



Pursuit Core Investment Service Supplementary Investor Directed Portfolio Service Guide

Dated: 31 March 2011

Issuer: IOOF Investment Management Limited ABN 53 006 695 021, AFSL 230524, as Service Operator of the Pursuit Core Investment Service.

This Supplementary Investor Directed Portfolio Service Guide (**SIDPS Guide**) supplements and updates information contained in the Pursuit Core Investment Service Investor Directed Portfolio Service Guide dated 1 September 2009 (**IDPS Guide**) and is to be read in conjunction with the IDPS Guide. All terms in this SIDPS Guide have the same meaning as in the IDPS Guide.

The purpose of this SIDPS Guide is to update the IDPS Guide to disclose information about:

- Pursuit Core investors now having access to a retail insurance product
- transferring external assets into your account.

Access to a Retail Insurance Product

At the end of 'Section 2 – How does the Pursuit Core Investment Service work?' on page 10 of the IDPS Guide, insert the following:

'Retail Insurance

The Pursuit Core Investment Service offers you competitive insurance options to protect your income and provide for your family or dependants if you unexpectedly get sick, injured or die.

Insurer

Retail insurance cover issued by TOWER Australia Limited ABN 70 050 109 450 AFSL 237848 (**the Insurer**) is now available to investors. For investors who may be interested in acquiring retail insurance cover, please consider the TOWER Accelerated Protection Product Disclosure Statement, which can be obtained from our website (www.ioof.com.au), through your financial adviser or by calling our client services team on 1800 062 963.

Please note: The TOWER Accelerated Protection cover is an individual insurance product issued separately by the Insurer and is not an IOOF product.

Insurance options

Under the Accelerated Protection Policy you can select from the following retail insurance options (subject to meeting eligibility requirements and underwriting):

- Life Insurance.
- Total & Permanent Disability (**TPD**) Insurance.
- Income Protection.
- Critical Illness Insurance.
- Business Expense Insurance.

Insurance premiums

Premiums for retail insurance cover are deducted from your Cash Account and vary according to the type and amount of insurance cover you select.

You are required to maintain a minimum of one per cent of your account balance in your Cash Account. This amount is used for funding fees and expenses, taxes and insurance premiums (where applicable).

Commissions

Any commission that may be payable to a financial adviser for insurance cover is factored into the cost of your cover. Any amount paid is as agreed between you, your financial adviser and the Insurer.

Retail Insurance Administration Fee

In the fee table on page 26 of the IDPS Guide, insert the following text under 'Management Costs':

| Type of fee or cost | Amount | How and when paid |
|--|-----------------|---|
| 'Retail Insurance Administration Fee (Note: This fee is only applicable if you select a retail insurance policy.) | Up to \$65 p.a. | The Retail Insurance Administration Fee represents the fee charged by us where you elect to take out a retail insurance policy through Pursuit Core Investment Service. This covers the additional expense incurred by the Service Operator to administer this arrangement on your behalf. The Retail Insurance Administration Fee is calculated daily. It is charged monthly in arrears and is deducted from your Cash Account at the beginning of each month.' |

Transferring external assets into your account

On page 36 of the IDPS Guide, after the section 'Transferring ownership of your account', insert the following new section:

'Transferring assets into your Pursuit Core account

Any external assets you currently hold may be able to be transferred into your Pursuit Core Investment Service account. Where the Service Operator permits the transfer of assets, any external expenses (including stamp duty) incurred by the Service Operator in facilitating the transfer shall be debited to your account. In addition, the Service Operator may apply an administration fee per asset transferred into the Service.'



Core

Investment Service

Dated 1 September 2009

IDPS Guide

Issuer: IOOF Investment Management Limited (ABN 53 006 695 021, AFS Licence No. 230524)



Pursuit

Legal notes

The Pursuit Core Investment Service (the Service) is an Investor Directed Portfolio Service (IDPS). An investment through the Service is an investment held through an IDPS. This IDPS Guide (Offer Document) is not a product disclosure statement for the purposes of the Corporations Act. It has been prepared in accordance with the current Australian Securities and Investments Commission (ASIC) policy governing IDPSs.

The contents of this document are intended to help you understand the Service being offered by IOOF Investment Management Limited (IOOF) and to make an informed decision on how it may meet your investment needs.

About the Service Operator and Custodian

The Service Operator and Custodian, IOOF, is a company within the IOOF Group, comprising IOOF Holdings Limited ABN 49 100 103 722 and its related bodies corporate. Investments into and managed funds acquired through the Service do not represent assets or liabilities of IOOF or any other company or business within the IOOF Group. The terms 'our', 'we', 'us' and 'Service Operator' in this Offer Document refer to IOOF.

As the Service Operator, IOOF operates and administers the Service on the terms and conditions outlined in this Offer Document and will perform its obligations under these terms honestly and with reasonable care and diligence. IOOF has investment and service contracts with related parties within the IOOF Group, including Perennial Investment Partners Ltd and Australian Wealth Management Service Co Pty Ltd.

As custodian, IOOF holds the assets of the Service on behalf of investors and undertakes all of the administrative tasks through Australian Wealth Management Service Co Pty Ltd ABN 99 074 572 919.

IOOF is the issuer of this Offer Document and is solely responsible for its contents. This Offer Document was prepared by IOOF based on its interpretation of the relevant legislation as at the date of issue.

IOOF is also the Responsible Entity of the Perennial Trusts and the IOOF MultiMix Trusts (the Trusts), which are some of the investment options offered through the Service and we receive fees under the Constitutions of the Trusts. The investment options available through the Service are listed in the Pursuit Core Investment Service investment options menu.

About Perennial

Perennial Investment Partners Limited (Perennial) ABN 59 087 901 620, AFS Licence No. 238763, another company within the IOOF Group has been appointed by IOOF to manage the investment assets of the Perennial Trusts. Perennial is paid arms-length asset management fees by IOOF (as the Responsible Entity) for the management of the Perennial Trusts.

Investment options offered

IOOF makes no recommendation regarding the investment options set out in the Pursuit Core Investment Service investment options menu.

IOOF regularly monitors the investment options available to investors through the Service and provides no assurance that any investment option currently available will continue to be available in the future. IOOF has the right to suspend or cease investments in a specific investment option and if necessary, can redeem and transfer your investments to your Cash Account in circumstances where the investment option is no longer available and no alternative instructions are provided. IOOF will notify you of any such change where possible before the change occurs.

The investment managers have not authorised or caused the issue of this Offer Document but have consented to the inclusion of statements which relate to their particular managed fund.

In order to choose an investment option for your investment strategy, you should review the information in Section 3 of this Offer Document. Before selecting an investment option your adviser should give you the product disclosure statement for that managed fund or the product guide for the term deposit. These documents provide you with important information to consider and evaluate prior to investing. Product disclosure statements for each managed fund and product guides for each term deposit are also available on our web site at www.ioof.com.au

General advice warning

The information contained in this Offer Document 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 from a financial adviser before deciding to invest through the Service.

Disclaimer

Neither IOOF, nor any other related or associated company, the investment managers providing the managed funds, service providers or the related bodies corporate of the parties mentioned, guarantee the repayment of capital or the performance or any rate of return of the investment options acquired through the Service. However, we note that investment options which solely invest in financial products that are explicitly guaranteed by the Commonwealth Government are available through the Service. Investments made through the Service into the investment options are subject to investment risks and other risks. This could involve delays in the repayment of principal and loss of income or principal invested.

Updated information

Information referred to in this Offer Document may change from time to time. We will inform you of any significant changes that could affect you, or other significant events that may affect the information in this Offer Document. Any updated information that is not materially adverse may be obtained by:

- checking our web site at www.ioof.com.au
- emailing us at clientservices@ioof.com.au or
- calling us on **1800 062 963**.

A paper copy of the updated information will be provided free of charge on request.

Key words

There may be some words in this IDPS Guide you may not be familiar with. To help you understand those terms we have defined them on page 39. Each time a defined term is first used in the body text of any section of the IDPS Guide it is written in *italics* like this.

What is inside?

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Section 1 - An introduction to the Pursuit Core Investment Service

The Service offers you an investment and administration solution to help you achieve your financial goals. When you invest through the Service you gain access to a broad range of managed funds and term deposits. You can choose the investment options and investment methods that suit you and which may assist you in achieving the financial goals you have set. Your investment through the Service can be used for anything from simple wealth creation to meeting longer-term retirement plans.

The contents of this section will inform you about the basics of the Service and some of the key features and benefits available to you when you invest through the Service. Whether you are an experienced investor or new to this type of administration facility, this introduction will help to lay the foundations of your understanding and assist you to make decisions about your investment needs.

Investing in the Service

With the Service you can select an investment strategy that suits you using one convenient administration facility. This includes having access to:

- a well researched range of Australian and international investment managers;
- the ability to automatically re-invest any income distributions you receive;
- secure online access to your account details;
- a simple regular savings plan;
- a straight-forward cost structure; and
- consolidated reporting.

Since we hold and administer all the investments on your behalf through the Service, you provide us with the instructions and then we do the rest. This makes investing simpler.

Pursuit is available in two models

In addition to the Pursuit Core Investment Service, we also offer a similar investment service called the Pursuit Select Investment Service.

The reason there are two models is to allow you to easily switch between the two as your needs evolve over time. Both models contain a range of customisable options allowing you to always be able to tailor your investments¹ to suit your specific requirements.

So what's the difference? The Pursuit Core Investment Service is designed to be as simple as possible and offers you all the most important functions, whereas the Pursuit Select Investment Service is designed to meet more sophisticated requirements and offers many additional functions.

These two models, Pursuit Core and Pursuit Select, also offer accounts for personal superannuation, allocated pensions or term allocated pensions (term allocated pensions are not available to new applicants).

Whether you want a simple vehicle for wealth creation or to maintain close control over your investments, our range of Pursuit products can be tailored to suit your retirement and investment needs.

Who is the IOOF Group?

The IOOF Group has demonstrated expertise in the administration and management of investments and superannuation. The IOOF Group has over 160 years experience in financial services. It is important to know that your investments are being managed by a trusted company.

¹ Direct Share Choice is not available for Pursuit Core Investment Service.

Snapshot of the Pursuit Core Investment Service

The following table provides a snapshot of the key features and benefits.

| Investing | | Page |
|---|--|------|
| Investment options | <ul style="list-style-type: none"> • Easy Choice – offers a range of IOOF multi-manager Trusts. • Investor Choice – offers over 35 sector or asset class specific managed funds and term deposits. | 13 |
| BPAY² | Make regular or one-off investments without a direct debit facility. | 7 |
| Regular Savings Plan | Direct debit facility to enable you to make regular investments by deductions from your nominated financial institution account into your investment account. | 7 |
| Margin lending | We have arrangements in place with certain lenders to facilitate margin lending through the Service. | 9 |
| Cash Account | The Cash Account records all transactions and aims to generate a competitive investment return on that part of your investment account that is required to be held in cash. | 23 |
| Flexible income distribution options | Options for income distributions from your investment option(s) are: <ul style="list-style-type: none"> • automatic payment into your nominated account with your financial institution (refer to Automatic Distribution Facility); or • re-invest the distribution back into the same investment option; or • retain distributions in your Cash Account. | 21 |
| Transacting | | Page |
| Automatic Distribution Facility | Allows regular payment of income distributions into your nominated account with your financial institution. | 21 |
| Managing | | Page |
| Portfolio Online | View your account details online, normally 24 hours a day, 7 days a week with secure access to your account over the internet. | 20 |

² BPAY[®] registered to BPAY Pty Ltd ABN 69 079 137 518. Only available if your nominated financial institution offers this service.

