



**IOOF ESSENTIAL**

INVESTMENT

## Investor Directed Portfolio Service (IDPS) Guide

Dated: 1 July 2022

Issuer: IOOF Investment Services Ltd ABN 80 007 350 405, AFSL 230703

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).

The Offer Document has been prepared in accordance with ASIC Class Order CO 13/763 Investor directed portfolio services.

IOOF Essential Investment is only available to persons receiving this Offer Document (electronically or otherwise) within Australia.

This Offer Document is a summary of significant information that is intended to help you understand IOOF Essential Investment being offered by IISL and to make an informed decision on how it may meet your investment needs. It includes references to important information contained in the IOOF Essential investment guide (**Investment Guide**), the IOOF Essential Investment Options Menu (Investment Menu) and the IOOF Essential Investment general reference guide (**General Reference Guide**) which form part of this Offer Document.

## About the Service Operator and Custodian

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

As the Service Operator, IISL operates and administers IOOF Essential Investment on the terms and conditions outlined in this Offer Document.

IISL undertakes all of the administrative tasks for IOOF Essential Investment through IOOF Service Co Pty Ltd ABN 99 074 572 919. IISL has investment and service contracts with related parties within the Insignia Financial 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 Offer Document and was prepared by us based on our interpretation of the relevant legislation as at the date of issue.

Investments into 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 Insignia Financial Group.

As Insignia Financial Ltd is a large financial institution that participates in both domestic and international markets, conflicts of interest, both real and perceived may arise. We have policies in place that contain appropriate measures to identify, document and manage conflicts.

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 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 the IOOF Cash Management Trust, IOOF MultiMix Trusts, IOOF MultiSeries and the 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**).

## General advice warning

The information contained in this Offer Document is of a general nature only and does not take into account your individual objectives, financial situation or needs. You should consider the appropriateness of this information having regard to your objectives, financial situation and needs and you may want to seek advice from a financial adviser before deciding to invest through IOOF Essential Investment.

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

## Disclaimer

Neither IISL, nor any other related or associated company, the fund managers providing the managed investments, service providers or the related bodies corporate of the parties mentioned, guarantee the repayment of capital or the performance or any rate of return of the investment options acquired through IOOF Essential Investment. Investments made through IOOF Essential Investment 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.

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## How to find your way around this Offer Document

This Offer Document is important because it will help you decide whether **IOOF Essential Investment** will meet your needs. It includes references to additional important information contained in the **Investment Guide**, the **Investment Menu** and the **General Reference Guide**, which form part of this Offer Document. You can use it to compare IOOF Essential Investment with any other investment product you may be considering.

This Offer Document describes the key features, risks and purpose of IOOF Essential Investment. It also contains some information we are required to include by law.

This Offer Document, the **Investment Guide**, the **Investment Menu** and the **General Reference Guide** can be downloaded from our website.

# About IOOF Essential Investment

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

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

## Investing in IOOF Essential Investment

With IOOF Essential Investment you can select an investment strategy that suits you using one convenient administration facility.

This includes having access to:

- A range of multi-manager and sector investment options
- Flexible investment instruction options
- View your account details and generate reports securely via IOOF Online
- Regular savings and withdrawal options to manage your cash flow needs
- Consolidated reporting

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

We monitor and review the fund managers and managed investments on an ongoing basis and may add or remove managed investments from time to time. Our investment selection process is described further in the 'Selection of investments' section of the **Investment Guide**.

## Who is the Insignia Financial Group?

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

As one of the largest financial services groups in Australia, with over 170 years' experience in helping Australians secure their financial independence, the Insignia Financial Group provides services to approximately 2 million clients and has more than \$300 billion in funds under management, advice and administration (as at 31 December 2021).

You can find more information about the Insignia Financial Group, director details, executive remuneration and other documents by visiting our website ([www.insigniafinancial.com.au](http://www.insigniafinancial.com.au)).

