



Date: 1 July 2021

# IOOF Essential Investment general reference guide

The information in this General Reference Guide forms part of the Investor Directed Portfolio Service Guide (**Offer Document**) for **IOOF Essential Investment** dated 1 July 2021, together with the **IOOF Essential investment guide (Investment Guide)**, and the **IOOF Essential investment menu (Investment Menu)**. These documents should be considered before making a decision to acquire the product. We recommend you read this entire guide. The information is divided into the following sections.

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## Important information

IOOF Essential Investment is an Investor Directed Portfolio Service (IDPS). This IDPS Guide (**Offer Document**) has been prepared and issued by IOOF Investment Services Ltd (IISL) ABN 80 007 350 405, AFSL 230703 (IISL, our, we, us, Service Operator).

### General advice warning

The information contained in this guide:

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

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

### About the Service Operator and Custodian

The Service Operator, IISL, is a part of the IOOF group comprising IOOF Holdings Limited ABN 49 100 103 722 and its related bodies corporate (IOOF Group).

- As the Service Operator, IISL operates and administers IOOF Essential Investment on the terms and conditions outlined in the **Offer Document**.
- IISL undertakes all of the administrative tasks for IOOF Essential through IOOF Service Co Pty Ltd ABN 99 074 572 919. IISL has investment and service contracts with related parties within the IOOF group, including IOOF Service Co Pty Ltd. Australian Executor Trustees Limited ABN 84 007 869 794 AFSL 240023, a related party of the Service Operator, has been appointed as custodian, meaning it holds the assets of IOOF Essential Investment on behalf of IISL.

The Service Operator is solely responsible for the content of this General Reference Guide which was prepared by us based on our interpretation of the relevant legislation as at the date of issue.

Managed investments, acquired through IOOF Essential Investment do not represent assets or liabilities of the Service Operator or any other company or business within the IOOF Group.

We may refuse an application to join IOOF Essential Investment without providing reasons for the refusal. An applicant becomes a client in IOOF Essential Investment when we accept the application and record them as a client in our records. Neither the Service Operator, nor any other related or associated company, the fund managers providing the self-selected 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 chosen in IOOF Essential Investment. Investments made 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.

IISL is the responsible entity of IOOF MultiMix Trusts, IOOF MultiSeries, IOOF Cash Management Trust and Specialist Property Fund (the Trusts), and receives fees under the Constitutions of the Trusts. These are the investment options offered in IOOF Essential Investment (as listed in the **Investment Menu**).

### Investment options offered

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

IISL regularly monitors the investment options available and provides no assurance that any investment option currently available will continue to be available in the future. We have 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. 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.

In order to choose an investment option for your investment strategy, you should review the information in the **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 are also available on our website ([www.ioof.com.au](http://www.ioof.com.au)).

## Key words

There may be some words in this guide you may not be familiar with. To help you understand these terms, we have defined them on page 23.

## Features

### Investment choice

Choose from a range of multi-manager investment options which provide you access to a spread of different asset classes designed to meet investment objectives. For further details about the investment options available please refer to the **Investment Menu**.

### Simple, transparent and competitive fees

Our fee structure is simple and completely transparent – all clearly visible and there's no bundling. All fees except indirect costs are paid from your Cash Account, so it's easy for you to see exactly what is being charged at any time.

### IOOF Online

Securely manage and view your account anytime. IOOF Online gives you access to a range of information including your portfolio summary, record of transactions, account information, statements and reports. Access your account online, 24 hours a day, seven days a week with a single sign-on to access multiple accounts using the same email address. You can also use IOOF Online to update your personal details.

## About IOOF Essential Investment

### Who can use IOOF Essential Investment?

IOOF Essential Investment has been designed with features for investors who want to be involved with and have control over the management of their portfolio.

IOOF Essential Investment is ideal for individual investors, joint investors, trustees of self managed superannuation funds and Australian resident trusts, companies and associations<sup>1</sup>. With transparent fees and access to a wide range of managed investments across all asset classes, IOOF Essential Investment will suit the investor who has clear financial goals and wants to take control of all investment decisions.

If you are looking for a one-stop administration solution to manage your investment needs, IOOF Essential Investment may be for you. Talk to your financial adviser about how IOOF Essential Investment can be tailored to suit your individual financial objectives.

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<sup>1</sup> Companies and associations are only available to transferring clients and are not currently open to new applications.

## Everything you need to know about deposits

To commence an IOOF Essential Investment account a minimum initial investment of \$1,000 is required, or you can begin an account with an initial deposit of \$500 together with a Regular Savings Plan.

Deposits made into your IOOF Essential account are credited first to your Cash Account. Deposits (less any nominated Member Advice Fee – Upfront) will be invested by us in accordance with your Deposit Instruction. You do not directly invest into (or hold an interest in) any investment option. This means that investing in IOOF Essential is not the same as personally investing in managed investments.

### How to make a deposit

You can make a deposit to your account using a variety of methods such as cheque, BPAY<sup>2</sup> and Regular Savings Plan (direct debit). Unfortunately, we cannot accept cash or credit cards.

All cheques should be made to:

**IOOF Essential Investment – [your full name or account number]**

#### Deposit methods

##### 1. Cheque or BPAY

You can make initial and additional one-off deposits to your account by either cheque or BPAY. For deposits made by BPAY, a Biller Code and Customer Reference Number are provided in your Welcome letter or can be obtained from ClientFirst or by logging into IOOF Online.

##### 2. Direct debit

You can make initial and additional deposits to your account via a direct debit arrangement. A direct debit arrangement allows clients to set up a Regular Savings Plan and make monthly, quarterly, half-yearly or yearly deposits, or request for one-off deposits to their account by completing a Direct Debit Request form.

The direct debit will occur from your nominated account with a financial institution once a month or at the frequency you have chosen.

