

Responsible Entity and Issuer: IOOF Investment Management Limited | ABN 53 006 695 021 | AFSL 230524

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# Specialist Funds Additional Information Booklet

Specialist Diversified Fixed Interest Fund ARSN 097 160 748

Specialist Property Fund ARSN 115 121 563

Specialist Global Shares Fund ARSN 115 121 643

Specialist Australian Shares Fund ARSN 115 121 625

Specialist Dynamic Allocation Fund ARSN 143 234 262

(Collectively, the Funds)

**This Specialist Funds Additional Information Booklet (AIB) provides additional information on topics outlined under the prescribed sections of the relevant Product Disclosure Statement (PDS) for each of the Specialist Funds. The information in this AIB forms part of those PDS'.**

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

## Contact details

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

**Phone:** 1800 002 217

**Address:** Level 6, 161 Collins Street, Melbourne, VIC 3000

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

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**Please note:**

Definitions of certain capitalised terms used in this AIB are set out in the glossary on page 17.

IOOF Investment Management Limited (IIML) is the Responsible Entity (RE) and investment manager of the Funds. IIML is referred to as 'RE', 'we', 'us' and 'our' throughout this document.

## 1. Additional information about the acquisition and disposal of interests

### Investing through an Investor Service

Investors accessing a Fund through an Investor Directed Portfolio Service (IDPS) or master trust (referred to as an Investor Service) may use the PDS and this AIB to assist them in investing in the Fund.

By giving a direction to your Investor Service to arrange for your money to be invested in a Fund on your behalf, you do not acquire the rights of a unitholder in the Fund. Your Investor Service acquires these rights and can exercise, or decline to exercise them, on your behalf according to the arrangements governing the Investor Service.

Persons who invest in a Fund through an Investor Service will not receive confirmation of transactions, distribution statements, annual reports or Attribution MIT Member Annual (AMMA) statements directly from us. These will be provided to your Investor Service, which will report to you on your investments in accordance with the arrangements governing the Investor Service. You will not receive any distributions directly from the Funds, and you should refer to the disclosure document of your Investor Service for distribution payment and reinvestment options. You also forgo direct voting rights and generally will not receive notice of, or be able to attend, meetings of unitholders.

To invest in a Fund through an Investor Service, you will need to complete the documents that your Investor Service requires rather than the application form accompanying the PDS. Your Investor Service will then provide an application request to us, which will be processed in the manner described in the PDS and this AIB. Cooling-off rights with us do not apply to clients investing through an Investor Service. You should contact the operator of the Investor Service to determine what cooling-off rights (if any) you may have with the Investor Service.

If you wish to make additional investments, withdraw your investment or transfer your investment to another person, you will have to direct your Investor Service to do so on your behalf. Withdrawal notices received from the Investor Service will be processed in the manner described in the PDS and this AIB.

The time taken to process applications and withdrawals through your Investor Service may vary due to the processing requirements of the Investor Service. Please refer to the disclosure document of the Investor Service for further details.

### How to make an initial investment

The minimum initial investment for each of the Funds is set out in the relevant PDS. An initial investment for a lesser amount may be accepted at our discretion. To invest, complete the application form accompanying the PDS, and send it by post or deliver it to the address shown in the application form with any supporting documentation required. You must also pay the investment amount at the time of your application unless we determine otherwise at our discretion. Fax or electronic instructions will not be accepted for new applications.

There are laws relating to the detection and deterrence of money laundering and terrorism financing (AML/CTF Act and Rules). As part of the AML/CTF Act and Rules, we are required to obtain certain information from investors which relate to their identification and verification of their identity (Identification Information). The Identification Information collected is determined by what type of entity the investor is. Similar information may also be required in order to enable us to comply with new rules known as the Foreign Account Tax Compliance Act (United States of America) (FATCA) and Common Reporting Standard (CRS). Please refer to the application form for assistance regarding what Identification Information to provide to us.

If your application form is not completed properly, or we are not satisfied with the Identification Information collected under the AML/CTF Act and Rules or FATCA/CRS requirements, your application may be delayed or rejected. Please note that we have discretion to reject an application or accept it in part only.

If you are investing through an Investor Service (as defined in the glossary), you do not need to complete the application form accompanying the PDS or provide Identification Information to us. Please refer to the information on this page about investing through an Investor Service.

### How to make an additional investment

If you are an existing Direct Investor in the Funds, you may make an additional investment by either:

- completing an application form accompanying the current PDS; or
- (for investments to a Fund in which you have already invested) sending us a request in writing in a format approved by us (by letter, fax or other electronic means), signed by the registered unitholder in accordance with the most recent signing instructions provided by you, specifying your account number and the Fund name and amount for the additional investment.

Please refer to the fax and electronic instruction conditions on page 7.

An application for an additional investment will be dealt with in accordance with the PDS current at the time of the application. You must also pay the additional investment amount at the time of your application. If you wish to invest in any additional Fund, your application must be for no less than the minimum initial investment amount for that Fund set out in the relevant Fund PDS. If you wish to add to your existing investment in a Fund, your application must be for no less than the minimum additional investment amount for that Fund set out in the relevant Fund PDS.

In either case, investments for a lesser amount may be accepted at our discretion. We will send you a transaction confirmation showing details of the additional investment as soon as is reasonably practicable after the additional investment.

It is important when making any investment decision that you have complete and up-to-date information. You should therefore retain the PDS and this AIB and any information we send you. This includes any future or replacement PDS and transaction statements. You are entitled to request copies of the current PDS free of charge at any time. The current PDS may also be downloaded from [www.mosaicpa.com.au](http://www.mosaicpa.com.au) or obtained from your Investor Service.