## Snapshot of IOOF Essential Investment

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

Investing	
Investment options	Choose from a range of multi-manager and sector investment options which provide you access to a spread of different asset classes designed to meet particular investment objectives.
Regular Savings Plan	Direct debit facility to enable you to make regular investments from your nominated financial institution account into your investment account.
BPAY <sup>®1</sup>	Make regular or one-off investments without a direct debit facility.
Cash Account	A minimum Cash Account balance of 1%.
Income distributions	Options for income distributions from your investment option(s) are: <ul style="list-style-type: none"> <li>• Re-invest the distribution back into the same investment option (default option).</li> <li>• Retain distributions in your Cash Account.</li> <li>• Choose to have your income re-invested into one or more managed investments.</li> <li>• Paid to your nominated financial institution with an Automatic Income Distribution Facility.</li> </ul>
Margin lending	We have arrangements in place with certain lenders to facilitate margin lending through IOOF Essential Investment.
Regular payments	
Regular Withdrawal Plan	Set up a regular payment facility from IOOF Essential Investment into your nominated account with your financial institution.
Automatic Income Distribution Facility	Allows regular payment of income distributions into your nominated account with your financial institution.
Managing your account	
IOOF Online	Secure access to your account online, 24 hours a day, 7 days a week.
Minimum amounts	
Initial investment	\$1,000 or \$500 with a Regular Savings Plan.
Additional investments (one-off)	\$50 per investment.
Regular Savings Plan	\$200 per frequency.
Lump sum withdrawals (one-off)	The lesser of \$1,000 or your account balance.
Regular Withdrawal Plan	\$100 per frequency.
Automatic Income Distribution Facility	\$200 per quarter or half year.
Account balance	\$500
Investment options and switching instruction	Managed investments – no minimum applies.
Cash Account	You are required to maintain a minimum allocation to the Cash Account of 1%.

<sup>1</sup> Registered to BPAY Pty Ltd ABN 69 079 137 518.



# How does IOOF Essential Investment work?

## Who can use IOOF Essential Investment?

IOOF Essential Investment has been designed with features for clients 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>2</sup> With transparent fees and access to a range of multi-manager investment options, which provide you with access to a spread of different asset classes designed to meet particular investment objectives. IOOF Essential Investment will suit the sophisticated client who has clear financial goals and wants to take control of all investment decisions.

If you are looking for a one-stop administrative 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.

## Making a start

You can start your investment account with an initial investment amount of either:

- \$1,000
- \$500 (if you have selected the Regular Savings Plan)

Investments made into your account are credited first to your Cash Account. Those investments (less any nominated Advice Fee – Upfront) will be invested in accordance with your Standing Instructions. Further information on your Cash Account is contained in the 'Cash Account preferences' section of the **General Reference Guide**.

## What are the differences between investing directly and investing through IOOF Essential Investment?

It is important to know that investing through IOOF Essential Investment is not the same as holding those investments in your own right.

The Custodian will be the legal owner and registered unit holder of the assets rather than you. As such, you cannot exercise the rights of a unit holder or decline to exercise them, but you have a beneficial interest in the investment options of your portfolio. As you are not the registered owner of any of the investment options, you cannot participate in meetings of investors of the investment options, nor do you have any voting rights (refer to the 'Voting policy' section below for further information).

The Custodian receives all corporate notices, annual reports and other information issued by the fund managers. You may at any time request us to provide you with copies of any such communications.

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

See the 'Differences between investing directly and investing through IOOF Essential' section in the **Investment Guide** for more information.

## Voting policy

Where we receive notices of meetings or resolutions that relate to the investment options, we do not generally pass this information on to you or your financial adviser.

We maintain a voting policy under which we do not offer voting rights to investors.

# What are the risks?

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

## Risks when investing through IOOF Essential Investment

These types of risks could include the following:

- Your investment may not be sufficiently diversified if you do not spread your selection of investment option(s) across different asset classes, sectors, managers and styles.
- In the case of an investment in investment options with extended redemption periods, your ability to make a lump sum withdrawal from those managed investments may be delayed, reduced or unavailable until sufficient assets from those managed investments can be redeemed to fund the withdrawal.
- System failures may cause a delay in the processing of transactions to your account (or with fund managers).
- There may be a delay in purchasing or redeeming your investments if we do not receive a properly completed and authorised instruction from you.
- Delays may occur where minimum investment or withdrawal limits are imposed by fund managers.
- Economic conditions, interest rates and inflation may cause adverse investment returns.
- Changes can occur in the law governing the operation of IOOF Essential Investment which may adversely affect your investment (including potentially your ability to access your investment).