##### 3. Transfers

You can transfer your existing assets held with another platform to your account at any time. This will not only help you keep track of your money but may also save you additional administration fees.

## Margin lending

Margin lending allows you to borrow money to invest in listed and managed investments. This strategy is called gearing. A gearing strategy amplifies your investment returns because you are investing more money than simply using your own savings. However, it is important to recognise that gearing also amplifies the negative effects of falls in market values – in other words, it can increase your investment losses.

Depending on your circumstances, the interest cost of any borrowed funds may be tax deductible.

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 your 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 a panel of lenders to facilitate margin lending through IOOF Essential Investment. We do not provide any margin loans. You are required to organise any margin loan relating to the IOOF Essential Investment account with a lender from our panel. For further details please contact us.

All margin loans are subject to the requirements of the individual lender and accordingly, not all of the managed available through IOOF Essential Investment may be approved for the purposes of the loan.

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<sup>2</sup> Registered to BPAY Pty Ltd ABN 69 079 137 518

Any loan approved and obtained using margin lending is first deposited into your Cash Account. It is then invested according to the Standing Instructions you provide to us as per any deposit into your account.

Any proceeds from the sale of the managed investments through IOOF Essential Investment 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.

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

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 IOOF Essential Investment.

**Important note:** The margin lender generally requires you to mortgage your total investment account and surrender your rights under IOOF Essential Investment 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 IOOF Essential Investment. 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 investments to recover loan amounts and interest. Should this occur, we will action this request without notification to you.

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 IOOF Essential Investment.

### Rights and obligations under margin lending arrangements

By entering into margin lending arrangements, you understand and agree to the following:

- The time it takes to process a transaction may be longer depending on the processing requirements of your margin lender.
- Your rights in relation to IOOF Essential Investment are subject to the rights of the margin lender.
- The account subject to the margin lending arrangement will generally become subject to a mortgage or charge in favour of the margin lender.
- Any proceeds from the sale of managed investments through IOOF Essential Investment, subject to the margin lending arrangement, will be automatically transferred to the margin lender for offsetting against the loan balance, unless we are instructed otherwise by the margin lender.
- You may not be able to deal in the account without prior agreement from the margin lender.
- There may be restrictions on accessing the account information.
- Information and/or alterations that you request to the account may be provided to 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 investment options held through IOOF Essential Investment even if they conflict with your rights under IOOF Essential Investment.

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 arising from any margin lending arrangement you have no matter how they arise in relation to any of your investments in IOOF Essential Investment or arising from us acting on the instructions of your margin lender.

The margin lender may instruct the Service Operator on:

- applications, redemptions and transfers of investments
- payments to and from the account, for their fees and expenses or repayments of the margin loan
- sale of managed investments in a margin call.

The Service Operator can continue to act until the margin lender tells us that we cannot, even if you instruct us not to act.

The Service Operator will not act on instructions from you in relation to any of the managed investments purchased using the margin lending arrangements (including to redeem or withdraw) unless the margin lender has agreed. The Service Operator is not responsible for the margin lender or the services provided by it.

The Service Operator may pass information relating to you and the accounts to the margin lender provided that it considers doing so is necessary or desirable in relation to the margin lending arrangements or IOOF Essential Investment.

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

Any charges and other fees payable under your margin lending agreement are separate to and in addition to the fees payable under IOOF Essential Investment.

Margin lending arrangements may vary between different margin lenders. Some margin lenders may require their clients to transfer title or ownership of their investments to the lenders. If you require any more information, please contact your margin lender directly.

## Withdrawals

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

### As you need it access

You may request a full or partial withdrawal from your account at any time.

The minimum amount you can withdraw is the lesser of \$1,000 or your remaining account balance.

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

The 'top up method' nominated with your Standing Instructions will be used to identify the investment option(s) that should be redeemed (if required) to pay any withdrawals (when your request is not accompanied by a specific withdrawal instruction). Alternatively, a withdrawal can be redeemed from the investment option(s) you specify.

Upon leaving IOOF Essential Investment, you will receive a statement showing your closing balance and a summary of transactions that took place within the current financial year.

### Regular Withdrawal Plan (optional)

You can set up a Regular Withdrawal Plan if you need funds to supplement your income on a regular basis.

The minimum regular withdrawal amount is \$200 per month or quarter.

Regular withdrawals can be paid monthly or quarterly from your Cash Account and credited electronically to your nominated account with your financial institution.

The regular withdrawal will occur on the 6th of the month or nearest business day after the 6th day of the month, according to the frequency you selected.

A request for the Regular Withdrawal Plan must be received at least five business days before the first of the month to ensure your withdrawal plan commences in that month.

### Automatic Income Distribution Facility (optional)

The Automatic Income Distribution Facility (AIDF) allows you to have income distributions from cash and managed investments paid quarterly or half-yearly to your nominated account with your financial institution. The minimum automatic withdrawal amount is \$200.

If the accumulated income distribution (net of any previous AIDF payments) 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 automatic withdrawal will occur on the 25th day of the month (or next business day) following the end of the relevant calendar quarter or half-year.

This facility will override any other method selected for the re-investment of any income distributions.

## How your investment account is taxed

### What taxes apply and how do they 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 IOOF Essential Investment.

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

- how your investments are taxed
- what information you will receive.

### Changes to the taxation of Managed Investment Trusts (MITs)

The managed investments which you can invest in through IOOF Essential Investment are generally MITs for taxation purposes. Legislation has been enacted which may change how MITs will be taxed. Under the legislation, the trustee of an eligible MIT are able to elect into the attribution regime for the taxation of MITs. For those MITs that has elected into the attribution regime, they are referred to as Attribution Managed Investment Trusts (AMITs).