## Processing of applications

Cut-off times apply when processing applications to the Funds and determining application prices. Currently, the cut-off time is set at 2.00pm Melbourne time on a Business Day (Valuation Date). The methodology for calculating application prices is described on page 5 of this AIB.

Applications received before the cut-off time, if accepted, will be processed at the next determined application price. This is provided application monies are received as cleared funds on or before the day of application, unless we determine otherwise at our discretion. The next determined application price generally will reflect the prices as at the close of trading on the Valuation Date.

Applications received after the cut-off time, if accepted, will be processed at the application price applicable to the following Valuation Date.

Once your application has been received, we have the discretion to enter into transactions on behalf of the Fund in anticipation of receiving the cleared funds. If the cleared funds are not received by us, the applicant will be liable for losses, costs and expenses (including any tax payable) reasonably incurred by us or the relevant Fund, including losses as a direct result of adverse market movements.

Acceptance of an application is conditional on the supply of relevant supporting evidence of your identity (Identification Information) with your application. If we are not satisfied with the Identification Information, we may request additional information or reject the application.

We have discretion to reject an application (even if we have received cleared funds) or to accept it in part only. We also have discretion to accept a transfer of eligible securities as payment for the units.

Applicants are not entitled to any interest on application monies pending the issue of units. Any interest earned on application monies in the application account (after deducting bank fees and charges) will be periodically allocated to the Funds.

## Cooling-off rights

Retail investors can request in writing to have their investment in a Fund cancelled within the 14-day cooling-off period under the Corporations Act. The cooling-off period begins when the investor's transaction confirmation is received or five days after the units are issued, whichever is earlier. If investors do cancel their investment within this cooling-off period, investors may not receive the same amount that was invested due to negative market movements and applicable transaction costs.

There is no cooling-off period with respect to units issued under a distribution reinvestment plan.

## How to withdraw units

You may request withdrawal of some or all of your investment in a Fund at any time by providing us with a written withdrawal notice (by letter, fax or other electronic means) in a format approved by us. The notice must be signed by the registered unitholder in accordance with the most recent signing instructions provided by you. Please refer to the facsimile instruction conditions on page 7.

## Processing of withdrawals

Withdrawal notices received by us before the cut-off time on the Valuation Date (currently set at 2.00pm Melbourne time) will be processed at the redemption price determined as at the next valuation. Withdrawal notices received by us after the cut-off time will be processed at the redemption price applicable to the following Valuation Date.

We may, at our discretion, decline to withdraw units having a value that is less than the current minimum initial investment amount for each of the Funds set out in the relevant Fund PDS, unless the withdrawal notice relates to the balance of your holding. However, the present policy is to accept withdrawals of \$10,000 or more.

Please note that, in accordance with the Constitutions, the Corporations Act, or other anti-money laundering and counter terrorism financing obligations, we may suspend or freeze the withdrawal of units in a number of circumstances including where it is impractical to calculate the current unit value, due to, for instance, the closure of a securities exchange or otherwise required by law.

The description of withdrawal procedures on this page and on page 5, assumes that a Fund remains liquid within the meaning of the Corporations Act. If a Fund becomes illiquid, we may make withdrawal offers to investors, but we are not required to do so. Given the investment strategies of the Funds, the Funds are not expected to become illiquid in the ordinary course of business.

## We can withdraw units without you asking

If a withdrawal of units in a Fund would result in you having units which are worth less than the current minimum initial investment amount for that Fund, we may, at our discretion, treat the withdrawal notice as relating to your entire holding of units in that Fund.

## Payment of withdrawal proceeds

Withdrawal proceeds will usually be paid by electronic transfer within 10 Business Days of receipt of the withdrawal notice (the Constitutions generally allow up to 30 days) to a nominated Australian bank, building society or credit union account. There are a number of circumstances in which this period may be extended, including where it is impractical for us to calculate the net asset value of a Fund, for example due to the closure of a securities exchange or trading restrictions on a securities exchange; an emergency or other state of affairs; the declaration of a moratorium in a country where the Fund has assets; a closure or restrictions on trading in a relevant foreign exchange market (impacting on the conversion of any currency); or where the realisation of assets cannot be effected at reasonable prices; or having regard to the value of withdrawal requests received or assets which must be realised to satisfy those requests. In such circumstances, the period for satisfying withdrawal requests may be extended while the circumstances apply.

Withdrawal proceeds cannot be paid to third parties.

However, in relation to some or all of the withdrawal amount, we may, at our discretion, elect to transfer to you assets of a Fund to the value of the withdrawal amount, or hold those assets on trust for you, rather than pay cash.

## Transferring your investment

To transfer the ownership of your units in a Fund, you will first need to contact us to request its approval, which may be withheld at our discretion. If we accept a transfer, we will inform you of our requirements in relation to the documentation and processing of the transfer. It is the investor's responsibility to obtain independent advice as to the applicability, extent, and payment of stamp duty in relation to the transfer.

The Funds' units are not listed on any securities exchange.

## How unit prices are calculated

When you invest in a Fund, you are issued with a number of units in that Fund based upon the amount invested and the current unit price. Each unit represents an equal part of the net asset value of the Fund (based on the market value of the portfolio of investments that the Fund holds).

Unit prices for the Funds are calculated as follows:

- Unit prices are generally calculated daily. We may elect to calculate unit prices more or less frequently or more than once for a particular Business Day.
- Application (or entry) prices – are usually calculated each Business Day (Valuation Date) by taking the net asset value of the Fund and adding to it an amount which reflects the estimated cost of acquiring the Fund's assets (subject to the RE's discretion to reduce or waive such costs).
- Redemption (or exit) prices – are usually calculated each Business Day (Valuation Date) by taking the net asset value of the Fund and subtracting from it an amount which reflects the estimated cost of selling the Fund's assets (subject to the RE's discretion to reduce or waive such costs).

