

Ibbotson **WS Series**

Product Disclosure Statement

1 June 2011

-
- ▶ **Multi-manager**
 - ▶ **Access to specialist investment managers**
 - ▶ **Diversified investment trusts**
-

The issuer and Responsible Entity is:
IOOF Global One Limited
ABN 54 093 415 251 AFS Licence No. 234432

Important notes:

This Product Disclosure Statement (PDS) is an important document that should be read before making a decision to invest in the Ibbotson WS Series (Trusts). In particular, you should read this PDS carefully and:

- ▶ assess whether the investment is appropriate for you before making a decision to acquire units in the Trusts;
- ▶ evaluate the taxation implications of investing in the Trusts; and
- ▶ consider talking to financial and tax advisers before making an investment decision.

The information contained in this PDS is general information only and is not intended to take into account your own personal objectives, financial situation or particular needs. You should read this PDS in its entirety carefully and assess whether the product is appropriate for you and discuss this with your financial adviser before you make an investment decision. In any event, the information in this PDS is not intended to contain any recommendations, statements of opinion or advice. It has been prepared to assist you to compare this product to others you may consider.

This PDS and the offer of units in the Trusts are available only to Australian resident investors receiving this PDS (including electronically) in Australia. Applications from outside Australia will not be accepted.

If you are printing an electronic copy of this PDS you must print all pages including the application form and any supplementary documents (if applicable). If you make this PDS available to another person, you must give them the entire electronic file or printout, including the application form and any supplementary documents (if applicable). You can obtain a paper copy of this PDS (and any supplementary documents if applicable) free of charge by contacting Ibbotson Associates Australia Limited (Ibbotson).

Units in the Trusts can only be issued if you use an application form attached to either a paper or electronic copy of this PDS or for additional investments, another method agreed with us.

If you are selecting one or more of the Trusts through an Investor Directed Portfolio Service (IDPS), please refer to your IDPS operator or your financial adviser for information on how to invest in the Trusts. Please also refer to page 38 for information for Indirect Investors. The Responsible Entity consents to the use of this PDS by IDPS Operators who include the Trusts on their investment menus. The value of your investment may rise and fall, and at times your returns may be negative. Neither Ibbotson, Morningstar, the Responsible Entity, nor any of their related companies, directors, officers, any of their service providers or the investment managers appointed by the Responsible Entity, guarantee that your investment will appreciate in value or retain its value, guarantee the repayment of capital or guarantee the performance of any of the Trusts. Investments in the Trusts are subject to investment risk including possible delays in repayment and loss of income or of capital invested.

The issue of this PDS is authorised solely by the Responsible Entity. Apart from the Responsible Entity, no other person or company (whether or not related to the Responsible Entity) is responsible for any statement or information contained in this PDS.

IOOF Global One Limited is currently the Responsible Entity of the Trusts. Subject to unit holder support, on 30 June 2011, IOOF Global One Limited will retire as the Responsible Entity and IOOF Investment Management Ltd (IIML) will be appointed as the new Responsible Entity of the Trusts. From this date, any references in this PDS to the Responsible Entity should be read as a reference to IIML. Both IOOF Global One Limited and IIML are wholly owned entities within the IOOF Group. The parent company, IOOF Holdings Ltd, is listed on the Australian Securities Exchange. Unit holders will be notified if this proposed change does not proceed. The proposed timing of the retirement of the Responsibility Entity and information on the manner of the retirement will be made available on the Ibbotson website at www.ibbotson.com.au

The Responsible Entity is, amongst other things, responsible for complying with the Corporations Act 2001, the Constitutions and the compliance plans (see page 28), and for acting in the best interests of unitholders. The Responsible Entity may also use the services of related and third parties to perform its duties.

The Responsible Entity has entered into an investment management agreement with Ibbotson under which the Responsible Entity delegates the day to day investment management and operation of the Trusts to Ibbotson.

Ibbotson is the Investment Manager of the Trusts (and agent for the Responsible Entity) and has consented to being referred to throughout this PDS. Ibbotson is a Morningstar company. Morningstar has consented to being referred to throughout this PDS.

