Investment Manager's Fees	The Investment Manager is entitled to receive a performance fee equal to all returns in excess of the Target Return paid to Investors and fees and expenses, calculated and paid monthly in arrears.	
Administration Manager's Fees	The Administration Manager is entitled to an administration fee of: · $86,416 per annum where the Fund has more than 1,000 investors; · An additional administration fee of $34,883 per annum applies; and · An additional $11,440 is paid for weekly processing. These fees are apportioned pro-rata across each Investment Option of the Fund based on the gross asset value.	
Expenses	In addition to the base management fee, the Responsible Entity is entitled to recover all reasonable expenses properly incurred in the performance of its duties. The engagement of service providers such as the Administration Manager and Custodian will be an expense of the Fund. Expenses are estimated to be 0.98% per annum of the gross asset value of Tanggram Spark.	

Indirect Costs	Indirect costs are amounts that the Responsible Entity knows, or estimates will reduce the Fund's returns. The costs are paid from the Fund's assets, or the assets of interposed entities, such as the underlying investment funds, which each Investment Option invests in from time to time. These are estimated to be 0.67% per annum of the gross asset value Tanggram Spark.	Section 6 of this SPDS
Buy/Sell Spread	It is not anticipated that there will be a buy or sell spread, however, the Responsible Entity may apply one to the unit price if it is in the interests of all Investors.	

2. About Tanggram Spark

2.1. Investment Strategy

Tanggram Spark will invest indirectly in a diversified portfolio of loan assets with a view to generating a steady stream of income and preserving Investor capital.

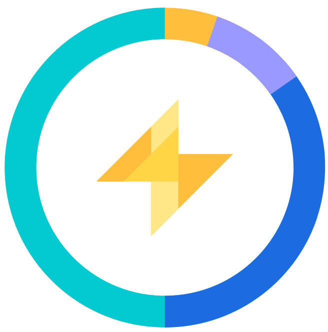
The Investment Manager's mandate is to invest in:

- cash and similar short-term money market products, including highly liquid cash funds; and
- other managed investment funds which predominantly invest in secured loans, mortgage-backed securities, and bonds.

The Investment Manager currently intends allocates the investments of Tanggram Spark as follows:

The Investment Manager intends to initially invest per the following target asset allocation:

Target Asset Allocation



50%** La Trobe Australian Credit Fund

40%** Trilogy Monthly Income Trust

10%** Cash and Liquid Assets

The asset allocations outlined in this section are for indicative purposes only, and the Investment Manager might alter this allocation from time to time at their discretion. Any changes to the Investment Manager's target asset allocation will be updated on the Tanggram App. There is no guarantee that the Fund will exhibit these exact characteristics at any point in from time.

The Investment Manager has chosen Trilogy Monthly Income Trust and La Trobe Australian Credit Fund for the following reasons:

- **La Trobe Australian Credit Fund**

La Trobe Financial is a leading provider of bank alternative credit in Australia. It manages over $6.26 billion assets under management as at 31 July 2021. The La Trobe Australian Credit Fund has been delivering capital stable income returns for nearly 30 years. It invests in a diverse range of fixed and floating-rate loans and credit securities with good diversification and risk management. The Investment Manager has chosen to allocate a large percentage in the La Trobe Australian Credit Fund with a view to achieving good liquidity, capital stability and reliable returns with Tanggram Spark.

- **Trilogy Monthly Income Trust**

The Trilogy Monthly Income Trust is a pooled mortgage fund investing in loans secured by registered first mortgages held over Australian property. The trust has delivered stable distributions and honoured all withdrawal requests since 2007. The trust offers good diversification to the existing portfolio since it invests in loans mainly in QLD and NSW financing property development, construction and refinancing completed stock. With a 20%-30% allocation in the Trilogy Monthly Income Trust, the Investment Manager believes this provides Tanggram Spark with greater diversity in mortgage exposure while still providing the Fund with desired liquidity.

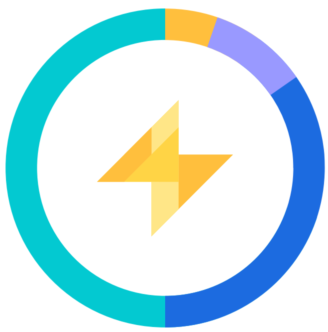
Please note that past performance of these fund managers is not a reliable indicator of their future performance.

2.2. Possible changes to the Investment Strategy

The Investment Manager intends to extend its mandate to also invest in other managed investment funds that will invest in diversified loan portfolios comprising of business loans and personal loans, such as small-to-medium enterprise debt securities. The Investment Manager has identified an investment opportunity in the business and personal loans asset class and believes the new investment(s) would add diversification value to investors whilst maintaining stable returns and capital stability. The Investment Manager is currently undergoing due diligence and engaging in discussions with portfolio managers in this space to better understand their investment process and risk strategies prior to selecting the fund(s) to invest in.

The Investment Manager intends to include this type of investment from around November 2021. An investor update will be provided to investors once the Investment Manager selects the new fund(s) to invest in.

The intended asset allocation of Tanggram Spark will be as follows once this investment is included:



35%** La Trobe Australian Credit Fund

50%** Trilogy Monthly Income Trust

10%** New Fund (s)

5%** Cash and Liquid Assets

The intended asset allocation outlined above are for indicative purposes only, and the Investment Manager may alter this allocation from time to time at their discretion. There is no guarantee that Tanggram Spark will exhibit these exact characteristics at any point in time.

More information about the proposed new investment/s will be provided to investors as it becomes available.

2.3. Minimum Term and Target Market Determination

Tanggram Spark is subject to a Minimum Term of 6 months.

After this Minimum Term, investors will be able to withdraw from the Fund according to the withdrawal process detailed in section 4.3 of this SPDS.

Investment in the Fund is subject to cooling off rights. See section 4.2 of the PDS.

The Target Market for Tanggram Spark is likely to be appropriate for those investors seeking capital preservation and income distribution to be used as a satellite/small allocation within a portfolio whether the consumer has a medium investment timeframe, medium risk/return profile and needs monthly access to capital.

3. Benefits and Risks

3.1. Benefits

The Investment Manager has described the benefits of Tanggram Spark as follows:

- Providing Investors with capital stability and reliable returns while maintaining relatively good liquidity.

- A portfolio of underlying assets that have demonstrated over their history the ability to maintain capital stability in a wide range of economic conditions, and to deliver reliable returns which consistently beat their credit-related investment benchmarks.

- The underlying assets either invest in liquid assets and/or maintain a portion of cash reserves in order to facilitate liquidity.

- Although all investments carry a degree of risk, including the potential for loss of income or capital or a less than expected rate of return or a delay in payment, the underlying assets have shown relatively low risk.