The most recent entry and exit prices for the Funds can be found at [www.mosaicpa.com.au](http://www.mosaicpa.com.au).

## Unit pricing discretions policy

The Constitutions of the Funds allows us to exercise discretions (for example, determining transaction costs and rounding) which may affect unit pricing. Our unit pricing discretion policy sets out, among other things, the principles we adhere to when exercising these discretions. This policy is available free of charge by contacting Investor Services on 1800 002 217.

## 2. Additional information about the Funds

### IOOF Investment Management Limited (IIML) as Responsible Entity and investment manager

As the RE, we are responsible for the administration and management of each Fund. Under the Constitutions and the Corporations Act, we must:

- act honestly and in the best interests of unitholders;
- have adequate arrangements for the management of conflicts of interest that may arise in providing financial services;
- exercise a reasonable degree of care and diligence;
- ensure that a Fund's property is clearly identified, held separately from any other of our property and property of any other scheme, and is valued at regular intervals;
- ensure that any payments made from a Fund are in accordance with the Constitution and the Corporations Act;
- ensure that the Constitution and compliance plan of each Fund meet the requirements of the Corporations Act; and
- report to ASIC any breaches of the Corporations Act that has had, or is likely to have, a materially adverse effect on the interests of unitholders.

IIML holds an Australian Financial Services Licence (AFSL) that authorises it to act as the RE of the Funds. Details of its AFSL can be found on ASIC's website at [www.asic.gov.au](http://www.asic.gov.au).

As investment manager of the Funds, IIML's responsibilities include establishing, implementing and monitoring the Funds' investment objectives and strategies.

### Constitutions

Each Fund is governed by a Constitution. Together with the Corporations Act, the Constitutions set out the conditions under which the Funds operate and the rights, responsibilities and duties of the RE, as well as those of the unitholders. Your rights as a unitholder of a Fund include:

- to share in distributions of income and capital from the Fund;
- to share in the distribution of assets of the Fund if the Fund is wound up; and
- to requisition, attend and vote at meetings of unitholders of the Fund.

Each unit in a Fund confers on its holder an equal interest in the relevant Fund, but no unit confers an interest in any particular part of the Fund's assets or the right to participate in the management of the Fund.

Under the Constitutions, IIML has power to borrow on behalf of the Funds. However, we would only borrow where we believe it is in the best interests of unitholders to do so. There is no current intention to borrow on behalf of any of the Funds, other than to the extent required to manage cash flows by way of short-term funding of withdrawals of units and asset purchases.

Copies of the Constitution for each Fund are available from us free of charge on request.

We may amend a Constitution if we reasonably consider that the change will not adversely affect your rights as a unitholder. Otherwise, we must obtain the approval of unitholders in accordance with the Corporations Act.

### Compliance plans

Each Fund has a compliance plan which covers compliance areas prescribed by the Corporations Act and ASIC policy. Each compliance plan describes key controls and measures designed to ensure that IIML's business activities in respect of each Fund comply with the Fund's Constitution and the Corporations Act. The compliance plans are externally audited annually in accordance with the law. Copies of the compliance plans are available free of charge on request.

### Custodian of Fund assets

We have appointed a custodian for certain assets of the Funds.

The custodian may only act in accordance with the terms of the custody agreements between us and them. Under the Constitution for each Fund, we have the discretion to change the custodian at any time, subject to the terms of the custody agreement.

### Liabilities of IIML and unitholders

Each Constitution contains limits on the RE's liability, including limiting its liability to the extent to which we may be indemnified for that liability out of the assets of the relevant Fund. The limitation of liability is subject to the Corporations Act and accordingly will not apply if a particular liability arises because of the failure by us to perform our duties properly.

If the liabilities of a Fund ever exceeded its assets, we believe that, as a unitholder in a Fund, you would not be required to contribute any further amounts. This is based on the current law and the Constitutions. However, no absolute assurance can be given on this point as it has not been tested in superior courts.

### Privacy

We are committed to protecting your privacy. Any personal information we collect about you will be handled in accordance with our privacy policy, which outlines how we manage your personal information, how you may access or correct your personal information, and how you may complain about a breach of your privacy. To obtain a copy of our privacy policy, please contact Investor Services on 1800 002 217 or visit our website at [www.mosaicpa.com.au](http://www.mosaicpa.com.au)

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 (KYC) purposes, we may also solicit personal information about you from reliable identity verification service providers.

For the purpose of providing you with the products and services that you have requested, we may disclose your personal 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.

### Complaints handling procedures

As an investor in a Fund, you have the right to enquire into or complain about the operation of the Fund to the extent that it relates to you or your investment.

If you are investing through an Investor Service and you wish to make a complaint, you are directed to contact your Investor Service. If you are not satisfied with your Investor Service's response to your complaint, you can contact your Investor Service's external dispute resolution scheme.

For Direct Investors, we have established procedures to ensure complaints about financial services provided by us or by our authorised representatives are properly considered. We are committed to handling any complaints quickly and fairly.

If you have a complaint (or wish to obtain further information about the status of an existing complaint), please contact the Manager, Customer Care on 1800 002 217 or write to Manager, Customer Care, IIML, 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.

If an issue has not been resolved to your satisfaction, you can lodge a complaint with the Australian Financial Complaints Authority, or AFCA. AFCA provides fair and independent financial services complaint resolution that is free to consumers.

