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Annex – IOOF Pursuit Focus investment guide (APF.02)

- IOOF Pursuit Focus Personal Superannuation
- IOOF Pursuit Focus Allocated Pension

This guide contains important information not included in the Annex – IOOF Pursuit Focus Product Disclosure Statements.

Together with the general reference guides (**Annex – IOOF Pursuit Focus Personal Superannuation general reference guide (APF.01)**, **IOOF Pursuit pension general reference guide (PSP.01)**), **Annex – IOOF Pursuit Focus Investment Menu (Investment Menu)** and the **IOOF Pursuit insurance guide (PIN.03)** (if applicable), these documents should be considered before making a decision to acquire the product(s).

We recommend that you read this entire guide and refer to the **Investment Menu** available on the website ioof.com.au/pursuit-focus-annex-investment-menu which contains information about the range of available investment strategies and options that you can select.

The information is divided into the following sections.

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Important notice

This guide has been prepared and issued by IOOF Investment Management Limited (IIML) ABN 53 006 695 021, AFSL 230524. IIML is the Trustee of the IOOF Portfolio Service Superannuation Fund (Fund) ABN 70 815 369 818.

Annex – IOOF Pursuit Focus Personal Superannuation and Annex – IOOF Pursuit Focus Allocated Pension are superannuation and pension products forming part of the Fund.

Investment options offered

As Trustee, IIML regularly monitors the investment options available to investors and provides no assurance that any investment option currently available will continue to be available in the future.

IIML makes no recommendation regarding the investment options set out in the **Investment Menu**.

IIML 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, a similar investment option or the default investment strategy in circumstances where the investment option is no longer available, and no alternative instructions are provided. We will notify you of any such change where possible before the change occurs. The fund managers have not authorised or caused the issue of this product disclosure statement (PDS) but have consented to the inclusion of statements which relate to their particular managed investment.

IOOF Investment Services Ltd (IISL), ABN 80 007 350 405, AFSL 230703, a part of the IOOF group, is the responsible entity of the IOOF MultiSeries 30, IOOF MultiSeries 50, IOOF MultiSeries 70, IOOF MultiSeries 90 and IOOF Cash Management – Class D Units Trust (collectively, the Trusts), and we receive fees under the Constitutions of the Trusts. These are some of the investment options offered in Annex – IOOF Pursuit Focus.

In order to choose an investment option for your investment strategy, you should review the information in this Investment Guide and the Investment Menu. Before selecting an investment option, your financial adviser should provide you with the PDS for the relevant managed investment. These documents provide you with important information to consider and evaluate prior to investing. PDSs and product guides are also available on our website (ioof.com.au).

Managing conflicts of interest

As IOOF is a large financial institution that participates in both domestic and international markets both real and perceived conflicts of interest may arise when adding to or removing from the Investment Menu. For example, IISL acts as the responsible entity for a number of investments on our menu. We have policies as to how conflicts are managed, and these policies apply to the investment selection process. The same selection process is applied in selecting both related and unrelated managed investments to the menu.

General advice warning

The information contained in this guide 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.

The Investment Menu is extensive and identifying the right investment strategy for you can be complex and risky without professional assistance. We recommend that all clients consider obtaining and maintaining professional financial and/or tax advice prior to and while investing via the Fund.

Investment strategies

Your investment strategy

Making the right investment choice is an important part of developing a plan to help you achieve your financial goals. This requires careful consideration of a number of factors including your retirement needs and financial goals, investment risk and return profile, and your overall financial position.

We recommend that you discuss your investment strategy with a financial adviser.

The investment options

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, fund managers and investment styles.

Before selecting an investment option, you should read the relevant product's PDS, this guide and talk to your financial adviser. For each investment option you select, you should read the relevant PDS, provided by your financial adviser or available from our website. These documents include information about performance, asset allocation, costs and the risks associated with investing in a particular investment option.

The PDS for a managed investment may be updated or replaced by the fund manager from time to time. This means that you may not always have the most recent copy of the applicable PDS for a new managed investment at the time of an investment instruction, such as for a regular savings plan, income distribution re-investment or switch request. We provide electronic versions of PDSs for the available managed investment via Portfolio Online. You can also obtain a copy free of charge by contacting your financial adviser or by calling ClientFirst on 1800 913 118.

Choose what is right for you

As your individual circumstances change over time, your investment strategy may also need to change to accommodate any new goals or objectives.