- The underlying asset managers have achieved a low default rate in respect of their mortgage investments through good risk management and loan investment strategies including risk control in loan-to-value ratio, loan size and loan type diversification.

Please refer to Section 6 of the PDS for a summary of the general benefits of investing in the Fund as considered by the Investment Manager.

3.2. Risks

Please refer to Section 8 of the PDS for a full summary of the risks. These risks include but are not limited to:

- Investment risk

- Interest rate risk

- Fund risk

- Valuation risk

- Disputes and defaults risk

- Multi-Class risk

In addition to these risks summarised in the PDS, the following risks relate specifically to an investment in Tanggram Spark:

General Investment risk

The returns from investments in the Fund are affected by a range of economic factors, including changes in interest rates, exchange rates, inflation, general share and property market conditions, government policy (including monetary and taxation policy and other laws), fluctuations in general market prices for property, shares, bonds and other tradeable investments and the general state of the domestic and world economies.

The value of an investment may rise or fall, distributions may or may not be paid and Investor's capital may or may not be returned. No guarantee is made by the Responsible Entity, the Investment Manager, or any of their directors, associates or consultants on the performance of the Fund.

Income and Counterparty Risk

It is anticipated that in the initial stages of its operation, the Fund will not generate sufficient income from the underlying mortgage schemes in which Tanggram Spark is invested to pay distributions to investors at the target rate specified in the SPDS. Pursuant to a shot-fall commitment deed the Investment Manager has undertaken to make shortfall payments to the Fund to enable the payment of a distribution at the target rate, should a distribution be able to be paid. Investors should note that there is a counterparty risk that the Investment Manager may not have sufficient cash reserves to make these shortfall payments. In addition, the Investment Manager can terminate the short-fall commitment deed by providing 6 months' notice to the Trustee.

As in the previous section, there is no guarantee that a distribution may be paid or may not be paid, or if a distribution is paid, that it is paid at the target rate specified. No guarantee is made by the Responsible Entity, the Investment Manager, or any of their directors, associates or consultants on the payment of distributions by the Fund.

Class Liquidity Risk

Amounts invested by the Fund in other managed investment funds may be subject to restrictions on withdrawals or minimum investment periods. If Withdrawal Requests for any period exceed the amount of liquid funds on hand, the Responsible Entity may not be able to pay your Withdrawal Request in full immediately. The Responsible Entity has up to 12 months to satisfy Withdrawal Requests.

Investment Strategy Risk

Authorised Investments of the La Trobe Australian Credit Fund including mortgage-backed securities, bonds issued by a State or Federal Government or an Australian financial institution, negotiable certificates of deposit, deposit or term deposit held in an APRA approved deposit-taking financial institution, and cash or cash equivalent assets. These different asset classes all carry their own risks to which the Fund will be exposed.

Pre-paid and Capitalised Interest Risks

The Fund may be exposed to risks associated with pre-paid interest and capitalised interest, where the interest is not funded out of the borrower's ongoing cash flow. Therefore, there is a risk that the proceeds that the borrower achieves out of the sale of the property may not be sufficient to repay the total loan, which includes both principal and interest.

Loans may also be capitalised where they fall into arrears. This means that the total amount owed by the borrower increases as the borrower fails to make the required payments under the loan.

Construction and Development Lending

Construction or development loans include additional risks when compared to loans over the existing improved property. These additional risks can be associated with the timing, completion and sale of the project. With construction and development lending, there is no guarantee that the project will actually be completed, nor is there any guarantee that the project will ultimately be worth the value attributed to it at the outset. This valuation is often referred to as the 'value as if complete' or the 'on completion valuation', which may not always be achieved.

Second and Subsequent Mortgages Risks
The Fund may be exposed to second and subsequent mortgages. They are riskier than other loans because they rank behind first or preceding mortgages in priority. The first mortgage must be paid out before the second mortgage can be paid out and so on, exposing investors in the second and subsequent mortgages to the risk of capital and/or interest loss.

Low Documentation Lending Risks
There is a risk with 'low documentation lending' that the information provided by the borrower may not be complete.

Gearing Risk
While the Fund will not have any borrowings, the underlying investments may borrow for the purposes of providing short term liquidity. The effect of this may increase any capital loss for the Fund if the value of the underlying investment falls, as the financier must be repaid the principal amount outstanding on the loan and outstanding interest or costs before distributions are made to the Fund.

Negative Income Risks
The Trilogy Monthly Income Trust maintains a unit value of $1.00 per unit. The net value of the trust at any time is derived from the amount of the cash held, the loans that have been made, plus the income that is received less the expenses that are payable from the trust. The unit value is determined by dividing the net value of the trust by the total number of units on issue at the relevant time. The net value (and thence the unit value) must be determined as at the end of each quarter. If in any quarter, there is insufficient income to meet expenses or to compensate for any reduction in the value of the mortgage or other assets of the trust, the unit value may be less than $1.00 per unit. In such a case the constitution for the trust provides a mechanism under which a sufficient number of units will be compulsorily redeemed to make up that shortfall and maintain the value of the remaining units at $1.00 per unit.

You must read the Fund's PDS in conjunction with this SPDS before you invest in Tanggram Spark.

Neither the Responsible Entity nor Investment Manager guarantees the repayment of investments or the performance of the Fund or of any Investment Option within the Fund.

We strongly recommend that Investors obtain independent financial advice before investing in the Fund.

4. Investment Terms

4.1. Minimum Investment Amounts

The Responsible Entity will accept a minimum initial investment of at least $5,000.

The Responsible Entity will accept minimum additional investments of at least $100.

All investments may be made up of amounts transferred from the Tanggram Shopping Rewards Program, money transferred from your own bank account, money transferred via regular direct debit (if available) or any combination of these.

Section 6 of the PDS outlines how your Shopping Rewards can be used to invest in the Fund.

4.2. Making Investments

Section 4 of the PDS outlines the terms on which investments will be processed.

Applications for units in Tanggram Spark will generally be processed twice a week, with Units issued within 10 Business Days of the next issue date after the Application is received.

Applications for units will be processed at the Unit price current at the time the applications are processed.

Investors should note that there may be some delay in the allocation of Units during the period between 30 June and 30 September in any given year while the Fund's annual accounts are being finalised.

4.3. How to Withdraw

You can request a withdrawal of all of part of your investment through the Tanggram App or by submitting to the Responsible Entity a Withdrawal Request Form.

Subject to the Minimum Term of the Investment Option, and while the Fund remains liquid, Investors can generally withdraw from the Fund as at the end of each month subject to providing a valid Withdrawal Request. Investments in the Fund are subject to cooling off rights.

Withdrawals will be processed at the Unit price current at the time the Withdrawal Request is processed by the Responsible Entity.

