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## IOOF Pursuit Focus Investment Service investment guide (PFI.02)

This guide forms part of the IOOF Pursuit Focus Investment Service Offer Document and should be considered before making a decision to acquire the product. We recommend that you read this entire guide as it contains information about the range of available investment strategies and options that you can select.

The information is divided into the following sections.

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## Investment strategies

### Your investment strategy

Making the right investment choice is an important part of developing a plan to help you achieve your financial goals. This requires careful consideration of a number of factors including your attitude to investing, the level of risk you are comfortable accepting and your investment timeframe.

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

### Choose what is right for you

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

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

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

### What investment options can you choose?

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

The list of investment options is set out in the 'Investment options menu' section of this guide. The process undertaken by the Service Operator in establishing the investment menu is explained below. This list may change from time to time.

#### Important note

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

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

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

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

### Selection of investments by the Service Operator

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

The construction of the 'Investment options menu' section of this guide takes into account factors that may include the following:

- recommendations made by the IOOF Research department
- ratings from independent Research houses

- diversification by asset class, investment style and investment management groups
- constraints including capacity, liquidity, transparency, diversification and management accessibility
- cost-efficient fee alternatives.

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

## Termination or change of status of an investment option

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

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

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

## Managing conflicts of interest

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

## About investing

### Your investment risk and return profile

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

### Diversification

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

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

### IOOF multi-manager trusts

We recognise the importance and expertise required in managing investments through all investment cycles. We believe a multi-manager approach provides investors with an expertly managed portfolio incorporating the latest in investment, strategic and economic information. Our multi-manager trusts simplify the investment selection process by accessing a team of investment professionals who are dedicated to identifying, blending and managing specialist fund managers to improve returns for investors.

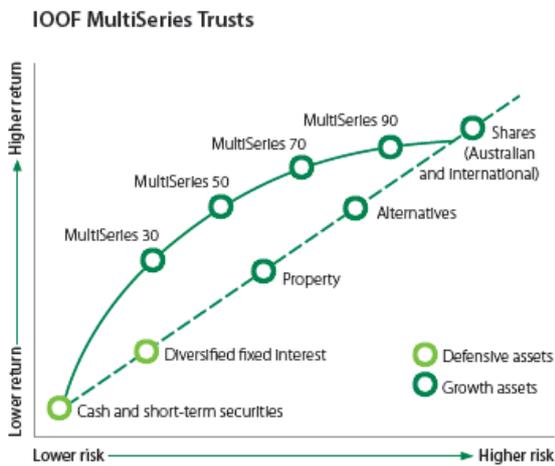
### Managing risk through diversification

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

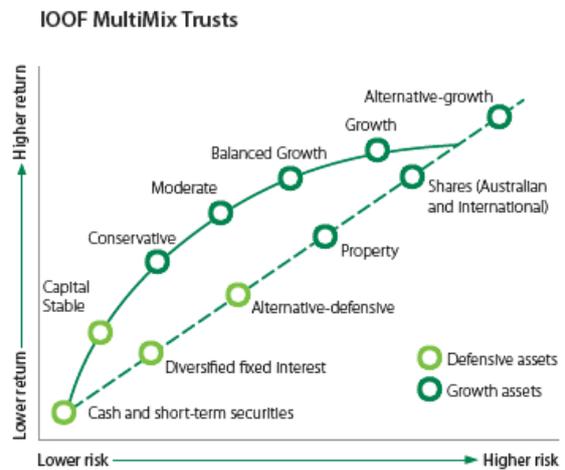
- investing in multiple asset sectors such as international and Australian shares, property, alternative strategies, fixed interest securities and cash
- investing the assets of each portfolio with multiple fund managers which have been carefully selected
- blending multiple investment styles within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

### Understanding risk versus return

IOOF multi-manager trusts offer a range of options across the risk/return spectrum.



The risk/return positions included in this graph are for illustrative purposes only.



The risk/return positions included in this graph are for illustrative purposes only. Please note, Alternative – defensive, Property and Alternative – growth are not offered as retail MultiMix Trusts.

## Risk bands

The standard risk measure is based on industry guidance to allow investors to compare investment options that are expected to deliver a similar number of negative annual returns over any 20 year period.

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

Investors should still ensure they are comfortable with the risks and potential losses associated with their chosen investment option(s).