Snapshot of the Pursuit Core Investment Service

The following table provides a snapshot of the key features and benefits.

| Minimum amounts | | Page |
|--|---|------|
| Initial investment | \$2,000. | 7 |
| Additional investments (one-off) | \$1,000 per investment. | 7 |
| Regular Savings Plan | \$100 per frequency. | 7 |
| Lump sum withdrawals (one-off) | The lesser of \$1,000 or your account balance. | 10 |
| Automatic Distribution Facility | \$200 per quarter or half-year. | 10 |
| Account balance | \$2,000 ³ . | |
| Investment options⁴ | <ul style="list-style-type: none"> • \$100 per managed fund (no minimum per managed fund with a Regular Savings Plan). • \$5,000 per term deposit. | 11 |
| Cash Account | Each investment requires a minimum allocation to the Cash Account of 1%. | 23 |
| Switching instruction⁵ | <ol style="list-style-type: none"> 1. Unless you are redeeming the balance held in a managed fund: <ol style="list-style-type: none"> a) the minimum amount that must be redeemed from a managed fund is \$100; and b) the minimum amount that must be retained in a managed fund is \$100. 2. If you select a new managed fund you must invest at least \$100. 3. If you select a term deposit you must invest at least \$5,000. | 22 |

| Fees | | Page |
|---|---|------|
| Entry or Exit Fees | Nil ^{5,6} . | 26 |
| Administration Fee | Up to 1.30% p.a. of your account balance. | 27 |
| Management Cost applied by each investment manager | Charged separately by the investment manager of each managed fund. | 26 |
| Switching Fees⁵ | Nil. | 26 |
| Performance-based Fees | We do not charge any Performance-based Fees under the Service. An investment manager may charge a Performance-based Fee for a particular managed fund. | 27 |
| Adviser Service Fee(s) | You and a financial adviser selected by you have the flexibility to nominate an amount (if any), within limits that are set by us. If you do not have a financial adviser, this fee is not charged. | 28 |

3 If an investor holds an investment in a term deposit the minimum account balance will be \$2,000 plus the value of that term deposit.

4 Investment limits apply to the proportion of your portfolio which can be held in term deposits and investment options with extended redemption periods. For further information regarding these limits, see page 19 and the [Pursuit Core Investment Service investment options menu](#).

5 When you move money in or out of the Service or when you switch between managed funds, you may incur a 'buy/sell spread' which is included in the unit price of the managed fund you choose (see 'Transaction costs' on page 27 and the [Pursuit Core Investment Service investment options menu](#)).

6 An Exit Fee may apply to certain investors who had invested in another IOOF product (under the Deferred Entry Fee option) and who transfer their investment into the Service. Refer to 'Transitional fee arrangements' on page 29.

Section 2 - How does the Pursuit Core Investment Service work?

Who can use the Service?

The Service has been designed for you to access, manage and track your *portfolio* cost effectively. Any individual over 18 years of age may invest through the Service either by themselves or jointly.

This Service is ideal for individual investors, partnerships, companies or the trustees of self managed superannuation funds and other trusts seeking a 'no nonsense' investment solution. You (and a financial adviser that you may select) control all the investment decisions and the Service gives you the tools to easily see and manage your results.

If you are looking for a one-stop administrative solution to manage your investment needs, the Service may be for you. Talk to a financial adviser about how our Service can be tailored to suit your individual financial objectives.

Making a start

You can start your investment account with an amount (an 'initial investment') of just \$2,000.

Investments made into your account are credited first to your Cash Account. Those investments (less any nominated Adviser Service Fee - Upfront⁷) will be invested in accordance with your Investment Instructions. Information on how your Cash Account balance is invested is contained on page 26.

How to make additional deposits

One of the benefits of the Service is that you can add to your investment account using a variety of methods such as BPAY[®], cheque and Regular Savings Plan (direct debit). Unfortunately, we cannot accept cash or credit cards.

All cheques should be made payable to: **IOOF Pursuit - [your full name or account number]**.

Types of deposits

1. Initial investment

If your initial investment is made by cheque, please complete Step 3 of the Application form, (Form A) located in the Pursuit Core Investment Service Forms Booklet.

2. Additional deposits (one-off by cheque or BPAY[®])

You can make additional one-off deposits to your investment account by either cheque or BPAY[®] if this facility is available from your nominated *financial institution*.

For investments made via BPAY[®], a Biller Code and Customer Reference Number are sent to you when you invest through the Service.

Where a one-off deposit is made by cheque, you may nominate investment options which differ from your Primary Instruction (refer to 'Specific Instruction' on page 21).

3. Regular Savings Plan (direct debit)

A Regular Savings Plan facility allows you to set up a direct debit arrangement for regular monthly, quarterly or half-yearly investments to your investment account by completing a Direct Debit Request (Form C).

The direct debit will occur from your nominated account with a financial institution on the 15th day of the relevant month (or nearest *business day* after the 15th day).

Your Direct Debit Request must be received at least five business days before then to ensure that your deduction is processed that month. If an application is not received within these timeframes, it will be processed either that month or the following month (and then continue regularly according to the frequency you selected).

⁷ For more information regarding the Adviser Service Fees available refer to page 28.

Differences between investing directly and investing through an IDPS (such as the Service)

The following table illustrates some key differences.

| Investing through the Service | Investing directly |
|---|--|
| You have access to a range of wholesale managed funds that generally charge lower fees than equivalent retail funds. | Generally, you only have access to retail managed funds, unless you have a large sum of money to invest, or if you are a professional investor and can invest directly in wholesale funds. |
| We have custody of your investments but you are the beneficial owner of them. All investments are legally held by us in the name of the Service on trust for you and not in your name. Generally, you will not receive any direct communications from the underlying investment managers. | You are the legal and beneficial owner of the investments and hold the investments directly in your name. |
| You pay no entry, exit or switching fees when you change your managed funds within the Service. | If you switch from one managed fund to another you may incur entry or exit fees on any amount that you switch. |
| Income received from any managed funds is collected first by us and deposited into your Cash Account. It is then re-invested back into those same managed fund(s) (default option). Alternatively, it can remain in your Cash Account or you can use the Automatic Distribution Facility to pay the income distributions to yourself. | Income received from any managed funds will be re-invested or paid directly to you by each investment manager. You need to deal with each one separately. |
| At maturity, the proceeds from a term deposit (principal and interest) will be paid into your Cash Account. A new Investment Instruction will be required if you wish to open another term deposit. | At maturity, you can elect that the proceeds from a term deposit (principal and interest) be rolled into another term deposit. |
| You have one point of contact for all investment administration issues and receive a consolidated report on your account. | You need to contact each investment manager separately for all investment administration issues. You will receive numerous communications such as reports, valuations and accounts from each investment manager for each investment. |
| You do not have any specific 'cooling-off' rights with respect to the underlying investments that we purchase on your behalf. We provide a five day 'cooling-off' period in respect of your initial investment through the Service. | If you invested directly in a managed fund you would generally be entitled to a 14-day 'cooling-off' period to change your mind and cancel your investment. Term deposits can generally be redeemed early subject to an interest rate penalty and/or a processing fee. |
| You will pay a separate administration and investment management fee under the Service. | Generally, you will pay one combined administration and investment management fee for each investment you choose. For term deposits these costs are built into the interest rate. |
| Any cash withdrawals from the Service are subject to our rules and procedures, including any Cash Account or investment restrictions. | You deal directly with the relevant investment manager to make cash withdrawals. They may have their own rules, procedures and restrictions. |

Margin lending

Margin lending allows you to borrow money to invest in managed funds or term deposits. This strategy is called gearing. A gearing strategy may accelerate your future savings plans by increasing the amount of funds you have available to invest. Depending on your circumstances, the interest cost of any borrowed funds may be tax deductible.

You have the potential to amplify your investment returns when you borrow funds to invest because you are investing more money than simply using your own savings. However, it is important to recognise that gearing also potentially amplifies the negative effects of falls in market values – in other words, it can increase your investment losses.

Margin lending may not be suitable for your particular investment objectives, financial situation or individual needs. Before making a decision to borrow funds, you should speak with a financial adviser about how margin lending works and to determine whether gearing your investments is appropriate in your case. You should also seek tax advice on the potential tax benefits of borrowing funds using a margin lending facility.

We have arrangements in place with certain lenders to facilitate margin lending through the Service. IOOF does not provide any margin loans. You are required to organise any margin loan with a margin lender approved by IOOF. For details of approved margin lenders, please call a Client Services Officer. All margin loans are subject to the requirements of the individual lender and accordingly, all of the managed funds and term deposits available through the Service may not be approved for the purposes of the loan.

Any loan approved and obtained using margin lending is first deposited into your Cash Account. It is then invested according to the Investment Instructions you provide to us as per any deposit into your account. You should refer to the margin lender's offer document or contract for full details on how a margin loan arrangement will impact your investment through the Service.

Any proceeds from the sale of the managed funds through the Service that are subject to the margin lending arrangement will be automatically transferred to the margin lender for offsetting against the loan, unless we are instructed otherwise by the margin lender.

While in place, the margin lending arrangement will mean that we can act in good faith on instructions from the margin lender in relation to the managed funds held through the Service even if they conflict with our obligations to you.

You release, discharge and agree to indemnify us from (and against) any and all actions, proceedings, accounts, claims, costs, demands, charges and expenses as well as losses and liabilities in respect of any margin lending facility no matter how they arise in relation to the Service.

We may pass information relating to you and the accounts to the margin lender provided we consider doing so necessary or desirable in relation to the margin lending arrangements or the Service.

These terms will generally apply until the margin lender tells us they do not.

A margin lender may require you to pay a fee in relation to the margin loan. Any such fee will be disclosed in the margin lender's offer document. In certain circumstances, including default under your margin lending arrangement, a margin lender may have the right to recoup charges and expenses from your investment account through the Service.

Important note

The margin lender generally requires you to mortgage your total investment account and surrender your rights under the Service in favour of the margin lender. If your investment account is held as security for a margin loan, it is important to note and understand the changes this will have to your rights and obligations under the Service. Withdrawal instructions on the investment account and *withdrawal* proceeds are generally only released to you subject to approval by the margin lender. The margin lender also has the right to redeem your managed funds to recover loan amounts and interest.

Withdrawing money from the Service

It is important to have access to your money when you want it. That's why we have provided you with two withdrawal options for ease of ongoing account management.

1. As you need it access

You may request a full or partial withdrawal from your account at any time by providing written instructions by mail or fax.

The minimum amount you can withdraw is the lesser of \$1,000 or your remaining account balance. The minimum amount that can be redeemed from a managed fund is \$100.

The value of your Cash Account (including any income distributions reserved under the Automatic Distribution Facility) is used to fund withdrawals before we redeem any of your investment options.

One-off withdrawals are paid by redeeming managed fund(s) starting in turn from those with the higher balances. Alternatively, a withdrawal can be redeemed from the investment option(s) you specify.

Upon leaving the Service, you will receive a statement by mail showing your closing balance and all transactions that took place in the final calendar quarter.

2. Automatic Distribution Facility (optional)

This facility allows you to have income distributions from investment options paid to your nominated account with your financial institution either quarterly or half-yearly.

The minimum automatic withdrawal amount is \$200 per quarter or half-year.

The automatic withdrawal will occur on the 20th day of the month (or next business day) following the end of the relevant calendar quarter or half-year.

If the accumulated income distribution (net of any one-off withdrawals) is at least \$200, it will be paid electronically into your nominated account with your financial institution. Where the amount is less than \$200, it will remain in the Cash Account for the next quarterly or half-yearly payment.

