

Specialist Diversified Fixed Interest Fund

ARSN 097 160 748

Product Disclosure Statement (PDS)

Responsible Entity and Issuer: IOOF Investment Services Ltd | ABN 80 007 350 405 | AFSL 230703 | APIR code MMC0102AU

Date of Product Disclosure Statement: **30 September 2024**

Table of contents

1. About IOOF Investment Services Ltd
2. How the Fund works
3. Benefits of investing in the Fund
4. Risks of managed investment schemes
5. How we invest your money
6. Fees and other costs
7. How managed investment schemes are taxed
8. How to apply
9. Other information

Please note:

Definitions of certain capitalised terms used in this PDS are set out in the glossary of the 'Specialist Funds Additional Information Booklet' available at ioof.com.au/forms

Important information

This PDS is a summary of significant information about the Specialist Diversified Fixed Interest Fund (Fund) ARSN 097 160 748.

It also contains references to important additional information, contained in a separate 'Specialist Funds Additional Information Booklet (AIB)' which forms part of this PDS. These references begin with an important information mark '!', and are in bold. You should consider the PDS and the information in the AIB before making a decision about the Fund.

The information in this PDS is general information only and does not take account of your personal financial situation or needs. You should consult a licensed financial adviser to obtain financial advice tailored to suit your personal circumstances.

Contact details

- 2 If you have any questions or would like more information about a Fund, including hard copies of a PDS and any incorporated materials, please contact Investor Services on:

2 **Phone:** 1800 002 217

4 **Address:** GPO Box 264, Melbourne VIC 3001

4 **Website:** ioof.com.au

Updated information

- 8 Information in this PDS may change. If a change will not be materially adverse to investors, then updated information will be made available on the IOOF website (ioof.com.au/forms). A paper copy of new information can be supplied upon request at no charge. Updated information may be obtained using the contact details above. The Target Market Determination (TMD) for the Fund can be found at ioof.com.au/tmd and includes a description of who the Fund is appropriate for.

1. About IOOF Investment Services Ltd

Responsible Entity and investment manager

IOOF Investment Services Ltd (IISL) is the Responsible Entity (RE) and investment manager of the Fund and is responsible for the management and administration of the Fund. IISL is also referred to as 'RE', 'we', 'us' and 'our' throughout this document.

IISL is part of the Insignia Financial Group, which consists of Insignia Financial Ltd ABN 49 100 103 722 and its related bodies corporate. Insignia Financial Ltd is listed in the top 200 companies on the Australian Securities Exchange (ASX: IFL).

As one of the largest wealth managers in Australia, with over 175 years experience in helping Australians secure their financial wellbeing, the Insignia Financial Group provides services to around 2 million clients and has more than \$311 billion in funds under management and administration (as at 30 June 2024).

As the Responsible Entity and investment manager for the Fund, IISL is responsible for managing the assets and overseeing the operations of the Fund.

From time to time IISL may appoint other underlying investment managers to manage all or a portion of the Fund's assets. IISL has the discretion to change the underlying investment managers or add or remove underlying investment managers at any time, subject to the terms of the relevant investment management agreement. For details of the current underlying investment managers, please refer to the fund profile available at ioof.com.au/forms

Custodian

IISL has appointed a custodian for certain underlying assets of the Fund. The role of the custodian is limited to holding the assets of the Fund as agent of the Responsible Entity. The custodian has no supervisory role in relation to the operation of the Fund and is not responsible for protecting your interests. IISL has the discretion to change the custodian at any time, subject to the terms of any custody agreements, and appoint additional custodians.

2. How the Fund works

The Fund is a registered managed investment scheme that is subject to the *Corporations Act 2001* (Cth) (Corporations Act), its constitution and other applicable law.

When you invest your money in the Fund, your money is pooled with that of other investors and is used to buy investments. We manage the investments on behalf of all Fund members.