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

## Labour standards, environmental, social and ethical considerations

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

Information regarding these policies will be disclosed in the product disclosure statement of the managed investments.

## Easy Choice

Investment categories	IOOF Diversified Multi – Conservative	IOOF Diversified Multi – Balanced	IOOF Diversified Multi – Growth	IOOF Sector Multi – Cash	IOOF Sector Multi – Fixed Interest	IOOF Sector Multi – Australian Shares	IOOF Sector Multi – Global Shares
Investment objective	To provide consistent returns over the medium to long term through high exposure to defensive assets.	To provide moderate growth over the medium to long term through a balanced exposure to growth and defensive assets.	To provide moderate to high growth over the long term through high exposure to growth assets.	To provide a high degree of security and stability, while delivering returns that are consistent with the prevailing market cash rates.	To provide a return that is higher than the available cash rates through holdings of a diversified portfolio of fixed interest, mortgage and enhanced-yield securities.	To produce high returns over the long term.	To produce high returns over the long term.
Investment strategy	To invest predominantly in defensive assets such as fixed interest and cash investments. Some capital growth is provided through a small exposure to growth assets such as shares and property.	To invest in a diversified portfolio providing a balanced exposure to the major asset classes such as cash, fixed interest securities, shares and property.	To invest predominantly in a diversified range of Australian and international shares and property with a small exposure to income-producing investments.	To invest in a range of short-term interest-bearing securities including bank bills, bank deposits, Government, corporate and mortgage-backed securities by combining different fund managers and styles within a single asset class.	To invest in either Australian and/or international Government, semi-Government, and corporate fixed interest securities as well as inflation-linked bonds, mortgage securities and money market assets by combining different fund managers and styles within a single asset class.	To invest predominantly in listed Australian shares in a variety of market sectors by combining different fund managers and styles within a single asset class.	To invest predominantly in shares listed on stock exchanges in a range of countries by combining different fund managers and styles within a single asset class.
Asset allocation ranges*	Growth assets: 0% - 40% Defensive assets: 60% - 100%	Growth assets: 40% - 70% Defensive assets: 30% - 60%	Growth assets: 70% - 100% Defensive assets: 0% - 30%				

Investment categories	IOOF Diversified Multi – Conservative	IOOF Diversified Multi – Balanced	IOOF Diversified Multi – Growth	IOOF Sector Multi – Cash	IOOF Sector Multi – Fixed Interest	IOOF Sector Multi – Australian Shares	IOOF Sector Multi – Global Shares
<b>Risk level</b>	Low (Risk band 2)	Medium to high (Risk band 5)	High (Risk band 6)	Very low (Risk band 1)	Medium (Risk band 4)	Very high (Risk band 7)	Very high (Risk band 7)
<b>Risk factors influencing investment returns</b>	Volatility in interest rates may cause the value of the fixed interest investments to fluctuate.	Returns in the short term may be somewhat volatile and will be affected by movements in global and local share markets and property values, as well as movements in foreign currencies.	Returns in the short term may be volatile and will be affected by movements in global and local share markets and property values, as well as movements in foreign currencies.	Movements in short-term interest rates will affect investment returns.	The value of fixed interest investments is linked to the market, and therefore they may lose value in periods where interest rates rise and correspondingly gain value in times of decreasing interest rates. Currency movements may also have an impact on international fixed interest returns.	Returns are affected by movements in the share market and may be volatile in the short term. Returns may also be affected by the level of gearing and whether any short-selling strategies are employed by the fund manager.	Returns in the short term may be volatile and will be affected by movements in global share markets as well as movements in foreign currencies.
<b>Likely investment return</b>	Low to medium	Medium to high	High	Very low	Low to medium	High	High
<b>Minimum suggested time frame for holding the investment</b>	2 to 3 years	5 to 7 years	7 years or more	1 year	3 to 5 years	7 years or more	7 years or more
<b>A negative annual return is expected more frequently than</b>	0.5 but less than 1 time in every 20 years	3 but less than 4 times in every 20 years	4 but less than 6 times in every 20 years	Less than 0.5 times in every 20 years	2 but less than 3 times in every 20 years	6 or more times in every 20 years	6 or more times in every 20 years