The income distributions credited to your Cash Account will be reserved and they will not form part of your Cash Account for the purposes of calculating the amount available to fund expenses. However these reserve amounts can be used to fund one-off withdrawal requests.

A request for the Automatic Distribution Facility must be received at least five business days before the 20th of the month in which the payment is to be made or it will be processed in the following quarter or half-year payment period as appropriate. Where your advice is received in time to be processed for that period, it will only apply in respect of income distributions received after the date your request is processed.

Section 3 - Making investment choices

Pursuit Core provides access to around 35 managed funds and term deposits. With so many investment options you can construct a *portfolio* to help achieve your investment needs.

Your investment strategy should be a reflection of your attitude to investing, the level of risk you are comfortable accepting and your investment timeframe.

About investment

Your investment risk and return profile

Your investment strategy should complement your individual investment risk and return profile. Generally, the higher the level of risk you are prepared to accept, the higher the potential return you can expect from the investment. For example, investing in shares may provide the highest potential return over the longer term, but may also have the highest risk of capital loss in the short term. Cash tends to have a small chance of capital loss, but its investment returns may be lower.

Diversification

Diversification is a common investment technique used to manage investment risk. You can diversify investments within an asset class, diversify investments across different asset classes or diversify investments across different investment managers.

A financial adviser can help you understand the relationship between risk and return and the possible advantages of diversification.

Choose what is right for you

The investment options available vary in risk, investment objectives (goals), strategies (ways of achieving those goals) and the types of assets in which investments are made. This allows you to invest in a range of investment options which may be diversified across different asset classes, investment managers and investment styles.

Importantly, you can *switch* between different managed funds at any time and you can also select diversified managed funds managed by a range of leading Australian and international investment managers.

IOOF carefully researches leading Australian and international investment managers before selecting managed funds to be part of the investment options menu. IOOF also monitors and reviews the investment managers and managed funds on an ongoing basis and may add or remove managed funds from time to time.

The list of investment options is set out in the Pursuit Core Investment Service investment options menu and also in the Investment Instructions form (Form B) contained in the Pursuit Core Investment Service Forms Booklet. The list may change from time to time.

You can obtain the most current list of managed funds from our web site at www.ioof.com.au or request a copy free of charge by calling a **Client Services Officer** on 1800 062 963.

What investment options can I choose?

You may choose from a range of investment options within the following sections.

Easy Choice - offers you access to a spread of different asset classes designed to meet particular investment objectives. IOOF multi-manager Diversified and Sectoral Trusts simplify the investment selection process by combining the 'best of the best' manager blends to suit your investment objectives. For further information see the table below.

Investor Choice - this is where you and your financial adviser can tailor the investments to suit your investment strategy. Investor Choice allows you to select from a range of investment options. For further information see the table commencing on page 15.

Easy Choice

IOOF diversified multi-manager investment categories

| | Conservative | Balanced | Growth |
|---|---|---|--|
| Investment objective | To provide consistent returns over the medium to long term through high exposure to defensive assets. | To provide moderate growth over the medium to long term through a balanced exposure to growth and defensive assets. | To provide moderate to high growth over the long term through high exposure to growth assets. |
| Investment strategy | To invest predominantly in defensive assets such as fixed interest and cash investments. Some capital growth is provided through a small exposure to growth assets such as shares and property. | To invest in a diversified portfolio providing a balanced exposure to the major asset classes such as cash, fixed interest securities, shares and property. | To invest predominantly in a diversified range of Australian and international shares and property with a small exposure to income producing investments. |
| Factors influencing investment returns | Volatility in interest rates may cause the value of the fixed interest investments to fluctuate. | Returns in the short term may be somewhat volatile and will be affected by movements in global and local share markets, property values as well as movements in foreign currencies. | Returns in the short term may be volatile and will be affected by movements in global and local share markets, property values as well as movements in foreign currencies. |
| Asset allocation ranges* | Growth assets: 0% — 40% Defensive assets: 60% — 100% | Growth assets: 40% — 70% Defensive assets: 30% — 60% | Growth assets: 70% — 100% Defensive assets: 0% — 30% |
| Risk | Low to medium | Medium to high | High |
| Return | Low to medium | Medium to high | High |
| Typical investment timeframe | 2 to 3 years | 5 to 7 years | 7 years or more |
| Typical investor | Investors seeking a conservative portfolio with some exposure to growth assets. | Investors seeking a balanced exposure to growth and defensive assets and who are prepared to tolerate short term volatility. | Investors seeking superior long term returns and who are prepared to tolerate short term volatility. |

* Growth assets include more volatile and higher risk assets that are expected to have higher growth potential over the longer term such as Australian and international shares and listed property trusts. Defensive assets include assets that are expected to have lower returns and lower volatility as they tend to have less risk such as cash, corporate bonds and other Australian and international fixed interest investments.

Investor Choice

Investment categories

| | Cash | Australian Fixed Interest | Global Fixed Interest | Australian Shares |
|---|---|--|--|--|
| Investment objective | To provide a high degree of security and stability, while delivering returns that are consistent with the prevailing market cash rates. | To provide a return that is higher than the available cash rates through holdings of a diversified portfolio of Australian fixed interest and mortgage securities. | To provide exposure to global fixed interest securities and provide higher than available cash rates through holdings of diversified fixed interest and enhanced yield securities. | To produce high returns over the long term. |
| Investment strategy | To invest in a range of short term interest-bearing securities including bank bills, bank deposits, Government, corporate and mortgage-backed securities. | To invest in either Australian Government, semi-Government, and corporate fixed interest securities as well as inflation-linked bonds, mortgage securities, <i>high yielding securities</i> and money market assets. | To invest in either Foreign Government, semi-Government, and corporate fixed interest securities as well as inflation-linked bonds, mortgage securities, <i>high yielding securities</i> and money market assets. | To invest predominantly in listed Australian shares in a variety of market sectors. |
| Factors influencing investment returns | Movements in short term interest rates will affect investment returns. | The value of fixed interest investments is linked to the market, and therefore they may lose value in periods where interest rates rise and correspondingly gain value in times of decreasing interest rates. Other factors such as liquidity and credit risk play a part in the value of fixed interest securities. | The value of investments in this category may lose value in periods where interest rates rise and correspondingly gain value in times of decreasing interest rates. In addition, the credit quality of the securities and liquidity of the market is also an important factor in influencing investment returns. Currency movements may also have an impact on international securities returns. | Returns are affected by movements in the share market and may be volatile in the short term. Returns may also be affected by the level of gearing and whether any short-selling strategies are employed by the investment manager. |
| Sub-category | <ul style="list-style-type: none"> · Cash Management · Term Deposits · Cash Enhanced | <ul style="list-style-type: none"> · Mortgages · Bonds · Enhanced Yields | <ul style="list-style-type: none"> · Diversified · Enhanced Yields | <ul style="list-style-type: none"> · Large Companies · Small Companies · Specialist |
| Risk | Very low | Low to medium | Low to medium | High |
| Return | Very low | Low to medium | Low to medium | High |
| Typical investment timeframe | 1 year | 3 to 5 years | 3 to 5 years | 5 to 7 years |
| Typical investor | Investors seeking absolute security of capital. | Investors seeking returns higher than that available from cash. | Investors seeking returns higher than that available from cash. | Investors seeking long term investments who are prepared to accept short term fluctuation in returns. |

Investor Choice investment categories (Cont.)

| | Alternative Investments | Diversified - Conservative | Diversified - Balanced | Diversified - Growth |
|---|---|---|---|--|
| Investment objective | To provide diversification benefits to clients portfolios by exposure to investment strategies that are not linked with the returns of traditional asset classes over the medium to long term. Alternative investments generally aim to provide a return above the prevailing cash rate. | To provide consistent returns over the medium to long term through high exposure to defensive assets. | To provide moderate growth over the medium to long term through a balanced exposure to growth and defensive assets. | To provide moderate to high growth over the long term through high exposure to growth assets. |
| Investment strategy | Alternative Investments can range from hedge funds, private equity, managed futures and exchange funds to fixed income alternatives and special co-investment opportunities. The role of alternative investments is to provide returns that are less influenced by fluctuations in the market and other traditional asset classes. | To invest predominantly in defensive assets such as fixed interest and cash investments. Some capital growth is provided through a small exposure to growth assets such as shares and property. | To invest in a diversified portfolio providing a balanced exposure to the major asset classes such as cash, fixed interest securities, shares and property. | To invest predominantly in a diversified range of Australian and international shares and property with a small exposure to income producing investments. |
| Factors influencing investment returns | Alternative Investments take on a broad range of investment strategies. Hedge funds include significant liquidity risk where there is no secondary market for such investments. | Volatility in interest rates may cause the value of the fixed interest investments to fluctuate. | Returns in the short term may be somewhat volatile and will be affected by movements in global and local share markets, property values as well as movements in foreign currencies. | Returns in the short term may be volatile and will be affected by movements in global and local share markets, property values as well as movements in foreign currencies. |
| Asset allocation ranges | n/a | Growth assets: 0% — 40% Defensive assets: 60% — 100% | Growth assets: 40% — 70% Defensive assets: 30% — 60% | Growth assets: 70% — 100% Defensive assets: 0% — 30% |
| Risk | High | Low to medium | Medium to high | High |
| Return | High | Low to medium | Medium to high | High |
| Typical investment timeframe | 5 to 7 years | 2 to 3 years | 5 to 7 years | 7 years or more |
| Typical investor | Investors seeking diversification to their portfolios and returns that are not significantly linked to traditional asset classes in the medium to long term. | Investors seeking a conservative portfolio with some exposure to growth assets. | Investors seeking a balanced exposure to growth and defensive assets and who are prepared to tolerate short term volatility. | Investors seeking superior long term returns and who are prepared to tolerate short term volatility. |

Term deposits

In addition to managed funds, the *Service* allows you to invest in term deposits. Terms and conditions relating to an investment in a particular term deposit are contained in the product guide for that term deposit, however, some further terms and conditions appear below.

Opening a term deposit

Term deposits will only be opened on the 15th day of each month or the next *business day* if the 15th falls on a non-business day.

Cut off date

An Investment Instruction to open a term deposit must be submitted and adequate funds to open the term deposit available in your Cash Account on or before the 10th day of the relevant month (cut off date). Where the 10th falls on a non-business day, the Investment Instruction must be submitted on the business day immediately prior to the 10th. Where an Investment Instruction is received after the cut off date or there are insufficient funds to open the term deposit in your Cash Account by the cut off date, this Investment Instruction will be taken as an instruction to open a term deposit on the 15th day of the following month, unless the Investment Instruction is able to be processed in time to open the term deposit on the 15th day of the relevant month.

Where you elect to redeem assets to open the term deposit, we will not open the term deposit until the proceeds from all redemptions necessary have been received into the Cash Account. In the event some redemption proceeds are not available on or before the cut off date, the required funds to open the term deposit will remain quarantined in the Cash Account until the term deposit is opened in the following month.

Early redemption

IOOF has the right on behalf of an investor to redeem a term deposit early where the investor's account has insufficient funds to meet required payments from the Cash Account. This may result in the term deposit interest rate being reduced.

Investment amount

The final value of any term deposit purchased on your behalf will be reduced by any Adviser Service Fee – Upfront applied, or where we are required to retain additional funds in the Cash Account to restore it to the required minimum balance (or higher amount you have nominated). If this reduces the amount available to open the term deposit to less than \$5,000, the Investment Instruction will be invalid.