If you invest in a MIT that elected to become an AMIT, that MIT may now attribute income to you without making a cash distribution for the attributed income. This means you may have to pay tax on the attributed income although you have not received any cash distribution for that income. Tax File Number (TFN) withholding tax and non-resident withholding tax will also apply to attributed income (where applicable).

### Personal tax issues

The taxation implications of investing through IOOF Essential Investment depend on the investment options you select. Although the custodian holds 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 the purchase and sale of managed investments, and the receipt of income distributions, dividends and interest payments through IOOF Essential Investment are likely to have tax consequences for you.

### Annual Taxation Statement (ATS)

You will receive an ATS after the end of the financial year, detailing the tax position of your account in IOOF Essential Investment. 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 ATS and applies to resident individual taxpayers. If you are a non-resident for Australian taxation purposes, it is important that you obtain independent tax advice before investing through IOOF Essential Investment, taking into account your particular circumstances. We may be required to withhold tax on part or all of the distributions and interest payments made to non-resident investors.

Items	General tax treatment
Income distributions from managed investments (including MITs and/or AMITs)	Any entitlement you have to the net income of a managed investment or a MIT derived in respect of an income year and/or income of an AMIT attributed in respect of an income year, including amounts received in a subsequent year of income or which are re-invested, will form part of your assessable income for that year.
Interest earned on cash balance	Interest earned on the Cash Account is generally assessable in the year it is received.

Types of income distributions	Income distributions from your managed investments (including MITs and/or AMITs) may include franking credits, tax deferred income (which may reduce the cost base or reduced cost base of those investments in the managed investments, MITs and/or AMITs), foreign income tax offsets (FITOs) (the foreign taxes paid by the managed investments, MITs and/or AMITs) or amounts of other non-assessable income (such as tax-free income). Franking credits may be used to reduce your tax liability (and in certain circumstances, refund any excess franking credits after your income tax and Medicare levy liabilities have been met). FITOs may be used to reduce your tax liability and any remaining FITOs may reduce the Medicare levy.
Capital gains	Your annual taxable income includes net capital gains arising from the sale, disposal or redemption of an investment in listed and managed investments (including MITs and AMITs) as well as any capital gains distributed by the managed investments (including MITs and AMITs) in which you have invested during the income year. You may be entitled to the discounted capital gains concession to all or part of your capital gain if you hold the assets for at least 12 months. You may be able to reduce the amount of capital gains in an income year against the amount of capital losses you made in that income year or that you have been carrying forward from prior income years.
Advice fee – upfront Advice fee – one-off Brokerage	These fees may not be immediately deductible. If this is the case, these fees should form part of the cost base, reduced cost base of your investments or be reflected in the proceeds from the sale of your investments, which are used to determine your capital gains or losses in relation to any sale, disposal or redemption of your investments.
Advice fee – ongoing	These fees 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 fees, other indirect costs	These fees may be fully tax deductible in the year of income in which you incur the fees to reduce your assessable income for that income year. Management costs applied by each fund manager generally have already reduced the amount of any assessable distributions that you receive in cash.

## TFN Withholding Tax

You are not required to quote your TFN or claim an exemption from providing a TFN. However, if you are an Australian resident for taxation purposes and a TFN is not provided or an exemption is not claimed, we are required by law to withhold tax at the top marginal tax rate plus the Medicare levy from any income distributions and interest payments through IOOF Essential Investment.

## Foreign taxes

Investments may be affected by foreign tax laws, which can reduce the amount you receive. Under some foreign laws you may be subject to additional obligations if you have a connection with a foreign country (for example by birth, residence, citizenship or property ownership). If you are not an Australian tax resident, you must let us know as we are required to apply final withholding taxes from investment income generated from your IOOF Essential Investment portfolio.



## Fees and costs

### Additional explanation of fees and costs

This section explains the fees and costs set out in the fee table in the **Offer Document** and also provides a brief explanation about any additional transactional fees and charges that may apply to your account. The fees and other costs for each underlying investment option offered by the entity, appear on our website in the relevant PDS for each managed investment.

### Management costs

The estimated management costs are made up of the Administration Fee (including the Account Keeping Fee), the indirect costs and any applicable Performance related fees. These are detailed below.

#### Administration Fee

This fee is the percentage-based component and it includes all administration and other expenses we incur, excluding any advice fees (outlined in the following pages) and the fees and costs charged by the fund managers for each managed investment (the indirect costs, any buy-sell spread and any performance fee).

#### Account Keeping Fee

This dollar-based component is the fee for the general administration of your account. This includes annual reporting and any changes to your account details.

#### Indirect costs

This represents the fees and costs charged by the fund managers for the managed investment options and is generally calculated daily as a percentage of the amount you have invested in each managed investment option.

It is not deducted directly from your account but is generally incorporated into the unit price of the investment option.

The most recent indirect cost ratios applied by the fund managers for the available managed investment options are set out in the **Investment Menu** and the relevant PDS for each managed investment.

#### Performance fees

As Service Operator, we do not charge any performance fees. However, a fund manager may charge a performance fee for a particular managed investment when the investment return generated by the managed investment exceeds a specific criteria or benchmark referred to in the Fee Table in the **Offer Document** as a 'performance-related fee'.

The performance-related fee (if applicable) is generally calculated daily as a percentage of the amount you have invested in the managed investment. The fee is generally deducted on a monthly, quarterly or annual basis. A fund manager would normally incorporate the cost into the unit price of the managed investment.

The underlying fund managers that can charge a performance-related fee are outlined in the **Investment Menu**. Any applicable performance-related fee is included in the indirect cost ratio stated in the **Investment Menu** and is current as at the date of publication. For up to date information please refer to the relevant PDS for each managed investment.

#### Transaction costs

Some managed investments 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 fund manager of the particular managed investment.