These changes may also affect the operation of your product or of any investment option(s) into which you invest.

- We could be replaced as operator of IOOF Essential Investment or IOOF Essential Investment could be transferred to another provider. There is also a risk we may not carry out our duties properly. To minimise this risk we have implemented a number of risk management strategies and corporate governance policies and procedures to assist us to meet our obligations. We are required to perform our obligations honestly and with reasonable care and diligence.

## How can investment risk be reduced?

An important way to help reduce your investment risk is to spread your investment over a number of assets, asset classes and even different fund managers. This process is called diversification.

It is designed to help you achieve more consistent investment returns over time. IOOF Essential Investment offers you a choice of investment options across all the major asset classes. When determining your investment strategy, this choice allows you to create a level of diversification in your investment portfolio. A financial adviser can help you understand the various types of investment risk and assess which investment options are appropriate for your specific requirements considering your risk tolerance and risk/return investment objectives.

**Warning:** When making a choice about the investment option(s) that best suit you, you should consider the likely investment returns, risks and your investment timeframe.

## Risks that may affect your investment options

These types of risks are summarised in the following table.

Type of risk	Explanation
Market risk	Investment returns are influenced by the performance of the market overall. Unexpected changes in conditions (such as economic, technological or political developments) can have a negative impact on the returns of all investments within a particular market.
Company or security-specific risk	Within each asset class, company or security-specific risk refers to the many risks that can affect the value of a specific security (such as a listed share).
Currency risk	Investments in international markets can be exposed to changes in exchange rates. If foreign currencies fall in value relative to the Australian dollar, they have an adverse impact on investment returns from investments denominated in those countries, if exposure to those currencies are unhedged.
Liquidity risk	Liquidity risk is the risk that a member may be unable to redeem their investment into cash at their chosen time, or faces a loss in the event that an investment is redeemed. Liquidity risk arises when it is difficult to sell an investment at short notice without resulting in a loss or a reduction in the value of the investment. For a managed fund, in exceptional circumstances the responsible entity may extend the redemption period to beyond 1 month.
Derivative risk	The risk associated with the use of financial derivatives including an adverse movement in the asset or index underlying the derivative, the possibility of a derivative position being difficult or costly to reverse, or that the parties do not perform their obligations under the contract. Gains and losses from derivative transactions can be substantial.
Gearing risk	The risk that borrowing to increase investment exposure leads to greater losses with adverse market price movements and may result in a breach of loan covenants.  Gearing magnifies returns or losses and hence increases the volatility of returns. Geared investments may significantly underperform equivalent non-geared investments when the underlying assets experience negative returns and in extreme market declines all capital invested could be lost.
Credit risk	Credit risk is the risk of a decline in the credit quality of a fixed interest security or the ability of the issuer to pay the interest or principal on that security, adversely affecting the value of that security and resulting in a financial loss. Where money has been lent, there is the risk that the borrower will not pay the interest and/or repay the principal owing. For borrowers or issuers with lower credit ratings this risk is generally higher.
Fund manager risk	Each managed investment option has one or more fund managers to manage the investments. There is a risk that the fund manager may not perform to our expectations, meet its stated objectives or under-perform as compared to other fund managers.
Margin lending risk	Investment losses will be magnified by the use of borrowing (ie margin loans), resulting in greater potential losses. Margin loans are also subject to borrowing costs which may reduce returns and to margin calls by margin lenders. Further information on margin lending is provided in the <b>General Reference Guide</b> .



## 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 investor services justify higher fees and costs.

You may be able to negotiate to pay lower fees. Ask the fund or your 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](http://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 your investment as a whole.

Taxes are set out in another part of this document.