Withdrawal Requests must be lodged at least 5 Business Days prior to the end of the month. Withdrawal Requests will generally be paid within 15 Business Days of the end of the month in which they are received.

Where there is insufficient liquidity in a given month to satisfy all Withdrawal Requests, Investors will be redeemed pro-rata each month thereafter until their Withdrawal Request is satisfied in full. Under the Constitution, the Responsible Entity is required to make payment of accepted Withdrawal Requests within 12 months of receipt.

Withdrawal Request Forms are also available online at www.vascofm.com.

Where a Withdrawal Request that has been granted results in an Investor's remaining Units having a value less than the Minimum Balance, the Responsible Entity may treat the Withdrawal Request as also relating to the balance of the Investor's holding.

Under the terms of the Constitution, in certain situations, the Trustee is able to, amongst other things, suspend all redemptions or compulsorily redeem Investors where it believes that doing so is in the best interests of Investors in the Fund as a whole.

4.4. Distribution Payments

The distribution period for the Fund is expected to be monthly. Distributions are expected to be calculated on the last business day of each calendar month and generally paid to investors within 15 Business Days of the end of each distribution period. However, investors should note that distributions for the months of June, July and August, are likely to only be paid by 30 September following the finalisation of the Fund's annual accounts.

An investor's entitlement to a distribution payable for a distribution period will be calculated with reference to the following formula:

a) the distribution payable calculated on the last business day of each calendar month divided by:

b) the number of days within that distribution period, that the investor held units.

The Responsible Entity may decide not to distribute amounts which it reasonably considers necessary to meet any outgoings or liabilities (actual or contingent) in respect of the Fund including any amounts required for tax withholdings Taxes paid or withheld that are allocable to one or more Investors will be deemed to have been distributed to such Investors for the purposes of determining the above calculations.

4.5. Distribution Reinvestment

Investors may choose to have their distributions paid directly into their nominated account or reinvested as additional units in the Fund. If an Investor has not specified how they would like distributions to be paid, the default option will be to reinvest distributions into the Fund.

No minimum investment amount applies to any distribution re-investment, however, please note the Minimum Term applicable to the Investment Option will apply to the issue of new units via any distribution reinvestment.

Your preference for payment into a nominated financial institution account or reinvestment may be changed at any time by completing a Change of Details Form, which is available on the Responsible Entity's website at www.vascofm.com.

5. ASIC Regulatory Guide 45 Disclosures

The Australian Securities & Investments Commission (**ASIC**) requires responsible entities of unlisted mortgage schemes in which retail investors invest to provide a statement addressing ASIC's eight benchmarks and eight disclosure principles as set out in Regulatory Guide 45: Mortgage Schemes: Improving disclosure for retail investors (**RG45**).

The disclosure aims to help retail investors compare risks, assess the rewards being offered and decide whether the investments are suitable to them.

Below are the Responsible Entity's statements in respect of each of the benchmarks and disclosure principles in RG45.

In accordance with the requirements of RG45, these statements will be updated for any material changes that the Responsible Entity becomes aware of, and in any event, at least every six months. The updated statement will be included on the Responsible Entity's website at www.vascofm.com.

The eight benchmarks and eight disclosure principles are set out below with a summary of how the Fund, as an unlisted pooled mortgage scheme in which retail investors will invest, meets or does not meet the benchmarks. Since the Fund is a 'feeder fund' which will predominantly invest in other mortgage schemes, the disclosures relating to loan portfolio and diversification and valuation policies have been made on a look-through basis..

Benchmark and Disclosure Principle 1 – Liquidity

RG 45.34 – For a pooled mortgage scheme, the responsible entity has cash flow estimates for the scheme that:

a) demonstrate the scheme's capacity to meet its expenses, liabilities and other cash flow needs for the next 12 months;

b) are updated at least every three months and reflect any material changes; and

c) are approved by the directors of the responsible entity at least every three months.

RG 45.72 – For pooled mortgage schemes, the responsible entity should disclose information about:

a) the current and future prospects of liquidity of the scheme;

b) any significant risk factors that may affect the liquidity of the scheme; and

c) the policy of the scheme on balancing the maturity of its assets with the maturity of its liabilities.

Description

This benchmark and disclosure principle addresses: the Responsible Entity's cash flow estimates for the Fund, demonstrate a pooled mortgage scheme's ability to satisfy its expenses, liabilities and other cash flow needs and estimates for the next twelve (12) months; are updated at least every three months, reflect any material changes and are approved by the directors of the responsible entity at least every three months.

Response

Tanggram Spark does not meet this benchmark as, although the Responsible Entity monitors and updates the Investment Option's cashflow estimates monthly, these are not approved by the directors of the Responsible Entity. Rather, approval is delegated to the Investment Manager.

Tanggram Spark predominantly invests in other mortgage schemes, and will manage its cash flow needs by redeeming units in the schemes and maintaining sufficient cash assets to meet its expenses, liabilities and other cash flow needs.

The core risk to Tanggram Spark's liquidity is the risk that the underlying mortgage schemes take longer than the withdrawal timeframes disclosed in their product disclosure statements to pay redemptions.

Benchmark and Disclosure Principle 2 – Fund borrowings

RG 45.42 – The responsible entity does not have current borrowings and does not intend to borrow on behalf of the scheme.

RG 45.75 – If the scheme has borrowings, the responsible entity should disclose:

a) for borrowings due in less than two years—the total debts due and their maturity profile, undrawn credit facility and whether refinancing or sale of assets is likely during this period;

b) for borrowings due in between two and five years—the total debts due and their maturity profile for each 12-month period and undrawn credit facility;

c) for borrowings due after five years—the total debts due;

d) why the responsible entity has borrowed the money, including whether the borrowed funds will be used to fund distributions or withdrawal requests;

e) any material loan covenant breaches;

f) the fact that amounts owing to lenders and other creditors of the scheme rank before an investor's interests in the scheme; and

g) the risks associated with the scheme's borrowing and credit facility maturity profile.

RG 45.76 – A responsible entity should also disclose:

a) the existence and details of any current interest rate and foreign exchange hedging policies of the responsible entity; and

b) whether the scheme's variable interest rate and/or foreign exchange exposure conforms with these policies.

Description
This benchmark and disclosure principle addresses the Responsible Entity's policy on borrowing; including the Responsible Entity's actual and intended borrowings on behalf of a fund. Some Responsible Entity's may borrow against the assets of their fund to pay for distributions, redemption requests or scheme operations.