Ibbotson is entitled, under the investment management agreement, to require the Responsible Entity to retire as Responsible Entity of any of the Trusts. In that case, a meeting of unitholders in the relevant Trust(s) would be called in accordance with the Corporations Act 2001 to vote on the issue and appoint a replacement responsible entity.

A custodian has been appointed to hold and maintain certain Trust assets as agent of the Responsible Entity. The Responsible Entity reserves the right to change the custodian.

Certain Trusts are benchmarked against market indices provided by third party information providers. There is no association or relationship between the Trusts or the Responsible Entity and these third party information providers. The Trusts are not sponsored, endorsed, issued, distributed or promoted by any third party information providers in any way.

Information set out in this PDS is subject to change from time to time. Information not materially adverse to investors in the Trusts may be amended without issuing an updated or supplementary PDS. You can find this updated information on Ibbotson's website at www.ibbotson.com.au. You will be provided with a paper copy of any updated information free of charge, on request. You can also find further information on Ibbotson's website about anti-money laundering (AML) forms and terms used in this PDS in relation to AML obligations which are incorporated by reference into this document. Unless stated otherwise, all fees are inclusive of GST after taking into account any expected RITC.

All monetary amounts referred to in this PDS are in Australian dollars (unless otherwise specified).

You should retain a copy of this PDS and any other supplementary material for future reference. You should consider all current information when making an initial investment or ongoing investment in the Trusts

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About Ibbotson Associates

Ibbotson is a leading provider of Australian investment portfolio solutions, backed by capital markets and investment manager research. The company advises and manages funds for superannuation funds, institutions, platform distributors, financial advisers and individuals.

Ibbotson delivers innovative investment solutions to help investors reach their financial goals, as well as providing independent investment thought leadership. Ibbotson forms part of Ibbotson Associates, Inc. which was founded in 1977 and is a Morningstar company. Morningstar is a leading provider of investment research. Ibbotson Associates, Inc. is a highly respected thought leader in the areas of asset allocation, portfolio consultation and retirement advice provision in the United States and other international markets.

Through the Ibbotson Trusts, Ibbotson manage a range of single sector, alternative strategy and diversified investment portfolios.

Definitions in this PDS

'AFS Licence' means Australian Financial Services Licence.

'ASIC' means the Australian Securities and Investments Commission.

'Business Day' means any day other than Saturday and Sunday during which banks are open for general banking business in the state of New South Wales.

'CGT' means Capital Gains Tax which is the tax you pay on any capital gains.

'Constitution' means the Constitution of the Ibbotson WS High Growth Trust (dated 23 April 2007), the Ibbotson WS Growth Trust (dated 27 March 2000), the Ibbotson WS Balanced Trust (dated 27 March 2000), the Ibbotson WS Conservative Trust (dated 27 March 2000) and the Ibbotson WS Secure Trust (dated 27 March 2000) as amended from time to time, or the Constitutions for all of the Trusts, as the context indicates.

'Direct Investor' is a wholesale investor as defined in section 761G of the Corporations Act 2001.

'GST' means Goods and Services Tax as defined in A New Tax System (Goods and Services Tax) Act 1999.

'Ibbotson' Ibbotson Associates Australia Limited, ABN 54 071 808 501, AFS Licence No. 228986, the Investment Manager of the Trusts.

'Ibbotson WS Series' means all of the following trusts:

- ▶ Ibbotson WS High Growth Trust
- ▶ Ibbotson WS Growth Trust
- ▶ Ibbotson WS Balanced Trust
- ▶ Ibbotson WS Conservative Trust
- ▶ Ibbotson WS Secure Trust

'IDPS' means a master trust, wrap account, investor directed portfolio service or similar product.

'Inception Date' the date when a unit in the Trust(s) was first issued.

'Indirect Cost Ratio' means the ratio of a Trust's management costs that are not deducted directly from a unitholder's account, to the Trust's total average net assets.

'Indirect Investor' is an investor who gains exposure to the Trusts through an IDPS.