**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

### Disclosure of interests

IIML receives fees and may be entitled to reimbursement of certain expenses as outlined in this AIB and the relevant Fund PDS. From time to time IIML may hold units in some or all of the Funds on its own account.

### Fax or electronic instructions

If you choose to fax or send instructions via other electronic means (such as email) regarding your investments, you release us from, and indemnify us against, all losses and liabilities arising from any payment or action we make based on any instruction (even if not genuine) that we receive by fax or electronic means bearing your account number and a signature that appears to be yours or that of an Authorised Signatory on the account. You also agree that neither you nor anyone claiming through you has any claim against us or the Funds in relation to these payments and actions. You also agree that instructions sent to us by fax or other electronic means, are only deemed to be received if they have been received by us in a legible form and without error.

Please be aware of the risk of someone giving us a fraudulent withdrawal notice by getting access to your account number and a copy of your signature.

### Anti-money laundering

The purpose of the AML/CTF Act and Rules is the regulation of financial services and transactions in a way that will help detect and prevent money laundering and terrorism financing.

As required by the AML/CTF Act and Rules, IIML has implemented an Anti-Money Laundering and Counter Terrorism Financing Program (AML/CTF Program) in an attempt to identify, manage and mitigate the risk of its products and services being used for the purposes of money laundering or terrorism financing. Under the AML/CTF Program, IIML has procedures in place which it must carry out in order to reasonably verify the identity of all prospective investors before providing services to that investor, and from time to time thereafter. Failure to verify the identity of a new investor, due for example to the reluctance on the part of the investor to provide the necessary Identification Information, will likely result in the delay or refusal of the investor's application. IIML will not be responsible for any losses (including consequential loss) incurred by an investor who fails to comply with these requirements.

In accordance with the AML/CTF Act and Rules, there may be occasion where IIML is required to disclose information in respect of an investor's application and/or subsequent transactions to regulatory and/or law enforcement agencies, including the Australian Transaction Reports and Analysis Centre (AUSTRAC).



### 3. Information about your investment

#### Information to be sent to Direct Investors in the Funds (including the operator of Investor Services)

After you have invested, you will be sent:

- transaction confirmations showing details of each application or withdrawal;
- annual periodic statements, outlining the total value of the investment at the end of the period including any withdrawals, additional investments and income distributions received;
- income distribution statements;
- if a Fund has attributed income during the year, an Attribution MIT Member Annual (AMMA) statement after 30 June showing all attribution, distribution and cost-base adjustment information, to assist you in preparing your tax return; and
- annual reports, comprising audited accounts, together with reports from the RE and the auditor (if you have chosen to receive the annual report).

You may choose whether or not to receive the annual report when completing the application form. If you do not make a choice, or if you choose not to receive the annual report, you will not receive a printed copy of the annual report. However, when the annual report is ready you will be notified how to access an electronic copy of the annual report.

Persons who invest in a Fund via an Investor Service will not receive the above documentation directly from us. These will be provided to your Investor Service, which will report to you on your investments in accordance with the arrangements governing the Investor Service.

#### Disclosing entities

One or more of the Funds may become a 'disclosing entity' as defined in the Corporations Act. Where this occurs, it will be subject to regular reporting and disclosure obligations under the Corporations Act. Copies of documents lodged with ASIC in relation to a Fund may then be obtained from, or inspected at an ASIC Office. If a Fund becomes a disclosing entity, please contact us if you wish to obtain a copy of the following documents:

- the annual financial report most recently lodged with ASIC for the Fund
- any half year financial report lodged with ASIC for the Fund after the lodgement of that annual financial report and before the date of the PDS
- any continuous disclosure notices given for the Fund after the lodgement of that annual financial report and before the date of the PDS.

Any other continuous disclosure notices required under the Corporations Act will be made available at [www.mosaicpa.com.au](http://www.mosaicpa.com.au), in accordance with the requirements of ASIC policy.

#### How you can obtain up-to-date information

Information in this AIB and the PDS may change. If a change will be materially adverse to Investors, a new PDS will be issued for the relevant Fund. However, if a change will not be materially adverse to Investors, updated information will be provided at [www.mosaicpa.com.au](http://www.mosaicpa.com.au). A paper copy of new information can also be requested, at no charge, by calling Investor Services on 1800 002 217 or your Investor Service.

If you would like more information about the Funds generally, you can contact your financial adviser.



## 4. Distributions

### What distributions will be made?

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

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

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

The Funds generally distribute income based on the frequency and dates specified in each of the Fund's PDS and based on the number of units held on the distribution date.

Distributions are normally paid within 30 days of those dates, although certain Funds' Constitutions allow 60 days for the payment of distributions.

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

### Your distribution choices

You may choose on the application form to have your distributions:

- reinvested in additional units in the relevant Fund; or
- paid directly to your nominated financial institution account.

**Please note that if you do not make a distribution choice, distributions will automatically be reinvested in additional units in the relevant Fund.**

Where your distributions are reinvested, the units you will receive will be issued without any buy spread added. If you choose to have your income distribution credited to a nominated financial institution account and the payment is rejected, this will be taken as a direction to reinvest that income distribution and all future income distributions.

You may change your choice of distribution payments up to 10 days prior to the expiration of the current distribution period by sending us a written request.

We have the discretion to decline your request. If the request is declined, we will notify you within a reasonable time frame.

Distributions generally cannot be paid to third parties.

You will be sent a statement detailing your income distributions or attributable income.

**Note:** Indirect investors will need to consider the Investor Service offer document about what distribution payment options are available to them.