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

## Fees and costs summary

### IOOF Essential Investment

Type of fee or cost	Amount	How and when paid	
Ongoing annual fees and costs			
<b>Management fees and costs</b> The fees and costs for managing your investments <sup>1</sup>	<b>Administration Fee</b>	The Administration Fee is a percentage-based fee calculated daily on your account balance <sup>3</sup> . It is charged monthly in arrears and is deducted from your Cash Account at the end of each month.	
	<b>Part of your account balance</b>		<b>Administration Fee (pa)</b>
	First \$250,000		0.25% (or \$2.50 per \$1,000 invested)
	Next \$250,000		0.15% (or \$1.50 per \$1,000 invested)
	Next \$500,000		0.05% (or \$0.50 per \$1,000 invested)
	Next \$1 million	0.025% (or \$0.25 per \$1,000 invested)	
	Amounts above \$2 million	Nil	
	Maximum Administration Fee of \$1,500 pa, excluding Account Keeping Fee.		
	<b>Account Keeping Fee</b> \$117 pa.	The Account Keeping Fee is the dollar-based fee charged monthly in arrears and is deducted from your Cash Account at the end of the month. Where you are only a client for a portion of the month, the Account Keeping Fee will be charged on a pro-rata basis.	
	<b>Interest retained on Cash Account</b> Interest is also retained on your cash account, estimated between 0.50% and 0.70% pa <sup>4</sup> on the balance of the Cash Account <sup>5</sup> .	We retain a part of the interest that is earned on the Cash Account. The interest retained is the difference between the net rate of interest we credit to your Cash Account and the total interest earned in relation to pooled assets of the Cash Account.  Note, the target net interest rate to be credited to your Cash Account is the official cash rate set by the Reserve Bank of Australia.	
	<b>Investment fees and costs</b> The fees and costs charged by us relate only to gaining access to the underlying funds through IOOF Essential Investment and do not include the fees and costs that relate to investing in underlying funds.  However, investment fees and costs will apply and the amount of these fees and costs will depend on the managed investments selected by you from the Investment Menu.	Generally calculated daily as a percentage of the amount you have invested in each managed investment. It is not deducted directly from your account but is generally incorporated into the unit price of the managed investment and is generally charged monthly or quarterly in arrears.  The most recent investment fees and costs applied by each fund manager can be obtained from the relevant PDS for each managed investment.	
<b>Performance fees<sup>1</sup></b> Amounts deducted from your investment in relation to the performance of the product	We do not charge 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.	Generally calculated daily as a percentage of the amount you have invested in each managed investment. It is not deducted directly from your account but is generally incorporated into the unit price of the managed investment and is generally charged monthly or quarterly or annually.  The most recent performance fees applied by each fund manager can be obtained from the relevant PDS for each managed investment.	

Type of fee or cost	Amount	How and when paid
<b>Transaction Costs<sup>1</sup></b> The costs incurred by the scheme when buying or selling assets	We do not charge any transaction costs, however transaction costs will apply and the amount of these transactions costs will depend on the managed investments selected by you from the <b>Investment Menu</b> .	Generally included in the unit prices of each managed investment. The transaction costs that apply to each managed investment can change from time to time.  The most recent transaction costs applied by each fund manager can be obtained from the relevant PDS for each managed investment.
<b>Member activity related fees and costs (fees for services or when your money moves in or out of the product) <sup>1</sup></b>		
<b>Establishment fee</b> The fee to open your investment	Nil	Not applicable
<b>Contribution fee<sup>2</sup></b> The fee on each amount contributed to your investment	Nil	Not applicable
<b>Buy-sell spread<sup>6</sup></b> An amount deducted from your investment representing costs incurred in transactions by the scheme	We do not charge buy-sell spreads, however a buy-sell spread will apply and the amount of the buy-sell spread will depend on the managed investments selected by you from the <b>Investment Menu</b> .	A buy-sell spread is added to, or deducted from (as applicable), the unit price of the relevant managed investment. The buy-sell spread that applies to each managed investment can change from time to time. Please refer to relevant PDS for each managed investment for specific details.
<b>Withdrawal fee<sup>2</sup></b> The fee on each amount you take out of your investment	Nil	Not Applicable
<b>Exit fee<sup>2</sup></b> The fee to close your investment	Nil	Not Applicable
<b>Switching fee</b> The fee for changing investment options	Nil	Not Applicable

<sup>1</sup> Please refer to "Additional explanation of fees and costs" section on page 11 for further information on transaction costs and performance fees, and other fees such as advice fees.