'IOOF Global One Limited' or **'the Responsible Entity,'** means IOOF Global One Limited ABN 54 093 415 251, AFS Licence No. 234432, the issuer of this PDS, units in the Trusts and the Responsible Entity of the Trusts.

'IOOF Investment Management Ltd' or **'IIML'** means IOOF Investment Management Ltd ABN 53 006 695 021, AFS Licence No. 230524. Subject to unit holder support, on 30 June 2011, IOOF Global One Limited will retire as the Responsible Entity and IIML will be appointed as the new Responsible Entity of the Trusts. From 30 June 2011, any reference to IOOF, the Responsible Entity or IIML in this PDS should be read as a reference to IOOF Investment Management Ltd as the issuer of this PDS, the issuer of units in the Trusts and the Responsible Entity of the Trusts.

'Morningstar' means Morningstar Australasia Pty Ltd, ABN 95 090 665 554, AFS Licence No. 240892, the parent entity of Ibbotson.

'NAV' means the Net Asset Value of a Trust and is the value of all assets of the Trust less liabilities of the Trust (excluding any amount representing the value of the investors' interests in the Trust or rights attaching to units, unless they have become due and payable to the relevant investor, regardless of whether characterised as equity or debt in the accounts of the Trusts) and is calculated in accordance with the Constitution of the Trusts.

'PDS' means this Product Disclosure Statement.

'RITC' means Reduced Input Tax Credit as defined in A New Tax System (Goods and Services Tax) Act 1999.

'RTGS' means Real Time Gross Settlement whereby settlement of payments occurs simultaneously with delivery of payments (i.e. in real time) for full value of each payment.

'SAA' is the Strategic Asset Allocation and the long-term benchmark asset allocation of a Trust. The SAA and ranges may be changed without prior notice but a notification will be sent to affected unitholders as soon as practicable and within 30 days of making any such material adjustments.

'SPDS' means Supplementary Product Disclosure Statement.

'TFN' means Tax File Number.

'Trusts' means the Ibbotson WS Series.

'you' or **'your'** means an investor or prospective investor in the Trusts.

Ibbotson WS Series

The Ibbotson WS Series is a family of unit trusts designed to provide multi-manager investment solutions for a range of investor requirements. It comprises five diversified trusts, as listed in the 'Definitions' section on page 3.

Ibbotson's experience in investment research, asset allocation and portfolio construction is used to identify skilful managers with different, but complementary investment styles. Ibbotson then combines these managers, by diversifying across asset classes, investment managers and investment styles, with the aim of maximising long-term returns and minimising risks. The Trusts are managed and administered by Ibbotson on a full-time basis including ongoing monitoring and review of investment managers and markets.

What is multi-manager investing?

The multi-manager approach means investing across more than one manager and investment style. Ibbotson's experienced investment specialists vigorously research managers and then select the managers who are believed to be most likely to deliver on the Trust's investment objectives. The managers are then combined to make the most of their different investment styles. Multi-manager investing therefore takes diversification that extra step.

Diversified trusts

The Trusts each have a clearly defined investment objective and strategy and are exposed to multiple asset classes via the Ibbotson sector trusts. The WS Series may also invest in other investment structures.

Please refer to pages 9–11 for details on each of the Trusts.

What are the benefits?

- ▶ The Trusts are managed by experienced investment professionals who are among industry leaders in portfolio construction, asset allocation, manager configuration, manager selection and monitoring, and investment administration.
- ▶ Selecting specialist managers is key to achieving good multi-manager performance results. Ibbotson's manager selection process is based on intensive manager research.
- ▶ The Trusts provide exposure to multiple investment managers and investment styles, providing diversification across major asset classes, geographic and asset sectors.

Please refer to pages 12–15 for details on investment risks.

Ibbotson's investment approach

Ibbotson aims to deliver consistent investment returns by applying a disciplined investment process built around in-depth investment research, a focus on asset allocation and innovative portfolio construction. This involves developing an investment strategy, including an appropriate asset allocation and a combination of high quality investment managers and passive market portfolios, to achieve the investment objectives.