The investment strategy that best suits your needs will depend on a number of personal factors, such as your:

- attitude towards investment risk and return
- investment timeframe
- income needs.

What investment options can you choose?

IOOF Pursuit Focus (Pursuit Focus) offers you access to a spread of different asset classes designed to meet particular investment objectives. Our range of diversified and single-sector multi-manager trusts simplify the investment selection process by blending some of the best available managers to suit your investment objectives.

The list of investment options is set out in the **Investment Menu**. The process undertaken by the Trustee in establishing the Investment Menu is explained below. This list may change from time to time.

Important note

More information about each managed investment available is detailed in the PDS issued by the fund manager for the particular managed investment.

PDSs include information about performance, asset allocation, costs and the risks associated with investing in a particular managed investment and must be read and considered before selecting a managed investment.

Before investing, your financial adviser should provide you with a copy of the PDS for the managed investment(s) you have selected. Alternatively, you can obtain a copy free of charge by downloading it directly from our website or requesting it from our Client Services Team on 1800 913 118.

It is recommended that you consult a financial adviser before selecting the investment options that you would like to invest in.

Selection of investments by the Trustee

The IOOF Investment Management Limited (IIML) Board is ultimately responsible for the selection, management and monitoring of investments in a prudent and independent manner, having regard to legal and regulatory requirements and corporate governance standards. A Board Investment Committee has been established to assist the Board in fulfilling its investment responsibilities, by approving the appointment and termination of investment options.

The construction of the Investment Menu takes into account factors that may include the following:

- recommendations made by the IOOF Research department
- ratings from independent Research houses
- diversification by asset class, investment style and investment management groups
- constraints including capacity, liquidity, transparency, diversification and management accessibility
- cost-efficient fee alternatives.

This selection process employs both quantitative and qualitative assessments, which are used to identify investment options that our Research department considers are most likely to achieve their investment objectives. Their due diligence process encompasses criteria including operational factors, financial viability of the manager, investment process, portfolio structure and performance.

Termination or change of status of an investment option

The IOOF Research department and/or an external asset consultant, as appointed by the Board Investment Committee from time to time, reviews the Investment Menu periodically to identify investment options that may no longer be suitable for continued Investment Menu inclusion.

The considerations for removal include (but are not limited to):

- a change in their research rating resulting in a lower probability that the investment option will meet its stated objectives (factors may include a material personnel change or a change in operational risk, structural risk, underperformance or governance)
- an elevated probability of the investment option closing (potentially due to declining profitability driven by low levels of funds under management)
- insufficient demand
- termination by the manager.

Labour standards, environmental, social and ethical considerations

The Trustee does not generally take into account Labour standards, Environmental, Social and Governance (ESG) considerations when selecting, retaining or removing fund managers and managed investments for the list of available investments. However, the Trustee acknowledges that ESG factors are considered by the underlying investment managers in investment decision-making processes in order to protect and manage investments for the long term. All other things being equal, entities that best manage ESG factors are more likely to be financially sustainable in the long term. ESG, especially good corporate governance, is a key contributor to sustainable positive outcomes for investors.

Information regarding these policies will be disclosed in the PDS of the managed investments.

About investing

Your investment risk and return profile

Your investment risk and return profile will affect your investment strategy. 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 fund managers.

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

IOOF multi-manager trusts

We recognise the importance and expertise required in managing investments through all investment cycles. We believe a multi-manager approach provides investors with an expertly managed portfolio incorporating the latest in investment, strategic and economic information.

Our multi-manager trusts simplify the investment selection process by accessing a team of investment professionals who are dedicated to identifying, blending and managing specialist fund managers to improve returns for investors.

Managing risk through diversification

IOOF multi-manager trusts aim to maximise returns for a given level of risk and take diversification that extra step by:

- investing in **multiple asset sectors** such as international and Australian shares, property, alternative strategies, fixed interest securities and cash
- investing the assets of each portfolio with **multiple fund managers** which have been carefully selected
- blending **multiple investment styles** within a single investment.

Risk bands

The Standard Risk Measure is based on industry guidance to allow members to compare investment options that are expected to deliver a similar number of negative annual returns over any 20 year period.

The Standard Risk Measure is not a complete assessment of all forms of investment risk, for instance it does not detail what the size of a negative return could be or the potential for a positive return to be less than a member may require to meet their objectives. Further, it does not take into account the impact of administration fees and tax on the likelihood of a negative return.