<sup>2</sup> This fee includes an amount payable to an adviser.

<sup>3</sup> Your account balance comprises your Cash Account together with the value of your investment options.

<sup>4</sup> The interest retained on your Cash Account was 0.59% pa at 31 May 2022.

<sup>5</sup> The interest we retain on pooled Cash Account assets is considered an indirect cost for administering your Cash Account. It is not deducted from your Cash Account directly, but through the interest generated from its underlying investments prior to crediting the 'net' interest to your Cash Account. The interest retained is subject to change. Interest on the Cash Account noted is retained at a rate of between 0.50% and 0.70% pa and is for the purpose of the example only.

<sup>6</sup> Buy-sell spreads – when you move money in or out of IOOF Essential Investment or when you make a switch, you may also incur a buy-sell spread which is included in the unit price of the managed investment you choose. See 'Transaction costs' section on page 11 of this Offer Document or the product disclosure statement for the particular managed investment for more details.

**It is important that you understand the fees of any managed investment selected by you, which appear on our website in the relevant product disclosure statement for each managed investment. These fees will be in addition to any fees charged for IOOF Essential Investment and any costs incurred on behalf of you.**

## Example of annual fees and costs for a balanced investment option or other investment option

This table gives an example of how the ongoing annual fees and costs in the IOOF MultiSeries 70 investment option through this product can affect your investment over a 1-year period. You should use this table to compare this product with other products offered by other investment platform products.

EXAMPLE – IOOF MultiSeries 70		Balance of \$50,000 with a contribution of \$5,000 during the year
Contribution fees	Nil	For every additional \$5,000 you put in, you will be charged \$0.
<b>PLUS</b> Management fees and costs	Administration Fee of 0.25% x \$50,000 Account Keeping Fee of \$117 Investment fees and costs <sup>^</sup> of 0.502% x \$50,000	<b>And</b> , for every \$50,000 you have in the IOOF MultiSeries 70, you will be charged or have deducted from your investment <b>\$493</b> each year
<b>PLUS</b> Performance fees	Nil	<b>And</b> , you will be charged or have deducted from your investment <b>\$0</b> in performance fees each year
<b>PLUS</b> Transaction costs	0.07%	<b>And</b> , you will be charged or have deducted from your investment <b>\$34.65</b> in transaction costs
<b>EQUALS</b> Cost of IOOF MultiSeries 70		If you had an investment of \$50,000 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 <b>\$527.65*</b> .  <b>What it costs you will depend on the investment option you choose and the fees you negotiate.</b>

\* Additional fees may apply.

This is an example only and the fees and costs may vary for your actual investment. For more information, please refer to the product disclosure statement of the managed investments selected by you.

<sup>^</sup> For the purposes of this example we assume a balance of \$500 is held in the Cash Account and \$49,500 in IOOF MultiSeries 70. The estimated investment fees and cost for IOOF MultiSeries 70 is 0.50% pa and the estimated interest retained on the Cash Account is 0.70% pa.

Note: This example assumes the \$5,000 deposit occurred at the end of the first year therefore it does not include the management costs on the additional \$5,000 invested, nor does it take into account any movement (up or down) in the value total amount invested.

You should read the important information about 'Fees and other costs' on page 7 of this **Offer Document** before making a decision. The material relating to 'Fees and other costs' may change between the time when you read this **Offer Document** and the day you acquire the product.

## Additional explanation of fees and costs

This section explains the fees and costs set out in the Fees and costs summary in the Offer Document and also provides a brief explanation about any additional fees and costs that may apply to your account. The fees and costs for each underlying investment option offered by the entity, appear on our website in the relevant product disclosure statement for each managed investment. To understand all the fees and costs that may be payable under a particular investment strategy, you should look at both the PDS and the relevant product disclosure statement for each managed investment.

### Your fees may be different

In certain circumstances, your fees may be different from those described in this Offer Document. Individual Licensees may have arrangements in place with us for lower fees to apply while you remain serviced by a representative of that Licensee and any arrangements will be those that have been agreed between you and your financial adviser.

### Management fees and costs

The management fees and costs are made up of the Administration Fee (including the Account Keeping Fee), interest-retained on the Cash Account and investment fees and costs of the managed investment selected by you.

