



INVESTMENT OPTIONS LIST BLOOM CLIMATE IMPACT FUND

DATED: 07 March 2022

Bloom Climate Impact Fund (**Fund**)
ARSN: 656 971 881

 bloom-impact.com

 info@bloom-impact.com

 **1800 958 102**

RESPONSIBLE ENTITY

Melbourne Securities Corporation Limited

ACN 160 326 545

AFSL 428 289

Level 2, 395 Collins Street,
Melbourne VIC 3000
1300 798 790

MANAGER AND ADMINISTRATOR

Cache Investment Management Pty Ltd

ACN 624 306 430

AFSL 514 360

2 / 6 James Street,
Manly NSW 2095
1300 122 243

BLOOM

Bloom Impact Investment Services Pty Ltd

ACN 651 965 098

AR 001294778

23 Halford St,
Newstead QLD 4006
1800 958 102

IMPORTANT INFORMATION

This investment options list (**Investment Options List**) is issued by Melbourne Securities Corporation Limited (ACN 160 326 545, AFSL 428289) (**MSC, Trustee**). It forms part of, and should be read in conjunction with, the primary Product Disclosure Statement (**PDS**) for the Fund. You should also read the Additional Information Document (**AID**) (both available at www.bloom-impact.com/terms), which also forms part of the PDS.

You should consider the information in the PDS (including the AID and this Investment Options List) and obtain financial advice tailored to your personal circumstances when making a decision about the Fund. The information in this Investment Options List is general information only, is not financial product advice and does not take account of your personal financial situation or needs.

Information in this Investment Options List may change from time to time. Where a change is not materially adverse to investors, it may be updated via a notification at bloom-impact.com. You can ask Bloom to provide a digital copy of any updated information, free of charge, at info@bloom-impact.com

TABLE OF CONTENTS

| TOPIC | PAGE |
|---------------------------------------|------|
| 1 Bloom Climate Impact Fund | 2 |
| 2 Transactional and operational costs | 5 |

This document describes the Investment Options that may be available to investors from time to time. There is currently a single Investment Option available, although additional Investment Options may be added in future. Investors will not necessarily always have access to all of the Investment Options. Additional Investment Options may be made available in the future. To see which Investment Options are currently available for investment, please see the Bloom Impact Investment Mobile App (**App**). The App is not incorporated by reference into, and otherwise does not form part of, this document or the PDS.

1. INVESTMENT OPTIONS

The Fund has a single Investment Option that is governed by a distinct investment objective and investment strategy. This investment objective and investment strategy is underpinned by a philosophy seeking to create an impact through 'climate investing'. Bloom, as sub-investment manager, uses a screening framework to identify companies and projects (and ultimately the corresponding securities) that are consistent with the Fund's philosophy.

Bloom invests to create a positive climate impact and accelerate the world's transition to a cleaner future while striving to generate financial returns for its investors. To determine the investable universe of the Fund, Bloom uses a positive screening framework to identify and select 'Climate Solutions'. Climate Solutions are assets and companies that have been scientifically proven to help reduce the emission of greenhouse gas levels in the atmosphere (including but not limited to CO₂) and reach net-zero emissions.

This may include clean energy, electric vehicles, energy storage, waste reduction, telepresence, recycling and public transit. Bloom's framework relies on climate research produced from independent organisations who model and investigate new solutions to limit global warming. Consequently, each investment is aligned with a focus area Bloom considers is recommended by the following climate-transition models:

- ClimateWorks' Pathways to Decarbonisation for Australia (for Australian investments); and
- Project Drawdown Climate Solutions (for international investments).

As the world's understanding of climate change evolves and new solutions and technology are developed, it is intended that the investment strategy will evolve to adapt to these new developments to ensure it remains relevant and impactful. The positive screening framework in respect of the investable universe will be reviewed annually to ensure the strategy is aligned with the leading climate science available.

Bloom will monitor and review adherence to the approved investment universe. The universe will be updated quarterly and compliance against the universe will be reviewed at the end of each quarter. Where Bloom identifies that any investment no longer falls within the investable universe, these assets will be liquidated in the following quarter.

A process is also used to select securities from the investable universe, including a value approach where high-quality securities trading below their intrinsic value are identified,

assessment for compliance with the investment mandate, and a ranking of potential investments based on the following criteria:

- Does the asset/company have growing revenues and growing profits or cashflows?
- Does Bloom understand the assets or companies?
- Is the asset/company's business experiencing conditions that will increase or inhibit its growth potential?
- Is the company appropriately priced for its business quality with defensible barriers to entry?
- Is the total debt acceptable, compared to free cash flow or equity?
- Is the business profitable? And does Bloom have good visibility on its profitability?
- If not profitable, does the business generate positive cash flows?
- If cashflow is negative, does Bloom have high conviction it will be cashflow positive within 12 to 24 months?
- Does Bloom trust the management team?
- Does Bloom understand the main risks in the asset/business?
- At what prices does Bloom reassess the investment? Full valuation price? And stop loss price?
- Does the asset/company have risk mitigants in place?
- What is the catalyst(s) for a change in asset value?
- Does Bloom know the events that would cause a liquidation the investment?

A negative screening process for labour standards and environmental, social and ethical considerations will also be applied by Bloom to those securities within the investable universe, by which Bloom will seek to avoid the investment of the Fund's assets in the following activities:

- fossil fuels – including coal, gas & oil;
- junk food – removes companies which earn more than 33% of its revenues from production, distribution or sale of junk foods and high calorie drinks;
- sanctity of life – removes companies that earn direct revenues or activity exposed to embryonic stem cell research, or pregnancy termination services;

- gambling;
- tobacco;
- armaments and militarism, support for regressive regimes or operations in countries of concern;
- nuclear and uranium;
- old growth forest logging;
- live animal export and animal cruelty;
- slave labour, poor or unsafe labour standards or working conditions;
- corruption or bribery;
- unsustainable agriculture;
- environmental destruction (including the destroying or wasting of resources);
- polluting and carbon intensive activities;
- social harm;
- harmful financing (the financing or support of activities that cause environmental or social harm);
- poor corporate governance; and
- offshore detention of asylum seekers.

