

# **INFORMATION MEMORANDUM FOR WHOLESALE INVESTORS**

## **Blossum Wholesale Fund**

### **Blossum Private Wealth Trust Limited**

Version: December 2025



# Investment Eligibility and Warning

Investment in the Fund is available exclusively to investors who are "wholesale investors" as defined in clause 3 of Schedule 1 of the Financial Markets Conduct Act 2013 (FMCA), or persons to whom disclosure is not required under Part 3 of the FMCA.

## Warning

New Zealand law normally requires people who offer financial products to give information to investors before they invest. This requires those offering financial products to have disclosed information that is important for investors to make an informed decision.

The usual rules do not apply to this offer because there is an exclusion for offers where the amount invested upfront by the investor (plus any other investments the investor has already made in the financial products) is NZ\$750,000 or more. As a result of these exclusions, you may not receive a complete and balanced set of information. You will also have fewer other legal protections for this investment.

**Investments of this kind are not suitable for retail investors.**

Ask questions, read all documents carefully, and seek independent financial advice before committing yourself.



# 1. Important Information

The Blossum Wholesale Fund (Fund) is a managed investment scheme governed by a Master Trust Deed dated December 2025 and a Fund Establishment Deed dated December 2025 (together the Governing Documents). Blossum Private Wealth Trust Limited (Blossum, we, us, and our) is the manager of the Fund.

The information provided in this Information Memorandum has been prepared by Blossum and relates to an offer of units in the Fund.

This Information Memorandum contains only a brief description of the Fund and its key terms. It has been prepared solely for information purposes to assist prospective investors in making their own evaluation of the Fund and any subsequent decision to invest. This Information Memorandum does not contain all of the information that a product disclosure statement for retail investors in New Zealand would be required to contain. It is not intended to contain all of the information that an investor may require.

The Governing Documents contain other important provisions that govern the Fund and your investment. We recommend that you carefully consider the Governing Documents, which is available from us.

We have prepared this Information Memorandum without taking into account of your investment objectives, financial situation or needs. In all cases, you should conduct your own independent research and analysis and seek professional advice (including legal and tax advice) before investing.





## Important Information (cont.)

To subscribe for units in the Fund, you must complete an application form. Blossum reserves the right to accept or reject any application at its discretion.

The Fund is not available for investment by retail investors in New Zealand. The Fund is exclusively available for investment by "wholesale investors" under clause 3 of Schedule 1, or persons who do not otherwise require disclosure under Part 3, of the Financial Markets Conduct Act 2013 (FMCA).

Neither Blossum, nor its directors, officers, employees, agents, advisers or any of their associates guarantee the performance of the Fund or any level of returns from the Fund. No representation or warranty is made as to the reasonableness, accuracy, reliability, currency or completeness of any statement in this Information Memorandum, including in relation to any projections or other forward-looking statements.

This Information Memorandum is provided on a strictly confidential basis solely for your information and exclusive use to assess an investment in the Fund and may not be used for any other purpose. This document may not be copied, reproduced, republished, posted, transmitted, distributed, disseminated or disclosed, in whole or in part, to any other person in any way without our prior written consent, which we may withhold in our sole discretion.

# From The CEO

As an investor, you have a choice — and we sincerely thank you for considering Blossum as your investment partner. At Blossum, our purpose is clear: to deliver stable income returns to our investors while providing New Zealand borrowers with the capital they need to grow, transact, and succeed. We specialize exclusively in wholesale mortgage funds and property-secured lending, where every loan is supported by tangible real estate security. Since establishing Blossum, we have built a reputation grounded in strong governance, transparency, and disciplined risk management. All lending is secured by registered first & second mortgages, supported by independent valuations and conservative loan-to-value ratios (portfolio weighted  $\leq 75\%$ ). This disciplined approach ensures investor capital protection remains central to every decision we make. This strategy is designed to deliver a target return of **8.00%** per annum (after fees, before tax), paid to investors through regular monthly distributions.

Our focus is twofold:

- **For investors:** offering transparent, well-managed opportunities that grow and protect wealth.
- **For borrowers:** delivering reliable, flexible finance that unlocks new opportunities and strengthens New Zealand's property and business sectors.

In this Information Memorandum, we invite you to explore our approach, governance, and investment opportunities. We welcome your questions and look forward to demonstrating how Blossum can be your trusted long-term partner in wholesale investing.

Helen Nguyen  
**Managing Director**



## 2. About Blossum

At Blossum, we believe that when New Zealand's businesses thrive, communities thrive alongside them. Our mission is to foster the success and growth of New Zealand SMEs by providing property-secured lending. In doing so, we offer wholesale investors access to transparent and income-generating investment opportunities.

### Our Mission

We seek to empower investors with thoughtfully structured investment options designed to seek to protect and grow wealth, while enabling SMEs to access the capital they need to expand and create economic value.