So that you know what your share of the Fund is worth, the total value of the assets in the Fund is divided into 'units'. We will quote you a price for each unit and will keep a record of the number of units you have bought. The price of units will change from time to time as the market value of assets in the Fund rises or falls. We will be able to provide you with information about the current unit price to help you decide whether to retain, buy more or sell your units. The price of buying and selling units will vary due to the costs of buying and selling the underlying assets in the Fund.

The minimum initial investment is \$1,000,000 and the minimum additional investment is \$10,000 (although IISL may, at its discretion, accept lower amounts). These minimum amounts do not apply if you are investing indirectly, for example through an Investor Directed Portfolio Service (IDPS).

You can increase your investment at any time by buying more units in the Fund. Generally, you can decrease your investment by redeeming some of your units, although in certain circumstances (such as a freeze on withdrawals) you may have to wait a period of time before you can reduce your investment.

Investing in the Fund means you may receive income (such as interest, dividends and realised capital gains) in the form of income distributions or attributable income.

The type of income you receive depends on the underlying asset classes within the Fund.

Income attributed or distributed to you is generally assessable income and can be made up of both income and realised capital gains. Such income is generally calculated based on the Fund's net income at the end of the distribution period divided by the number of units on issue.

The Fund may distribute income, if any, on a quarterly basis in respect of the distribution periods ending each 30 June, 30 September, 31 December and 31 March. It is expected that distributions will generally be paid within 30 days after the end of the relevant distribution period, in line with the Fund's constitution.

There may be times when income distributions may not be made, are lower than expected or are delayed. We may also choose to distribute income or capital at any other time.

1 For more detailed information on the acquisition and disposal of interests in the Fund, go to section 1 of the AIB at ioof.com.au/forms

You should read this important information before making a decision. The information on the acquisition and disposal of interests in the Fund may change between the time when you read this PDS and the day when you sign the application form.

3. Benefits of investing in the Fund

The Fund invests in a diversified portfolio of Australian and international fixed interest and money market securities. The Fund has a goal of providing a stable level of income.

Investing in the Fund offers you a range of benefits, including:

- access to a professionally managed investment portfolio
- exposure to assets and strategies that would ordinarily be difficult for an individual to invest into
- access to regular information on your investment from the website ioof.com.au/forms and regular investment statements and an Attribution MIT Member Annual (AMMA) statement after 30 June each year or any other documents that may be issued from time to time.

1 For more detailed information on the features and benefits of the Fund, go to sections 2, 3 and 4 of the AIB at ioof.com.au/forms

You should read this important information before making a decision. The information on the features and benefits of the Fund may change between the time when you read this PDS and the day when you sign the application form.

4. Risks of managed investment schemes

All investments carry some level of risk. Different investment strategies carry different levels of risk, depending on the assets that make up the investment strategy.

Those assets with the highest long-term returns (such as shares) may also carry the highest level of short-term risk.

Risks can be managed but cannot be completely eliminated. It is important to understand that:

- the value of your investment will go up and down
- investment returns will vary and future returns may be different from past returns
- returns are not guaranteed and there is always the chance that you may lose money on any investment you make
- laws affecting your investment in a managed investment scheme may change in future
- the appropriate level of risk for you will depend on your age, investment timeframe, where other parts of your wealth are invested and what your risk tolerance is.

The significant risks for the Fund are:

Market risk

Unexpected conditions (such as economic, technological or political) may have a negative impact on the returns of investments within a particular market. Market risk may have different impacts on each type of asset, investment style and investor.

Security specific risk

This is the risk of change in the value of a security caused by factors that are specific to a company or security. For example, changes to a company's operations or management, its business environment or financial position, or market sentiment.

International investment risk

Investing in international markets exposes the Fund to additional risks associated with currency movements, differing tax structures, accounting, auditing and financial reporting standards, and social, economic and political factors that affect a country or region.

Interest rate risk

Changes in interest rates may affect the value and returns on investments. Typically, the value of securities, especially bonds, will fall with a rise in interest rates.

Credit risk

The market value of securities could fall if the issuer or guarantor of a fixed interest security defaults or delays on principal repayments and/or interest payments, or is otherwise unable to honour its obligations.