## 5. Additional information about investing and risk

By investing in the Funds, investors are exposed to degrees of risk.

Please refer to the relevant Fund PDS for a summary of risks specific to that particular Fund.

### Asset class risk

Asset class describes a type of investment, such as shares, property, fixed interest and cash. Different asset classes have different levels of risk and return. Asset class risk is the risk arising from investing in a particular asset class. For example, shares are generally more volatile (ie they are likely to experience greater fluctuations in value) than fixed interest investments. Assets with the highest long-term returns may also carry the highest level of short-term risk.

### Counterparty risk

This is the risk that a party to a contract will not live up to its contractual obligations, for example, a counterparty defaults on repayment on a loan or settling on a derivatives contract.

### Credit risk

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

### Currency risk

Movements in currencies may affect the value of a Fund's investments or earnings denominated in a foreign currency. Currency hedging may reduce exposure to foreign currency fluctuations, however, investors should be aware that hedging against currency fluctuations involves costs and implementation risks due to the volatility of currency and securities markets.

### Derivatives risk

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

### Emerging markets risk

Emerging markets expose investors to additional risks beyond risks associated with investing in developed international markets. These additional risks may include greater price volatility, less liquidity, more government intervention in the economy, greater political uncertainty (including less certain tax policies) and less government supervision and regulation of securities markets.

**Interest rate risk**

Changes in interest rates may affect the value and returns on investments.

**International investment risk**

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

**Liquidity risk**

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

**Market risk**

Unexpected conditions such as market sentiment, government regulations and local and international political events may have a negative impact on the returns of all investments within a particular market. Market risk may have different impacts on each type of asset, investment style and investor.

**Real estate industry risk**

The value of securities in the real estate industry may be affected by changes in real estate values and rental income, property taxes, increases in operating expenses, interest rates, and tax and regulatory requirements (including changes to zoning laws).

**Regulatory risk**

Regulatory risk arises from policy, regulatory or taxation changes introduced by a government or a regulator, which may affect the returns of investors. These policy, regulatory or taxation changes may occur in Australia or other countries to which a Fund has exposure.

**Security specific risk**

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

**Term risk**

Many factors can affect the value of fixed interest securities, including changes in real interest rates, inflation, supply and demand, early repayment and risk aversion. In general, the longer the duration of a bond, the more sensitive it may be to these factors.

**Fund risk**

Risks particular to each Fund include that it could terminate, the fees and expenses could change, the RE and/or underlying investment managers/Specialist Managers could be replaced and/or the key personnel of the RE or underlying investment managers/Specialist Managers could change.

## 6. Additional information about fees and costs

This section provides further information about the fees and other costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from the assets of the managed investment scheme as a whole. It is our intention to pay such amounts from the Funds' assets.

Further information about taxes is set out in another section of this AIB.

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

Fees and costs for particular Funds are set out in this section.

Type of fee or cost	Amount	How and when paid
<b>Fees when your money moves in or out of a Fund<sup>1</sup></b>		
<b>Establishment Fee</b> The fee to open your investment	Nil	Not applicable.
<b>Contribution Fee</b> The fee on each amount contributed to your investment	Nil	Not applicable.
<b>Withdrawal Fee</b> The fee on each amount you take out of your investment	Nil	Not applicable.
<b>Exit Fee</b> The fee to close your investment	Nil	Not applicable.
<b>Management costs<sup>2</sup></b>		
The fees and costs for managing your investment. The amount you pay for each Fund is shown on page 12.	Estimated at 0.50 – 0.97% pa depending on the Fund, <b>and</b> estimated performance-related fees that range between 0 and 0.28% pa.	For more information on the total management costs applicable to each Fund, please refer to page 12.  The amount is not deducted from your account directly but from the assets of each Fund.  The amount is calculated on the net asset value of each Fund. It is accrued daily and paid monthly and the accrued amount is incorporated into the daily unit price of each Fund.  Total management costs comprise the following components: a management fee (up to maximums permitted under each Funds' constitution); underlying investment manager and/or Specialist Manager fees; indirect costs; expense recoveries and any applicable performance-related fees.  Performance-related fees (if applicable) are generally charged as and when incurred by the underlying investment/Specialist manager(s) and incorporated into the daily unit price. See page 13 for further information on performance-related fees.
<b>Service fees<sup>3</sup></b>		
<b>Investment switching fee</b> The fee for changing Funds	Not applicable.	Not applicable.

Unless otherwise stated, fees and costs disclosed in this section are inclusive of the net effect of GST (ie inclusive of 10% GST, less any estimated reduced input tax credits (RITCs) available to the Fund).

- Each Fund also has a buy-sell spread (see "Transaction costs" on page 13).
- Management costs may vary from the estimated management costs disclosed on page 12. Further details of the total management costs for each Fund are detailed on page 12 (and in the relevant Fund's PDS). Performance-related fees may be charged by underlying investment managers or Specialist Managers of the Funds from time to time and are subject to change. Performance-related fees (if applicable) will generally be charged as incurred.
- There is no switching facility.

## Management costs

The estimated total management costs comprise the management fee (which is the fee charged by the RE for overseeing and managing the assets of the Funds), indirect costs, underlying investment/Specialist Manager fees, expense recoveries (excluding any unusual or non-recurrent expenses) plus any applicable performance-related fees charged by underlying investment/Specialist Managers.

The Funds may incur fees charged directly by Specialist Managers. These directly incurred underlying manager fees will form part of the total management costs for the Funds.

### Management fee

The management fee is the fee charged by the RE for overseeing and managing the assets of the Funds, up to the maximum permitted under the constitution of each Fund.