### Our Vision

We envision a future where investors can seek to build their financial journey through opportunities secured by real assets, guided by disciplined governance, and focused on creating long-term value.



# Our Values



## Commit to the Client

We prioritise clarity, transparency and trustworthy guidance.



## We Before Me

We operate as one team with shared accountability and integrity.



## Own the Keys

We take full ownership across origination, credit assessment, loan servicing and investor reporting.



## Seek Growth

We continuously evolve our processes, technologies and capabilities to deliver better outcomes for investors and borrowers.

## Our Symbol

Our navy-blue and gold flower symbolises enduring growth, resilience and prosperity—representing how Blossum partners with investors and businesses to help their wealth bloom.





### 3. Blossum Wholesale Fund

The Blossum Private Wealth Trust Limited (Trust) was established under a Master Trust Deed dated 25 Sep 2025 (as amended from time to time) and a Trust Establishment Deed dated 25 Sep 2025 supplemental to the Master Trust Deed (as amended from time to time). The Trust was established on the date of its Trust Establishment Deed and will terminate in accordance with the provisions of the Master Trust Deed described below. Pursuant to the Master Trust Deed, the assets and liabilities of each Trust are exclusive to that Trust. The assets of any one trust is not available to meet the liabilities of another.

The Fund is managed by Blossum Private Wealth Trust Limited (Blossum, we, us, and our).

The Trust may invest in a diverse mix of loans or in a single loan. The loans are primarily secured by first and second registered mortgages over land or land and buildings. Generally, these are loans to entities which have been unable to procure financing with the local banks due to being outside of their lending criteria, but are well secured within the loan to value criteria detailed in the Statement of Investment Policy and Objectives attached to this Information Memorandum and provide a return greater than first mortgage floating rates charged by the banks. The Trust will also invest in deposits with registered banks in New Zealand as part of its liquidity management.

We manage the Fund in accordance with the Governing Documents. If you invest in the Fund you agree to be bound by the Governing Documents. The Governing Documents contain other important provisions that govern the Fund and your investment. We recommend that you carefully consider the Governing Documents, which are available from us.

# Key Terms

Feature	Details
Investment Objective	The investment objective of the Fund is to provide investors with an investment return of <b>8% p.a.</b> after fees, before tax (paid monthly). However, this return is not guaranteed, and the actual returns could differ.
Investment Strategy	The Fund is a pooled credit fund that will invest in New Zealand SME loans secured by first or second ranking mortgages or development loans.
Portfolio LVR	Max weighted average: $\leq 75\%$ (across all loans—weighted by their loan size. The overall LVR must remain at or below 75% to ensure a conservatively secured portfolio)



## Key Terms (continued)

<b>Minimum Investment</b>	The Fund requires a minimum initial investment of \$150,000 with the same amount as the minimum ongoing holding.
<b>Minimum Term</b>	Units are subject to a 6-months lock-up period from the date of subscription, during which withdrawals are not permitted. After this period, investors may request redemption of some or all of their units by providing written notice to Blossum. Blossum retains sole discretion to accept or reject any withdrawal request. If a request is accepted, units will be redeemed within 90 days.
<b>Liquidity Reserve</b>	We plan to maintain a sufficient cash balance for liquidity and transactional needs, including distributions, tax payments, and pending loan settlements. Cash and cash equivalents will be held with registered banks. Additionally, we expect to use a mix of short-term deposits (ranging from 30 to 90 days).
<b>Tax</b>	Blossum may elect for the Fund to become a Portfolio Investment Entity (PIE). For a PIE, the amount of tax you pay is based on your prescribed investor rate (PIR). To determine your PIR, we recommend you seek professional advice or contact the Inland Revenue Department, or visit their website. The default rate and highest PIR is currently 28%.

## 4. Why Choose Blossum

### Backing New Zealand's SME Economy

The Fund lends exclusively to New Zealand SMEs — the backbone of the local economy. This supports business growth, employment and productivity while providing investors with exposure to essential, real-economy credit opportunities.

### Property-Backed Security

All loans are secured by real property through first-ranking or, where appropriate, second-ranking mortgages. First mortgages provide stronger priority and more conservative risk, while second mortgages typically offer higher return potential. By blending senior and mezzanine positions within conservative LVR limits, the Fund seeks to achieve an attractive risk-adjusted return while maintaining a strong capital protection buffer.

### Rigorous Credit Assessment

Every loan undergoes in-depth due diligence including serviceability checks, exit strategy validation, valuation review and credit modelling.



## Why Choose Blossum (continued)

### **Liquidity Management**

Strategies are implemented to manage liquidity, including cash reserves, staggered loan maturities, a minimum 6-month lock-in period and 90-day redemption processing. A minimum liquidity floor is retained to meet expected 60-day redemption flows, interest distributions, and approved pipeline funding.