Term risk

Term risk refers to the risk of investing in fixed interest securities such as bonds that mature in the future. In general, the longer the time until a bond matures, the more its price may fall or rise due to changes in interest rates, inflation, supply and demand, risk aversion and other factors.

Liquidity risk

Liquidity risk arises from the absence of an established market or a shortage of buyers for an asset (including a derivative) resulting in an inability to sell at the current valuation in a timely fashion. Under abnormal or difficult market conditions, some normally liquid assets may become illiquid.

Derivative risk

Derivatives are contracts between two parties that usually derive their value from the amount or value of an underlying asset, rate or index. Derivatives may be used by the Fund to gain, reduce or modify exposure to a particular asset class or currency. Risks associated with using these types of securities might include the value of the derivative failing to move in line with the underlying asset, potential illiquidity of the derivative and counterparty risk (this is where the counterparty to the derivative contract cannot meet its obligations under the contract).

! For additional information about the risks relating to registered managed investment schemes go to section 5 of the AIB at ioof.com.au/forms

You should read this important information before making a decision. The additional information about the Fund may change between the time when you read this PDS and the day when you sign the application form.

5. How we invest your money

Set out below is a summary of the key features of the Fund. **WARNING: You should consider the likely investment return, the risk and your investment timeframe when choosing to invest in the Fund.**

| | |
|--|--|
| Objective | To provide exposure to a diversified portfolio of fixed income investments, and to produce total investment returns after fees which aim to outperform the Fund's benchmark ¹ over a rolling three-year period. |
| Type of investor the Fund is suitable for | The Fund is intended to be suitable for investors seeking a diversified portfolio of Australian and international fixed interest and money market securities. |
| Current Investment Manager | IISL (other underlying investment managers may be appointed to manage all or a portion of the Fund). |
| Asset allocation ranges | <ul style="list-style-type: none"> • Cash and short-term securities: 0-25% • Australian fixed interest: 25-75% • International fixed interest: 25-75% <p>Actual asset allocations may temporarily and from time to time move outside the above ranges. This is due to various factors, including market movements and significant applications or redemptions.</p> |
| Principal investment exposure² | Diversified portfolio of cash and short-term securities, fixed interest securities and investments including global investment products. |
| Geographic coverage | Global. |
| Currency hedging | The Fund will generally hedge foreign currency exposure to the Australian dollar but it may choose not to hedge some or all of its exposure. Underlying Fund(s) that the Fund invests in may hedge some or all foreign currency exposure to the Australian dollar. |
| Risk Profile³ | Low to Medium |
| Minimum suggested timeframe³ | 3 years |
| Performance of the Fund | Up-to-date performance figures for the Fund can be obtained from ioof.com.au/forms |
| Changes to the Fund | We may make changes to the Fund from time to time, including adding or removing an underlying investment manager, amending the principal investment exposure, and/or geographic coverage of the Fund. We will notify you of any material changes that may impact the nature of the Fund. |
| Responsible investment | Responsible investment is the practice of considering Environmental, Social and Governance (ESG) factors in the research, analysis, selection and management of investments and the implementation of good stewardship practices. How the responsible investment approaches are applied will vary across investment managers, asset classes and in some cases it's not possible to apply them. For more information refer to section 2 of the AIB. |

- 1 Composite benchmark: 50% – Bloomberg AusBond Composite 0+Yr Index; 50% - Bloomberg Global Aggregate Total Return Index Hedged AUD.
- 2 To achieve its objective, the Fund may gain some or all of its investment exposure by investing in Underlying Funds managed by IISL or other fund manager(s).
- 3 The risk profile and minimum suggested timeframe for investors are a guide only and not a recommendation. Each prospective investor should discuss their investment in the Fund with their financial adviser to ensure it is a suitable investment given their individual objectives, financial situation and needs.

! For additional information about the Fund, go to section 2 of the AIB at ioof.com.au/forms

You should read this important information before making a decision. The additional information about the Fund may change between the time when you read this PDS and the day when you sign the application form.