Investment research

Research is one of the core foundations of Ibbotson. The integrity and quality of research is essential to our investment process. Ibbotson's capital markets and investment manager research is rigorous and comprehensive.

Asset Allocation

Ibbotson believes asset allocation is of paramount importance in the delivery of investment return. Underpinning our unique approach to asset allocation is our capital markets research, which involves a review of the fundamental and technical drivers of each asset class, the development of expected returns and risks, along with detailed scenario analysis for each asset class. This research is used in conjunction with our portfolio construction process to develop the strategic asset allocation and ranges for each diversified trust.

Ibbotson's belief is that reward for risk varies through time and is closely related to valuation, and we therefore adopt a dynamic approach to investment strategy that involves moving the asset allocation from time to time within the SAA ranges. We aim to adjust the asset allocation to preserve capital when the risk of loss is perceived to be high or to take advantage of an attractive risk/reward opportunity.

Investment managers

Depending on the type of investment strategy, active and/or passive managers are combined to build a portfolio that aims to perform consistently with the investment objectives through different environments. Active managers seek to maximise out performance within agreed risk constraints relative to a benchmark. Passive managers seek to match performance relative to a benchmark.

Ibbotson endeavours to identify active managers with superior investment capabilities. Ibbotson believes that well-resourced and experienced investment managers, who have aligned their interests with their investors, and who have a differentiated investment strategy will have a better chance of delivering investment returns in excess of the market.

Active investment managers adopt different investment styles in managing portfolios. Although returns are not guaranteed, each of Ibbotson's selected active managers is expected to deliver investment returns in excess of their performance benchmark over the longer term. By effectively combining managers with different styles, Ibbotson targets more consistent returns relative to the benchmarks without sacrificing long-term performance.

Investment management

We will manage the investment process for each Trust as described in this PDS.

Each Trust has an investment objective and risk profile. We will review the investment objective and risk profile of each Trust on an ongoing basis and will make any necessary changes. We aim to provide affected unitholders with at least 30 days advance notice before material changes to investment objectives take effect.

In order to achieve the investment objectives, we set an appropriate investment strategy, asset allocation, select, appoint and terminate investment managers, and monitor and review the Trusts' performance, investment strategy and implementation processes.

Ibbotson will review the investment strategy and underlying investment managers used in each Trust on an ongoing basis to ensure they are consistent with the investment objectives. Where appropriate, adjustments may be made to these without prior notice but affected unitholders will be notified as soon as practicable and within 30 days of making any material adjustments.

The majority unitholder may from time to time request the review and subsequent appointment of an investment manager or investment managers which may or may not be related parties of the majority unitholder. We will undertake such review in accordance with Ibbotson's internal governance processes, including the requirement for such investment managers to be consistent with a Trust's investment objective and investment strategy.

Current information on the investment profile of each Trust is shown on pages 9–11 of this PDS.

Please refer to pages 12–15 for details on investment risks.

Authorised investments

The Trusts may hold a broad range of investments and asset classes including:

- ▶ Australian shares;
- ▶ international shares;
- ▶ Australian property securities;
- ▶ international property securities;
- ▶ global infrastructure;
- ▶ Australian fixed interest securities;
- ▶ international fixed interest securities;
- ▶ global inflation linked securities;
- ▶ derivatives (refer below for more information);
- ▶ cash and cash equivalent securities;
- ▶ alternative assets and alternative investments (refer below for more information); and
- ▶ interests in other pooled vehicles (including registered and unregistered managed investment schemes, to the extent permitted by law).

Derivatives

Derivatives (such as options, futures, swaps, forward rate agreements and forward foreign exchange contracts) may be used to manage the assets of the Trusts. Where derivatives are permitted, they are used to manage risk or to gain exposure to individual securities, currencies and investment markets. The total exposure created by underlying investment managers using derivatives is limited by Ibbotson establishing specific and detailed guidelines for derivative usage in their investment mandate. Where the Trusts invest in derivatives directly, the use of the derivatives will be consistent with the investment policies and procedures. Further information can be found in Ibbotson's Derivative Risk Statement.