### **Target Monthly Distributions**

Targeted monthly distributions backed by secured lending and disciplined credit selection.

### **Transparency & Governance**

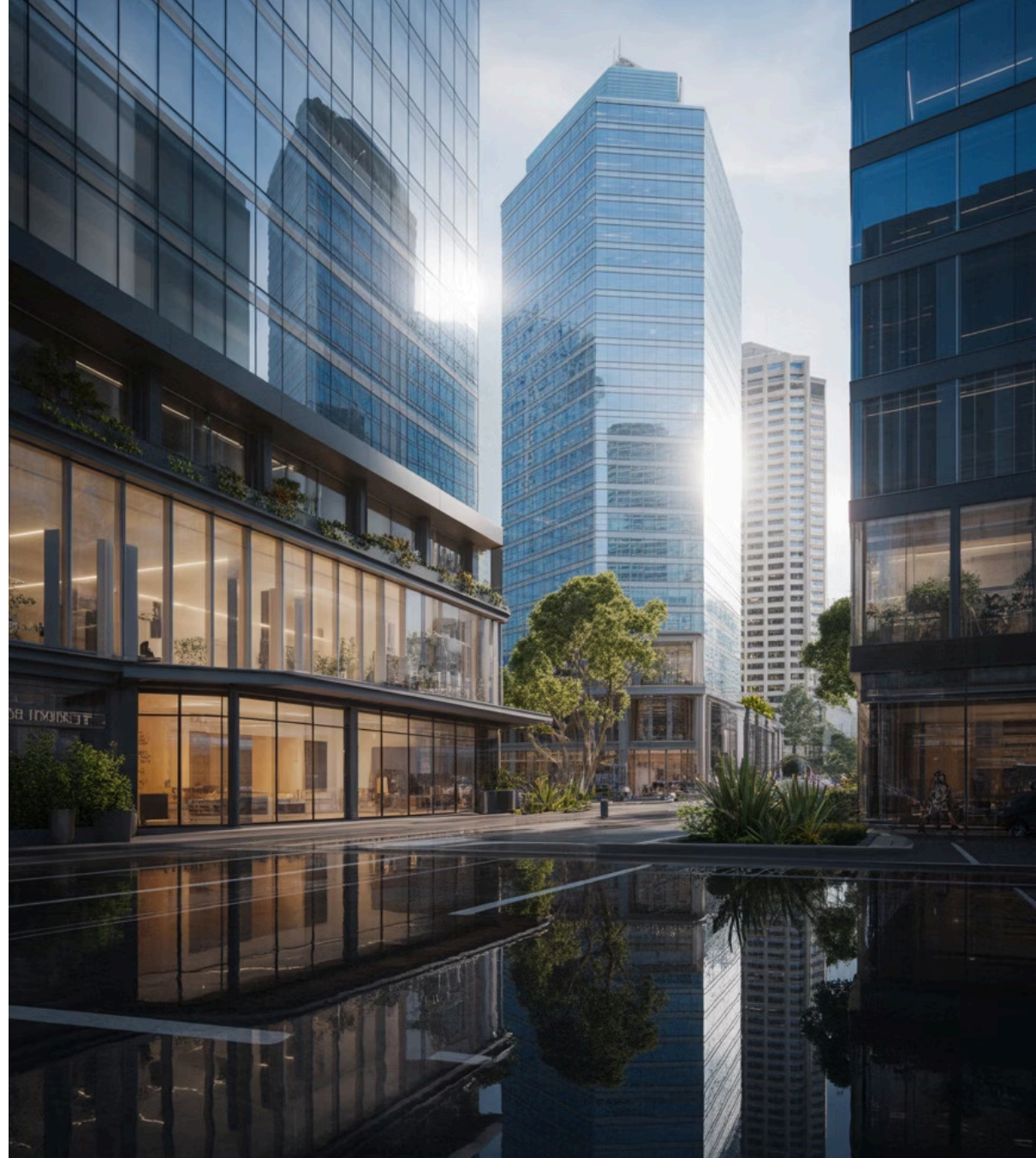
Investors receive regular reporting on portfolio composition, credit quality, arrears and distributions.

# 5. Private Credit Overview

## 5.1 Overview of the Domestic Private Credit Landscape

Private credit has become one of the fastest-growing segments of New Zealand's financial markets. As traditional banks continue to tighten credit availability due to regulatory capital requirements, evolving risk appetites, and internal lending constraints, borrowers—ranging from property developers to business owners and sophisticated investors—are increasingly seeking alternative sources of funding.

For wholesale investors, private credit offers access to secured, income-generating investments, typically backed by real property or other tangible assets. Compared to public fixed-income markets, private credit provides enhanced yields, shorter loan durations, and security structures that can be actively managed throughout the loan lifecycle.