6. 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% of your account balance rather than 1% could reduce your final return by up to 20% 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 member services justify higher fees and costs. You may be able to negotiate to pay lower fees. Ask the fund 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)** MoneySmart website (www.moneysmart.gov.au) has a managed funds fee calculator to help you check out different fee options.

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

Taxes are set out in another part of this document.

You should read all of the information about fees and costs because it is important to understand their impact on your investment. You can also use this information to compare the fees and costs with those of other managed investment schemes.

These fees are inclusive of the goods and services tax (GST) and take into account any expected reduced input tax credits (RITC). Where fees have been quoted to two decimal places, the actual fee may have been rounded.

Fees and costs summary

| Specialist Diversified Fixed Interest Fund | | |
|---|--|---|
| Type of fee or cost | Amount | How and when paid |
| Ongoing annual fees and costs¹ | | |
| Management fees and costs The fees and costs for managing your investment | Estimated to be 0.51% pa of the Fund's net asset value, comprised of: <ol style="list-style-type: none"> 1 A management fee of 0.50% pa of the Fund's net asset value. 2 Estimated indirect costs of 0.01% pa of the Fund's net asset value. | <ol style="list-style-type: none"> 1 The management fee is calculated on the Fund's net asset value. It is not deducted from your account directly but from the assets of the Fund. It is accrued daily and paid monthly and the accrued amount is incorporated into the daily unit price of the Fund. 2 Indirect costs are generally deducted from the assets of the Fund as and when they are incurred. |
| Performance fees Amounts deducted from your investment in relation to the performance of the product | Estimated to be 0.05% pa of the Fund's net asset value. | Performance fees are amounts that investment managers may charge when their performance exceeds a specified level. Performance fees are deducted from the assets of the Fund, paid periodically and are reflected in the daily unit price. |
| Transaction costs The costs incurred by the scheme when buying or selling assets | Estimated to be 0.03% pa of the Fund's net asset value. | These costs are paid from the assets of the Fund as and when they are incurred. They are not deducted directly from your account but from the assets of the Fund and incorporated into the daily unit price of the Fund. |
| Member activity related fees and costs (fees for services or when your money moves in or out of the scheme) | | |
| 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 |
| Buy-sell spread An amount deducted from your investment representing costs incurred in transactions by the scheme | Estimated to be 0.06% pa of the application amount on investments made in the Fund and 0.08% of the withdrawal amount on withdrawals from the Fund. | The buy spread is added to the net asset value per unit when you buy units. The sell spread is deducted from the net asset value per unit when you sell units. The buy-sell spread is not a fee and no part of the buy-sell spread is paid to us or to any investment managers. |
| Withdrawal fee The fee on each amount you take out of your investment | Nil | Not applicable |
| Exit fee The fee to close your investment | Nil | Not applicable |
| Switching fee The fee for changing investment options | Nil | Not applicable |

Example of annual fees and costs for the Fund

This table gives an example of how the ongoing annual fees and costs for this managed investment product can affect your investment over a 1 year period. You should use this table to compare this product with other products offered by managed investment schemes.

| EXAMPLE Specialist Diversified Fixed Interest Fund | | Balance of \$1,000,000 with total contributions of \$5,000 during the year |
|---|-----------------|--|
| Contribution fees | Nil | For every additional \$5,000 you put in, you will be charged \$0 . |
| Plus | | And , for every \$1,000,000 you have in the Specialist Diversified Fixed Interest Fund you will be charged or have deducted from your investment \$5,100 each year. |
| Management fees and costs | | |
| Management fee | 0.50% pa | |
| Indirect costs | 0.01% pa | |
| Total | 0.51% pa | |
| Plus | 0.05% pa | And , you will be charged or have deducted from your investment \$500 in performance fees each year. |
| Performance fees | | |
| Plus | 0.03% pa | And , you will be charged or have deducted from your investment \$300 in transaction costs. |
| Transaction costs | | |
| Equals | | |
| Cost of Specialist Diversified Fixed Interest Fund | | If you had an investment of \$1,000,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged fees and costs of \$5,900¹ . What it costs you will depend on the fees you negotiate. |

Additional fees may apply:

Establishment fee \$0.

