



IOOF Pursuit fact sheet 104

More about risks with allocated pensions

All investments carry risk. There are risks involved with investing in allocated pensions as well as specific risks that may arise with your chosen investment option(s).

Risks when investing in allocated pensions

- Your investment may not be sufficiently diversified if you do not spread your selection of investment option(s) across different asset classes, sectors, managers and styles.
- In the case of an investment in a restricted investment, your ability to make a lump sum withdrawal from that restricted investment may be delayed, reduced or unavailable until sufficient assets from that investment can be redeemed to fund the withdrawal. Similarly, depending upon the amount of pension required, pension payments may be delayed, reduced or unavailable until sufficient assets from that restricted investment can be redeemed to fund the pension payment.
- System failures may cause a delay in the processing of transactions to your account (or with investment managers).
- There may be a delay in purchasing or redeeming your investments if we do not receive a properly completed and authorised instruction from you.
- Delays may occur where minimum investment or withdrawal limits are imposed by investment managers.
- Economic conditions, interest rates and inflation may cause adverse investment returns.
- Changes can occur in super, taxation or other law that may adversely affect your investment (such as, they may affect your ability to access your investment). These changes may also affect the operation of your pension product or of any investment option(s) into which you invest.
- The Trustee could be replaced or the Fund could be wound up. There is also a risk that we will not carry out our duties as Trustee properly. To minimise this risk we have implemented a number of risk management strategies and corporate governance policies and procedures to assist us to meet our obligations. As Trustee, we are always required to act in the best interests of members.
- You may not receive the level of income for the whole of the period that you want as annual pension payments are not guaranteed (payments are based on the value of your pension account, which reflects the ongoing fluctuating value of your investment portfolio and payments will cease when your pension account is exhausted).
- Pension payments are subject to Commonwealth Government retirement income payment rules that control the amount of income that must be received from each pension account irrespective of investment returns.
- Where you have selected the transition to retirement pension option, access to your capital is restricted under Commonwealth Government regulations until you satisfy a condition of release.

Risks that may affect your investment options

Type of risk	Explanation
Market risk	Investment returns are influenced by the performance of the market overall. Unexpected changes in conditions (such as economic, technological or political developments) can have a negative impact on the returns of all investments within a particular market.
Company or security-specific risk	Within each asset class, company or security-specific risk refers to the many risks that can affect the value of a specific security (or share).
Currency risk	Investments in international markets can be exposed to changes in exchange rates. If foreign currencies fall in value relative to the Australian dollar, they have an adverse impact on investment returns from investments denominated in those countries.
Liquidity risk	Liquidity risk is the risk that a particular investment will not be able to be converted into cash or disposed of at market value.
Derivatives and gearing risk	Underlying managed funds may use derivatives and gearing (borrowing). The value of derivatives is linked to the value of the underlying assets and can be highly volatile. Gains and losses from derivative and geared transactions can be substantial.
Credit risk	Credit risk is the risk that a party to a contract will fail to perform its contractual obligations resulting in a financial loss.
Investment manager risk	Each managed fund investment option has one or more investment managers to manage the investments. There is a risk that the investment manager may not perform to our expectations, meet its stated objectives or under-perform as compared to other investment managers.

General advice warning

The information contained in this fact sheet:

- does not and is not intended to contain any recommendations, statements of opinion or advice
- is of a general nature only and does not take into account your individual objectives, financial situation or needs.

You should consider the appropriateness of this information having regard to your objectives, financial situation and needs and you may want to seek advice before deciding whether to acquire this product.

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