# A Shifting NZ Lending Landscape

New Zealand's registered banks now allocate a more limited share of their balance sheets to non-standard lending, including development funding, bridging finance, non-conforming commercial lending, and situations requiring speed or flexibility. As a result, an "access gap" has emerged, where strong borrowers with adequate security are unable to obtain timely funding even though the underlying asset quality is sound.

Private credit funds such as the Blossum Wholesale Unit Trust help fill this gap by providing secured, well-structured loans that meet the needs of both borrowers and investors.



# Why Private Credit Is Increasingly Attractive to Wholesale Investors

Private credit in New Zealand continues to attract significant inflows due to:

## 1. Attractive Risk-Adjusted Returns

Private credit typically offers higher yields relative to public debt markets due to its bespoke nature, illiquidity premium, and active management requirements. As stated in Blossum's IM, the Scheme targets 8% p.a. after fees (before tax), supported by conservative LVR constraints and secured lending

## 2. Tangible Security and Strong Investor Protections

Most private credit loans are secured against real property, which provides an enforceable asset base if the borrower fails to meet obligations. Blossum's strategy focuses on:

- Registered first and second mortgages over residential, commercial, and development property.
- Independent property valuations
- Conservative loan-to-value ratios (portfolio weighted cap  $\leq 75\%$ ) consistent with the SIPO's lending criteria
- Active oversight, monthly monitoring, and covenant compliance

This security-backed framework helps protect investor capital and reduces volatility relative to uncollateralised credit strategies.

## 3. Low Correlation to Public Markets

Private credit returns are driven by contracted interest payments, not public market sentiment. This makes it a compelling diversification tool, particularly in uncertain economic cycles.





## 4. Growing Borrower Demand Across Multiple Sectors

Borrowers increasingly rely on non-bank lenders for fast, practical, and solutions-oriented finance. Blossum caters to a broad range of lending purposes, including:

- Residential and commercial acquisitions or refinancing
- Short-term bridging loans
- Development and construction funding (with staged drawdowns and milestone monitoring)
- Business and working capital loans secured against property
- Special situations, seasonal industries, or transitional assets

This diversified demand supports robust deal flow and allows the Fund to balance risk across asset classes.

## 5.2 The Blossum Advantage in the Private Credit Market

### 1. A Broader Lending Mandate than Typical SME-Only Funds

While many private credit funds specialise solely in SME lending, Blossum Wholesale Unit Trust adopts a more comprehensive approach, investing across:

- Residential mortgage lending
- Commercial mortgage lending
- Development & construction lending
- Rural property lending
- Business loans secured against property

This diversified strategy is reflected in the SIPO's asset allocation ranges (residential 35–60%, commercial 10–30%, development 10–25%, rural 0–10%)



## 2. Active Management and Credit Discipline

Blossum operates a hands-on credit framework:

01

**Rigorous due diligence and stress testing**

02

**Mandatory independent valuations ( $\leq 90$  days)**

03

**Security only over fee-simple land (no leasehold or cross-lease)**

04

**Caps on single-borrower exposure**

05

**Portfolio concentration review and active rebalancing**

Loans are monitored monthly, with escalation procedures for arrears or covenant breaches. Loan terms are typically 6–12 months, improving the Fund's ability to respond quickly to market conditions.



### 3. Strong Governance and Oversight

The Scheme and its Trusts are administered under a **robust governance structure** that includes:

- Manager & Trustee: Blossum Private Wealth Trust Limited
- Independent Advisory Board providing strategic oversight
- Investment Committee comprising Director, Credit Manager and independent advisor
- Quarterly performance reviews and reporting

This governance framework promotes transparency, accountability, and compliance with FMCA requirements for wholesale schemes.

### 4. Investor Alignment and Capital Protection Focus

Blossum is structured to prioritise stability and capital preservation:

- No consumer lending
- No derivatives
- No leverage at Fund level unless explicitly allowed by Trust documentation (up to 45% GAV for certain Trusts per IM)
- Short-duration, secured lending with clear exit strategies
- Geographic focus on major New Zealand economic regions





## 5.3 The Role of Blossum in New Zealand's Private Credit Ecosystem

Blossum plays an important role in supporting New Zealand's financial and economic ecosystem by:

Providing reliable capital to borrowers who are underserved by banks but hold strong property security

Enhancing capital formation in residential, commercial, and development sectors

Offering wholesale investors access to the private credit with strong governance and transparent monthly distributions

Supporting SMEs and property professionals—key drivers of NZ's economic resilience

Through its diversified lending mandate and disciplined investment approach, Blossum Wholesale Unit Trust aims to deliver consistent income, capital protection, and long-term value for wholesale investors.

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# 6. Investment Overview

## 6.1. Investment Objectives

The Fund's objective is to generate regular income distributions for wholesale investors by investing in a diversified portfolio of short-term, secured loans backed by New Zealand property. The Fund targets a stable return of 8% per annum (after fees, before tax) while prioritising capital preservation through conservative lending, disciplined credit assessment, and active loan monitoring. The Fund aims to maintain prudent diversification across loan types, sectors, and regions to support consistent, risk-adjusted investor outcomes.