The total value of assets redeemed to open a term deposit must be an amount sufficient to open the desired term deposit plus any amount required to restore the Cash Account to the required minimum balance (or the higher amount nominated by you). If specific dollar amounts are nominated, where required, we will increase these dollar amounts proportionately to meet the required Cash Account minimum balance.

Maturity

At maturity, the proceeds from the term deposit (principal and interest) will be paid into your Cash Account. A new Investment Instruction will be required if you wish to open another term deposit.

A communication will normally be sent to investors approximately four to six weeks prior to maturity as a reminder that the maturity is approaching.

Investment limits

The Pursuit Core Investment Service has maximum amounts which can be allocated to particular assets or investment categories. The amounts are detailed in the table below and are only applicable at the point where an investment instruction is supplied.

We will not monitor these limits on an ongoing basis and will generally not sell down investment options if these limits are exceeded, other than where necessary to ensure adequate liquidity is maintained within your account.

| Investment option | Not more than... |
|---|---|
| Investment options with extended redemption periods | 30% of your account balance in each investment option or in each investment category, with not more than 70% of your account balance invested in investment options with extended redemption periods. |
| Term deposits | 80% of your account balance. |

Section 4 - Managing your investment account

This section provides you with instructions about how to select your investment options, manage income distributions and change your managed fund selections.

Using Portfolio Online

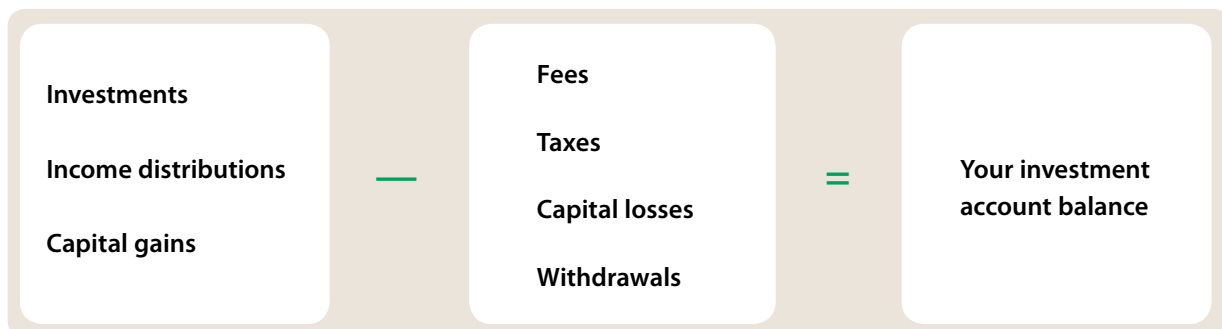
Portfolio Online is a valuable tool to help manage your investment. This user friendly web site gives you access to a range of current and historical transaction and performance details about your investment account, including the following.

- Portfolio summary ••• ● View the total value of your account (*'portfolio'*).
- Account transactions ••• ● View all your transactions including your investments, *withdrawals* and income distributions.
- Account information ••• ● View information about your Regular Savings Plan, Investment Instructions and the nomination made for your income distributions from the managed funds.
- Statements ••• ● View current and historical statements online.
- Reports ••• ● View your portfolio history, Cash Account statement, asset allocation and performance reports.
- Electronic communications ••• ● View the communications which you elect to receive electronically.

How can I register for Portfolio Online?

You can register for Portfolio Online once you have received your client number. Simply apply online at www.ioof.com.au and we will send you an email allowing you to create your own password.

Once you have activated your online access, you will see that your investment account operates a bit like a bank account. Put simply, your investment account works like this.



Your balance is the value of your account in the Service and you can view it online.

Your Investment Instructions

Your Investment Instructions outline how you would like your investments (less any Adviser Service Fee – Upfront⁸) to be invested.

You can instruct us to invest in two different ways.

You provide your Investment Instructions on the Investment Instructions form (Form B) located in the Pursuit Core Investment Service Forms Booklet.

Types of Investment Instructions

1. Primary Instruction

This is your main Investment Instruction and is used for all new amounts invested unless alternative instructions are provided to us.

A Primary Instruction will include the following information:

- the managed fund(s) you wish to invest in for each new amount invested;
- the percentage of your investment to be invested in each managed fund; and
- the required allocation to your Cash Account (which must be at least one per cent).

To confirm your allocation to each investment option you can view your current Primary Instruction via Portfolio Online or you can call a **Client Services Officer** on **1800 062 963**.

2. Specific Instruction

This is a one-off instruction for investments made by cheque only. When provided it will override the use of the Primary Instruction for that particular investment.

Please note that the total percentage allocated to each managed fund and/or term deposit and your allocation to the Cash Account (of at least one per cent), must add up to 100 per cent for both types of Investment Instructions.

Income distributions

Income distributions may be paid from your investment option(s). You determine how this income is to be re-invested.

Any income distributions that you receive from your investment option(s) are automatically credited to your Cash Account (less any tax in the case of non-residents or where an Australian Tax File Number (TFN) or Australian Business Number (ABN) is not provided). This income can then be managed using one of the following three methods (only one method can be selected).

1. Re-invest (default option)⁹

This method allows you to automatically re-invest 100 per cent of the income distribution back into the same managed fund that made the income distribution. The re-investment will normally be completed within five *business days* after the income distribution is received in your Cash Account.

Where we have suspended or stopped investments in a managed fund or where a managed fund is redeemed in full (except where a managed fund is no longer held due to the requirement to top up your Cash Account) income distributions received from that managed fund will be retained in the Cash Account.

2. Retain in your Cash Account

Leave all income distributions to accumulate in your Cash Account¹⁰.

Income distributions will remain in your Cash Account until we receive an Investment Instruction from you.

3. Automatic Distribution Facility

This method allows you to have your income distributions paid out to you from your Cash Account and credited electronically to your nominated account with your *financial institution*.

This facility is described in more detail on page 10.

Important note

- If you wish to change your distribution method, you need to complete Step 6 of the Investment Instructions form (Form B) located in the Pursuit Core Investment Service Forms Booklet. Any such instruction will override an earlier instruction.

⁸ For more information regarding the Adviser Service Fees available refer to page 28 of this Offer Document.

⁹ Any re-investment of income distributions will involve the purchase of new units in one or more managed funds. Please note that you may not have the most recent product disclosure statement for the managed fund at the time these re-investments are made.

¹⁰ This may not reflect your retirement savings goals.

Changing your Investment Instructions

To update your Investment Instruction, please complete the Investment Instructions form (Form B) located in the Pursuit Core Investment Service Forms Booklet and send it to us.

Where we have suspended or stopped investments in a managed fund or where a managed fund is redeemed in full (except where a managed fund is no longer held due to the requirement to top up your Cash Account), that managed fund will be removed from any Investment Instruction and the Instruction will be re-weighted. We will do this automatically and you will not be advised of the change.

For example

Maria submits a request to fully redeem her investments in Fund C. As a result, Maria's Primary Instruction is automatically updated to remove Fund C and to re-weight the remaining funds.

| Managed fund | Existing holding | Withdrawal request | Primary Instruction before | Primary Instruction after |
|--------------|------------------|--------------------|----------------------------|---------------------------|
| Cash Account | 3% | | 3% | 3% |
| Fund A | 17% | | 17% | 22% |
| Fund B | 60% | | 60% | 75% |
| Fund C | 20% | 100% | 20% | |

Changing your investment options (switching)

The Service gives you the ability to change your selected investment options. The decision is yours. Changing your managed fund selection generally requires you to redeem units from one or more of your existing managed funds and purchase units in one or more managed funds selected by you. This process is often referred to as a *switching* instruction.

We currently do not charge a separate fee for switching between managed funds in your account. A switching instruction can be made by completing the Investment Instructions form (Form B) located in the Pursuit Core Investment Service Forms Booklet.

Unless you are redeeming the full balance held in a managed fund:

- the minimum amount that must be redeemed from a managed fund is \$100; and
- the minimum amount that must be retained in a managed fund is \$100.

If you select a new managed fund you must invest a minimum of \$100.

Switching between managed funds generally involves redeeming units in one or more of your managed funds. This means you must complete a 'redemption' transaction before you can 'purchase' units in a new managed fund.

The proceeds of any 'redemption' transaction are first deposited into your Cash Account before units are purchased in the new investment option(s).

The product disclosure statement for a managed fund may be updated or replaced by the investment manager from time to time. This means that you may not always have the most recent copy of the applicable product disclosure statement for a new managed fund before making your switch request. IOOF provides electronic versions of product disclosure statements for the available managed funds via Portfolio Online. You can also obtain a copy free of charge by contacting a financial adviser or by calling a **Client Services Officer** on **1800 062 963**.

Important note

Switching between managed funds may give rise to a CGT liability which may reduce the value of your account. Please speak to a financial adviser or tax adviser for more information.

A buy/sell spread may be incurred when switching between managed funds. See 'Transaction costs' on page 27 and the **Pursuit Core Investment Service investment options menu**.

The process for opening or redeeming an investment in a term deposit differs from switching for managed funds. For further information regarding this process, refer to 'Term deposits' on page 19.

If you have a *margin lending* facility, the lender's approval must be obtained before any transaction can proceed.

Your Cash Account

Why do I have a Cash Account?

Your Cash Account is used to process all cash transactions that occur within your investment account. For example, all money paid into your account and any earnings from your investment options goes through your Cash Account and all fees and taxes are paid out of this account.

Competitive investment returns from your Cash Account

The Cash Account provides you with exposure to a mix of Australian short-term money market securities and cash. Interest generated by these investments (less bank fees and charges) is calculated daily and credited monthly to your Cash Account.

The Cash Account provides competitive returns (when compared to cash funds) and represents a very low risk investment strategy.

To achieve the competitive returns, the Cash Account balances of all investors are invested in a combination of an operating bank account (for day-to-day transactions) yielding overnight cash rates and in the IOOF/Perennial Cash and Income Fund (ARSN 087 727 277) (Cash and Income Fund).

Before investing through the Service, you must obtain and read a copy of the product disclosure statement (and any supplementary product disclosure statement) for the IOOF Flexi Trust (which includes details on the Cash and Income Fund) because in applying to become an investor through the Service, you are authorising the investment of part of your cash holdings into the Cash and Income Fund. The Cash Account therefore forms part of your Investment Instruction to us.

The required balance of the operating account for each business day is calculated according to the following formula.

$$X = A + (B \times 0.1)$$

Where:

A = the amount required to cover payments of any operating expenses, withdrawals and purchases of underlying investments for the Service that are payable within the next 10 business days.

B = the aggregate value of the Cash Account at close of business on that day.

X = the required balance of the operating account for the opening of business on the following business day.

Any portion of the Cash Account which exceeds the required balance of the operating account from time to time will be invested in the Cash and Income Fund.

By investing through the Service, you are taken to have provided

an Investment Instruction to IOOF to make such investments or withdrawals as are necessary from time to time:

- to maintain the required balances (calculated using the aforementioned formula) in the operating account and make any withdrawals from the Cash and Income Fund required for that purpose;
- to invest any part of the Cash Account which exceeds those required balances from time to time in the Cash and Income Fund; and
- in spite of the above, to make no change to the amounts held in the operating account or the Cash and Income Fund because of the application of the above formula if the change would involve an amount of less than three per cent of the aggregate value of the Cash Account at close of business on the relevant day.

Any income distributed by your chosen investment options is deposited into your Cash Account. From there it can then be re-invested back into the same investment option that made the income distribution (see 'Income distributions' on page 21).

Surplus cash

We will review your Cash Account on or around the 20th day of February, May, August and November. If your Cash Account exceeds the percentage nominated in your Primary Instruction plus \$200, we will invest the excess according to your Primary Instruction. The excess (if applicable) will normally be invested within five business days following our review of your Cash Account balance.