### 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 (such as investment fees and costs, transaction costs, 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.

### Investment fees and 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 investment fees and costs 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, which are available on our website.

## 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 as a 'performance fee'.

The performance 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 unit price may reduce as a result of performance fees or increase as a result of negative performance fees.

The underlying fund managers that can charge a performance fee are outlined in the Investment Menu. Any applicable performance fee is included in the investment fees and costs stated in the Investment Menu and is current 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 investment fees and costs and performance fees. However, the buy-sell spreads are not charged separately to your account – they are generally included in the unit prices of each managed 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 product disclosure statement 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, and custody costs. The costs of trading in over the counter derivatives may also give rise to transaction costs.

These transaction costs are in addition to investment fees and costs but are not charged separately to your account – they are generally included in the unit prices of each managed investment. The transaction costs that applies to each managed investment can change from time to time. Details of the transaction costs applicable to each investment option are outlined in the Investment Menu, and the product disclosure statement 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 IOOF Essential account. 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).

The law prohibits advisers from charging percentage-based advice fees to retail clients calculated on amounts borrowed to buy assets for the client. This may be relevant if you have gearing on account assets. IISL is not responsible for ensuring your adviser complies with this restriction.

On termination of an advice fee arrangement, accrued but deducted advice fees may be deducted after the termination date.

## Advice Fee – Upfront

You can agree that this advice fee is to be deducted from deposits 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 the Insignia Financial Group
- 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 on your account.

### Important note

**You cannot elect to have a 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 balance (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 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% per annum) (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 balance (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 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 a 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 a 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 may 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 may remove your adviser's access to your account.

## 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 may 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 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 Essential Investment, 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 adviser until there are sufficient funds to meet the fees. Any advice fees waived will not be recovered.

### GST and taxes

The fees quoted in this section are inclusive of GST, less any applicable RITCs, unless otherwise stated. The benefits of any available input tax credits are passed on to you in the form of reduced fees or costs. See the 'How your investment account is taxed' section of the General Reference Guide.

### 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.

### Alteration to fees

In certain circumstances, where it is reasonable for us to do so, we may alter the fees and costs applied to your account (subject to law). However, before doing so, we will provide you with 30 days' notice of any change. We also have the right to introduce new fees. External cost pressures such as increased regulatory complexity and the introduction of new or improved client services are but two of the circumstances that may give rise to an increase in fees and other costs.

Fund managers may also impose redemption fees with the intention of safeguarding clients' investments. You will be given 30 days' written notice of these proposed alterations if there is an increase.

**Fees and costs charged by IOOF Essential Investment relate to the platform and access to the underlying investments only, and do not include the fees and costs that relate to investing in the underlying investments selected by you. Additional fees and costs will be charged by the issuers of the underlying investments that you decide to invest in.**

Please refer to the example below that illustrates the combined effect of fees and costs of a \$250,000 portfolio.

### Example of total annual fees and costs using the full investment list for a \$250,000 balance

This table gives an example of how the combined effect of the ongoing annual fees and costs using a choice of investments can affect a \$250,000 investment over a 1-year period. You should use this table to compare this investment product with other investment products.

Investment held	Account balance
Cash Account	\$2,500
Managed Investment 1	\$147,500
Managed Investment 2	\$100,000
<b>TOTAL</b>	<b>\$250,000</b>

EXAMPLE – IOOF Essential Investment using a range of investments on the Investment Menu		Balance of \$250,000 with a contribution of \$5,000 during the year
Contribution fees	Nil	For every additional \$5,000 you put in, you will be charged \$0.
<b>PLUS</b> Management fees and costs	Administration Fee of \$250,000 x 0.25% Account Keeping Fee of \$117 Investment fees and costs of 0.641%^ x \$250,000 (equal to: \$147,500 x 0.60% (Managed Investment 1) + \$100,000 x 0.70% (Managed Investment 2) + \$2,500 x 0.70% (Interest retained on Cash Account))	<b>And</b> , for every \$250,000 you have in IOOF Essential Investment, you will be charged or have deducted from your investment <b>\$2,344.50</b> each year
<b>PLUS</b> Performance fees	Nil	<b>And</b> , you will be charged or have deducted from your investment <b>\$0</b> in performance fees each year
<b>PLUS</b> Transaction costs	Managed Investment 1 of (\$147,500 x 0.06%) Managed Investment 2 of (\$100,000 x 0.08%)	<b>And</b> , you will be charged or have deducted from your investment <b>\$168.50</b> in transaction costs
<b>EQUALS</b> Cost of IOOF Essential Investment		If you had an investment of \$250,000 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 <b>\$2,513*</b> for IOOF Essential Investment.  <b>What it costs you will depend on the investment options you choose and the fees you negotiate.</b>