## 6.2. Investment Strategy

### Investment Strategy

The Fund's investment strategy is to invest in a diversified portfolio of short-term, secured loans supported by first and second registered mortgages over New Zealand residential, commercial, development and (to a lesser extent) rural property. The strategy is designed to provide investors with stable income distributions while preserving capital through conservative credit selection, diversified exposure, and active loan monitoring.

### 1. Loan Purposes and Borrower Types

Loans may be provided for a range of purposes, including but not limited to:

- Acquisition or refinancing of residential, commercial, industrial, or rural property
- Short-term bridging finance
- Working capital for business purposes where security is taken over real property
- Property development
- Transitional financing (e.g., residual stock, seasonal turnover, or liquidity gaps)

Borrowers may include property investors, developers, operating businesses, and high-net-worth individuals, provided that all lending is secured over acceptable real property assets and satisfies the Fund's lending criteria.

## Portfolio and Geographic Focus

The Fund aims to maintain a well-diversified credit portfolio across property sectors and regions. While lending is nationwide, the Fund generally expects a concentration in New Zealand's major economic centres such as Auckland, Waikato, Bay of Plenty, Wellington, and Canterbury, with selective exposure to strong regional markets. All assets, income, and reporting are denominated in NZD.

### 3. Loan Term, Structure and Drawdowns

Loan terms are typically 12 months, with extensions of up to 24 months at the Manager's discretion.

## 4. Investment Method

It is currently envisaged that the Fund will primarily invest in loans directly originated by Blossum.

However, the Fund may also:

- Invest through other managed investment schemes or funding structures
- Participate in syndicated lending with other lenders
- Co-lend alongside associated entities or external funders, provided all lending complies with the SIPO and FMCA wholesale investor requirements





## 5. Diversification Limits

To support prudent risk management, the Fund will monitor and manage concentrations across borrower groups, sectors, and security types. As a guiding principle:

- No more than 5% of the Fund's assets (by value) will be secured against any single mortgage or advanced to any one borrower or related group of borrowers after the Fund's first 12 months of operation.
- Actual exposures may vary due to loan repayments, market conditions, and lending opportunities; temporary deviations that are actively managed are not treated as SIPO breaches.



# 6.3. Typical Asset Allocation Ranges

Asset Class	Benchmark	Strategic Range*	Rationale
Cash (on-call)	10%	0 – 10%	For distributions, redemptions, and working capital needs.
Term deposits ≤ 11 months	5%	0 – 10%	Liquidity buffer providing short-term yield enhancement.
Residential mortgage loans	40%	35 – 60%	Core lending activity backed by residential property; focus on strong equity positions and borrower quality.
Commercial mortgage loans	20%	10 – 30%	Higher yield secured lending backed by tangible commercial real estate.
Development and construction lending	20%	10 – 25%	Controlled exposure to residential or mixed-use development and construction projects, with staged drawdowns and milestone-based monitoring.
Rural mortgage loans	5%	0 – 10%	Provides diversification across land use and borrower base.

*\*Strategic ranges reflect allowable variation; temporary deviations outside these ranges are not considered a breach if justified and promptly managed.*

Because these are typical ranges only, there may be times when the Fund's exposure to particular sectors is more or less than the percentages set out above. That is not a breach of this SIPO.

## 6.4. Lending and Management Process

The Manager follows a disciplined and transparent lending process designed to ensure credit quality, capital protection, and consistent investor returns. The process covers four key stages: Loan Origination, Due Diligence, Committee Approval, and Loan Management.

### Loan Origination

Potential lending opportunities are sourced through Blossum's established origination channels, including:

- Internal Business Development Managers
- Accredited mortgage advisers and broker networks
- Professional advisers (accountants, lawyers, SME consultants)
- Direct SME borrower relationships

Each prospective loan is screened to ensure it aligns with the Fund's lending parameters, including:

- Acceptable security (registered mortgage over fee-simple land)
- Compliance with LVR limits (as per SIPO)
- Loan purpose suitability (acquisition, bridging, development, working capital secured by property)
- Clear repayment or exit strategy

Only opportunities consistent with the Fund's mandate proceed to credit assessment.

# Credit Assessment and Due Diligence

Each eligible proposal undergoes a structured credit assessment led by the Credit Manager and Investment Team. The assessment includes, as relevant:

## Business & Financial Analysis

- Historic and projected financials
- Cashflow stability and seasonality
- Debt serviceability and coverage ratios
- Borrower governance and operational capability

## Security & Valuation Review

- Valuation by independent registered valuer
- Property title review, mortgage (or security) ranking confirmation, PPSR checks
- Security type (first mortgage, second mortgage, GSA)
- Stress-tested LVR scenarios

## Loan Structure & Exit Strategy

- Assessment of borrower's repayment pathway
- Sensitivity analysis on business conditions
- Conditions precedent and mitigants

## Legal & Compliance Review

- AML/CFT verification
- Borrower identity, ownership and corporate structure
- Verification of loan purpose for AIP Growth Category compliance

## Credit Approval and Governance Oversight

All lending proposals are reviewed and signed off by the Director in accordance with the Fund's delegated authority and lending policy.