Should you choose to leave all income distributions to accumulate in your Cash Account, we will not invest the excess under this feature.

Minimum allocation to your Cash Account

You are required to maintain a minimum of one per cent of your investment account balance in your Cash Account. This amount is used for funding fees and expenses and taxes (where applicable).

You can nominate a higher percentage as your minimum Cash Account balance if you wish, to fund these expenses as they fall due.

If we determine that the balance in your Cash Account is likely to fall below zero within the next seven days, we will top up your Cash Account to one per cent of your account balance (or any higher percentage you have nominated) by redeeming the necessary amount from your investment options. In making our determination we will take into consideration any fees and taxes expected to be deducted from your Cash Account during this period.

Term deposits and *investment options with extended redemption periods* are excluded from the top up process.

We recommend that you talk to a financial adviser about the minimum Cash Account requirement.

Transaction processing Q&A

The following information details some timeframes that we strive to achieve, explains the factors that may influence the processing of transactions and the communications that you will receive or may obtain from us in regard to your account.

Processing investments

We will normally commence processing a newly invested amount on the day of receipt or not later than the next business day, subject to any unforeseen circumstances.

Each amount will be invested in accordance with your Investment Instruction. This will normally be completed within five business days following the receipt of each investment.

Regular Savings Plan (direct debit)

Direct debits will occur from your nominated account with a financial institution on the 15th day of the relevant month (or nearest business day after the 15th day).

Your Direct Debit Request must be received at least five business days before then to ensure that your deduction is processed that month. If an application is not received within these timeframes, it will be processed either that month or the following month (and then continue regularly according to the frequency you selected).

Withdrawal instructions

Normally, payment of a withdrawal request will be processed within 10 business days of receipt of your completed request (excluding investment options with extended redemption periods). If any units in the investment option(s) are required to be redeemed to action your withdrawal request, individual investment manager operations and processes may cause the payment of funds to be delayed.

Where you have a margin lending arrangement, withdrawal instructions on the account and withdrawal proceeds are generally only released to you subject to approval by the margin lender.

We are required to carry out proof of identity procedures before processing a cash withdrawal. These requirements arise under the Government's Anti Money Laundering and Counter Terrorism Financing legislation (*AML/CTF Law*). We are required to collect customer identification information and to verify it by reference to a reliable independent source. You will be notified of these procedures when you request a cash withdrawal. If you do not provide the information or we are unable to verify the information, payment may be delayed or refused.

Withdrawals can be paid by cheque or direct credit to your nominated account with your financial institution. It is important to note that withdrawal payments can only be made in favour of the investor/entity registered on the investment account.

If you want your withdrawal proceeds to be credited directly into your nominated financial institution account, please provide all relevant account details with your written or faxed instructions otherwise all withdrawal amounts will be paid to you by cheque.

In the event that you make a full withdrawal from your account no interest will be earned from the date of withdrawal.

If any of the units in your managed fund(s) are required to be redeemed to process your withdrawal request, this may give rise to CGT liability. You may like to speak to your financial adviser or tax adviser for more information.

Investment transactions

We are not responsible for any delays by the investment managers in processing investments, switches, redemptions or distributions. Your request to invest, switch or redeem from a managed fund may be delayed in the following circumstances.

1. Redemptions from multiple investment managers

Where your instructions require the redemption of units from a number of different investment managers, each investment manager may complete their part of the instruction at different times.

We will deposit the funds into your Cash Account as we receive them from each investment manager. As such, the processing of a switch transaction may be staggered depending on when each investment manager finalises their part of the transaction. The purchase of units in the new investment option(s) will therefore occur progressively as funds become available. Your request will be finalised when we have received the proceeds from all investment managers involved in your transaction.

2. Minimum restrictions by investment managers

Some investment managers may impose minimum investment or redemption limits on their managed funds. Where a managed fund has a minimum investment or redemption limit, we will only process the instruction when we have received sufficient requests (from you and other investors), which in aggregate, satisfy the relevant limit. Accordingly, a delay in your instruction being effected will occur in such circumstances.

Delays may also apply when investing in and redeeming from illiquid managed funds (if applicable). Investments and redemptions will be based on the timing restrictions imposed by the investment managers of those investment options.

3. Pending transactions

The processing of transactions for issuing, switching or redeeming units may be delayed where an earlier transaction relating to your account is in progress (or pending).

4. Unforeseen circumstances

The processing of transactions for the issuing, switching and redeeming of units may be delayed by unusually high volumes of processing or circumstances beyond our control.

Section 5 - The nuts and bolts

What will this cost me?

The Pursuit Core Investment Service is competitively priced and easy to understand. A benefit of this approach is that we only charge you one *Administration Fee* regardless of how many times you transact on your account.

You are able to negotiate the remuneration structure payable to a financial adviser for financial advice and other services provided in relation to your investment.

The total fees and charges you will pay include the costs of this Service as well as the cost of any investment you choose. It is important that you understand the fees of any investment you choose and that those fees are in addition to the fees charged by us for the Service together with transaction and account costs incurred on your behalf. The costs of the investments you choose will generally be set out in a disclosure document or product disclosure statement for the investments.

The following is a consumer advice warning that the Commonwealth Government requires us to include in an Offer Document. It is actually a great tool to help you compare the relative costs of our competitors using the same format.

Fees and other costs

DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long-term returns.

For example, total annual fees and costs of 2 per cent of your account balance rather than 1 per cent could reduce your final return by up to 20 per cent 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 investor services justify higher fees and costs.

You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask us 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) web site (www.fido.asic.gov.au) has a managed investment calculator to help you check out different fee options.

* Only the Adviser Service Fee(s) and ongoing commission can be negotiated with a financial adviser.

This section shows fees and other costs that you may be charged. These fees and costs may be deducted directly from your account, from the returns on your investment or from your investment account as a whole.

Taxes are set out under 'How do the taxes work?' on page 33.

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

Fees and costs for investment options are set out in the [Pursuit Core Investment Service investment options menu](#).

Fee table

| Type of fee or cost | Amount | How and when paid |
|--|---|---|
| Fees when your money moves in or out of the Service¹¹ | | |
| Establishment Fee The fee to open your investment. | Nil | Not applicable |
| Contribution Fee The fee on each amount contributed to your investment. | Nil | Not applicable |
| Withdrawal Fee¹² The fee on each amount you take out of your investment. | Nil | Not applicable |
| Termination Fee The fee to close your investment. | Nil | Not applicable |
| Management Costs | | |
| The fees and costs for managing your investment. | Administration Fee¹³ Up to 1.30% p.a. | The Administration Fee is calculated daily on your account balance ¹⁴ . The fee is charged monthly in arrears and it is deducted from your Cash Account ¹⁵ at the beginning of each month. |
| The Management Cost (excluding any Performance-based Fee) you pay for each managed fund is listed in the Pursuit Core Investment Service investment options menu . | The Management Cost (excluding any Performance-based Fee) applied by each investment manager varies across the managed funds and can range from 0.22% to 1.54% p.a. ¹⁶ (i.e. \$2.20 to \$15.40 p.a. per \$1,000 invested). No Management Cost applies to term deposits. | The Management Cost (excluding any Performance-based Fee) applied by each investment manager is generally calculated daily as a percentage of the amount that you have invested in each managed fund. It is not deducted directly from your account but is generally incorporated into the unit price of the managed fund and generally charged monthly or quarterly in arrears. Please refer to the product disclosure statement for the applicable investment option. |
| Service Fees¹⁷ | | |
| Investment Switching Fee¹¹ The fee for changing investment options in your account. | Nil | Not applicable |

Where there are insufficient funds in your Cash Account to fund any applicable fees, the fees may be accrued and deducted when sufficient funds are available.

11 Buy/sell spreads - when you move money in or out of the Service or when you make a *switch*, you may also incur a buy/sell spread which is included in the unit price of the managed fund you choose (see 'Transaction costs' on page 27 and the [Pursuit Core Investment Service investment options menu](#)).

12 There may be an Exit Fee for investors who have transferred into the Service from another IOOF product – see 'Transitional fee arrangements' under 'Additional explanation of fees and costs'.

13 Administration Fee – this fee includes an amount payable to a financial adviser. Where you do not use a financial adviser, the maximum fee specified will be applied and retained by IOOF. (See 'Financial adviser remuneration' under the heading 'Additional explanation of fees and costs').

14 Account balance - comprises your Cash Account together with the value of your investment options.

15 Your Cash Account is currently invested in an operating bank account (for day-to-day transactions) and the IOOF/Perennial Cash and Income Fund (ARSN 087 727 277) (Cash and Income Fund), for which IOOF is the responsible entity. Interest generated by this investment is reduced by bank charges and the management costs charged by IOOF, as the responsible entity of the Cash and Income Fund, before it is credited to the Cash Account. You are charged an indirect management cost on your Cash Account balance. As at 30 June 2009, this indirect management cost was 0.58 per cent per annum. We may change the investment of the Cash Account at any time.

16 Management Costs (excluding any Performance-based Fee) applied by each investment manager – this fee range is an estimate only and is based on the information provided by each investment manager as at the date of this Offer Document (for further information refer to [Pursuit Core Investment Service investment options menu](#)). Investment options and Management Costs may change from time to time. The most recent Management Cost (excluding any Performance-based Fee) applied by each investment manager for a particular managed fund can be obtained from the [Pursuit Core Investment Service investment options menu](#).

17 Adviser Service Fee(s) - we will acquire and pay for the services of a financial adviser selected by you. You may negotiate the amount of this fee(s) up to a limit set by us. This fee is deducted from your account (see 'Financial adviser remuneration' under 'Additional explanation of fees and costs'). We do not charge this fee if you have not selected a financial adviser.

Additional explanation of fees and costs

This section explains the fees and costs set out in the fee table and also provides a brief explanation about any additional transactional fees and charges that may apply to your account.

Administration Fee

The Administration Fee represents the annual fees and costs charged by us for operating and managing your investment account. This fee includes all administration and other expenses we incur, including any ongoing commission that we pay to a financial adviser, but excluding the financial adviser remuneration (outlined on page 28) and the fees and costs charged by the investment managers for each managed fund (i.e. the Management Cost, any buy/sell spread and any Performance-based Fee, see the [Pursuit Core Investment Service investment options menu](#) for further information).

The Administration Fee is a flat percentage fee that is charged against your account balance and includes GST. A *Reduced Input Tax Credit (RITC)* at the rate of 75 per cent can be claimed against the GST incurred in the Administration Fee. Therefore, the GST in relation to the cost of the Administration Fee charged against your account is reduced by the amount of the RITC.

The amount of the Administration Fee which relates to fees payable to the financial adviser includes GST of 10 per cent. The amount charged against your account referable to this amount however, also takes into account the RITC entitlement on that part of the Administration Fee, and therefore will be less than the amount we pay to the financial adviser. This is illustrated below.

| Components of the Administration Fee | Actual amount deducted from your account after RITC benefit (rounded to 2 decimal places) | Including GST of 10% |
|--|---|----------------------|
| Our fee for managing your account | 0.74% p.a. | 0.80% p.a. |
| Our ongoing commission paid to a financial adviser (this portion of the fee can be negotiated between you and the financial adviser) | Up to 0.56% p.a. | Up to 0.60% p.a. |
| Total | Up to 1.30% p.a. | |

Where you do not use a financial adviser, the maximum fee of 1.30% p.a. will be applied and retained by IOOF.

Where the financial adviser agrees to waive part or all of the ongoing commission (they are under no obligation to do so), this will result in a reduced Administration Fee.