Response
Tanggram Spark complies with this benchmark. Tanggram Spark does not have current borrowings and the Responsible Entity does not intend to borrow on behalf of Tanggram Spark. Under the Fund's constitution the Responsible Entity may borrow against the Fund's assets on terms and conditions acceptable to the Responsible Entity. However, at this time there are no credit facilities in place utilising the assets of Tanggram Spark, nor is there any intention to borrow on behalf of Tanggram Spark. The Responsible Entity reserves the right to establish a credit facility to assist in managing liquidity. If this were to occur, borrowings would not be used to fund distributions or satisfy redemption requests.

Benchmark and Disclosure Principle 3 – Loan portfolio and diversification

RG 45.44 – For a pooled mortgage scheme:

a) the scheme holds a portfolio of assets diversified by size, borrower, class of borrower activity and geographic region;

b) the scheme has no single asset in the scheme portfolio that exceeds 5% of the total scheme assets;

c) the scheme has no single borrower who exceeds 5% of the scheme assets; and

d) all loans made by the scheme are secured by first mortgages over real property (including registered leasehold title).

RG 45.80 –For pooled mortgage schemes, the responsible entity should disclose the nature of the scheme's investment portfolio, including:

a) by number and value:
  (i) loans by class of activity (e.g., development or construction projects, industrial, commercial, retail, residential, specialised property, reverse mortgages);

(ii) loans by geographic region;

(iii) the proportion of loans that are in default or arrears for more than 30 days;

(iv) the nature of the security for loans made by the scheme (e.g., first or second ranking);

(v) loans that have been approved but have funds that have yet to be advanced and the funding arrangements in place for any of these undrawn loan commitments;

(vi) the maturity profile of all loans in increments of not more than 12 months;

(vii) loan-to-valuation ratios for loans, in percentage ranges;

(viii) interest rates on loans, in percentage ranges; and

(ix) loans where interest has been capitalised;

b) the proportion of the total loan money that has been lent to the largest borrower and the 10 largest borrowers;

c) the percentage of loans (by value) that are secured by second ranking mortgages;

d) the use of derivatives (if any);

e) a clear description of the non-mortgage assets of the scheme, including the value of such assets; and

f) the scheme's diversification policy and how the assets correlate with that policy.

RG 45.81 – The responsible entity should disclose its policy on the above matters and on how the scheme will lend funds generally. For example, such disclosure should cover:

a) the maximum loan amount for any one borrower;

b) the method of assessing borrowers' capacity to service loans;

c) the responsible entity's policy on revaluing security properties when a loan is rolled over or renewed; and

d) the responsible entity's approach to taking security on lending by the scheme (e.g., the types of security it takes and in what circumstances, and whether the security must be income producing).

RG 45.82 – If an unlisted pooled mortgage scheme invests in, or may invest in, other unlisted mortgage schemes (whether registered or unregistered), the responsible entity must disclose its policy on investing in those schemes, including the extent to which the responsible entity requires those schemes to meet the benchmarks and apply the disclosure principles in Sections C and D.

Description

This benchmark and disclosure principle address a fund's lending practices and portfolio risk, including concentration risk. For a pooled mortgage fund this is defined as: if the fund holds a portfolio of assets diversified by size, borrower, class of borrower activity and geographic region; the fund has no single asset in its fund portfolio that exceeds 5.0% of the total fund's assets; the fund has no single borrower who exceeds 5.0% of the fund's assets; and all loans made by the fund are secured by first mortgages over real property (including registered leasehold title).

Response

Tanggram Spark does not meet this benchmark.

Tanggram Spark is a 'feeder fund' whose investment strategy is to invest into other unlisted mortgage schemes. As such, this disclosure is prepared on a look-through basis. Tanggram Spark's investment strategy is described in section 2.1 of this SPDS. While the diversification of the loan portfolios of the underlying schemes is one factor considered by the Investment Manager, it is not a requirement that the underlying schemes in which Tanggram Spark invests meet this disclosure benchmark nor is it the intention of the Investment Manager to restrict its investments to funds that meet this benchmark.

One of the underlying mortgage schemes does not meet this benchmark, since one single loan or one single borrower exceeds 5% of their loan portfolio. In all other respects, Tanggram Spark meets this benchmark.

Benchmark and Disclosure Principle 4 – Related party transactions

RG 45.47 – The responsible entity does not lend to related parties of the responsible entity or to the scheme's investment manager.

RG 45.88 – If the responsible entity enters into related party transactions, the responsible entity should disclose details of these transactions, including:

a) the value of the financial benefit;

b) the nature of the relationship (i.e., the identity of the related party, and the nature of the arrangements between the parties, in addition to how the parties are related for the purposes of the Corporations Act for group structures, the nature of these relationships should be disclosed for all group entities);

c) whether the arrangement is on arm's length terms, is reasonable remuneration, some other Ch 2E exception applies or ASIC has granted relief;

d) whether member approval for the transaction has been sought and, if so, when;

e) the risks associated with the related party arrangements; and

f) the policies and procedures that the responsible entity has in place for entering into related party transactions, including how compliance with these policies and procedures is monitored.

Description
This benchmark and disclosure principle addresses the risks associated with related party lending, investments and transactions, including details of any related party transactions and whether the Responsible Entity lends to related parties of the Responsible Entity or to the fund's investment manager.

Response
Tanggram Spark meets this benchmark

Tanggram Spark does not invest in loans to related parties, nor do the asset managers of the underlying schemes. None of the trustees or asset managers of the underlying schemes, nor the underlying schemes themselves are related to the Responsible Entity or the Investment Manager. Tanggram Spark may, from time to time, enter into transactions with related parties. See section 11.4 of the PDS for more information.

Benchmark and Disclosure Principle 5 – Valuation policy

RG 45.50 – In relation to valuations for the scheme's mortgage assets and their security property, the board of the responsible entity requires:

a) a valuer to be a member of an appropriate professional body in the jurisdiction in which the relevant property is located;

b) a valuer to be independent;

c) procedures to be followed for dealing with any conflict of interest;

d) the rotation and diversity of valuers;

e) in relation to security property for a loan, an independent valuation to be obtained:
  (i) before the issue of a loan and on renewal:
    (A) for development property, on both an 'as is' and 'as if complete' basis; and

(B) for all other property, on an 'as is' basis; and

(ii) within two months after the directors form a view that there is a likelihood that a decrease in the value of security property may have caused a material breach of a loan covenant.

RG 45.91 – The responsible entity should disclose:

a) where investors may access the scheme's valuation policy—for example, by disclosing that the policy is available on a relevant website;

b) the processes that the directors employ to form a view on the value of the security property;

c) the frequency of valuations of security property; and

d) any material inconsistencies between any current valuation over security property and the scheme's valuation policy.

RG 45.92 - For a contributory mortgage scheme, the responsible entity only needs to provide an investor with information about the valuation of the property securing a loan in which the investor has, or is being offered, an interest.