\* Additional fees may apply. This is an example only and the fees and costs will vary depending on the investments selected by you. For more information, please refer to the PDS of the investments selected by you.

^ The investment fees and costs for IOOF Essential Investment are based on the weighted average of the investment fees and costs of the portfolio. Assumes that the estimated investment fees and cost for Managed Investment 1 is 0.60% pa and the estimated investment fee and cost for Managed Investment 2 is 0.70% pa.

- Assumes that the transaction cost for Managed Investment 1 is 0.06% pa and the transaction cost for Managed Investment 2 is 0.08% pa.
- For this example, the contribution of \$250,000 is made at the start of the year.
- This example assumes the \$5,000 contribution went into IOOF Essential Investment at the end of the first year therefore it does not include the management costs on the additional \$5,000 invested, nor does it take into account any movement (up or down) in the value total amount invested.

# Reporting

We provide you with comprehensive and consolidated reporting on all of your investments in your investment account.

We provide regular communications that are made available via IOOF Online for your records. Additionally, you may request reports from ClientFirst.

What you will receive from us	
<b>Account Schedule</b>	<p>Sent on the establishment of an account through IOOF Essential Investment, normally within seven business days of joining.</p> <p>Your Account Schedule confirms your investment account details and Standing Instructions as well as your IOOF Essential Customer Reference Number for any future BPAY investments.</p>
<b>Annual Statement</b>	<p>Provides a summary of all transactions during the financial year including:</p> <ul style="list-style-type: none"> <li>• deposits and withdrawals over the period</li> <li>• fees or costs deducted from your account</li> <li>• details of your account value, current investment holdings and historic performance results for each of your investment options</li> <li>• the annual statement will include the annual audit report and will be provided within three months of the end of each financial year.</li> </ul>
<b>Annual Taxation Statement</b>	<p>Details the amount and components of your taxable and non-taxable income for each 12 month period to 30 June including information on realised capital gains/losses and expenditure. These statements will be made available via IOOF Online.</p>
<b>Audit report</b>	<p>The audit report will provide you with the auditor's opinion relating to our accounting procedures and internal controls affecting the accuracy of your annual statements.</p>
<b>Electronic access</b>	<p>IOOF Online is a user-friendly internet facility. It provides you with convenient and secure access to your account details 24 hours a day, seven days a week.</p> <p>IOOF Essential Investment provides continuous up to date electronic access instead of quarterly reports. The following information is available to you electronically from the date your account is established:</p> <ul style="list-style-type: none"> <li>• all transactions on your investments held in IOOF Essential Investment</li> <li>• details of any deposits and withdrawals</li> <li>• fees or costs deducted from your account</li> <li>• details of your current account value, current investment holdings and historic performance results for each of your investment options</li> </ul> <p>By completing the application to invest in IOOF Essential Investment you agree to not be provided with quarterly reports and that you will obtain information about transactions and holdings through IOOF Essential Investment electronically. You can register for access to IOOF Online via our website (<a href="http://www.ioof.com.au">www.ioof.com.au</a>).</p>
Additional information available free of charge	
<b>You can request a copy of:</b>	<ul style="list-style-type: none"> <li>• A summary of the voting policy for IOOF Essential Investment can be found in the 'Differences between investing directly and investing through IOOF Essential' section of the <b>Investment Guide</b>. Note that where we receive notice of meetings or resolutions that relate to investment options, we do not send these on to you or your financial adviser.</li> <li>• Information on the consequences if you have not engaged a financial adviser, or representative see the 'Can I invest without a financial adviser?' section of the <b>General Reference Guide</b> to provide financial product advice to you and instructions to us in relation to investment options, including your ability to provide instructions in relation to your investment options and continue to be an investor in IOOF Essential Investment.</li> </ul>

## How to open an account

Our online application process for IOOF Essential is simple and intuitive. Designed for you and your financial adviser to complete with ease. Once your application has been submitted, your account number will be generated, instantly. Our seamless application process makes it easy for you to start working with your financial adviser on achieving your goals.