We have the right to increase our fees up to the limit set out in the relevant Fund's Constitution without obtaining the consent of unitholders, but will give unitholders 30 days' advance written notice of such an increase.

### Indirect costs

As an investor in the Funds, you will incur indirect costs which are not charged directly to the Funds, but included as part of management costs referred to below. Indirect costs have the effect of reducing your overall return on investment. These indirect costs may be incurred through investment in underlying unit trusts.

The table below reflects the estimated total management cost for each Fund, including indicative performance-related fees (if applicable) and the estimated buy-sell spread.

Fund	Estimated Management cost % pa	Estimated performance-related fees % pa <sup>1</sup>	Total estimated management costs (including performance-related fees) % pa <sup>1,2</sup>	Estimated buy-sell spread % (on application /on withdrawal)
Specialist Diversified Fixed Interest Fund	0.50	0.03	0.53	0.01-0.01
Specialist Property Fund	0.97	Nil	0.97	0.12-0.12
Specialist Global Shares Fund	0.91	0.02	0.93	0.13-0.13
Specialist Australian Shares Fund	0.80	0.28	1.08	0.20-0.20
Specialist Dynamic Allocation Fund	0.86	Nil	0.86	0.09-0.09

1 Some underlying investment managers or Specialist Managers may charge performance-related fees from time to time. Estimated performance-related fees are subject to change without notice and may be lower or higher than the figures listed. The performance-related fees listed are indicative and based on the 30 June 2018 annualised performance-related fees provided by the underlying investment managers of the Fund. See the following section 'Performance-related fees' for further information.

2 The estimated total management cost includes the management fee, indirect costs, underlying investment/Specialist Manager fees, any applicable performance-related fees in respect of the Funds and expense recoveries (excluding any unusual or non-recurrent expenses). The actual total management cost may vary from the estimated total management cost depending on changes to the Fund's underlying assets, changes to underlying investment/Specialist Managers and their fees including the charging of any performance-related fees, where any unusual or non-recurrent expenses are incurred or any changes to other related expenses.

### Expense recoveries

Expenses incurred in the day-to-day operation of the Fund, may be payable from the assets of each applicable Fund<sup>1</sup>.

Currently, we do not recover day-to-day expenses from the Funds separately<sup>1</sup>. Instead we bear those expenses at no additional cost to you. However, any unusual or non-recurrent expenses incurred by the RE in relation to the Funds (such as unitholder meetings, acquisition and disposal or other dealings with any investments, or abnormal operating expenses) would be directly recoverable from the relevant Fund as an additional cost to you for administering your investments.

### Performance-related fees

Performance-related fees (if incurred), will form part of the total management costs of the Fund.

Performance-related fees are incurred through direct or indirect exposure to underlying investment managers (or Specialist Managers) who may charge performance-related fees from time to time. It is important to note that it is the underlying investment manager who charges the performance fee, not the Fund itself or the RE. A performance-related fee is a fee that may be charged by an underlying investment manager, calculated by reference to the out-performance of their underlying fund against their specific performance hurdles.

Performance-related fees provide an incentive for underlying investment managers to generate superior investment returns; it means the fee is usually charged as a result of a corresponding increase in investment returns of the underlying fund over a specific period, which benefits investors through improved performance. Consideration is also given to periods of past under-performance by the underlying manager, which must be recovered before a performance-related fee is incurred.

Estimated performance-related fees are generally incurred as and when charged by the underlying managers in response to their outperformance, making it difficult to accurately predict the performance-related fee impact at the Fund level. If the underlying manager does not achieve their set performance targets, then no performance-related fee is charged.

If a performance-related fee applies, it will be deducted from the assets of the Fund and incorporated into the daily unit price. This means performance-related fees (when applicable) will not be charged to you directly, but will be indirectly incurred as they will form part of the total management cost for the Fund.

The table on page 12 provides the estimated performance-related fee for the Funds and total management costs (including estimated performance-related fees) for indicative purposes only.

Estimated performance-related fees are subject to change without prior notice and may be more or less than the estimated figures listed.

### Transaction costs

Certain transaction costs may be incurred in managing the underlying investments of the Funds. Transaction costs generally arise when the assets of a Fund are changed in connection with day-to-day trading or when there are applications or redemptions which cause net cash flows into or out of the Fund(s).

These transaction costs may include brokerage, settlement costs, clearing costs, stamp duty, custody transaction costs and government charges incurred by changes in the Funds' investment portfolios.

The costs of trading in over-the-counter (OTC) derivatives may also give rise to transaction costs. Transaction costs are an additional charge to you.

The total transaction costs of a Fund, include other transaction costs and the buy-sell spread recovery.

<sup>1</sup> In respect of the Specialist Dynamic Allocation Fund, up to 1.5% pa (excluding GST) may be charged to the Fund, for general day-to-day expenses incurred. In addition, any costs, charges and expenses that are properly incurred in connection with the establishment, administration, management and winding up of the Fund by the RE or the performance of its duties under the constitution, where such amounts are not generally incurred in the normal day-to-day administration of the Fund.

## Other transaction costs

These are transaction costs incurred from changing the Funds' underlying assets or investment portfolio exposures, which are generally paid out of the Funds' assets and reflected in its unit price. They are an implicit cost to you and not a fee paid to the RE or an underlying investment manager.

Other transaction costs reflect the total transaction costs less the buy-sell spread recovery.

The indicative estimated transaction costs for the Funds are detailed in the table below.