Alternative investments

Alternative assets are defined as asset classes with returns that are expected to behave differently to those of equity and government bond markets over the medium to long term. Their underlying cash flows may behave differently from those of the aggregate stock market, for example monopoly assets used to provide essential services may be less sensitive to the ups and downs of the business cycle. In addition, assets that are not actively traded on secondary markets may be priced using valuations which are updated less frequently, rather than being priced daily based on actual transaction prices.

Alternative strategies are defined as active investment strategies with returns that are expected to behave differently to equity and bond returns over the medium to long term. They may utilise hedging, short selling, leverage, investment in securities outside conventional benchmark indices and other strategies that result in returns that do not closely track equity and bond returns. The majority of these strategies are typically used by managed investment schemes commonly referred to as hedge funds which have redemption terms, fees, legal structures and other features not commonly found in traditional equity and bond funds.

Securities lending

As part of the investment strategies, the Trusts' investment returns may be enhanced by earning revenue from participation in a securities lending program managed by the Trusts' custodian.

The securities lending program involves lending selected Trust securities to a third party (borrower) through the custodian (agent) for a period of time, in return for a fee. At the end of the period, the borrower returns the securities, which are either the original securities or more commonly are equivalent in number and type of the original securities. As part of this arrangement, borrowers provide collateral to the custodian.

Depending on the type of collateral lodged, the securities lending program can earn revenue in one of two ways. When the custodian, as agent, receives cash collateral, they invest the cash and earn interest on the cash. Where they receive non-cash collateral, a fee rate is used to determine the fees payable and will depend on the size of the loan, duration, availability and other relevant circumstances. Any securities lending revenue is shared between the Trusts and the agent.

While performance returns can be enhanced by participation in a securities lending program, there are some associated risks (see page 14 for further details).

Ethical statement

Ibbotson does not explicitly take into account labour standards or environmental, social or ethical considerations when making investment decisions for the Trusts or when selecting or monitoring investment managers. These investment managers selected are not required to take any such considerations into account when making their investment decisions, but this approach may change in the future.

Investment profiles

Ibbotson WS Series

Ibbotson WS High Growth Trust

Investment objective¹

Aims to earn a rate of return that exceeds CPI increases by at least 5% pa over rolling 10 year periods.

Risk profile ²	Moderate to high
Investment time horizon	10 years
Inception date	15 April 2009
Trust size as at 31 March 2011 ⁶	\$38.3 Mil
APIR code	ASK1198AU
ARSN	125 073 752

Strategic asset allocation (SAA)^{3,4,5}	SAA (%)	Range (%)
Australian Shares	44.0	20–70
International Shares ⁷	33.0	0–60
Australian Property Securities	10.0	0–30
International Property Securities	4.0	0–30
Global Infrastructure	4.0	0–20
Australian Bonds	–	0–10
International Bonds (Hedged)	–	0–10
Global Inflation-Linked Securities (Hedged)	–	0–10
Cash	1.0	0–20
Alternative Investments	4.0	0–25

Ibbotson WS Growth Trust

Investment objective¹

Aims to earn a rate of return that exceeds CPI increases by at least 3.5% pa over rolling 7 year periods.

Risk profile ²	Moderate
Investment time horizon	7 years
Inception date	7 July 2000
Trust size as at March 2011 ⁶	\$305.9 Mil
APIR code	INT0036AU
ARSN	092 232 427

Strategic asset allocation (SAA)^{3,4,5}	SAA (%)	Range (%)
Australian Shares	32.0	15–45
International Shares ⁷	24.0	0–45
Australian Property Securities	7.0	0–20
International Property Securities	3.0	0–20
Global Infrastructure	3.0	0–15
Australian Bonds	7.0	0–20
International Bonds (Hedged)	6.0	0–20
Global Inflation-Linked Securities (Hedged)	3.0	0–15
Cash	4.0	0–25
Alternative Investments	11.0	0–25

Notes for Ibbotson WS Series:

Refer to page 11 for explanation of notes.