The buy-sell spread (if applicable) is incurred when you purchase or redeem units in a managed investment (at the time of a switch or when you move money in or out of your account) and is in addition to indirect cost ratios 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 investment. The buy-sell spread that applies to each managed investment can change from time to time. Details of the buy-sell spread (or how to obtain the current buy-sell spread) applicable to each managed investment are outlined in the PDS issued by the fund manager for the particular managed investment which are available on our website ([www.ioof.com.au](http://www.ioof.com.au)).

Other transaction costs may also be incurred in managing the underlying funds of the managed investments selected by you. These transaction costs may include brokerage, settlement costs, clearing costs, stamp duty, custody transaction costs and government charges incurred by the underlying funds. The costs of trading in over the counter derivatives may also give rise to transaction costs.

These transaction costs are in addition to indirect costs but are not charged separately to your account – they are generally included in the unit prices of each managed investment. The transaction cost that applies to each managed investment can change from time to time. Details of the net transaction cost applicable to each investment option are outlined in the **Investment Menu**, the PDS and/or other disclosure documents issued by the fund manager for the particular managed investment, which are available on our website.

## Advice fees

You can request that we acquire and pay for the services of a financial adviser selected by you to provide financial advice in relation to your investment. We do not supervise the provision of services by your selected financial adviser. The following optional fees are available for you to select the most appropriate remuneration with your financial adviser:

- Advice fee – Upfront
- Advice fee – Ongoing
- Advice fee – Fixed Term Arrangement (FTA)
- Advice fee – One-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 advice fee within these relevant limits. The amount of any advice fee(s) that we pay to the financial adviser, as authorised by you, will be an additional cost to you and charged against your account. We shall not charge an advice fee unless you tell us to do so. Any agreed advice fee(s) will be charged by us to your account and paid in full to the financial adviser, until you instruct us to cease payments or we are notified of your death.

IISL, as Service Operator of your account, is required to obtain specific written consent before a fee for financial advice can be deducted from your account. You are not under any obligation to consent to the fee being deducted.

The advice fees quoted in this section are inclusive of GST. However, the actual amount deducted from your account may be different due to the effects of any applicable reduced input tax credits (RITCs).

### Advice fee – Upfront

You can agree that this advice fee is to be deducted from deposits and made to your account on an ongoing basis. This amount is charged by us and we deduct the net cost from your account. We then pay the full amount to the financial adviser for financial advice and services provided to you in relation to:

- the establishment of your account, and
- subsequent deposits made to your account.

You can agree with the financial adviser on the amount of this fee up to a maximum of 5.5% (inclusive of GST) of each deposit made. For example, on an initial deposit of \$50,000, we would pay the financial adviser up to a maximum of \$2,750.

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/BPAY
- deposits received by direct debit.

The amount of this fee is deducted from your Cash Account at the time of each deposit. This fee is not applied to:

- transfers from existing accounts within IOOF products
- any income distributions credited to your Cash Account
- switches between investment options
- in-specie transfers (Investment only).

Whilst the Advice Fee – Upfront can continue indefinitely, we will require your consent to continue the fee every year. Your financial adviser will arrange for this annual renewal each year. If we do not receive your consent by the 'consent end date' as advised when the fee was established or last renewed, your Advice Fee – Upfront will cease.

#### **Important note**

You cannot elect to have an Advice fee – Upfront at the same time as an Advice fee – Fixed Term Arrangement.

#### **Advice fee – Ongoing**

You can agree to have this advice fee to be deducted based on the value of your account and/or a fixed dollar amount on an ongoing basis. This amount is charged by us and we deduct the net cost from your account. We then pay the full amount 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:

- flat percentage fee of up to a maximum of 2.2% per annum (inclusive of GST) of your account balance (calculated daily), or
- tiered percentage fee up to a maximum of 2.2% per annum (inclusive of GST) to apply at different account balances (calculated daily) subject to a maximum of 7 tiers, and/or
- flat dollar fee of up to a maximum of \$18,000 pa (inclusive of GST).

The amount of this fee is calculated based on your daily balance and/ or the number of days in IOOF Essential Investment and is deducted from your Cash Account on the last day 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 \$1,100 per annum (based on an Advice fee – ongoing of 2.2% pa) (inclusive of GST).

Whilst the Advice Fee – Ongoing can continue indefinitely, we will require your consent to continue the fee every year. Your financial adviser will arrange for this annual renewal each year. If we do not receive your consent by the 'consent end date' as advised when the fee was established or last renewed, your Advice Fee – Ongoing will cease.

#### **Advice fee – Fixed Term Arrangement (FTA)**

You and your adviser may agree for a fee to be charged for financial advice services that are to be provided within a fixed period. An Advice Fee – FTA will have a specified start date and end date, where the end date cannot be more than 12 months from the start date. The fee can be calculated based on the value of your account and/or a fixed dollar amount for the period. You can agree on the amount of this fee, up to:

- flat percentage fee of up to a maximum of 2.2% per annum (inclusive of GST) of your account balance (calculated daily), or
- tiered percentage fee up to a maximum of 2.2% per annum (inclusive of GST) to apply at different account balances (calculated daily) subject to a maximum of 7 tiers, and/or
- flat dollar fee of up to a maximum of \$18,000 per annum (inclusive of GST).

The amount of this fee is calculated based on your daily balance and/or the number of days in IOOF Essential Investment and is deducted from your Cash Account on the last day 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 \$1,100 per annum (based on an Advice fee – FTA of 2.2% per annum) (inclusive of GST). Where a fixed term starts or ends partway through a month, the fee will be proportioned based on the number of days in the month.

Note:

- You cannot elect to have an Advice fee – Upfront or an Advice fee – Ongoing at the same time as an Advice Fee - FTA. Your account can only have one active FTA at any time.

- You must sign the FTA within 90 days of the start date and the FTA must be received within 90 days of the date signed.
- The FTA start date cannot be backdated, as such if the start date is prior to the processing date, then the FTA will start on the date that it is processed.