For example, if you agree with the financial adviser to reduce the ongoing commission received by 50 per cent (i.e. you and the financial adviser have agreed to an ongoing commission of 0.30 per cent per annum), the reduction to the cost of the Administration Fee will be 0.28 per cent per annum (i.e. 50 per cent of 0.56). The total Administration Fee charged against your account (after allowing for RITC) will be 1.02 per cent per annum (i.e. 1.30 per cent per annum less 0.28 per cent per annum).

Performance-based Fees

We do not charge any Performance-based Fees, however, an investment manager may charge a Performance-based Fee for a particular managed fund when the investment return generated by the managed fund exceeds a specific criteria or benchmark.

The Performance-based Fee (if applicable) is generally calculated daily as a percentage of the amount that you have invested in the managed fund. The fee is generally deducted on a monthly, quarterly or annual basis. Please refer to the product disclosure statement for the relevant managed fund.

An investment manager may incorporate the cost into the unit price of the managed fund, or alternatively, the investment manager can charge us and we will pass on the cost to you by directly deducting it from your account.

The investment managers that can charge a Performance-based Fee are outlined in the [Pursuit Core Investment Service investment options menu](#).

Transaction costs

Some managed funds have a difference between their entry (purchase) and exit (sale) unit prices and this is referred to as the 'buy/sell' spread. This difference is an allowance for the transaction costs (such as brokerage, clearing and settlement costs and stamp duty if applicable) of buying and selling the underlying securities/assets incurred by the investment manager of the particular managed fund.

The buy/sell spread (if applicable) will be applied when you purchase or redeem units in a managed fund (e.g. at the time of a *switch* or when you move money in or out of your account) and is additional to management costs and performance fees.

However, the buy/sell spreads are not charged separately to your account; they are generally included in the unit prices of each managed fund. The buy/sell spread that applies to each managed fund is outlined in the [Pursuit Core Investment Service investment options menu](#).

Financial adviser remuneration

The fees for remuneration paid to a financial adviser can be structured as:

- an ongoing commission component included in the Administration Fee; and/or
- Adviser Service Fee(s).

Ongoing commission included in the Administration Fee

The financial adviser selling this product to you will normally receive commission for the sale.

The amount paid to the financial adviser is up to a maximum of 0.60 per cent per annum of your account balance (inclusive of GST). This is paid by us from the Administration Fee.

The amount paid to the financial adviser is inclusive of GST. The cost to you includes the benefit of RITCs for any GST included in the Administration Fee.

The financial adviser may agree to waive part or all of the ongoing commission but is under no obligation to do so.

A reduction of ongoing commission will result in a reduced annual Administration Fee.

If you do not have a financial adviser, the full Administration Fee is charged.

Example

Jane invests \$50,000¹⁸ in the Pursuit Core Investment Service.

She agrees with the financial adviser an ongoing commission of 0.60 per cent per annum of her account balance to be paid by us from the Administration Fee. The net cost to Jane is 1.30 per cent per annum. This includes the cost of the portion of the Administration Fee we retain (i.e. 0.74 per cent per annum) and the ongoing commission paid to Jane's financial adviser (i.e. 0.56 per cent per annum).

The difference between the amount paid to the financial adviser (i.e. 0.60 per cent per annum) and the amount deducted from Jane's account (i.e. 0.56 per cent per annum) relates to the RITC benefit for that part of the Administration Fee.

This equates in dollar terms to:

Amount deducted from Jane's account = \$650
(includes the net cost of our portion of the Administration Fee of \$370 and the ongoing commission paid to the financial adviser of \$280).

Actual amount we pay to the financial adviser: \$300 p.a.

Adviser Service Fee(s)

We will acquire and pay for the services of a financial adviser selected by you to provide financial advice in relation to your investment through the Service.

The following optional fees are available for you to select the most appropriate remuneration arrangement with the financial adviser:

- Adviser Service Fee – Upfront;
- Adviser Service Fee – Ongoing; and/or
- Adviser Service Fee – Once-Off.

You may agree to one or more of these options. For each option, we set a maximum amount that we will pay to the financial adviser. You and the financial adviser must agree on the amount of each Adviser Service Fee within these relevant limits.

The net amount of any Adviser Service Fee(s) (after allowing for RITCs) that we pay to the financial adviser, as agreed by you, will be an additional cost to you and charged against your investment account. We shall not charge an Adviser Service Fee unless you tell us to do so.

Any agreed Adviser Service Fee(s) will be charged by us to your account and paid in full to the financial adviser until you instruct us to cease payment.

Where you change the nominated financial adviser, the Adviser Service Fee(s) you agreed with the former financial adviser will continue with the new financial adviser.

Adviser Service Fee - Upfront

This fee is charged by us and we deduct the net cost from your account. We then pay the full amount of our fee to the financial adviser for financial advice and services provided to you in relation to:

- the establishment of your account; and/or
- subsequent investments made to your account.

You can agree with the financial adviser on the amount of this fee up to a maximum of 4.4 per cent (inclusive of GST) of each investment made. The net cost charged to your account can be up to a maximum of 4.1 per cent (which reflects the effect of RITCs) of each investment. For example, on an initial investment of \$50,000, we would pay the financial adviser up to a maximum of \$2,200. The net cost charged to your account would be up to \$2,050.

You can agree to a different amount for the following types of investments made to your account:

- initial or one-off deposits received by cheque; and
- BPAY®/direct debit deposits.

The amount of this fee is deducted from your Cash Account at the time of each deposit.

This fee is not applied to:

- any income distributions credited to your Cash Account; and
- switching between investment options.

¹⁸ The example assumes a constant account balance of \$50,000 for the entire year.

Adviser Service Fee - Ongoing

This fee is charged by us and we deduct the net cost from your account. We then pay the full amount of our fee to the financial adviser for ongoing financial advice and services provided to you in relation to your account. You can agree with the financial adviser on the amount of this fee which can be either:

- up to a maximum of 2.1 per cent per annum (inclusive of GST) of your account balance (calculated daily). The net cost to you can be up to a maximum of 1.96 per cent per annum (which reflects the effect of RITCs) of your account balance (calculated daily); or
- up to a maximum of \$1,500 per month (inclusive of GST). The net cost to you can be up to a maximum of \$1,397.73 per month (which reflects the effect of RITCs).

The amount of this fee is accrued daily and is deducted from your Cash Account at the beginning of each calendar month. For example, on an average monthly account balance (over 12 months) of \$50,000, we would pay the financial adviser up to a maximum of \$1,050 per annum (based on an Adviser Service Fee - Ongoing of 2.1 per cent per annum). The fee charged to your account would be up to \$980 per annum (which reflects the effect of RITCs).

Adviser Service Fee – Once-Off

This fee is charged by us and we deduct the net cost from your account. We then pay the full amount of our fee to the financial adviser for once-off financial advice and services provided in relation to your investment through the Service.

The amount of this fee can be up to a maximum of \$10,000 (inclusive of GST) per request. The net cost charged to your account can be up to a maximum of \$9,318.18 per request (which reflects the effect of RITCs).

This fee can only be deducted from your Cash Account once in any 12 month period. A new request must be supplied each time you wish this fee to be applied.

Additional financial adviser benefits

We may pay additional amounts to a financial adviser (or their dealer group) in return for the promotion and marketing of the Service. This payment may include both financial and non-financial rewards. Any such amounts are paid from our resources and are not separate or additional charges to you.

The financial adviser should provide you with the details of any such benefit that they may receive. This information will be included in the adviser's Financial Services Guide and/or a Statement/Record of Advice, detailing any recommendations with respect to the Service.

Low account balances

If there are insufficient funds in your investment account to pay the fees (including the Administration Fee and Adviser Service Fee(s)) due in any month, the fees will be waived.

Where Adviser Service Fee(s) are waived no further fee(s) will be paid to the financial adviser until there are sufficient funds to meet such fees. Any Adviser Service Fee(s) waived will not be recovered.

Transitional fee arrangements

If you transfer all or part of your account balance to the Service from an IOOF product that was established under the Deferred Entry Fee Option, an Exit Fee would usually be payable on the amount transferred. However, we will not deduct the Exit Fee at the date the existing account is transferred to the new account, instead any outstanding Exit Fee payable (and any *Additional Administration Fee* of up to 0.98 per cent per annum) will be carried across to your new account.

The outstanding liability in your new account will operate under the same terms and conditions as applied previously except that the liability will not continue beyond five calendar years from the date of transfer.

By agreeing to the transfer you agree that any outstanding Exit Fee will be carried across to your new account in accordance with these terms. See below for an example of how this works.

Example (Exit Fee) - transfer to the Service

John invested \$50,000 in an IOOF account under the Deferred Entry Fee option. Over the next five years, we will deduct an Additional Administration Fee of up to 0.98 per cent per annum (\$490 p.a.) of John's original investment.

During the first year, the maximum Exit Fee payable was four per cent of the initial investment (i.e. \$2,000 which is four per cent of \$50,000). However, for each completed year, 20 per cent of the initial investment can be withdrawn free of any Exit Fee.

Three full years later John transfers the balance of his account to the Service.

What is the outstanding Exit Fee on John's previous account and is it payable on the date his account is transferred into the Service?

The Exit Fee payable reduces by 20 per cent for each completed year. John was in the original product for three years. This means in year four, the Exit Fee is only calculated on \$20,000 (i.e. \$50,000 less 60 per cent or \$30,000). Therefore the Exit Fee in year four is only \$800 (i.e. four per cent of \$20,000).

Since John is still with IOOF, no Exit Fee is payable at the time of his transfer to Pursuit. Instead, the outstanding Additional Administration Fee of 0.98 per cent per annum (\$490 p.a.) will be deducted over the remaining two years from his account in Pursuit. If John were to withdraw from Pursuit in year four, the outstanding Exit Fee (\$800) would still apply.

GST and taxes

The fees quoted in this section are inclusive of GST and net of any applicable Reduced Input Tax Credits (RITCs). See the 'How do the taxes work?' section on page 33 for more information on tax.

Netting

We often buy and sell units in a managed fund on the same day. We intend to deal as a 'net buyer' or 'net seller' of units on any given day. As a result, no transactions may need to be made at all to give effect to your Investment Instruction. However, you will still receive the prevailing sell or buy price applied to your particular investment transaction. We are entitled to retain any benefit that may arise from the netting of transactions.

Dishonour Fees

If any direct debit or BPAY[®] transaction from your nominated account with a *financial institution* is returned unpaid or your cheque is dishonoured, we are entitled to pass on to you any fees associated with the dishonour. This fee will be deducted from your Cash Account at the time of the dishonour.

Fund manager payments

We may receive a fee from the investment managers of certain investment options. This fee (up to 0.30 per cent per annum plus GST, as at the date of this Offer Document) is generally based on the total amount of funds we have invested with each investment manager and is paid to us from the investment manager's own resources. The fee is retained by us and is **not** an additional cost to you.

Product access payment

As at the date of this Offer Document, we may receive a fee of up to \$5,000 p.a. plus GST (per investment option) from the investment managers of certain investment options. Payment of this fee is for the inclusion of an investment option on our investment menu in the Service and is paid to us from the investment manager's own resources. This fee is retained by us and is **not** an additional cost to you.

Alternative Remuneration Register

We maintain an Alternative Remuneration Register in accordance with the IFSA/FPA Industry Code of Practice, which outlines the alternative forms of remuneration that are paid and received by us. You can see a copy of this register at IOOF's offices (ground floor, 303 Collins Street, Melbourne VIC 3000) at any time between 9am and 5pm on a *business day*.