Members should still ensure they are comfortable with the risks and potential losses associated with their chosen investment option/s.

Risk band	Risk label	Estimated number of negative annual returns over any 20 year period
1	Very low	Less than 0.5
2	Low	0.5 to less than 1
3	Low to medium	1 to less than 2
4	Medium	2 to less than 3
5	Medium to high	3 to less than 4
6	High	4 to less than 6
7	Very high	6 or greater

Your investment options

A full list of investment options can be obtained from the **Investment Menu**, available on our website ioof.com.au/pursuit-focus-annex-investment-menu or by calling ClientFirst.

Additional information, including a PDS for all of the managed investment options is available from our website (www.ioof.com.au) or from ClientFirst on 1800 913 118. Please ensure you read the relevant PDS before investing or making an investment switch. If you have not read the relevant PDS, you may not have up-to-date information or may not have been notified of materially adverse changes or significant events affecting the investment option.

Investment categories and typical investors

The Trustee has determined that the investment strategy for the Fund is to provide diversified investment menus where adequate returns can be delivered for members over the long-term without exposing their investment to unreasonable risk. The Fund offers a range of investment options and Investment Strategies. Each of the investment categories available in the **Investment Guide** is described in terms of their investment objective, investment strategy, level of risk and asset allocation.

Following are the asset allocations for each of the categories

Investment Strategy	Asset Mix
Diversified Growth	70% to 100% growth assets and 0% to 30% defensive assets
Diversified Balanced	40% to 70% growth assets and 30% to 60% defensive assets
Diversified Conservative	0% to 40% growth assets and 60% to 100% defensive assets
Cash Funds	100% Cash

Easy Choice

Investment Strategy	Investment Objective	Underlying Investments	Usually held for a minimum of:	Risk Band	Risk Label	Est. negative annual returns over 20yrs
Diversified Growth Funds	To provide a diverse range of multi asset growth orientated investment options that offer varied strategies aiming to achieve capital growth (in a risk adjusted manner) through the investment cycles. This can be delivered through a well-diversified portfolio of growth assets with higher expected volatility	A mixture of cash, fixed interest, shares and property. Shares and property securities will generally represent more than three quarters of the portfolio.	Long Term 7+ Years	6	High	4 to less than 6

Diversified Balanced Funds	To provide a diverse range of multi asset balanced orientated investment options that offer varied strategies aiming to achieve above inflation rate growth (in a risk adjusted manner) through the investment cycles. This can be delivered by investing in a balanced exposure across growth and defensive assets.	Broadly an equal spread between growth assets such as shares and property securities and defensive assets such as cash and bonds.	Medium Term 5+ Years	5-6	Medium - High	3 to less than 6
Diversified Conservative Funds	To provide a diverse range of multi-asset defensive orientated investment options that offer varied strategies aiming to achieve relatively stable returns (in a risk adjusted manner) through the investment cycles. This can be delivered by investing in a range of growth and income assets, while providing lower volatility and capital protection through a high weighting to defensive assets.	A range of cash, fixed interest securities, shares and property securities. Fixed interest securities and cash will represent at least three quarters of the portfolio.	Short-Medium Term 2+ Years	3-6	Low to High	1 to less than 6
Cash funds	To provide a diverse range of cash investments aiming to achieve a high degree of stability while delivering returns that are consistent with the prevailing market cash rate (in a risk adjusted manner) through the investment cycles.	A range of short-term money market securities issued by Australian governments, banks, high quality corporate borrowers and credit union deposits.	No Minimum	2-3	Low to Medium	0.5 to less than 2

Investor Choice

Investment Strategy	Investment Objective	Underlying Investments	Usually held for a minimum of:	Risk Band	Risk Label	Est. negative annual returns over 20yrs
Diversified Growth Funds	To provide a diverse range of multi asset growth orientated investment options that offer varied strategies aiming to achieve capital growth (in a risk adjusted manner) through the investment cycles. This can be delivered through a well-diversified portfolio of growth assets with higher expected volatility	A mixture of cash, fixed interest, shares and property. Shares and property securities will generally represent more than three quarters of the portfolio.	Long Term 7+ Years	6	High	4 to less than 6
Diversified Balanced Funds	To provide a diverse range of multi asset balanced orientated investment options that offer varied strategies aiming to achieve above inflation rate growth (in a risk adjusted manner) through the investment cycles. This can be delivered by investing in a balanced exposure across growth and defensive assets.	Broadly an equal spread between growth assets such as shares and property securities and defensive assets such as cash and bonds.	Medium Term 5+ Years	5-6	Medium - High	3 to less than 6
Diversified Conservative Funds	To provide a diverse range of multi-asset defensive orientated investment options that offer varied strategies aiming to achieve relatively stable returns (in a risk adjusted manner) through the investment cycles. This can be delivered by investing in a range of growth and income assets,	A range of cash, fixed interest securities, shares and property securities. Fixed interest securities and cash will represent at least three quarters of the portfolio.	Short-Medium Term 2+ Years	3-6	Low to High	1 to less than 6