Description

This benchmark and disclosure principle addresses a fund's policy in relation to obtaining valuations on the properties over which mortgages or other relevant securities are registered or held; including when an independent valuation is required. This benchmark requires: a valuer to be a member of an appropriate professional body in the jurisdiction in which the relevant property is located; a valuer to be independent; procedures to be followed for dealing with any conflict of interest; the rotation and diversity of valuers; in relation to security property for a loan, an independent valuation to be obtained: before the issue of a loan and on renewal and for a development property: on both an 'as is' and 'as if complete' basis; and for all other property: on an 'as is' basis. Furthermore, a valuation is also required to be obtained within two months after the directors form a view that there is the likelihood that a decrease in the value of security property may have caused a material breach of a loan covenant.

Response

This disclosure is prepared on a look-through basis. The underlying mortgage schemes in which Tanggram Spark invests do not meet this benchmark, since one does not require independent valuation upon loan renewal in all cases. In all other respects they meet the benchmark.

The Responsible Entity's valuation policy can be obtained by contacting the Responsible Entity.

Benchmark and Disclosure Principle 6: Lending principles—Loan-to-valuation ratios

RG 45.56 – If the scheme directly holds mortgage assets:

a) where the loan relates to property development—funds are provided to the borrower in stages based on independent evidence of the progress of the development;

b) where the loan relates to property development—the scheme does not lend more than 70% on the basis of the latest 'as if complete' valuation of property over which security is provided; and

c) in all other cases—the scheme does not lend more than 80% on the basis of the latest market valuation of property over which security is provided.

RG 45.94 – If the scheme directly holds mortgage assets, the responsible entity should disclose:

a) the maximum and weighted average loan-to-valuation ratios for the scheme as at the date of reporting; and

b) where funds are lent for property development:
   (i) the criteria against which the funds are drawn down;

   (ii) the percentage (by value) of the completion of any property that is under development as at the date of reporting; and

   (iii) the loan-to-cost ratio of each property development loan as at the date of reporting.

RG 45.95 – The responsible entity should also disclose the percentage of the scheme's assets that are property development loans. If property development loans exceed 20% of the scheme's assets, the responsible entity should identify the scheme as one that invests a significant component of funds in property development loans. If the loan-to-cost ratio of any property development loan exceeds 75%, this should also be highlighted.

Description

This benchmark and disclosure principle addresses the fund's lending practices, including the loan-to-valuation ratio if the fund holds mortgage assets: where the loan relates to property development—funds are provided to the borrower in stages based on independent evidence of the progress of the development; where the loan relates to property development—the fund does not lend more than 70% on the basis of the latest 'as if complete' valuation of property over which security is provided; and in all other cases—the fund does not lend more than 80% on the basis of the latest market valuation of property over which security is provided.

Response

This disclosure is prepared on a look through basis. The underlying mortgage schemes in which Tanggram

Spark invests meet the benchmark.

Benchmark and Disclosure Principle 7: Distribution practices

RG 45.61 – The responsible entity will not pay current distributions from scheme borrowings.

RG 45.99 – If a responsible entity is making, or forecasting, distributions to members, it should disclose:

a) the source of the current and forecast distributions (e.g., from income earned in the relevant distribution period, operating cash flow, financing facility, capital, application money);

b) if the distribution is not solely sourced from income received in the relevant distribution period, the reasons for making those distributions and the risks associated with such distributions;

c) if the distribution is sourced other than from income, whether this is sustainable over the next 12 months; and

d) when the responsible entity will pay distributions and the frequency of payment of distributions.

RG 45.100 – If the scheme promotes a particular return on investments, the responsible entity must clearly disclose details of the circumstances in which a lower return may be payable, together with details of how that lower return will be determined. For a contributory mortgage scheme, the responsible entity should, for a particular investor, disclose the above information to the investor for distributions or returns made, or forecasts to be made, to that investor.

RG 45.101 – The responsible entity should include a table identifying up to five main factors that would have the most material impact on forecast distributions, the risks of changes to those factors on distributions and a sensitivity analysis based on changes to those factors. It must also explain how any excess returns actually earned by the scheme will be applied.

Description

This benchmark and disclosure principle addresses the transparency of a fund's distribution practices, including whether current distributions are paid from scheme borrowings and disclose the source of distributions.

Response

Tanggram Spark meets this benchmark. The responsible entity does not, and does not intend to, pay distributions from scheme borrowings.

Currently, Tanggram Spark is not generating sufficient income from the underlying mortgage schemes in which Tanggram Spark is invested to pay distributions at the target return specified in the SPDS, so, pursuant to a short-fall commitment deed, the Investment Manager has decided to make top-up payments to Tanggram Spark to ensure that investors of Tanggram Spark receive a distribution at the target return rate.

There is a counterparty risk to investors given that it is possible the Investment Manager is not able to make top up payments to meet any shortfall in income and there is no guarantee that the Investment Manager will be able to continue making these payments to Tanggram Spark. Further, the Investment Manager can terminate the short-fall commitment deed by providing 6 months' notice to the Trustee. Based on the Investment Manager's current cash position and cash flow forecasts, the Investment Manager believes that it has enough liquidity to fund this shortfall commitment until such time the investment option generates sufficient income to pay the distributions at the target return rate.

Distributions are expected to be paid on a monthly basis.

Benchmark and Disclosure Principle 8: Withdrawal arrangements

RG 45.65 – For non-liquid schemes, the responsible entity intends to make withdrawal offers to investors at least quarterly.

RG 45.104 – The responsible entity should disclose:

a) the scheme's withdrawal policy and any rights that the responsible entity has to change the policy;

b) the ability of investors to withdraw from the scheme when it is liquid;

c) the ability of investors to withdraw from the scheme when it is non-liquid;

d) any significant risk factors or limitations that may affect the ability of investors to with draw from the scheme;

e) how investors can exercise their withdrawal rights, including any conditions on exercising these rights;

f) the approach to rollovers and renewals, including whether the 'default' is that investments in the scheme are automatically rolled over or renewed;

g) if the withdrawals from the scheme are to be funded from an external liquidity facility, the material terms of this facility, including any rights the provider has to suspend or cancel the facility;

h) the maximum withdrawal period that applies to the payment of withdrawal requests when the scheme is liquid;

i) any rights the responsible entity has to refuse or suspend withdrawal requests; and

j) the policy of the scheme on balancing the maturity of its assets with the maturity of its li abilities and the ability of its members to withdraw (e.g., if a scheme has a policy of ensuring that sufficient assets are held in readily realisable investments to meet future withdrawal requests, the responsible entity should state this in its PDS, provide details of the source of the realisable investment and report against this in its ongoing disclosure).