### Advice fee – One-off

You can agree to a one-off advice fee. This amount is charged by us and we deduct the net cost from your account. We then pay the full amount to the financial adviser for one-off financial advice and services provided in relation to your account. The amount of this fee can be up to:

- a maximum of 10% of the account balance up to a fee of \$11,000 (inclusive of GST), or
- a maximum of \$3,300 (inclusive of GST) where the fee is greater than 10% of the account balance.

A new request must be supplied each time you wish this fee to be applied.

**Important note:** Asset-based fees cannot be charged where geared or borrowed funds have been used to invest. This means a percentage-based advice fee (such as the ongoing fee) cannot be charged where you have borrowed funds through a margin lending facility. This restriction also applies where any other borrowed funds have been used to invest, in any form.

### What happens if IISL does not receive consent to continue fees?

If you have an advice fee on your account (excluding Advice Fee – One-Off) and either you do not provide your consent to continue the fee, or do not apply for a new Advice Fee – FTA before the expiry of your current fee, IISL will seek to confirm with your adviser as to whether they are still providing services to you. Should your adviser either confirm no further services are to be provided, or does not provide IISL with any confirmation, we will remove access to your account from the adviser.

### What happens if I change my mind in relation to an advice fee?

Should you wish to revoke your consent to the deduction of any fees, please contact us and/or your adviser to terminate the fee arrangement. Note this will prevent any further deduction of advice fees from your account after the consent has been revoked, but does not reverse any fees paid before revocation. We will also confirm with you or your adviser whether to remove the adviser's access to your account.

## Other fees and costs

### 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.

### Transferring external assets into your account

Where the Service Operator permits the transfer of assets into IOOF, any external expenses (including stamp duty) incurred by the Service Operator in facilitating the transfer shall be debited to your account.

### Low account balances

If there are insufficient funds in your account to pay the fees (including the Administration Fee and any advice fees) due in any month, partial payment may be deducted from your account and the remaining fee amount will be waived. Where an advice fee is waived no further advice fees will be paid to the financial adviser until there are sufficient funds to meet the fees. Any advice fees waived will not be recovered.

## Netting

We often buy and sell units in a managed investment 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 instructions. 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.

## Fund manager payments

We may receive a fee from the fund managers of certain investment options for administration and investment related services. The fees for arrangements are in line with government reforms and will be charged on a flat dollar basis but may vary between fund managers. They are an administration-related fee retained by us and are not an additional cost to you.

## Managed fund rebates

The Service Operator is often able to obtain wholesale fund fee rates from fund managers, which are generally lower than the fee rates applicable for direct investment into retail managed funds. The lower fee may be provided by the fund manager as a rebate of the fees and costs associated with your investment in a managed fund. These rebates are returned to you in full and paid into your Cash Account typically monthly or quarterly, depending on the frequency set by the fund manager. Your entitlement to any rebate is determined by the fund manager, however, where you have closed your account prior to the processing of a rebate, you will not be entitled to that rebate.

# Managing your account

## Standing Instructions

Your Standing Instructions outline how you would like us to:

- invest your deposits (less any Advice fee – upfront)
- invest your income distributions paid from your investment options
- top up your Cash Account to meet the minimum requirement
- process a withdrawal request (which investment options we should redeem from).

You are able to supply three types of Standing Instructions.

## Types of Standing Instructions

### Deposit Instruction

Your Deposit Instruction tells us how you would like deposits (less any Advice fee – upfront) to be invested and will include:

- the managed investment(s) you wish to invest in for each deposit;
- the percentage of your deposit that you want to invest in each managed investment; and
- the percentage you would like allocated to your Cash Account (which must be at least 1% and can be increased to suit your needs).

You can also provide us with a specific instruction concerning a particular deposit that differs from your Deposit Instruction by making this clear on an Additional Lump Sum Deposit form for that particular deposit. This form is available from our website.

In IOOF Essential Investment you are required to make an investment choice as part of your application. If you have not made a decision about your future Deposit Instruction, you can choose to invest in the Cash Account until you make another investment choice.

Where we have suspended or stopped investments in a managed investment, the percentage of your deposit that you allocated to invest in that managed investment will be retained in the Cash Account.

Please note that the total percentage allocated to each investment option and your allocation to the Cash Account (of at least 1%), must add up to 100%.

### **Income preference**

Income distributions that you receive from your investment options are automatically credited to your Cash Account. Income from your managed investments can then be re-invested using one of the following methods (only one can be selected):

- Re-invest (default option)

This method allows you to automatically reinvest 100% of the income distribution by using the income distribution to purchase new units in the same managed investment. The re-investment will normally be completed within five business days following receipt of your income distribution in your Cash Account.

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

Re-investment of income distributions will involve the purchase of new units in one or more managed investments. Please note that you may not have the most recent PDS for the managed investment at the time these re-investments are made.

- Retain in your Cash Account

This method allows you to leave all income distributions in your Cash Account to accumulate. Income will remain in your Cash Account until we receive a Switching Instruction from you.

- Income Instruction - percentage

You can choose to have your income re-invested into one or more managed investment(s). The instructions can be different to or the same as your deposit instruction. The income will be re-invested as it is received in the Cash Account.

### **Cash Account preferences**

Your Cash Account is used to process all cash transactions that occur within your account. For example, all money paid into your account and any earnings from your investment options go through your Cash Account and all fees (excluding indirect costs), taxes, and withdrawals (where applicable) are paid out of this account.

Your Cash Account holding is pooled with that of other investors and placed in interest bearing accounts with an authorised deposit-taking institution (ADI) selected by us, currently the Commonwealth Bank of Australia, ABN 61 814 236 264.