Alteration to fees

We have the right to introduce and/or increase any fee. If we decide to introduce a new fee or increase the fees from those disclosed on pages 25 to 29, we will give you at least 30 days written notice before the introduction or increase takes effect.

Total fees indicator

The annual cost of administering your *portfolio* will vary, depending on the value of your portfolio and the investment options you choose.

Listed below are two examples to assist you in understanding the potential fees applied to your investment portfolio over the first year. The examples are based on a single investment only – no *withdrawals* have been taken into consideration.

Example 1

Based on a single investment of \$50,000 in the following:

- Cash Account – \$500;
- Perennial Balanced Wholesale Trust - \$20,000;
- Perennial Value Shares Wholesale Trust - \$20,000; and
- IOOF MultiMix International Shares Trust – \$9,500.

| Fees applied | Dollar cost of fees over the first year |
|--|---|
| Entry Fee | Nil |
| Administration Fee 1.30% p.a. | \$650 |
| Management Costs applied by the investment manager (assume 0.84% p.a.) ¹⁹ | \$416 |
| Adviser Service Fee - Ongoing ²⁰ 0.25% p.a. | \$125 |
| Approximate total cost over the first year | \$1,191 |

As a percentage of your investment:
\$1,191 / \$50,000 = 2.38%

Examples assume no switches or withdrawals are made and no dishonour fees are incurred. Examples do not take into consideration any movement in the value of the managed funds in the portfolio. These examples provide an indication of the fees incurred over a single year only. Dollar costs shown are rounded to nearest dollar. By choosing to pay higher Adviser Service Fees, your total fees will also be higher.

Example 2

Based on a single investment of \$200,000 in the following:

- Cash Account – \$2,000;
- Perennial Balanced Wholesale Trust - \$80,000;
- Perennial Value Shares Wholesale Trust - \$80,000; and
- IOOF MultiMix International Shares Trust – \$38,000.

| Fees applied | Dollar cost of fees over the first year |
|--|---|
| Entry Fee | Nil |
| Administration Fee 1.30% p.a. | \$2,600 |
| Management Costs applied by the investment manager (assume 0.84% p.a.) ¹⁹ | \$1,663 |
| Adviser Service Fee - Ongoing ²⁰ 0.25% p.a. | \$500 |
| Approximate total cost over the first year | \$4,763 |

As a percentage of your investment:
\$4,763 / \$200,000 = 2.38%

¹⁹ The Management Cost is based on the weighted average of the Management Cost in the portfolio. Managed fund fees and expenses are expressed through the unit price of the managed funds and not deducted separately from your account.

²⁰ The cost of any Adviser Service Fee is optional and therefore negotiable between you and your financial adviser.

What are the risks?

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

Risks when investing through the Service

These types of risks could include the following:

- your investment may not be sufficiently diversified (e.g. 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 *investment options with extended redemption periods*, your ability to make a lump sum withdrawal from those managed funds may be delayed, reduced or unavailable until sufficient assets from those managed funds can be redeemed to fund the withdrawal;
- 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 the law governing the operation of the Service which may adversely affect your investment (e.g. may affect your ability to access your investment). These changes may also affect the operation of your product or of any investment option(s) into which you invest; and
- we could be replaced as operator of the Service or the Service could be transferred to another provider. There is also a risk we may not carry out our duties 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. We are required to perform our obligations honestly and with reasonable care and diligence.

Risks that may affect your investment options

These types of risks are summarised below.

Market risk — investment returns are influenced by the performance of the market overall. Unexpected conditions (e.g. economic, technological or political) 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. The possibility that foreign currencies may fall in value relative to the Australian dollar can have an adverse impact on investment returns from these investments.

Liquidity risk — 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. Potential gains and losses from derivative and geared transactions can be substantial.

Credit risk — 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 has one or more investment managers (or a group of managers in the case of a multi-manager managed fund) 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.

How do the taxes work?

As with all financial transactions, tax implications need to be considered. The tax information provided in this Offer Document is of a general nature only and is based on our understanding of the legislation and its application to investors as at the date of this Offer Document.

Australian tax laws can be complex and are subject to change from time to time. We recommend that you obtain professional advice on the consequences before investing through the Service.

This section provides you with some general information about the tax implications of investing through the Service. It will help you answer the following questions.

- How are my investments taxed?
- What information will I receive?

Personal tax issues

The taxation implications of investing through the Service depend on the investment options you select. Although we hold all investment options on your behalf, you still retain beneficial ownership. The tax consequences of investing are passed on to you as though you held the investment options directly.

This means that buying and selling managed funds or term deposits through the Service and all income distributions and interest payments you receive are likely to have tax consequences for you.

Tax Statement

You will receive an annual Taxation Statement after the end of the financial year detailing the tax position of your account in the Service. You can use this to help you (or your professional tax adviser) complete your personal annual income tax return.

The following summary of tax matters is a general guide in relation to amounts that may be set out on the Taxation Statement and applies to resident individual taxpayers. If you are a non-resident for Australian income tax purposes, it is important that you obtain independent tax advice before investing through the Service, taking into account your particular circumstances. The operators of certain investment options may be required to withhold tax on part or all of the distributions and interest payments made to non-resident investors.

General tax treatment

Income distributions from managed funds and trusts — any entitlement you have to the net income of a managed fund or trust for a year of income, including amounts received in a subsequent year of income or which are re-invested, will form part of your assessable income for that year. This includes interest earned on term deposits and cash balances in your Cash Account.

Interest earned on term deposits and cash balance — interest earned on term deposits and cash balances in your Cash Account are assessable in the year they are received.

Types of income distributions — part of the income distributions from your managed funds may include franking credits, non-assessable amounts (which may reduce the cost base or reduced cost base of those investments in the managed funds), or foreign tax offsets (representing foreign taxes paid by the managed funds).

Franking credits may be used to offset any personal tax liability (and in certain circumstances you may be entitled to a refund of excess credits). Foreign tax offsets may be used only to offset the Australian tax liability on any foreign income earned.

Capital gains — taxable capital gains form part of your annual assessable income for a year of income. This includes any net taxable capital gains arising from the sale, disposal or redemption of an investment in a managed fund as well as any capital gains distributed by the managed funds or trust in which you have invested for the income year.

You may be entitled to apply the discount capital gain concession to all or part of a capital gain.

You may be able to offset any capital gains for the year of income with any capital losses you make in that year of income or that you have been carrying forward from prior income years.

Adviser Service Fee - Upfront and Adviser Service Fee – Once-Off — these adviser fees may not be immediately deductible. If this is the case, these fees should form part of the cost base or reduced cost base of your investments, which are used to determine your capital gains or losses in relation to any sale, disposal or redemption of your investments.

Adviser Service Fee - Ongoing — this fee may be fully tax deductible in the year of income in which you incur the fee and reduce your assessable income for that income year.

Administration Fee, other Management Costs — these fees may be fully tax deductible in the year of income in which you incur the fees and reduce your assessable income for that income year.

Management Costs applied by each investment manager generally have already reduced the amount of any assessable distributions that you receive in cash.

Tax Office notifications

You are not required to quote your Tax File Number (TFN) or (if you have one) an Australian Business Number (ABN) or claim an exemption from providing a TFN. However, if you are an Australian resident for taxation purposes and a TFN or ABN is not provided or an exemption is not claimed, we are required by law to withhold tax at the top marginal tax rate plus Medicare Levy from any income distributions and interest payments through the Service.

If you are a non-resident of Australia for taxation purposes, we will deduct the applicable withholding tax from all distributions and income payments.

Section 6 - General information

Do I have a 'cooling-off' period?

Yes, but only on your initial investment into the *Service*. If you change your mind about your initial investment, you have five *business days* from our receipt of your initial investment amount to exercise your cooling-off rights by giving us written notice. In this case we will not charge any of the *Service* fees that we are permitted to charge in accordance with this Offer Document.

The amount returned will be adjusted for any market movements in your managed funds (up or down) up to the day we receive your notification that you wish to exercise your right to leave the *Service*. Therefore, the amount you receive in return may be more or less than the initial amount invested.

Your instructions and communications

We will act in accordance with instructions from you or your appointed representative (including a financial adviser). We are not required to ask whether instructions are genuine or proper.

Instructions must be made in writing unless another facility for providing instructions is made available to you or your financial adviser by IOOF. We may accept an instruction to update your address details over the phone (provided you satisfy our identification and verification requirements). This does not apply to requests to update your address to a Post Office Box address which must be made in writing. Your instructions may generally be accepted by fax except, for instance, if they are instructions to join the *Service*, change your name or make an investment.

You agree to release us from, and indemnify us against, any and all losses and liabilities arising from any payment or action we make based on any written instruction (even if not genuine) that we receive bearing your account number and a signature we reasonably believe is yours or that of your representative. You also agree that neither you, nor anyone claiming through you, has any claim against us or the *Service* in relation to these payments or actions.

However, please note that we are not required to effect any instructions if:

- it would make your account balance fall below the minimum holding requirement;
- giving effect to the instruction is contrary to our agreement with you, a margin lender's instruction (if your account is being held as security for a margin loan), the law or any market practice;
- the instructions are incomplete or are, in our opinion, unclear;
- you have not, or we suspect you have not, complied with the terms of the *Service*;
- you do not have sufficient investments or funds in your Cash Account for us to carry out the instruction;
- we are not reasonably satisfied that the instructions are genuine;
- you have not provided us with relevant documents or information we consider necessary to act on your instructions; or
- your participation through the *Service* is suspended or terminated.

We do not accept any liability whatsoever for an instruction not being implemented in these circumstances.

How can I change my personal details?

Any changes (or corrections) to your personal details, (e.g. your name by marriage) should be advised in writing to us as soon as possible (together with a *certified copy* of documentation verifying the name change).

You can change your address details over the phone by calling one of our **Client Services Officers** on **1800 062 963** provided you satisfy our identification requirements.

Please contact us directly for more instructions if you want to make any other changes to your account (e.g. changing your deposit arrangements or investment selections).

Keeping track of your investments

We provide you with comprehensive and consolidated reporting on all of your investments in your investment account and regular communications that are sent to you for your records. Additionally, you may request reports from a Client Services Officer or, alternatively, view your account information via Portfolio Online.

What you will receive from us

Welcome letter and Investor Schedule

Sent on the establishment of an account through the Service, normally within seven business days of joining.

Your Investor Schedule confirms your investment account details and Investment Instructions as well as your IOOF Customer Reference Number for any future BPAY® investments.

Quarterly statement

Details all transactions and portfolio valuation over the quarter.

Statements sent to you within one month of the end of each March, June, September and December.

Annual portfolio statement

Provides a summary of all portfolio transactions during the financial year including investment performance.

Your statement is provided within three months of the end of each financial year.

Annual taxation statement

Details the amount and components of your taxable and non-taxable income for each 12 month period to 30 June including information on realised capital gains/losses and expenditure. Normally, these statements will be sent to you, within three months of the end of the financial year.

Audit report

The audit report will provide you with the auditor's opinion relating to our accounting procedures and internal controls affecting the accuracy of your annual statements.

Internet access and functionality

Portfolio Online is a user friendly internet facility. It provides you with convenient and secure access to your key account details, including the value of your investment options.

Investors can register for access to Portfolio Online at www.ioof.com.au

Electronic communications

You can choose to receive any or all the following communications from the Service Operator electronically via Portfolio Online:

- your quarterly statement, annual portfolio statement and annual taxation statement;
- confirmation of transactions which are required by law to be confirmed; and
- all communications other than those listed above.

You will be able to access and download these communications electronically at any time while you are an investor and registered user of Portfolio Online.