- The Credit Manager and the Director ensure each loan complies with Blossum's credit criteria, including acceptable security, LVR limits, and borrower serviceability.
- The Investment Committee, comprising the Director, Credit Manager, and an independent advisor with credit and legal expertise, meets quarterly to review the loan book and portfolio performance.
- The Committee's role is to ensure that credit assessments remain consistent with the Fund's lending policy, market conditions, and risk appetite, and that the overall quality of the loan portfolio is maintained.
- Any emerging risks, arrears, or policy updates are discussed and documented to support continuous improvement in lending governance.

## Loan Management and Monitoring

After settlement, each loan is actively managed throughout its term.

- Borrower performance, repayment schedules, and covenant compliance are monitored monthly.
- The Operations Team maintains loan servicing, interest collection, and investor distribution processes through Blossum's digital investment portal.
- The Investment Committee receives periodic portfolio and risk reports, including any arrears, extensions, or potential impairments.
- Independent external audits and compliance reviews are conducted annually to ensure adherence to internal policies and regulatory obligations.

In the event of arrears or default, the Fund exercises its rights under the security documents to protect investors' interests, including appointing receivers or pursuing mortgagee sale where necessary.





## 7. How the Fund Works

The Blossum Wholesale Fund is a New Zealand wholesale managed investment scheme governed by the Governing Documents. The Fund is limited to wholesale investors.

### 7.1 Minimum Investment

**\$150,000**

**Minimum initial investment**

**\$150,000**

**Minimum ongoing holding**

(unless otherwise approved by Blossum)

Additional investments may be accepted at our discretion.

## 7.2 Units

When you invest in the Fund, you will be issued units with a value equal to your investment.

Your investment is pooled together with those of other investors and managed by us as detailed in this Information Memorandum. The units you are issued represent your interest in the Fund. However, they do not give you a direct interest in any specific investments made by the Fund.

Units are issued and redeemed at a price based on the Fund's Net Asset Value (NAV) per unit. NAV is calculated as (in summary):

**Total assets – liabilities – accrued expenses – taxes (if any)**

NAV reflects:

- Cash balances
- Loan values (at amortised cost unless impaired)
- Accrued interest
- Provisioning (if applied)
- Fees and expenses

Unit price is generally calculated monthly, unless otherwise determined by us.



## 7.3 Distributions

**The Fund aims to make monthly income distributions** to investors.

Distributions represent (in summary):

- Interest income received
- Less Fund fees, expenses, tax, and any provisioning adjustments

Distribution amounts vary month to month and are paid directly to the investor's nominated bank account.





## 7.4 Withdrawals

Each investment must be invested in the Fund for a minimum of 12 months. Units cannot be withdrawn during this initial lock-in period. After this period, investors may request redemption of some or all of their units by providing written notice to Blossum. Blossum retains sole discretion to accept or reject any withdrawal request. If a request is accepted, units will be redeemed within 90 days.

### Key terms:

- The minimum withdrawal amount is \$10,000 (unless withdrawing entire balance).
- Withdrawals are processed based on the NAV calculated on the relevant valuation day.
- Withdrawal proceeds will be paid within 90 days of acceptance.

### Deferral Rights

We may also defer withdrawals where:

- Withdrawal requests exceed 5% of Fund units within a 3-month period, or
- It is considered in the best interests of all investors to delay redemptions to maintain liquidity and stability.

### Suspension

We may also suspend withdrawals during:

- Market disruption events
- Economic or political instability impacting asset values
- Situations where processing withdrawals may disadvantage remaining investors

Investors will be notified if a deferral or suspension is applied.





## Compulsory Redemption

- 📄 In addition, we may compulsorily redeem some or all of your investment if:
- we consider it is necessary or desirable for the Fund to obtain or maintain PIE status;
  - we are required to do so to comply with applicable laws;
  - your holding falls below the minimum amount (currently \$500,000).

# 8. Fees & Charges

## 8.1. Management Fee

We charge a management fee of **2.00% per annum** of the Fund's gross asset value (plus GST if any). This fee is calculated and paid to us monthly in arrears. We do not charge a performance fee.

## 8.2 Other Fees

In addition to management fees payable from the Fund, we are paid fees by borrowers from the Fund. This may include loan establishment fees, origination fees, brokerage fees, loan rollover fees and application fees. These fees are charged to borrowers.