The funds in your Cash Account earn interest. We retain a portion of the interest earned on the pooled cash assets and set a net interest to be credited to the Cash Account. The net interest rate is based on daily interest generated from the pooled cash assets, less the interest retained by us (indirect cost) for administering the Cash Account. The target net rate for crediting to the Cash Account is the cash rate set by the Reserve Bank of Australia. This is often referred to as the official cash rate, which is currently 0.10% and is subject to change. Net interest is credited to your Cash Account monthly.

Transactions including switches, partial withdrawals and other payments (including fees) may result in your Cash Account temporarily having a negative balance. If this occurs, a percentage fee equal to the daily Cash Account interest rate will be charged for each day that your Cash Account has a negative balance. This fee will reduce the

interest payable for the month in which your Cash Account has a negative balance and can result in a deduction rather than an interest payment to your account.

### Allocation to your Cash Account

You are required to maintain 1% of your account balance in the Cash Account, but you can customise it to suit your needs. This amount is used for funding fees and expenses, and taxes (where applicable). You can change this to be the same percentage allocation to the Cash Account in your Deposit Instruction.

In addition, you may nominate a dollar-based cap on the amount held in your Cash Account, subject to a \$5,000 minimum. You can also choose a percentage higher than the 1% minimum.

### Top up

The top up options give you the control and flexibility to determine the most appropriate way for you to manage your Cash Account.

We will review the balance of your Cash Account in the following scenarios:

- at the end of each month, following the deduction of any applicable fees
- after the payment of regular withdrawals.

If the balance of your Cash Account is zero or below, we will top it as directed by you up to the lower of:

- the percentage allocated to the Cash Account (1% or the percentage nominated in your Deposit Instruction) (default option); or
- your nominated dollar-based cap amount.

If we are required to top up your Cash Account, the amount required to top it up will be funded from your managed investments using one of the following methods, as directed by you (only one method can be selected).

#### 1. Pro-rata (default option)

Sells funds across all managed investments according to the proportion of the portfolio that they represent. Listed will not be sold under this option.

#### 2. Redemption Instruction – Percentage

Sells funds from specified managed investments according to the percentage allocation nominated by you.

Where we have suspended or stopped redemptions in a managed investment or where a managed investment is redeemed in full, the remaining investment options in your Redemption Instruction – Percentage will be used to fund the top up. Where all managed investment(s) in your Redemption Instruction – Percentage have been redeemed in full, your top up method will revert to the default option of Pro-rata as detailed above.

#### 3. Pecking Order

Redeems funds from your managed investments according to a prioritised list. You choose which managed investments are to be used and the order in which the funds are to be redeemed, one at a time.

The normal fees, charges and penalties will apply to these transactions. There may also be capital gains tax implications.

### Changing your Standing Instructions

Your financial adviser can update your Standing Instructions on your behalf via our online portal.

Alternatively, if you want to update your Standing Instructions please complete the Switching Instructions form which is available from our website and send it to us.

## Automatic Re-weight facility

You can establish an Automatic Re-weight instruction on your account. This will enable you to re-weight your investments and Cash Account according to a desired weighting percentage allocation. If you have authorised your financial adviser to do so, they can place or modify an Automatic Re-weight instruction on your behalf at any time.

The Automatic Re-weight occurs on the 20th business day of the month (or nearest business day after the 20th) and you can **choose** the frequency on which you want it to occur from quarterly, half yearly or yearly.

Important note:

- Transaction minimums of \$200 per managed investment applies.

## Switching

Your financial adviser can change your selected investment option on your behalf via our online portal. This usually involves redeeming units from one or more of your existing investment options and purchasing units in other investment options selected by you. This process is often referred to as a switching instruction. Alternatively, you or your financial adviser can switch your managed investments by completing a Switching Instruction form available from our website or by calling ClientFirst.

PDSs for managed investments may be updated or replaced by the fund manager from time to time.

Similarly, we may update the **Investment Guide** and **Investment Menu** from time to time. This means you may not always have the most recent information regarding an investment option before making your switch request. We provide electronic versions of these disclosure documents on our website. You can also obtain a copy free of charge by contacting a financial adviser or by calling ClientFirst.

### Important note:

- Switching between investment options 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 investments. See 'Transaction costs' on page 9 and the PDS for the particular managed investment for details.
- If you have a margin lending facility, you may need to contact your lender for approval before any transaction can proceed.

## IOOF Online

Managing your account online is a convenient, easy way to keep on top of things. Whether you want to view your balance or investment earnings or update your personal details, you can do so 24 hours a day using a single sign-on to access multiple accounts.

### Functions available online

By using IOOF Online, you can view your:

- account balance
- transaction history
- investments held
- BPAY details
- Standing Instructions
- portfolio reporting, including account return information across any period and detailed transaction listing.



In addition to the items listed above you can:

- update your personal details
- view communications that are made available electronically.

Also, your financial adviser has the following online transaction options including, but not limited to:

- buy and sell managed investments
- adjust your Standing Instructions
- reweight your portfolio
- withdrawals.

### How to register for online access

You can register for online access once you have received your account number, which appears in your welcome pack. Visit [www.ioof.com.au](http://www.ioof.com.au) and click on the Login button and follow the prompts.

## Transaction processing

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 first credited to your Cash Account before being invested in accordance with your Standing Instructions. This will normally be completed within five business days following the receipt of each investment.

### Regular Savings Plan

Direct debits will occur from your nominated account with a financial institution once a month or at the frequency you have chosen.

A new or change to an existing Direct Debit Request must be received at least five business days before the abovementioned date. If an application or change is not received within this timeframe, it may not be processed until the following month.

### Withdrawal instructions

Payment of a withdrawal request will normally 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 fund 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 Commonwealth Government's *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (AML/CTF). 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 (where applicable) 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 registered on the investment account.