Investment categories	IOOF Diversified Multi – Conservative	IOOF Diversified Multi – Balanced	IOOF Diversified Multi – Growth	IOOF Sector Multi – Cash	IOOF Sector Multi – Fixed Interest	IOOF Sector Multi – Australian Shares	IOOF Sector Multi – Global Shares
Typical investor	Investors seeking a conservative portfolio with some exposure to growth assets.	Investors seeking a balanced exposure to growth and defensive assets and who are prepared to tolerate short-term volatility.	Investors seeking superior long-term returns and who are prepared to tolerate short-term volatility.	Investors seeking absolute security of capital.	Investors seeking returns higher than that available from cash.	Investors seeking long-term investments who are prepared to accept short-term fluctuation in returns.	Investors seeking long-term investments who are prepared to accept short-term fluctuation in returns.

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

#### Important note

Any reference to investment returns includes a reference to both income and capital returns. The indicative investment strategy, objectives and benchmarks may vary across the different managed investments from time to time. This includes variances in the actual asset allocation for each managed investment as compared to the target strategy benchmarks. To obtain more information on the investment strategy and benchmarks for each managed investment, please refer to the product disclosure statement for the particular managed investment.

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

The following table illustrates some key differences.

Investing through the Service	Investing directly
You have access to a range of wholesale managed investments that generally charge lower fees than equivalent retail funds.	Generally, you only have access to retail managed investments, unless you have a large sum of money to invest, or if you are a professional investor and can invest directly in wholesale funds.
We have custody of your investments but you are the beneficial owner of them. All investments are legally held by us in the name of the Service on trust for you and not in your name. Generally, you will not receive any direct communications from the underlying fund managers.	You are the legal and beneficial owner of the investments and hold the investments directly in your name.
You pay no entry, exit or switching fees when you change your managed investments within the Service <sup>1</sup> .	If you switch from one managed investment to another you may incur entry or exit fees on any amount that you switch.
Income received from any managed investments is collected first by us and deposited into your Cash Account. It is then reinvested back into those same managed investment(s) (default option) or other managed investments of your choosing. Alternatively, it can remain in your Cash Account or you can use the Automatic Distribution Facility to pay the income distributions to yourself.	Income received from any managed investments will be reinvested or paid directly to you by each fund manager. You need to deal with each one separately.
You have one point of contact for all investment administration issues and receive a consolidated report on your account.	You need to contact each fund manager separately for all investment administration issues. You will receive numerous communications such as reports, valuations and accounts from each fund manager for each investment.
You do not have any specific cooling-off rights with respect to the underlying investments that we purchase on your behalf. We provide a five day cooling-off period in respect of your initial investment through the Service.	If you invested directly in a managed investment you would generally be entitled to a 14-day cooling-off period to change your mind and cancel your investment.
You will pay a separate administration and investment management fee under the Service.	Generally, you will pay one combined administration and investment management fee for each investment you choose.
Any cash withdrawals from the Service are subject to our rules and procedures, including any Cash Account or investment restrictions.	You deal directly with the relevant fund manager to make cash withdrawals. They may have their own rules, procedures and restrictions.

<sup>1</sup> When you move money in or out of the Service or when you switch between managed investments, you may incur a buy-sell spread which is included in the unit price of the managed investment you choose.

As IIML is the registered holder of accessible investments, it is the direct investor and holds all relevant withdrawal rights. These rights may differ due to IIML's wholesale client status and depending on whether IIML was provided with a PDS or other disclosure document for the purposes of investing on your behalf.

Withdrawal rights for an accessible investment may not be available if the relevant PDS or disclosure document becomes defective before issue of the investment. Because IIML will be the registered owner, the product issuer would not be required to return the investment to you or provide you with other options such as notification of an option to withdraw under s724 (for disclosure documents) or s1016E (for PDSs) of the *Corporations Act*.

You have no entitlement to vote or to any additional benefits associated with the interest in a managed investment option.

You will have any relevant withdrawal rights. Where a PDS or disclosure document becomes defective before the issue of the investment, the issuer must offer you the ability to have your investment returned to you or offer you an option to withdraw your investment.

You are entitled to vote and to any additional benefits associated with your holding of the managed investment.