## 8.3 Fund Expenses

All costs and expenses associated with operating the Fund are charged to the Fund, or recovered by us from the Fund.

The Fund may incur a range of costs, such as audit and legal fees, bank charges, professional services, and investment-related costs, including fees payable to Blossum in relation to enforcement.

## 8.4 No Entry or Exit Fees for Investors

The Fund does not currently charge any subscription/entry fee or withdrawal/exit fee.

All fees are subject to change.

Details of the current fees at any time are available from us.

We may waive some of our fees, or choose not to recover some expenses.

# 9. Governance & Blossum Team

The Fund operates under a robust governance framework designed to ensure prudent management, transparency, and compliance with both the FMCA and requirements of the SIPO.

## 9.1. Governance Structure

### Advisory Board

The Fund is supported by an independent Advisory Board comprising experienced professionals in investment management, property finance, and corporate governance. The Advisory Board provides strategic oversight, advises on macro-level risk management, and reviews the Fund's compliance with its investment policy and legal obligations. It meets quarterly and reports to the Manager's Board on governance, performance, and market developments.

### Investment Committee

The Investment Committee is a 3-member committee comprising the Director of the Manager, Credit Manager, and an independent adviser. The Investment Committee's role is to ensure prudent investment management. It operates under a charter and is responsible for overseeing key aspects of the Fund's investment activities on a quarterly basis.

Its responsibilities include:

- quarterly review of loan book and portfolio performance to ensure alignment with the Fund's investment criteria, risk parameters, and return objectives;
- monitoring loan performance and portfolio diversification to manage risks and optimize returns.

### Manager and Trustee

Blossum Private Wealth Trust Limited acts as both the Manager and Trustee of the Fund, responsible for daily management and regulatory compliance. The Manager maintains full accountability for investment execution, financial reporting, and investor communication.

## Reporting and Compliance

The Manager provides quarterly reports to the Advisory Board and investors within 10 business days of the end of each quarter covering portfolio performance.

# Governance Leadership

## Advisory Board

### David Wallace

The Fund is supported by an independent Advisory Board comprising experienced professionals in investment management, property finance, and corporate governance. The Advisory Board provides strategic oversight, advises on macro-level risk management, and reviews the Fund's compliance with its investment policy and legal obligations. The Advisory Board meets quarterly and reports to the board of Blossum on governance, performance, and market developments.

## Investment Committee

- David Wallace - Independent Board Advisor
- Helen Nguyen – Managing Director
- Monika Nadan – Credit Manager

The Investment Committee's role is to ensure prudent investment management. It operates under a committee charter and is responsible for overseeing key aspects of the Fund's investment activities. Its responsibilities include:

- quarterly review of loan book and portfolio performance to ensure alignment with the Fund's investment criteria, risk parameters, and return objectives;
- monitoring loan performance and portfolio diversification to manage risks and optimise returns.





# 10. Key Risks

## All investments carry risks.

This section outlines key risks that Blossum considers relevant to an investment in the Fund. These include both general and specific risks that could result in lower-than-expected returns or a loss of capital. This is not an exhaustive list of all possible risks.

While the Fund's strategy seeks to reduce risk through its lending and loan management policies, risks cannot be completely eliminated.

The principal risks include:

## Borrower Risk

The Trust includes a number of conditions in the loans and security documentation that borrowers must fulfil including, but not limited to payment of interest and principal, maintaining loan to value requirements and reporting requirements. Should the borrower not fulfil all the conditions outlined in the loan or security documents then the Trust may consider it in default and is able to enforce its security. As part of the Manager's due diligence, we consider the borrower's ability to meet the conditions. However, in the event of change in circumstances the borrower may default on its obligations. Should the borrower default then the Manager will rely on its security to be repaid, but there is a risk that the full amount owed may not be recovered by the Manager.

## Market Risk and Interest Rate Risk

Economic changes (including, but not limited to, inflation, recession, or changes in monetary policy), natural disasters, regulatory conditions (for example, changes in the law), and political events can all materially affect returns on investments and market conditions. Changes in market interest rates (whether they rise or fall) may affect returns on reinvested capital and the value of investments, potentially resulting in reduced yields for investors. Rising interest rates may also increase borrowing costs and potentially lead to decreased property values. Borrowers may also delay property acquisitions, development, or refinancing, reducing Blossum's pipeline of new lending opportunities. Conservative credit conditions across the market may lower competition but also limit overall deal flow, which could adversely affect the ability to deploy capital at desired rates of return. Market conditions may also impact the credit quality of borrowers and their ability to service their debt obligations.

## Asset class risk

The assets of the Trust are mortgages secured over various classes of property being residential, commercial and bare land. Each category of land has its own characteristics that leads to its value and ability to either service its debt, or be sold or refinanced. The Trust also holds term deposits and cash. The Trust predominantly invests in New Zealand property, thereby concentrating its exposure primarily in a single asset class.