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

### Investment transactions

Your request to invest, switch or redeem an amount from an investment option in your account must satisfy the minimum requirements at all times.

### Transaction processing delays

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

#### Redemptions from multiple fund managers

Where your instructions require the redemption of units from a number of different fund managers, each fund 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 fund manager. As such, the processing of a switch transaction may be staggered depending on when each fund 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 fund managers involved in your transaction.

#### Minimum restrictions by fund managers

Some fund managers may impose minimum investment or redemption limits on their managed investments. Where a managed investment 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 investments. Investments and redemptions will be based on the timing restrictions imposed by the fund managers of those investment options.

#### 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).

#### Unforeseen circumstances

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

## Other general information

### Your instructions and communications

Instructions must be made in writing unless another facility for providing instructions is made available to you or your financial adviser by us. Your instructions may generally be accepted by fax or scanned electronically except, for example, if they are instructions to change your name. Any changes (or corrections) to your personal details (for example changing 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 telephone by calling ClientFirst on 1800 913 118 or by using IOOF Online provided you satisfy our identification and verification requirements. Where you wish to update your postal address to a Post Office Box, a signed request is required.

### Your instructions to us

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. 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) we receive bearing your account number and a signature we reasonably believe is yours or that of your representative. You also agree neither you, nor anyone claiming through you, has any claim against us or IOOF Essential Investment in relation to these payments or actions.

If your account is held jointly or under a trust arrangement and there are multiple trustees (or held by a corporation with multiple directors), you authorise us to accept instructions from any trustee or director to perform any action on your account (excluding the establishment of a Direct Debit Request) and 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 receipt of an instruction from the other trustee/s or directors.

However, please note, 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 a 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 IOOF Essential Investment
- you do not have sufficient investments or funds in your Cash Account and we are unable to redeem sufficient assets 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
- your participation in IOOF Essential Investment is suspended or terminated.

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

### Electronic communications

We (as Service Operator) will use your email address to send electronic communications via IOOF Online, including:

- your Annual, Tax and Exit Statements
- notices of certain changes or events, or confirmation of certain transactions, as required by law.

You will be able to access and download these communications at any time while you are a registered user of IOOF Online. You can elect to always receive paper copies via IOOF Online.

When a communication is available for you to access online, we will send a notification to your preferred email address. You will need to let us know your preferred email address when registering to join IOOF Online and then tell us your new email address if it changes.

If your account is held under a trust arrangement, please provide the Trust's preferred email address for communications. Please note that any (or all) of the trustees or directors may register for IOOF Online where they will be able to access the Trust's account, download copies of communications sent, and amend communication preferences; however, the trustee or director will not be able to alter the details of other trustees or directors.

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 IOOF Online, you agree:

- to receive the communications by regularly accessing them using IOOF Online
- to register or be registered and remain registered as a user of IOOF Online
- any communication given to you electronically by making it available to you to access 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 online
- you have provided your preferred email address in your application and are responsible for notifying 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 a registered user of IOOF 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
- IOOF Online is a 'facility' for the purposes of section 1017F(5) of the *Corporations Act 2001*
- 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 IOOF Essential Investment, 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. Before making any payment we generally ask for:

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

### Trusts (including SMSFs)

Where you are a trustee, what happens upon your death will generally be governed by the terms of the trust deed. We will continue to hold the existing assets and the account can continue to be operated by any surviving trustee(s).

### Joint accounts

Where you are a joint owner, ownership will be transferred to the surviving owner (or surviving owners) upon receipt of a certified copy of your Death Certificate. As a joint tenancy holding, on death of any investor the underlying investments will continue to be held by the surviving investor(s) automatically.

## Transferring assets into your account

Any external assets that you currently hold may be able to be transferred into your IOOF Essential Investment 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.

You can transfer these assets into your IOOF Essential Investment account by instructing us to do so in your application.

## Exiting or changing your IOOF Essential Investment account

You can terminate your account in IOOF Essential Investment 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 IOOF Essential Investment.

We may suspend or stop your participation through IOOF Essential Investment by writing to you.

We have the right to alter IOOF Essential Investment in any way (including the minimum holding requirements). We will however, 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 IOOF Essential Investment prior to the date on which any fee would normally be payable, we will deduct that fee pro-rata from your final proceeds.

## Appointment of representative (financial adviser authority)

If you appoint a financial adviser you are taken to have automatically authorised your financial adviser and their staff (financial adviser), as your agent, to operate your account and to give any instructions on your behalf in relation to your account to us by any method acceptable to us, including electronically. This authority **does not authorise** your financial adviser to:

- withdraw any funds from your account except to authorise payment of withdrawals to the bank account nominated by you (or any bank account you nominate in future)
- authorise any change in fees and charges
- sign any form on your behalf where the law or an external party requires your signature on the form
- change the name on your account
- 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. We 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, authorise payment of withdrawals from your account to the bank account nominated by you (or any bank account you nominate in future) and establish or change Standing Instructions in relation to your account.

Your financial adviser may also be authorised to use our online portal to complete and submit on your behalf any forms which the Service Operator permits to be submitted electronically. For example, your financial adviser may submit a switch or reweight instruction, or establish or change Standing Instructions on your behalf using our online portal.

Your financial adviser is required to provide you with a PDS for the investment options you choose to invest in. Alternatively, you can access the PDS for the available investment options through our website.

## How to appoint a representative to act on your 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 representation 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.

The following conditions apply to your representative:

- Your representative can do everything that you can do in respect of IOOF Essential Investment (except appoint other representatives). Withdrawals can only be made in favour of the client.
- You are responsible for anything that your representative does on your behalf.
- Is someone who we reasonably believe to be your representative acts on your behalf, we will treat the requests 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 representatives.

To authorise another person with authority to act on your behalf, simply complete the relevant form available at [ioof.com.au](http://ioof.com.au).