When a communication is available for you to access using Portfolio Online we will send a notification to your preferred email address. You will need to let us know your preferred email address on your Application form (Form A) and then tell us your new email address if it changes.

By making these communications available to you electronically, we satisfy our obligations under the Corporations Act 2001. However, if you ever change your mind and would like paper copies of any of these communications, we will provide them to you free of charge on request.

Terms and conditions for electronic communications

Where you elect to receive communications from the Service Operator electronically via Portfolio Online, you agree:

- to receive the communications, selected in your application, from the Service Operator electronically by regularly accessing them using Portfolio Online;
- to register or be registered and remain registered as a user of Portfolio Online;
- any communication given to you electronically by making it available to you to access using Portfolio Online will be taken to be delivery of the communication to you;
- the Service Operator will send an email notification to your preferred email address when a communication is available for you to access using Portfolio Online;
- you have provided your preferred email address in your application and are responsible to notify the Service Operator of any change to your preferred email address;
- you will be able to access such communications at any time while you are an investor and registered user of Portfolio Online;
- you can download a copy of any such communication;
- the Service Operator will send you a free paper copy of any communication you request;
- Portfolio Online is a "facility" for the purposes of section 1017F(5) of the Corporations Act 2001; and
- the Service Operator may give you any communication in any other method permitted by law.

In the event of death

In the event of your death while you are an investor through the Service, we must pay your remaining investment account balance to your nominated *Legal Personal Representative* or estate. We may seek appropriate evidence to ensure that we carry out all of our legal obligations. This can increase the amount of time that it takes to pay an investment and generally includes obtaining:

- a copy of the grant of probate;
- a certified copy of the Death Certificate and the Will; and
- instructions from the executor of the estate.

Where you are a joint owner, ownership will normally be transferred to the surviving owner upon receipt of a certified copy of the Death Certificate.

Where you are a trustee of a self managed superannuation fund, what happens upon your death will generally be governed by the terms of the trust deed of your superannuation fund.

Transferring ownership of your account

If you propose to transfer the beneficial ownership of your account to another person or entity, the person or entity must first agree to be bound by the terms and conditions of the Service. Before you do this, you should speak to your tax adviser about any personal tax consequences. Stamp duty and other taxes may also apply on account transfers.

As the managed funds acquired through the Service are wholesale funds, they are generally not able to be transferred directly into your name.

Corporate notices and actions

As your investment options are held (by us on trust) on your behalf in our name, we receive all corporate notices, annual reports and other information issued by the investment managers. You may at any time request us to provide you with copies of any such communications.

If you elect to receive any such communications, we may charge you a reasonable fee for providing the communications.

You agree that we are not required to give effect to any directions as to how the corporate actions are to be exercised in respect of managed funds held for you.

Exiting or changing the Service

You can terminate your Pursuit Core Investment Service account by giving us advance written notice.

We will complete any requested transactions before terminating your investment account, however we are not obliged to do so if we suspect that you have not complied with the terms of the Service.

We may suspend or stop your participation through the Service by writing to you.

We have the right to alter the Service in any way (including the minimum holding requirements), however we will give you reasonable notice of any materially adverse changes before we make them, unless provided otherwise in this Offer Document.

Important note

The *Administration Fee* is payable until we cease to hold any assets on your behalf. Where you leave the Service prior to the date on which any fee would normally be payable, we will deduct that fee pro-rata from your final proceeds.

Financial Adviser Authority

If you appoint a financial adviser you are taken to have automatically authorised your financial adviser and their staff (your financial adviser), as your agent, to operate your account and to give any instructions on your behalf in relation to your account to IOOF by any method acceptable to IOOF, including electronically.

This authority does not authorise your financial adviser to:

- withdraw any funds from your account;
- authorise any change in fees and charges for your account;
- sign any form on your behalf where the law or an external party requires your signature on the form (for example, a Direct Debit Request);
- change the name on your account; or
- authorise any other person to operate your account.

Accordingly, your current or any future financial adviser you appoint can do everything you can do with your account except the things listed above. IOOF will continue to follow instructions given by your financial adviser under this authority until we receive notice in writing signed by you to cancel the authority.

If you have authorised your financial adviser to do so, your financial adviser may submit *switch* or re-weight instructions and establish or change Investment Instructions in relation to your account ("online instructions") using Portfolio Online.

Your financial adviser may also use Portfolio Online to complete and submit on your behalf any other forms which IOOF permits to be submitted electronically using Portfolio Online.

How do I appoint a representative to act on my behalf?

You may also appoint a person, other than your financial adviser to operate your account. You could for instance appoint a spouse, relative, accountant or solicitor. Only you can authorise a representative to act on your behalf. To cancel the authority of your nominated representative, you must give us prior written notice. The cancellation or appointment of a new representative will be effective once it has been received and recorded by us.

This facility can be convenient if you are investing as a company, a self managed superannuation fund or other entity, as you can nominate a single person such as a director, employee or individual trustee to transact on behalf of the entity.

The following conditions apply to your representative.

- Your representative can do everything that you can do in respect of the Service (except appoint other representatives). *Withdrawals* can only be made in favour of the investor.
- You are responsible for anything that your representative does on your behalf.
- If someone whom we reasonably believe to be your representative acts on your behalf, IOOF will treat the request as if you had personally acted.
- If your representative is a company, its directors or authorised officers can act as the representative.
- If your representative is a partnership, each partner can act as the representative.

To authorise another person with authority to act on your behalf, simply complete Step 13 of the Application form (Form A) contained in the Pursuit Core Investment Service Forms Booklet.

What if I have a complaint?

If you have a complaint about the Service, please contact the **Manager, Customer Care** on **1800 062 963** or write to:

Manager, Customer Care
IOOF Investment Management Limited
GPO Box 264
MELBOURNE VIC 3001

If you let us know of any concerns arising from your dealings with us, we can work towards providing suitable resolutions and better service for all clients in the future. When you get in touch with us, please provide:

- your contact details;
- your account or client number; and
- a detailed description of the facts surrounding your complaint.

Where possible, concerns will be resolved straightaway.

We will consider and deal with your complaint as quickly as possible and are required by law to deal with your complaint within 45 days.

If you are not satisfied with our handling of the complaint or a decision we have made in relation to your complaint, you may refer your complaint to the Financial Ombudsman Service Limited ("FOS") by calling 1300 780 808 or by writing to FOS at GPO Box 3, Melbourne VIC 3001. Alternatively, you can obtain a 'Dispute form' from their web site (www.fos.org.au).

Your privacy

We recognise the importance of protecting your privacy. As custodian and operator of your investment account the main reason we collect, use and/or disclose your personal information, is to provide you with the products and services that you request. This may also include the following related purposes:

- to help your financial adviser provide you with financial advice and ongoing services in relation to your investment account;
- to facilitate internal administration, accounting, research, risk management, compliance and evaluation of IOOF Group products and services; and
- to provide you with information about other products and services that we or other members of the IOOF Group have that may interest you.

We may also disclose your information (or parts thereof) to external parties some of whom act on your or our behalf. These parties can include:

- your financial adviser;
- banks or other *financial institutions*, including *margin lending* providers;
- legal and accounting firms, auditors, mail houses, contractors, or other consultants involved with the Service; and
- other companies in the IOOF Group.

If you do not provide the information requested in your Application form, we may not be able to accept and process your application. We are also permitted to collect and disclose your personal information when required or authorised to do so by law.

If you have concerns about the accuracy and completeness of the information we hold, you may request access to your personal information by writing to:

Privacy Officer
IOOF Investment Management Limited
GPO Box 264
MELBOURNE VIC 3001

Depending upon the nature of the request, we have the right to impose a reasonable charge for providing access to that information. If you have provided us with information about another person (e.g. a family member to whom you have granted a power of attorney to deal with your investments), you must advise them that we collect, hold and use the information for the purposes set out above.

To obtain a copy of the IOOF Group Privacy Policy or to elect not to receive marketing information about other IOOF Group products and services, please contact a **Client Services Officer** on **1800 062 963** or visit us at **www.ioof.com.au**

Anti Money Laundering and Counter Terrorism Financing legislation

We are required to carry out 'proof of identity' procedures for investors opening an investment account in the Service or persons completing forms in relation to the Service on the investor's behalf. e.g. a Power of Attorney or appointed Guardian for an investor. These requirements arise under the Government's *AML/CTF Law*.

Where you have not already provided us with appropriate identification we will be required to collect customer identification information and to verify it by reference to a reliable independent source. You will be notified of these procedures on applying to join the Service or when you request a withdrawal. If you do not provide the information or we are unable to verify the information, your application or request for payment may be delayed or refused.

Key words explained

There may be some words in this IDPS Guide you may not be familiar with. To help you understand these terms we have defined them. Each time a defined term is first used in any section of this IDPS Guide it is written in *italics* like this.

| | |
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| Additional Administration Fee | This is the amount of up to 0.98% p.a. of each investment made to any previous account you have with IOOF where the balance of this previous account was transferred into the Service. This fee will be deducted from your account for the balance of the original deferred entry fee period (subject to a maximum of five years). |
| Administration Fee | The fee charged by us to cover the general administration of the Service. |
| AML/CTF Law | Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth), and all sub-ordinate legislation in respect of that Act, as amended from time to time. |
| Australian Financial Services Licence (AFS Licence) | A licence issued by ASIC under the Corporations Act 2001 which among other things, permits the issuing of a financial product or the giving of financial advice. |
| Business day | A day other than a Saturday, Sunday or a public holiday in Melbourne. |
| Capital Gains Tax (CGT) | A tax applied on the increase in the value of an investment that may be payable when the investment is sold. |
| Certified copy | A document that has been certified to be a true and complete copy of the original, by a person authorised to witness the signing of a statutory declaration under applicable Commonwealth or State legislation. |
| Cooling-off period | The period of time during which investors are able to cancel their application for an investment account and receive a refund (if applicable), less permissible deductions. |
| Derivatives | Contracts that call for money to change hands at some future date, where the amount depends on, or is derived from, another security, liability or index. For example, a contract might specify that one person can buy an item from the other at today's price in six months' time, regardless of the market price at that time. |
| Financial institution | A bank, building society or credit union. |
| Goods and Services Tax (GST) | A tax on the supply of goods and services. |
| High yielding securities | High yielding securities are investments in non-traditional debt assets that generally earn higher interest than traditional fixed interest securities. These securities may provide higher returns as they are generally regarded as being less secure than traditional fixed interest securities. As a result, there is potential for higher volatility and lower liquidity. |
| Investment options with extended redemption periods | Assets which either cannot be readily realised within 30 days, or where realising those assets within 30 days would have an adverse impact on their value. |
| Legal Personal Representative | The executor of your Will or the administrator of your estate. |
| Margin lending | Borrowing money for investment purposes. |

Section 7 – How do I apply?

Application procedure

Joining is simple. All you have to do is complete the Application form (Form A) and any other relevant forms in the Pursuit Core Investment Service Forms Booklet.

You can obtain a copy of this booklet:

- from your financial adviser;
- by downloading one from our web site at www.ioof.com.au or
- by calling a **Client Services Officer** on **1800 062 963**.



Contact us

POSTAL ADDRESS

Client Services
GPO Box 264
Melbourne VIC 3001

TELEPHONE

1800 062 963

FAX

1800 558 539

EMAIL

clientservices@ioof.com.au

WEB SITE

www.ioof.com.au

Service Operator

IOOF Investment Management Limited

ABN 53 006 695 021

AFS Licence No. 230524

REGISTERED ADDRESS

Level 29, 303 Collins Street
Melbourne VIC 3000