You can monitor your account online via [www.ioofonline.com.au](http://www.ioofonline.com.au)

You are only able to open an IOOF Essential Investment account if you have a financial adviser.

### Cooling-off period

A cooling-off period applies, but only on your initial investment into IOOF Essential Investment. You have 14 days from the earlier of when you receive our welcome letter or five business days after we establish your account to decide if IOOF Essential Investment is right for you. If you wish to exercise your cooling-off rights, you must give us written notice (either by letter or email). In this case we will not charge any of the service fees that we are permitted to charge in accordance with this Offer Document.

If your investment options include restricted investments, or other services there may be penalties or fees charged by the fund managers or service providers for early redemption or the cooling-off period may not apply. These investment options may also have withdrawal conditions imposed by the fund managers that may delay the return of your initial investment.

The amount returned will be adjusted for any market movements in your managed investments (up or down) until the day we receive notice that you are exercising your cooling-off rights.

Therefore, the amount you receive in return may be more or less than the initial amount invested.

## Other information

### Updated information

Information in this Offer Document is subject to change from time to time. Where the changes are not materially adverse, we will make updated information available on our website ([www.ioof.com.au](http://www.ioof.com.au)). You can obtain a paper copy of this updated information free of charge by calling us on 1800 913 118.

### Electronic communications

You will receive electronic communications from the Service Operator via IOOF Online.

You will be able to access and download these communications at any time while you are a registered user of IOOF Online.

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.

For further information about electronic communications, please refer to 'Electronic communications' in the **General Reference Guide**.

### What if you have a complaint?

#### Complaints about IOOF Essential Investment

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.

Complaints are managed in accordance with a regulatory guide governed by ASIC, specifically RG271. For more information on the regulatory guide, visit the ASIC website on [www.asic.gov.au/regulatory-resources/find-a-document/regulatory-guides/rg-271-internal-dispute-resolution/](http://www.asic.gov.au/regulatory-resources/find-a-document/regulatory-guides/rg-271-internal-dispute-resolution/).

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 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)  
**Tel:** 1800 931 678 (Free call)  
**In writing to:** Australian Financial Complaints Authority  
GPO Box 3 Melbourne VIC 3001

#### Complaints about investment options available through IOOF Essential Investment

If you have a complaint relating to any of the investment options available through IOOF Essential Investment, you may be able to raise your complaint directly with the issuer of that investment. We can advise you if a product issuer has a dispute resolution system which allows you to raise complaints directly with them.

To ascertain if this applies to you, please contact us.

#### Complaints about your financial adviser

If you have a complaint relating to the advice you have received, as a first step you should contact your financial services provider's (licensee's) consumer complaints area to discuss your issue, tell them what your concerns are and how you would like them to be resolved. Your adviser should have provided you with a Financial Services Guide (FSG) which would describe their dispute resolution process. If you no longer have the FSG you can obtain another from your adviser's licensee.

You have the option to lodge a complaint with AFCA directly rather than lodging a complaint with the licensee. Otherwise, you can also lodge a complaint with AFCA if you are not satisfied with the licensee's 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)  
**Tel:** 1800 931 678 (Free call)  
**In writing to:** Australian Financial Complaints Authority  
GPO Box 3 Melbourne VIC 3001



# Contact us

## Postal address

IOOF Essential  
GPO Box 264  
Melbourne VIC 3001

## Telephone

1800 913 118

## Email

[clientfirst@ioof.com.au](mailto:clientfirst@ioof.com.au)

## Website

[www.ioof.com.au](http://www.ioof.com.au)

## Service Operator

IOOF Investment Services Ltd  
ABN 80 007 350 405  
AFSL 230703

## Registered address

Level 1, 800 Bourke Street  
Docklands VIC 3008