## Online instructions

### The role of your financial adviser

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

The authority allows your financial adviser to submit switch or re-weight instructions on investment options, establish or change investment instructions in relation to your account, place orders to buy and sell investment options on your behalf and authorise payment of withdrawals from your account to the bank account nominated by you (or any bank account you nominate in future) using Portfolio Online.

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

We recommend that before investing in investment options you seek professional finance advice. If you have not appointed a financial adviser to act on your behalf, you can submit instructions and manage your account directly via Portfolio Online.

### Transaction confirmations

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

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

## Investment options menu

The figures stated in the table below are estimates only and subject to change. The figures are based on the information available from the relevant product disclosure statement as at the date of this guide. These figures do not include administration fees charged by us or fees charged by your financial adviser. Costs are inclusive of the net effect of GST, if applicable (ie inclusive of ten per cent GST less any RITCs available to the managed investment).

The indirect cost ratios shown below include the fees and costs charged by the fund managers, including any applicable estimated performance related fees based on the financial year ended 30 June 2017. For more details regarding any applicable performance related fees, please refer to the relevant product disclosure statement.

The net transaction costs shown are after any amounts recovered by the charging of a buy-sell spread and are based on the financial year ended 30 June 2017.

Details of the buy-sell spread and net transaction costs applicable to each investment option are outlined in the product disclosure statement issued by the fund manager for the particular managed investment, which is available on our website ([www.ioof.com.au](http://www.ioof.com.au)).

### Easy Choice

Investment Option Name	APIR Code	ICR (% pa)	Performance Related Fee	+Buy/-Sell Spread (% pa)	Net Transaction Costs (% pa)
<b>Easy Choice</b>					
<b>IOOF Diversified Multi - Conservative</b>					
IOOF MultiMix Capital Stable Trust	IOF0094AU	0.51	Yes	0.05/0.05	0.15
IOOF MultiMix Conservative Trust	IOF0095AU	0.73	Yes	0.13/0.13	0.15
IOOF MultiSeries 30	IOF0253AU	0.39	Yes	0.06/0.06	0.14
<b>IOOF Diversified Multi - Balanced</b>					
IOOF MultiMix Balanced Growth Trust	IOF0093AU	1.05	Yes	0.26/0.26	0.21
IOOF MultiMix Moderate Trust	UFM0051AU	0.83	Yes	0.23/0.23	0.17
IOOF MultiSeries 50	IOF0254AU	0.44	Yes	0.08/0.08	0.19
IOOF MultiSeries 70	IOF0090AU	0.50	Yes	0.10/0.10	0.22
<b>IOOF Diversified Multi - Growth</b>					
IOOF MultiMix Growth Trust	IOF0097AU	1.12	Yes	0.30/0.30	0.22
IOOF MultiSeries 90	IOF0255AU	0.54	Yes	0.12/0.12	0.25
<b>IOOF Sectoral Multi - Cash</b>					
IOOF Cash Management Trust - Class D Units	AUX0021AU	0.30	No	0.00/0.00	0.00
IOOF MultiMix Cash Enhanced Trust	IOF0091AU	0.35	Yes	0.00/0.00	0.01
<b>IOOF Sectoral Multi - Fixed Interest</b>					
IOOF MultiMix Diversified Fixed Interest Trust	IOF0096AU	0.50	Yes	0.00/0.00	0.16
<b>IOOF Sectoral Multi - Australian Shares</b>					
IOOF MultiMix Australian Shares Trust	IOF0092AU	1.16	Yes	0.25/0.25	0.23
<b>IOOF Sectoral Multi - Global Shares</b>					
IOOF MultiMix International Shares Trust	IOF0098AU	0.92	Yes	0.33/0.33	0.21

## 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 and you should seek advice before deciding whether to acquire this product.

You should consider the Offer Document for the relevant IOOF Pursuit product before making an investment decision.

### Important notice

This guide has been prepared and issued by IOOF Investment Management Limited (IIML) ABN 53 006 695 021 AFS Licence No. 230524. IIML is a company in the IOOF group comprising IOOF Holdings Ltd ABN 49 100 103 722 and its related bodies corporate.

IIML is the Service Operator of the IOOF Pursuit Focus Investment Service. The Offer Document for the Service is available from our website ([www.ioof.com.au](http://www.ioof.com.au)) or by calling us on 1800 913 118. You should consider the Offer Document before making an investment decision.