	while providing lower volatility and capital protection through a high weighting to defensive assets.					
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The indicative investment strategy, objectives and benchmarks may vary across the different managed investments from time to time. This includes variances in the actual asset allocation for each managed investment as compared to the target strategy benchmarks.

To obtain more information on the investment strategy and benchmarks for each managed investment, please refer to the PDS for the particular managed investment.

Notes on investment options:

Categories within which no investment option is currently offered have been excluded from the list above. Investment options which fall within these excluded categories may be added to the **Investment Menu** from time to time.

Differences between investing in a managed investment directly and investing through a super fund

If you are investing through a super or pension product such as Pursuit Focus Personal Superannuation or Pursuit Focus Allocated Pension there are a number of differences in the rights you might have if you had invested directly and held the managed investment in your own name:

- All investments through a super or pension product are held in the name of Australian Executor Trustees Limited, ABN 84 007 869 794, AFSL 240023, (Custodian), not in your name. This means that you will not receive communications from the underlying fund managers in relation to your managed investments. The Custodian is part of the IOOF group and a related party of the Trustee.
- You do not have the right to call, attend or vote at meetings of investors in a managed investment because the Trustee is the legal owner of the units in the managed investment.
- If you invested directly in a managed investment and not through a super or pension product, you would be able to withdraw your money without the legislative restrictions and other limitations affecting access to super benefits. However, you would not be able to transfer preserved super money into a managed investment directly. Nor would you be eligible for concessional tax treatment that is available in respect of super contributions.
- If you invested directly in a managed investment, you would only incur the fees and costs applicable to the managed investment and not the fees and costs applicable to the super or pension product. But you might not be entitled to any wholesale discounts or rebates that a Trustee can usually negotiate with a fund manager.
- The time for processing transactions may be quicker if you were a direct investor because the trustee may be required to deal with several fund managers in order to process a single investor's request.
- If you invested directly in a managed investment, you would usually have the benefit of a 14-day cooling-off period. The Trustee is not entitled to any cooling-off period because it is a wholesale investor.
- If you invested directly in a managed investment, any queries or complaints would be handled by the inquiry and dispute resolution mechanisms of the managed investment. As a super investor, any queries or complaints must be handled by the Trustee's inquiry and dispute resolution mechanisms, even if they relate to a managed investment.

Important note

Before selecting an investment option, you should read the current Pursuit Focus PDS, this guide and talk to your financial adviser.

For each investment option you select, you should read the relevant PDS, provided by your financial adviser or available from our website. These documents include information about performance, asset allocation, costs and the risks associated with investing in a particular investment option.

Online instructions

The role of your financial adviser

If you have appointed a financial adviser, you are taken to have authorised and agreed to your current and any future financial adviser and their staff (your financial adviser) to operate your account and give any instructions on your behalf electronically using Portfolio Online or any other method approved by us, without prior authorisation from you.

The authority allows your financial adviser to submit switch or re-weight instructions on investment options, establish or change investment instructions in relation to your account, and place orders to buy and sell investment options on your behalf using Portfolio Online.

What happens if you don't have a financial adviser?

The Trustee recommends that before investing in investment options you seek professional finance advice. If you have not appointed a financial adviser, you can submit instructions and manage your account directly via Portfolio Online.

Transaction confirmations

All transaction confirmations will be sent via email. Where you have a valid email address on your account, you will receive an email notification to advise that an instruction to change your investments has been submitted by your financial adviser. Where you have not supplied a valid email address, we recommend you contact your financial adviser to request this information.

Both you and your financial adviser will be able to view details of instructions placed in the Order Monitor in Portfolio Online. A history of transactions/trades made and open trade orders can also be viewed in the Order Monitor.