RG 45.105 – If the responsible entity makes representations to investors that they can withdraw from the scheme, there should be disclosure on:

a) the grounds (which must be verifiable) for the statement;

b) the supporting assumptions (which must not be hypothetical only) for the statement;

c) the basis for the statement (which must not be based only on an opinion of the directors of the responsible entity if there are no objective grounds to support that opinion); and any significant risk factors that mean that withdrawal requests might not be satisfied within the expected period.

RG 45.106 – If the PDS contains a statement to the effect that, historically, withdrawal requests have been satisfied within a particular period, this may suggest a link between historical withdrawal periods and withdrawal periods that are likely to apply in the future. The responsible entity should ensure the statement clarifies that investors should not conclude that there is such a link between the historical availability of withdrawals and their future availability.

RG 45.107 – If the scheme promotes a fixed redemption unit price for investments (e.g., $1 per unit), the responsible entity must clearly disclose details of the circumstances in which a lower amount may be payable, details of how that amount will be determined and the impact of a default under the scheme's mortgage assets on investors (e.g., on investor distributions and the unit price).

RG 45.108 – A responsible entity of a contributory mortgage scheme should, for a particular investor, disclose the above information to the investor as it relates to the investor's ability to withdraw.

Description

This benchmark and disclosure principle addresses the transparency of the responsible entity's approach as to how and when investors can withdraw their investment from a fund, based upon whether the fund is liquid or non-liquid. For liquid funds, the benchmark is that the maximum period allowed for in the constitution for the payment of withdrawal requests is 90 days or less, the Responsible Entity will pay withdrawal requests within the period allowed for in the constitution and the Responsible Entity only permits members to withdraw at any time on request if at least 80% (by value) of the scheme property is: (i) money in an account or on deposit with a bank and is available for withdrawal immediately on a fixed term not exceeding 90 days, or (ii) assets that the Responsible Entity can reasonably expect to realise for normal market value within 10 business days.

Response

Tanggram Spark does not meet this benchmark.

The Fund's Constitution provides for redemption payments to be made within 12 months of the date it receives a withdrawal request, and so is liquid pursuant to the definition of liquidity in its constitution and the Corporations Act 2001 (Cth). This is longer than the 90 day period described by Benchmark 8.

While Tanggram Spark intends to make redemption payments to investors within 15 Business Days of the end of the month in which a request is received, it will require flexibility to extend this period given that this flexibility exists for the responsible entities of Tanggram Spark's underlying investments.

6. Fees and Other Costs

This section sets out the fees and other costs that may be attributed to Tanggram Spark. You should read all information about fees and costs carefully as it is important to understand their impact on your investment.

CONSUMER ADVISORY WARNING

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 investment 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 fees. Ask the fund or your financial adviser.

TO FIND OUT MORE

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

6.1. Fees and other costs

This section shows fees and other costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from the assets of the managed investment scheme as a whole.

Taxes are set out in Section 8 of the PDS.

You should read all the information about fees and costs because it is important to understand their impact on your investment.

Tanggram Investment Fund - Tanggram Spark Investment Option		
TYPE OF FEE OR COST[1]	**AMOUNT[2]**	**HOW AND WHEN PAID**
ONGOING ANNUAL FEES AND COSTS		
Management fees and costs[3] The fees and costs for managing your investment	An annual Responsible Entity fee of: - 0.31% per annum of the gross value of the Fund's assets up to $100m, - 0.05225% per annum of the gross asset value of the Fund's assets on amounts greater than or equal to $100m but less than $200m; plus - 0.03135% per annum of the gross asset value of the Fund's assets on amounts greater than or equal to $200m, subject to a minimum fee of $62,700 per annum. **PLUS** Indirect costs and ordinary expenses of 1.91%[3] p.a. of the gross asset value of Tanggram Spark.	This fee component of management fees and costs is calculated on the gross asset value of the Fund and accrued monthly and payable to the Responsible Entity monthly in arrears out of the Fund's assets within 7 days of the end of each month. This component is apportioned pro-rata across all Investment Options based on the respective gross asset value of each Investment Option. his costs component of management fees and costs may be claimed on a monthly basis, and is deducted from the assets of Tanggram Spark on at least a monthly basis.
Performance fees Amounts deducted from your investment in relation to the performance of the product	0.00%.	Calculated and accrued monthly and payable to the Investment Manager monthly in arrears from the assets of Tanggram Spark usually within 15 Business Days of the end of each month.
Transaction costs The costs incurred by the scheme when buying or selling assets	Nil	Not applicable
MEMBER ACTIVITY RELATED FEES AND COSTS (FEES FOR SERVICES OR WHEN YOUR MONEY MOVES IN OR OUT OF THE SCHEME)		
Establishment fee The fee to open your investment	$10	Deducted from your initial investment amount prior to the issue of units and paid to the Investment Manager
Contribution fee The fee on each amount contributed to your investment	Nil	Not applicable

Buy-sell spread An amount deducted from your investment repre-senting costs incurred in transactions by the scheme	Nil	Not applicable
Withdrawal fee The fee on each amount you take out of your investment	2% of the value of Units redeemed prior to the end of the Minimum Term.	Deducted from the redemption proceeds and payable to the Tanggram Spark.
Exit fee The fee to close your in-vestment	Nil	Not applicable
Switching fee The fee for changing in-vestment options	Nil	Not applicable

1. See "Additional Explanation of Fees and Costs" below for further details as to fees and costs you may be charged.

2. All fees are inclusive of GST less any applicable input tax credits.

3. The costs component of management fees and costs reflects the actual amount incurred for the financial year ending 30 June 2021, along with the Responsible Entity's reasonable estimates where information was not available as at the date of this PDS, assuming a gross asset value of $12 million for Tanggram Spark. The actual amount may be higher or lower. The Investment Manager has agreed to support Tanggram Spark to pay its fees and expenses until such time as they are able to be paid from the assets of Tanggram Spark. The Investment Manager may be reimbursed from Tanggram Spark in future years for any such funding it provides Tanggram Spark.

6.2. Example of Annual Fees and Costs

Example of annual fees and costs for the investment option

This table gives an example of how the ongoing annual fees and costs in the investment option can affect your investment over a 1-year period. You should use this table to compare this product with other products offered by managed investment schemes.

EXAMPLE – Tanggram Investment Fund – Tanggram Spark Investment Option		BALANCE OF $50,000 WITH A CONTRIBUTION OF $5,000 DURING YEAR
Contribution Fees	Nil	For every additional $5,000 you put in, you will be charged **$0**.