## Can I invest without a financial adviser?

If you decide to discontinue the relationship with your financial adviser you need to tell us.

If you do not have a financial adviser to act on your behalf, you are permitted to submit switch or re-weight instructions on investment options and establish or change investment instructions in relation to your account using IOOF Online.

## Anti-Money Laundering and Counter-Terrorism Financing (AML/CTF) requirements

We are required by law to carry out proof of identity procedures for investors opening an investment account in IOOF Essential Investment. These requirements arise under the Commonwealth Government's *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (AML/CTF).

We are also required to carry out proof of identity procedures for persons completing forms in relation to IOOF Essential Investment on the investor's behalf, such as a Power of Attorney or appointed Guardian for an investor.

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 when you request a cash withdrawal (if eligible). We may also be required to collect customer identification at other times. If you do not provide the information or we are unable to verify the information, payment of benefits may be delayed or refused.

## Foreign Account Tax Compliance Act and Common Reporting Standard

The United States' (US) Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standard (CRS) is a regime legislated in a number of countries (including Australia) which require financial institutions, including IOOF, to identify and report information relating to investors who are a resident of a foreign jurisdiction (or a US citizen or resident) for tax purposes. This information is required to be reported to relevant tax authority, within Australia and internationally. We are required by this law to ask investors who may be a foreign resident for tax purposes to declare and supply additional identification and tax information to us.

## 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 ClientFirst on 1800 913 118 or visit our website ([www.ioof.com.au/privacy](http://www.ioof.com.au/privacy)).

We collect your personal information from the application form you complete when applying for this product for the purpose of providing you with the products and services that you request and for related purposes, including providing you with financial advice and ongoing services in relation to your account with us, or providing information about other products and services that may be of interest to you. If you do not provide all the information requested in your application form, we may not be able to process your application.

To verify your identity for Know Your Customer purposes, we may also solicit personal information about you from reliable identity verification service providers.

For the purpose of providing you with products and services you have requested, we may disclose your information to our related bodies corporate or external parties, including your financial adviser or employer, banks or other financial institutions, medical professionals, insurers, legal or accounting firms, auditors, mail houses, or when required or authorised to do so by law. It is generally unlikely that we will disclose your personal information overseas, however any overseas disclosure does not affect our commitment to safeguarding your personal information and we will take reasonable steps to ensure any overseas recipient complies with Australian privacy laws.

### What if you have a complaint?

If you have a complaint (or wish to obtain further information about the status of an existing complaint), please contact Customer Care on 1800 913 118 or write to Customer Care, GPO Box 264, Melbourne VIC 3001.

We will provide you with all reasonable assistance and information you may require for the purpose of making a complaint and assist you in understanding our complaints handling procedures. We aim to provide a formal response within 28 days of our acknowledgement of the complaint.

You have the option to lodge a complaint with AFCA directly rather than lodging a complaint with us. Otherwise, you can also lodge a complaint with AFCA if you are not satisfied with our response or if your complaint has not been resolved within the maximum timeframe prescribed by ASIC's Regulatory Guides (RG 165/RG 271). AFCA provide a fair and independent financial services complaint resolution that is free to consumers. Time limits may apply to complain to AFCA. Please act promptly and consult the AFCA website to find out if or when the time limit relevant to your circumstance expires.

Website: [www.afca.org.au](http://www.afca.org.au)  
Email: [info@afca.org.au](mailto:info@afca.org.au)  
Telephone: 1800 931 678 (free call)  
In writing to: Australian Financial Complaints Authority,  
GPO Box 3  
Melbourne VIC 3001

## Key words explained

If you find some of the terms used in this Guide, the **Offer Document** or the **Investment Guide** difficult to understand, don't worry. This section helps explain some of the key terms that arise along the way. If you require further information or explanation of a term not covered in this Guide, please contact ClientFirst.

Key words	Key words explained
<b>Administration fees</b>	An administration fee is a fee that relates to the administration or operation of IOOF Essential Investment.
<b>AML/CTF Act</b>	<i>Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth)</i> , and all subordinate legislation in respect of that Act, as amended from time to time.
<b>Annual Statement</b>	An annual statement of your account, including a transactions summary for the financial year and other prescribed information.
<b>Australian Financial Services Licence (AFSL)</b>	A licence issued by ASIC under the <i>Corporations Act 2001</i> which among other things, permits the issuing of a financial product or the giving of financial advice.
<b>Business day</b>	A day other than a Saturday, Sunday or a public holiday in Melbourne.
<b>Buy-sell spreads</b>	A fee to recover the transaction costs incurred by you in relation to the sale and purchase of underlying managed investments.
<b>Capital gains tax (CGT)</b>	A tax applied on the increase in the value of an investment that may be payable upon the disposal of the investment.
<b>Certified copy</b>	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.
<b>Derivatives</b>	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.
<b>Financial institution</b>	A bank, building society or credit union.
<b>Goods and Services Tax (GST)</b>	A tax on the supply of goods and services.
<b>High-yielding securities</b>	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.
<b>Investment options with extended redemption periods</b>	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.
<b>Legal Personal Representative</b>	The executor of your Will or the administrator of your estate.



<b>Margin lending</b>	Borrowing money for investment purposes.
<b>Reduced input tax credits (RITC)</b>	Refers to a portion of the GST that can be claimed back from the ATO in certain circumstances.
<b>Switching</b>	The movement of monies between investment options (such as managed investments) and/or between the Cash Account and investment options. Switches between managed investments are processed as a redemption of units from one managed investment and the purchase of units in another managed investment from the available investment list.
<b>Withdrawal</b>	This is a lump sum or regular payment made from your account, after allowing for fees and charges. These payments can be credited to your nominated account with your financial institution or can be paid to you by cheque. Withdrawal payments are paid from your Cash Account.