	Total estimated transaction costs (% pa) <sup>1</sup>	Minus buy-sell spread recovery (% pa) <sup>1,2</sup>	Equals other transaction costs (% pa) <sup>3</sup>
Specialist Diversified Fixed Interest Fund	0.16	0.06	0.10
Specialist Property Fund	0.22	0.11	0.11
Specialist Global Shares Fund	0.23	0.03	0.20
Specialist Australian Shares Fund	0.25	0.10	0.15
Specialist Dynamic Allocation Fund	0.64	0.10	0.54

1 Presented as a percentage of the average Fund size based on the information available as at the date of this AIB.

2 The buy-sell spread is incurred by those investors trading (buying and selling investments) in the Funds.

3 This is the estimated percentage by which the Fund's investment return has been reduced by transaction costs.

You can determine the dollar value of these costs by multiplying the other transaction cost rate with your average account balance. For example, the other transaction costs on an average balance of \$1,000,000 in the Specialist Australian Shares Fund, is estimated at \$1500 pa (ie \$1,000,000 x 0.15% pa). However it is important to note, that such costs for future years may differ.

## Buy-sell spread

The difference between the entry price and exit price is known as a buy-sell spread. It is an adjustment determined by the RE to take into consideration the costs incurred when buying and selling the underlying securities in each Fund. The buy-sell spreads are subject to change without notice, to ensure that non transacting investors are not adversely affected by applications or withdrawals made by other investors.

The estimated buy-sell spread that may apply to investments and withdrawals in each Fund (as at the date of this AIB) is shown in the table on page 12. The actual buy-sell spread is subject to change from time to time depending on changes to the composition of the Funds' underlying assets and exposure to various investment managers. Where transaction costs are lower or higher than the estimated buy-sell spread listed, the actual costs may apply.

The buy-sell spread is an additional cost. It is included in the unit price of each Fund, therefore it is not charged to you separately. It is not a fee paid to the RE or an underlying investment manager. Reinvestment of distributions do not incur the buy spread.

## Differential fee arrangements

We may charge, rebate or waive management fees to certain Professional Investors, sophisticated investors or wholesale clients on a basis that differs from that applying to other unitholders, based on individual negotiations with those investors, in accordance with ASIC policy. These arrangements do not involve any extra cost to the Funds.

## Fees may be waived

Under the Constitution for each Fund, we may waive or defer the payment of our management fees and reimbursement of expenses. We may also elect to receive units in a Fund instead of cash. Where payment of our management fees is deferred, the fees accrue daily until paid.

## Payments to Investor Services

A Fund may make payments to operators of an Investor Service such as master trusts and wrap accounts for various services provided. Expense recoveries relating to such payments will be divided equally amongst the Funds that receive such services from the Investor Service.

## Interfunding

Where the Funds invest in other unit trusts, including IOOF group unit trusts, we ensure there is no doubling-up of management costs.

## Financial adviser fees

Additional fees may also be payable to your financial adviser if consulted. Such fees will be set out in the Statement of Advice that they provide to you.

## 7. Taxation information

### Attribution Managed Investment Trust (AMIT) regime

The Federal Government has enacted legislation which establishes a new tax system for managed investment trusts (MITs), known as the Attribution Managed Investment Trust (AMIT) regime. The RE has elected to enter into the AMIT regime from 1 July 2017.

Under the AMIT regime, the RE will allocate Fund income components to unitholders on a fair and reasonable basis via an attribution system. This means that the RE may stream income components in certain limited circumstances. The regime also allows for trust income to be 'attributed' to unitholders without actually paying a cash distribution for that income. You may be subject to tax on the attributed income (as if you had derived those components in your own right) even though you may not have received a cash distribution for that income. Reduced, or nil cash distributions, will result in an adjustment to the cost base of your units for capital gains tax purposes. TFN withholding and non-resident withholding tax may also apply to attributed income, in certain circumstances.

### The Funds

Each Fund may derive assessable income as a result of its investment activities. The assessable income of each Fund may include assessable capital gains.

The RE will generally attribute all taxable income to unitholders each financial year to ensure that the Fund itself will not be subject to Australian income tax.

### Resident individual unitholders

As a unitholder, you will be assessed for tax purposes on the income that has been attributed to you, which may include capital gains generated by the Fund. In normal circumstances, you may expect that some income (and/or capital gains) will be generated each year.

We will provide you with an Attribution MIT Member Annual (AMMA) statement after 30 June each year. The AMMA statement will detail the amounts characterised as assessable income, tax exempt income, non-assessable non-exempt income and tax offsets that are attributed to you for each 12-month period to 30 June.

Your share of the taxable components of the attributed income should be included in your assessable income for the year to which it relates, even though you may have reinvested the attributed income in additional units, or may not have been physically paid a cash distribution. The impact of the attributed income on your tax position depends on the type of income components attributed to you, amongst other factors.

### Franked distributions and franking credits

The share of the Fund's taxable income which is attributed to you each year may include a franked distribution which has an entitlement to franking credits. You may be entitled to a tax offset (and in certain circumstances a refund of excess credits) for any franking credits received, depending on your particular circumstances.

### Foreign-sourced income and foreign tax credits

Income received by each Fund from sources outside Australia may be subject to taxation in the country of source. Resident unitholders may be entitled to a foreign income tax credit in respect of their share of such foreign taxes paid against their Australian tax liability on this foreign sourced income.

### Capital gains

Realised capital gains derived by each Fund which are attributable to you, may form part of your assessable income or be used to offset against any of your capital losses. You may also incur capital gains on the sale of your units in the Fund. Unitholders that hold their units for at least 12 months may be entitled to a CGT discount on capital gains derived from the sale of their units.