And, if you leave the managed investment scheme early, you may also be charged **exit fees** of 0% of your total account balance (\$0 for every \$1,000,000 you withdraw).

1 This example assumes the \$5,000 contribution occurred at the end of the first year, therefore it does not include the management cost on the additional \$5,000 invested, nor any market movement on the total amount invested. You may incur a buy-sell spread whenever you make an investment or withdrawal. The estimated sell spread on withdrawing from the Fund is 0.08% (this equates to \$4 on each \$5,000 you withdraw).

Additional explanation of fees and costs

Management fees and costs

Management fees and costs are made up of the management fee and indirect costs described below.

Management fee

The estimated management fee consists of underlying investment manager fees and the fee charged by the Responsible Entity for managing the assets of the Fund and overseeing the day-to-day operations of the Fund. The amount of the management fee may be negotiated by wholesale clients. For further information, refer to 'Management fee' in the AIB.

Indirect costs

Indirect costs are reflected in the daily unit price and any reporting on the performance of the Fund. Estimated indirect costs are based on actual costs incurred for the financial year to 30 June 2024 and/or reasonable estimates where information was unavailable at the date this document was issued. For further information, refer to 'Indirect costs' in the AIB.

Transaction costs

Transaction costs are the costs incurred when assets in the Fund or in underlying investments are bought or sold and includes costs such as brokerage, stamp duty and settlement costs. For further information, refer to 'Transaction costs' in the AIB.

Buy-sell spread

You incur the buy-sell spread when you buy or sell units in the Fund. The buy-sell spread is not a fee and no part of the buy-sell spread is paid to us or to any investment managers. The buy-sell spread is retained in the Fund and is designed so that, as far as practicable, the estimated transaction costs incurred as a result of investor applications and withdrawals are borne by that investor and not by other existing investors in the relevant Fund. For further information, refer to 'Buy-sell spread' in the AIB.

Performance fee

The Fund has exposure to underlying investment managers who may charge performance fees from time to time. It is important to note that it is the underlying investment manager who charges the performance fee, not the Fund itself or the Responsible Entity.

Performance fees (if incurred) will be charged in addition to the estimated management fee listed and will form part of the total ongoing annual fees and costs of the Fund. The estimated performance fee is calculated based on the average performance fees of the previous five financial years. Performance fee calculations are based on historical performance and may involve reasonable estimates where information was unavailable.

The table in section 6 of the AIB provides the estimated performance fee as at the date of this PDS and the estimated total ongoing annual fees and costs (including estimated performance fees) for indicative purposes.

Fee changes

We have the right to increase the management fees and costs or to charge fees not currently levied, up to the maximum limits set out in the constitution governing the Fund, without your consent. If we choose to exercise this right, we will provide you with 30 days prior written notice or otherwise notify you as the law requires.

At the date of this PDS, no contribution, withdrawal or switching fees apply.

! For more detailed information about fees and costs, go to section 6 of the AIB at ioof.com.au/forms

You should read this important information before making a decision. The information about fees and costs may change between the time when you read this PDS and the day when you sign the application form.

7. How managed investment schemes are taxed

Investing in a registered managed investment scheme is likely to have tax consequences and you are strongly advised to seek your own professional tax advice. The information provided in this PDS is of a general nature only.

The taxation implications from an investment in the Fund can be complex and depend on a number of factors including whether you are a resident or non-resident of Australia for taxation purposes and whether you hold the units as a long-term investment or for short-term purposes.

The following is a brief summary of taxation information relating to Australian tax residents for income tax purposes:

- Managed investment schemes will generally attribute all their income to unitholders each year, so that the Fund itself is not subject to Australian income tax.
- The Fund does not pay tax on behalf of Australian resident unitholders. Instead, as a unitholder you will pay tax on the income and/or net capital gains that has been attributed to you.
- In normal circumstances, you may expect that some income (and/or capital gains) will be generated each year.