PLUS Management fees and costs	2.22%[1]	And, for every $50,000 you have in Tanggram Spark, you will be charged or have deducted from your investment **$1,110** each year.
PLUS Performance fees	0.00%[1]	And, you will be charged or have deducted from your investment **$0** in performance fees each year.
PLUS Transaction costs	Nil	And, you will be charged or have deducted from your investment **$0** in transaction costs.
EQUALS Cost of Tanggram Spark		If you had an investment of $50,000 at the beginning of the year and you put in an additional $5,000 during that year, you would be charged fees and costs of **$1,110***[3] **What it costs you will depend on the investment option you choose and the fees you negotiate.**

Additional fees may apply:

Establishment fee - $10.

And, if you leave the managed investment scheme early, you may also be charged **withdrawal fees** of between 0 and 2% of your total account balance (between $0 and $1,000 for every $50,000 you withdraw).

1. Please note that the Responsible Entity fees are subject to a minimum fee of $62,700 p.a. The fee component of the amount incurred by Tanggram Spark is disclosed as a percentage of the total fee incurred by the Tangram Investment Fund, assuming a gross asset value for the Tanggram Investment Fund of $26 million and a gross asset value of for Tanggram Spark of $12 million. Also, the costs component of the amount is based on the information for the financial year ending 30 June 2021 and disclosed as a percentage of the gross asset value of Tanggram Spark, assuming a gross asset value of $12 million.

2. Additional fees may apply, such as any additional fees that your financial adviser or IDPS operator may charge you. Please note that this example does not capture all the fees and costs that may apply to you.

3. The Investment Manager has agreed to support Tanggram Spark to pay its fees and expenses until such time as they are able to be paid from the assets of Tanggram Spark. The Investment Manager may be reimbursed from Tanggram Spark in future years for any such funding it provides Tanggram Spark. Where these fees and expenses are not funded by the Investment Manager, they will be deducted from Tanggram Spark. The above example and all the fees and costs disclosed in the PDS are disclosed on the basis that this payment has not been provided in order to give investors a more accurate description of the Tanggram Spark investment option's fees and costs.

6.3. Additional Explanation of Fees and Costs

All fees are inclusive of GST less any applicable input tax credits.

6. 3. 1. Management Fees and Costs

The management fees and costs disclosed in the Fees and Costs Summary contain a number of components, as set out below.

The management fees and costs include the Responsible Entity fees, ordinary expenses and indirect costs. They do not include the performance fees (if payable) or transaction costs.

Responsible Entity Fees

The Responsible Entity charges the following fees for overseeing the Fund's operations and providing access to the Fund in accordance with the Constitution:

a) An establishment fee of $23,512.50 payable to the Responsible Entity on the establishment of the Fund. The Investment Manager has paid this fee, and it has not been paid from the assets of the Fund.

b) An annual Responsible Entity fee of:

- 0.31% per annum of the gross value of the Fund's assets up to $100m,

- 0.05225% per annum of the gross asset value of the Fund's assets on amounts greater than or equal to $100m but less than $200m; plus

- 0.03135% per annum of the gross asset value of the Fund's assets on amounts greater than or equal to $200m,

subject to a minimum fee of $62,700 per annum.

This fee is calculated on the gross asset value of the Fund and accrued monthly and payable to the Responsible Entity monthly in arrears out of the Fund's assets within 7 days of the end of each month. This fee is apportioned pro-rata across all Investment Options based on the respective gross asset value of each Investment Option.

c) A termination fee of $9,927.50 on the replacement of the Responsible Entity or winding up of the Fund. This fee is payable out of the Fund's assets.

Ordinary Expenses

The ordinary expenses are costs incurred by the Responsible Entity in the establishment and operation of the Fund and Tanggram Spark and includes fees payable to the Custodian, Administration Manager, Auditor incidental expenses of the Investment Manager and other administrative expenses such as accounting and legal advice, audit fees, insurances, consulting fees, costs relating to Investor meetings and registry fees.

The ordinary expenses component of management fees and costs in the Fees and Costs Summary is 1.25% p.a. of the gross asset value of Tanggram Spark, which reflects the actual amount incurred for the financial year ending 30 June 2021 and the Responsible Entity's reasonable estimates where information was not available as at the date of this SPDS. The ordinary expenses are deducted from the assets of Tanggram Spark on at least a monthly basis.

The Responsible Entity reasonably estimates Tanggram Spark's ordinary expenses to be 0.98% per annum of the gross asset value of Tanggram Spark for the current financial year. This estimate does not include abnormal operating expenses which are due to abnormal events that the Responsible Entity does not foresee at the date of this PDS, such as the cost of running Investor meetings, for example.

It is important to note that this estimate is based on the gross asset value of Tanggram Spark being approximately $12 million based on the information for the financial year ending 30 June 2021 and budgetary adjustments from the Investment Manager for the financial year ending 30 June 2022. The actual expenses may be higher or lower depending on the actual amount of money raised by the Fund.

The ordinary expenses figure includes the fees paid to the Administration Manager, Vasco Fund Services. The Administration Manager charges the following fees for providing administrative services to the Fund:

a) A fee of $86,416 per annum where the Fund has more than 1,000 investors;

b) An additional administration fee of $34,883 per annum applies; and

c) An additional $11,440 is paid for weekly processing.

The administration fee is subject to an annual increase of 5% on 1 January of each year. The administration fee for the Fund will be apportioned pro-rata across all Investment Options based on the respective GAV of each Investment Option.

These fees are inclusive of GST. The Administration Manager's engagement is for a minimum period of four (4) years. The Administration Manager is a related party of the Responsible Entity. Its fees are negotiated on an arm's length basis.

The Constitution does not limit the amount that the Responsible Entity can recover from the Fund as expenses provided, they are properly incurred in relation to the proper performance of the Responsible Entity's duties in operating the Fund. For example, the Responsible Entity is entitled to be reimbursed from the Fund for abnormal expenses, such as the cost of unitholder meetings, legal costs of any proceedings involving the Fund and terminating the Fund.

Indirect Costs

Indirect costs are not directly paid by investors and the Target Return is calculated after these amounts are paid. Indirect costs are those amounts paid from Tanggram Spark that we know or, where required, reasonably estimate will reduce the return of Tanggram Spark or the amount or value of the income of Tanggram Spark or an underlying fund in which Tanggram Spark invests, that are not otherwise included in the ordinary expenses.

The indirect costs component of management fees and costs in the Fees and Costs Summary is [0.67%] p.a. of the gross asset value of Tanggram Spark, which reflects the actual amount incurred for the financial year ending 30 June 2021 and the Responsible Entity's reasonable estimates where information was not available as at the date of this SPDS. The indirect costs are deducted from the assets of Tanggram Spark on at least a monthly basis.

As at the date of the SPDS, the estimated indirect costs are 0.67% p.a. of the gross asset value of Tanggram Spark (for every $50,000 you have in Tanggram Spark, it is estimated you will pay an estimate of $335 in indirect costs each year). The indirect costs may vary from year to year, including to the extent that they rely on estimates.