### Non-taxable amounts

The Fund may distribute amounts (such as tax deferred, tax exempt income and non-assessable non-exempt income) which are not immediately assessable for tax purposes. However, the receipt of such non-assessable amounts from the Fund may result in reducing the cost base of your units in the Fund for capital gains tax purposes.

### Other gains

Gains on disposal of certain assets held by each Fund and/or assets held by the underlying portfolios in which each Fund invests (including foreign exchange gains), may be characterised as assessable other income rather than realised capital gains for taxation purposes.

### Taxation of Financial Arrangements (TOFA) regime

Certain financial arrangements may be taxed under the (TOFA) regime. The TOFA provisions aim to align the taxation recognition of gains and losses on financial arrangements with commercial recognition of gains and losses. Under TOFA the gains and losses on financial arrangements are recognised on an accruals basis rather than on realisation basis. In some cases, amounts may be recognised for taxation purposes before the relevant gains or losses are realised by the Fund.



### Non-residential individual unitholders

If you are a non-resident unitholder, it is important you seek independent professional taxation advice before investing, taking into account your particular circumstances and the provisions of the relevant Double Tax Agreement between Australia and your country of residence. The Funds may be required to withhold tax on part or all of the distributions made to non-resident unitholders.

### Goods and Services Tax (GST)

GST will not apply to applications to, nor withdrawals from a Fund. Certain expenses incurred by each Fund may be subject to GST at the prevailing rate (currently 10 per cent). The Funds may be able to claim a reduced input tax credit (RITC) in relation to those expenses subject to GST. Unless otherwise stated, the fees quoted in the PDS and the AIB take into account the expected net impact of GST (ie net of available RITCs).

### Tax file number

You are not required to quote your Tax File Number (TFN), or Australian Business Number (ABN) (if applicable) nor claim an exemption from providing a TFN. However, if a TFN or ABN is not provided or an exemption is not claimed, IMIL is required by law to withhold tax from distributions at the top marginal tax rate plus Medicare Levy. If you are making this investment in the course of a business or enterprise you carry on, you may quote your ABN instead of TFN.

## 8. Other important information

### Foreign Account Tax Compliance Act and Common Reporting Standard

The United States' (US) Financial Account Tax Compliance Act (FATCA) and Common Reporting Standard (CRS) are regimes legislated in a number of countries (including Australia) which require financial institutions, including IOOF, to identify and report certain information relating to investors who are a resident of any foreign jurisdiction for tax purposes. This information is required to be reported to the relevant tax authority, within Australia and internationally. We are required by law to ask all investors to provide additional information to us.

## Glossary

In this AIB, references to:

<b>AML/CTF Act and Rules</b>	Means <i>Anti-Money Laundering and Counter-Terrorism Financing Act 2006</i> (Cth) and Anti-Money Laundering and Counter-Terrorism Financing Rules (as amended from time-to-time).
<b>ARSN</b>	Means Australian Registered Scheme Number.
<b>ASIC</b>	Means the Australian Securities and Investments Commission.
<b>Authorised Signatory</b>	Means one or more signatories of the investor as instructed via the application form.
<b>Business Day</b>	Means a business day in Melbourne, Victoria, Australia.
<b>Constitution</b>	Means the constitution for a particular Fund as amended or replaced from time-to-time.
<b>Corporations Act</b>	Means the <i>Corporations Act 2001</i> (Cth) as amended from time-to-time.
<b>Direct Investor</b>	Means an investor who is a registered holder of units in one or more of the Funds, as opposed to an indirect investor who holds an interest indirectly through an Investor Service, such as an Investor Directed Portfolio Service (IDPS), IDPS-like scheme, master trust, wrap account, or a nominee or custody service.
<b>Fund</b>	Means one or more, depending on the context, of: Specialist Diversified Fixed Interest Fund ARSN 097 160 748 Specialist Property Fund ARSN 115 121 563 Specialist Global Shares Fund ARSN 115 121 643 Specialist Australian Shares Fund ARSN 115 121 625 Specialist Dynamic Allocation Fund ARSN 143 234 262
<b>GST</b>	Means applicable goods and services tax.
<b>Identification Information</b>	Means the information and documentation we are required to obtain from investors which relates to the identification and verification of their identity in accordance with the AML/CTF Act and Rules.
<b>IIML</b>	IOOF Investment Management Limited ABN 53 006 695 021 AFSL 230524
<b>Investor Service</b>	Means an Investor Directed Portfolio Service (IDPS), IDPS-like scheme, master trust, wrap account, or a nominee or custody service.
<b>PDS</b>	Means the Product Disclosure Statement of the relevant Fund.
<b>Professional Investor</b>	Means a professional investor as defined in section 9 of the Corporations Act, and includes holders of Australian Financial Services Licences, bodies regulated by the Australian Prudential Regulatory Authority, various persons controlling more than \$10 million in funds and listed companies.
<b>Responsible Entity or RE</b>	Means a RE as defined in the Corporations Act. The RE for each Fund is IIML (referred to as 'RE', 'we', 'us' and 'our').
<b>Specialist Manager</b>	A Specialist Manager(s) is a manager appointed by us to manage all or a portion of a Fund's assets. We have the discretion to change the Specialist Manager(s) or add or remove a Specialist Manager(s) at any time, subject to the terms of the relevant investment management agreement.
<b>Underlying Fund</b>	Means a managed investment scheme that a Fund invests in to gain exposure to the investments of that scheme.
<b>Valuation Date</b>	Means the date for which the issue price and withdrawal price of units in a Fund is determined. Unit prices are generally calculated daily.
<b>We/us/our</b>	Means IIML in its capacity as RE for the Funds.

## Directory

### The Responsible Entity

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