## Country Risk

The Trust only provides loans secured against properties in New Zealand. Should an event occur in New Zealand that has a negative impact on property prices or borrowers' ability to repay their lending this could have a high impact on the return on the Trust.

## Operational & Key Person Risk

- The Trust may be exposed to operational risks that result from external events or failure of internal processes, people and systems. These risks include the potential of fraud, technology failure, human error and non-compliance with regulatory obligations, privacy risk and external events outside of the control of the Manager.
- Changes to our board and management team may have an impact on your investment in the Trust. Our ability to provide management services to the Trust is linked to these key personnel. Should one or more of them leave employment with us, it could affect the performance of the Trust and the performance of the Trust's investments.

## **Regulatory & Tax Risk**

Your investment, and any returns you receive may be subject to the tax laws of New Zealand and other jurisdictions. We do not provide any tax advice. You are solely responsible for understanding how your activities in relation to the investments will be taxed under the laws applicable to you.

Changes in any law (including tax laws), regulation or government policy in New Zealand could have an impact on the performance of your investment.

## **Cybersecurity Risk**

This is the risk of fraud, business disruption, data loss or damage to the information of the Trust or to investors' personal information as a result of a threat or failure to protect the information or personal data stored within the IT system and networks of the Manager or other service providers (including agents or counterparties). This may result in a temporary disruption of service, including the Manager's ability to process application and redemption requests.

## **Concentration Risk**

The assets of the Trust should be invested in line with its benchmark asset allocation and new lending approvals will take these allocations into account. However, the allocation to each asset class will vary over time within the ranges set, primarily due to changes in market conditions and lending opportunities. Given the relatively illiquid nature of mortgage loans, management of new lending and loan repayments are the primary mechanisms for ensuring that the loan asset allocation is maintained broadly in line with the benchmark asset allocation weightings for each asset class. The Manager has less control over repayments, as borrowers have the right to repay loans at any time.

## **Liquidity Risk**

The mandatory six-month lock-up period from the date of issue of the relevant Units will impact your investment by restricting access to your funds, potentially posing liquidity challenges. During this time, you will be exposed to market fluctuations, management changes, and currency risks without the ability to adjust your position. After the lock-up period ends, standard redemption procedures will apply as detailed in Section 7(b) of this document

# Risk management

The Manager has a combination of strategies that it uses to ensure it has a good understanding of the risks around each property it lends against and takes security over. The Manager has detailed policies that cover Credit Lending, Liquidity, Anti Money Laundering and IT Security. Each loan is reviewed in accordance with the Credit Policy and utilises independent experts in valuation, law, and real estate to help ensure loans are well secured over property. Loans are monitored and reviewed regularly.

The above risk management strategies may reduce, but are unlikely to completely remove, the chance of losses which, in turn, can result in reductions in returns to Unitholders.

No person, including the Manager or its respective board member(s), director(s), advisers, employees, and shareholders guarantees the performance of the Trust, any particular rate of return, or the return of a Unitholder's capital. Your investment in the Trust is not secured against any particular asset or any particular group of assets.



# 11. Taxation

The amount of tax you pay is based on your individual tax obligations as determined by your personal tax circumstances. We recommend you seek professional advice or contact the Inland Revenue Department, or visit their website [www.ird.govt.nz](http://www.ird.govt.nz).

The Manager may elect the Fund to become a Portfolio Investment Entity (PIE).

For a PIE, the amount of tax you pay is based on your prescribed investor rate (PIR). To determine your PIR, we recommend you seek professional advice or contact the Inland Revenue Department, or visit their website [www.ird.govt.nz/pir](http://www.ird.govt.nz/pir). It is your responsibility to tell the Manager your PIR when you invest or if your PIR changes. If you do not tell the Manager, a default rate may be applied. The default rate and highest PIR is currently 28%.

If you advise the correct PIR, the Manager will pay tax on your behalf at this rate, and depending on your circumstances this could mean that you will not be required to include the PIE income in your personal income tax return or pay any further tax on the PIE income. If the rate applied to your PIE income is lower than your correct PIR, you will be required to pay any tax shortfall as part of the income tax year-end process. If the rate applied to your PIE income is higher than your PIR any tax over-withheld will be used to reduce any income tax liability you may have for the tax year and any remaining amount will be refunded to you.

The Manager will calculate any tax payable on your investment and will pay this to the IRD on your behalf. They do this by cancelling units in your account. Tax may also be calculated when you withdraw some or all of your investment.



## 13. How to invest in the Fund

If you want to invest in the Fund, please complete an application form and return it to us, together with the supporting documents referred to in the form. This includes a wholesale safe harbour certificate – your application will not be accepted unless we are satisfied that you qualify as a wholesale investor. To receive an application form, please contact the Blossum team directly

We would be delighted to answer any questions you have about the Fund.

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