! For additional information about taxation matters relating to registered managed investment schemes go to section 7 of the AIB at ioof.com.au/forms

You should read this important information before making a decision. The additional information about taxation matters may change between the time when you read this PDS and the day when you sign the application form.

8. How to apply

- 1 Read this PDS together with the additional information referred to throughout.
- 2 Direct investors (those not applying through an IDPS or other such service) should complete the application form accompanying this PDS.

Cooling-off

Retail investors who invest in the Fund directly can request in writing (this includes email) to the Responsible Entity via Investor Services to have their investment in the Fund cancelled within the 14-day cooling-off period under the Corporations Act. The cooling-off period begins when you receive a transaction confirmation or five days after the units are issued, whichever is earlier. If you cancel your investment, you may not receive the same amount that was invested due to negative market movements and applicable transaction costs. There is no cooling-off period with respect to units issued under the distribution reinvestment plan.

Persons investing through an IDPS or master trust (Investor Service) should consult the operator of that Investor Service regarding applications and the cooling-off rights (if any) that may apply to their investment through the service.

Resolving complaints

If you invest via an Investor Service and you wish to make a complaint, you should contact your Investor Service operator.

If you are a direct investor and you have a complaint, we can usually resolve it quickly over the phone on **1800 002 217**. If you'd prefer to put your complaint in writing, you can email us at investorservices@insigniafinancial.com.au or send a letter to **The Complaints Resolution Manager, GPO Box 264, Melbourne VIC 3001**. We'll conduct a review and provide you with a response in writing. You have the option of lodging a complaint with the Australian Financial Complaints Authority (AFCA) directly, rather than lodging a complaint with us. You can also lodge a complaint with AFCA if you're not satisfied with our response or if your complaint has not been resolved within 30 days. AFCA provides an independent financial services complaint resolution process that's free to consumers. You can contact AFCA in the following ways:

| | |
|-----------------------|---|
| Website: | afca.org.au |
| Email: | info@afca.org.au |
| Telephone: | 1800 931 678 (free call) |
| In writing to: | AFCA GPO Box 3 Melbourne VIC 3001 |

For more information on our complaints management policy visit ioof.com.au/contact-us/complaints

You should read this important information before making a decision as details regarding complaints and dispute resolution may change between the time when you read this PDS and the day when you sign the application form.

9. Other information

Your privacy

We are committed to protecting your privacy. Any personal information we collect about you will be handled in accordance with our Privacy Policy, which outlines how we manage your personal information, how you may access or correct your personal information, and how you may complain about a breach of your privacy. To obtain a copy of our Privacy Policy, please contact Investor Services on **1800 002 217** or visit ioof.com.au/privacy

For further information, refer to 'Your privacy' in the AIB.

Anti-Money Laundering/Counter-Terrorism Financing and Sanctions

We are required to comply with the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth) (AML/CTF) and Sanctions laws. As such we are required to collect and verify information from you or anyone acting on your behalf, including any related parties, to comply with our obligations. For further information, please refer to the 'Anti-Money Laundering/Counter-Terrorism Financing and Sanctions' section in the AIB.

Related party contracts

IISL has investment and service contracts with related parties within the Insignia Financial Group, including **IOOF Service Co Pty Ltd ABN 99 074 572 919 (IOOF Service Co)**. IOOF Service Co has been engaged to provide certain ongoing administration and operational services and is entitled to a monthly fee paid by IISL in consideration of IOOF Service Co providing those services.

Constitution

The Fund is governed by a constitution. The constitution, Corporations Act and certain other laws govern our relationship with investors. The constitution of the Fund may be inspected by contacting us on 1800 002 217 or we can provide you with a copy on request.

Compliance plan

The Fund is governed by a compliance plan that details how the Responsible Entity will comply with the Fund's constitution and the Corporations Act. The compliance plan of the Fund can be inspected by contacting us on **1800 002 217** or we can provide you with a copy on request.