The portfolio of assets will be updated quarterly, where Bloom will ensure that investments adhere to the ESG negative screens. If an asset is found to be inconsistent with the ESG negative screens, it will be disposed of. The timeframe for disposal will be on a case-by-case basis.

The Investment Option will provide a multi-asset exposure through growth and defensive assets with a strategic asset allocation as follows:

| EXPOSURE TYPE | ASSET CLASS | ASSET TYPE | TARGET ALLOCATION* | TARGET RANGE* |
|---------------|-------------------------|---|--------------------|---------------|
| Growth | Australian shares | Listed stocks and ETFs Unlisted infrastructure entities / projects | 80% | 70 – 90% |
| | International shares | | | |
| | Infrastructure | | | |
| | Alternatives | | | |
| Defensive | Fixed income | Listed bonds or debt securities Unlisted bonds, debt securities and loan platforms | 20% | 10 – 35% |
| | Cash or cash equivalent | Cash (Australian or foreign currency) | | |

*Expressed as a percentage of the gross value of the Investment Option.

Detailed information about the Investment Option is set out below.

BLOOM CLIMATE IMPACT FUND – PRODUCT INFORMATION

Product summary This Investment Option provides exposure to a multi-asset portfolio of listed and unlisted shares, ETFs, listed and unlisted fixed income securities and debt instruments, as well as wholesale investment vehicles in accordance with the investment objective. The securities will either be listed on major global exchanges or will be unlisted securities domiciled in Australia, New Zealand, United States of America or Europe. Cash or cash equivalents will also be held for liquidity.

Investment return objective To provide returns in excess of the composite benchmark based on the underlying strategic asset allocation before fees, expenses and taxes. Actual returns and volatility of the Investment Option may differ from expectations and may deviate from return objectives over short periods of time. As such, performance will be measured over longer investment cycles.

| ASSET CLASS | BENCHMARK | STRATEGIC ASSET ALLOCATION (of the gross value of the investment option) |
|-------------------------|--|---|
| Australian shares | S&P/ASX 300 Total Return Index | 14% |
| International shares | MSCI World ex-Australia Total Return Index in AUD (Unhedged) | 54% |
| Infrastructure | MSCI Australia Infrastructure Index | 5% |
| Alternative | 25% MSCI World ex-Australia Total Return Index in AUD (hedged) + 25% MSCI World ex-Australia Total Return Index in AUD (Unhedged) + 50% Bloomberg Global Aggregate TR Hedged AUD | 7% |
| Fixed income | Bloomberg Ausbond Composite 0+ Years Total Returns Index | 18% |
| Cash or cash equivalent | Bloomberg Ausbond Bank Bill Index | 2% |

Investor profile The Investment Option may suit an investor seeking investments aligned with positive climate solution goals which seek to achieve a total return through various combinations of capital growth and income over the long term by gaining exposure to a multi-asset portfolio.
The Investment Option is considered to be high risk. The minimum suggested investment timeframe for this Investment Option is 7 years.

Investment strategy The Investment Option will seek to promote positive climate solutions, by investing in companies and projects that Bloom consider to help reduce the emission of greenhouse gas levels in the atmosphere (including but not limited to CO₂) and reach net-zero emissions. The investment strategy is underpinned by a rules-based approach, driven by the SAA, which in turn is supported by a TAA. The SAA provides a framework around how securities in the Investment Option will be allocated, whilst the TAA seeks to take advantage of specific opportunities in the market. The Investment Option will, in line with the investment strategy, be made up of growth and defensive securities comprising of listed and unlisted securities, single shares, ETFs and fixed income instruments (bonds, debt or loan securities) and cash and cash-like investments.

Minimum suggested investment time frame 7 years

Risk level* High risk

* For information about risk levels, please go to section 3 of the AID ('Additional risks').
For more information about fees and costs, please go to section 5 of the AID 'Fees and costs'.

BLOOM CLIMATE IMPACT FUND – ASSET ALLOCATION (of the gross value of the Investment Option)

| | | |
|-------------------------|-----|------------|
| Australian shares | 14% | [9 – 19%] |
| International shares | 54% | [49 – 59%] |
| Infrastructure | 5% | [0 – 10%] |
| Alternative | 7% | [0 – 12%] |
| Fixed income | 18% | [10 – 25%] |
| Cash or cash equivalent | 2% | [0% – 10%] |

BLOOM CLIMATE IMPACT FUND – ESTIMATED COSTS

| | |
|----------------------|---|
| Indirect costs | 0.37% p.a. of the net trust value of the Fund |
| Recoverable expenses | Nil |
| Buy/sell spread* | ±0.25% |

* This sets out the estimated buy/sell spread incurred in relation to the relevant Investment Option.
For the amounts recovered from investors as the buy/sell spread on unit prices, see page 6.

2. TRANSACTIONAL AND OPERATIONAL COSTS

| | GROSS TRANSACTIONAL AND OPERATIONAL COSTS* | BUY/SELL SPREAD RECOVERY* | NET TRANSACTIONAL AND OPERATIONAL COSTS* |
|----------------------------------|--|---------------------------|--|
| Bloom Climate Impact Fund | 0.72% | 0.48% | 0.24% |

* All figures are expressed as a percentage of the net trust value of the Fund.
For more information about fees and costs, please go to section 5 of the AID 'Fees and costs'.