6. 3. 2. Performance Fees

The Investment Manager is entitled to receive a performance fee equal to all returns (net of other fees and expenses) in excess of the Target Return for Tanggram Spark, paid monthly in arrears.

In the two financial years since the inception of the Fund in November 2019, the Fund has not recorded a return in excess of the Target Return. Therefore, the Fund has not incurred a performance fee, as it has not exceeded the performance threshold to enable a performance fee to accrue. Therefore, the average performance fee incurred as set out in the Fees and Costs Summary is nil or 0.00%.

The performance fee for the current financial year is estimated to be nil or 0.00%, based on the average performance fee charged by Tanggram Spark in the two financial years since its inception. Therefore, it is expected that a performance fee will not be incurred by Tanggam Spark, and it is expected that the Investment Manager will need to contribute money to Tanggram Spark in order for Tanggram Spark to pay a distribution to investors in line with the Target Return in the initial stages of operation.

There will be no ability for the Tanggram Spark to claw back any historical performance fee paid to the Investment Manager in respect of any under-performance. Past performance is not a reliable indicator of future performance and the actual performance fee paid in respect of Tanggram Spark (if any) will be based on Tanggram Spark's performance over the relevant period.

6. 3. 3. Transaction Costs

Transaction costs are costs incurred by Tanggram Spark for buying and selling the assets for Tanggram Spark. It is not anticipated any transaction costs will be incurred. However, if incurred, transaction costs are additional costs to Investors where they have not been recovered by a buy-sell spread and will be disclosed in the Fees and Costs Summary net of any amount recovered by a buy-sell spread.

Buy/Sell Spread

Investments and withdrawals may incur buy and sell spreads, which are designed to ensure, as far as practicable, that any transaction costs incurred as a result of an investor entering or leaving the Fund are borne by that investor.

Buy and sell spreads are calculated based on the actual or estimated costs Tanggram Spark may incur when buying or selling assets. The buy and sell spreads are retained within Tanggram Spark and are not fees paid to the Responsible Entity or Investment Manager. The buy spread is taken out of application amounts. The sell spread is taken out of withdrawal amounts.

As at the date of this SPDS, no buy or sell spread is expected for an investment in Tanggram Spark.

The Responsible Entity may introduce or vary the buy/sell spread from time to time. If the buy and sell spreads are updated, a notification will be published online at www.vascofm.com.

6. 3. 4. Taxation

Unless otherwise stated, all fees set out in this section are inclusive of the net effect of GST. This includes GST, net of input tax credits or reduced input tax credits as applicable.

For further information on tax, please refer to Section 8 of the PDS.

6. 3. 5. Abnormal Expenses

The Responsible Entity is entitled to be reimbursed from the Fund for abnormal expenses, such as the cost of Unitholder meetings, legal costs of any proceedings involving the Fund and terminating the Fund. Whilst it is not possible to estimate such expenses with certainty, the Responsible Entity anticipates that the events that give rise to such expenses will rarely occur. However, if abnormal expenses are charged, they will be recovered from the Fund's assets when they are incurred.

The indirect costs and ordinary expenses component of management fees and costs set out in the Fees and Costs Summary includes abnormal expenses of $18,480 which is the amount actually incurred by the Fund in respect of abnormal expenses for the financial year ended 30 June 2021 (including reasonable estimates where information was unavailable at the date of this SPDS).

6. 3. 6. Fees for Other Services

The Responsible Entity or a related party of the Responsible Entity may also provide other services to the Fund and/or specific Investment Option or the Fund's Unitholders in the future. Should that occur, the Responsible Entity or a related party of the Responsible Entity will charge fees for those services at commercial market rates for the provision of those services.

6. 3. 7. Changes to Fees and Expenses

The Responsible Entity may change the fees and expenses referred to in this SPDS without the consent of Unitholders. The Responsible Entity will provide at least 30 days' notice to Unitholders of any proposed increase in fees or expense recoveries or introduction of new fees.

6. 3. 8. Waiver and Deferral of Fees

The Responsible Entity may, in its discretion, accept lower fees and expenses than it is entitled to receive, or may agree to defer payment of those fees and expenses for any time. If payment is deferred, then the fee or expense will accrue until paid.

The Investment Manager has agreed to pay the Responsible Entity's fees until such time as these fees are able to be paid from the Fund's assets. The Responsible Entity has agreed to reimburse the Investment Manager any fees paid by it to the Responsible Entity from the Fund's assets at such time when the Fund is able to do so.

All deferred fees and expenses will also be paid upon any retirement or removal of the Responsible Entity.

6. 3. 9. Advice Fees

The Responsible Entity does not pay advice fees.

You may agree with your financial adviser that an initial advice fee will be paid for ongoing financial planning services your financial adviser provides for you in relation to your investment. This advice fee is additional to the fees shown in this section, and is paid to the Australian financial services licensee responsible for your financial adviser (or your financial adviser directly if they are the licensee). It is not paid to the Responsible Entity.

6. 3. 10. Other Payments and Benefits

Your financial adviser may receive payments and/or other benefits from the organisation under which they operate. These payments and benefits are not paid by the Fund.

7. Glossary

Fund	Means Tanggram Investment Fund ARSN 632 672 336.
Investment Option	Investment Options provided by the Fund to Investors with each investment option offering different rights and returns. Each Investment Option is operated as a distinct Unit Class of the Fund under the Fund's Constitution. The rights of Investors in each investment option are set out in an SPDS.
Minimum Term	A period of 6 months from the time an investor is issued Units in Tanggram Spark in which they cannot redeem their Units
Offer	Offer of Units in Tanggram Spark pursuant to this SPDS and the PDS for the Fund.
Tanggram Spark	An Investment Option of the Tanggram Investment Fund.
SPDS	A supplemental product disclosure statement in respect of each Investment Option.

8. Corporate Directory

Responsible Entity
Vasco Trustees Limited (ACN 138 715 009)
Level 4, 99 William Street, Melbourne, VIC 3000, Australia
Telephone: +61 3 8352 7120
Email: info@vasco.com
Website: www.vascofm.com

Administration Manager
Vasco Fund Services Pty Limited ACN 610 512 331
Level 4, 99 William Street, Melbourne, VIC 3000, Australia
Telephone: +61 3 8352 7120
Email: info@vasco.com
Website: www.vascofm.com

Investment Manager
Tanggram Capital Pty Ltd (ACN 630 041 020)
Level 18, 31 Queen Street,Melbourne VIC 3000, Australia
Telephone: +61 1300 099 777
Email: info@tanggram.com
Website: www.tanggram.com

Custodian
Perpetual Corporate Trust Limited (ACN 000 431 827)
Level 18, 123 Pitt Street, Sydney NSW 2000, Australia