Ibbotson WS Series

Ibbotson WS Balanced Trust

Investment objective¹

Aims to earn a rate of return that exceeds CPI increases by at least 2.5% pa over rolling 5 year periods.

Risk profile ²	Low to moderate
Investment time horizon	5 years
Inception date	11 May 2001
Trust size as at 31 March 2011 ⁶	\$201.1 Mil
APIR code	INT0026AU
ARSN	092 233 979

Strategic Asset Allocation (SAA)^{3,4,5}	SAA (%)	Range (%)
Australian Shares	23.0	10–40
International Shares ⁷	17.0	0–30
Australian Property Securities	5.0	0–20
International Property Securities	2.0	0–20
Global Infrastructure	3.0	0–10
Australian Bonds	13.0	0–30
International Bonds (Hedged)	11.0	0–30
Global Inflation-Linked Securities (Hedged)	6.0	0–15
Cash	12.0	0–30
Alternative Investments	8.0	0–25

Ibbotson WS Conservative Trust

Investment objective¹

Aims to earn a rate of return that exceeds CPI increases by at least 1% pa over rolling 3 year periods.

Risk profile ²	Low
Investment time horizon	3 years
Inception date	11 May 2001
Trust size as at 31 March 2011 ⁶	\$99.7 Mil
APIR code	INT0032AU
ARSN	092 227 337

Strategic Asset Allocation (SAA)^{3,4,5}	SAA (%)	Range (%)
Australian Shares	14.0	0–30
International Shares ⁷	10.0	0–25
Australian Property Securities	3.0	0–15
International Property Securities	1.0	0–15
Global Infrastructure	2.0	0–10
Australian Bonds	16.0	0–30
International Bonds (Hedged)	14.0	0–30
Global Inflation-Linked Securities (Hedged)	6.0	0–20
Cash	28.0	10–40
Alternative Investments	6.0	0–25

Notes for Ibbotson WS Series:

Refer to page 11 for explanation of notes.

Ibbotson WS Series

Ibbotson WS Secure Trust

Investment objective¹

Aims to earn a rate of return that exceeds CPI increases by at least 0.5% pa over rolling 1 year period.

Risk profile ²	Very low
Investment time horizon	1 year
Inception date	7 July 2000
Trust size as at 31 March 2011 ⁶	\$49.2 Mil
APIR code	INT0056AU
ARSN	092 234 074

Strategic asset allocation (SAA)^{3,4,5}	SAA (%)	Range (%)
Australian Shares	3.0	0–10
International Shares ⁷	3.0	0–10
Australian Property Securities	1.0	0–10
International Property Securities	–	0–10
Global Infrastructure	–	0–10
Australian Bonds	6.0	0–20
International Bonds (Hedged)	5.0	0–20
Global Inflation-Linked Securities (Hedged)	3.0	0–15
Cash	79.0	65–90
Alternative Investments	–	0–10

Notes for Ibbotson WS Series:

- Investment objective is expressed net of underlying manager fees before our management and performance fee, expense recoveries and taxation, i.e. performance is measured relative to the benchmark before fees and costs and taxes are deducted. Please refer to pages 16–22 for details on fees and costs and pages 23–27 for details on taxation. The investment objective is effective from the date of this PDS. It is not intended to be a forecast, but rather it is merely an indication of what the Trusts aim to achieve over the investment time horizon. A Trust may not be successful in meeting its investment objective and returns are not guaranteed.
- Risk profiles help to understand where each Trust is positioned on the risk/return spectrum. Please refer to page 12 for details of risk profile classifications.
- The SAA is the long-term benchmark asset allocation of a Trust and is current at the date of this PDS. Day-to-day asset allocations vary within the ranges shown. If market movements cause a breach of the ranges shown, we will rebalance asset allocations shortly thereafter. The SAA and ranges may be changed without prior notice but a notification will be sent to affected unitholders as soon as practicable and within 30 days of making any such material adjustments. For further information of the SAAs please refer to page 39 for Ibbotson's contact details.
- The Trusts may invest through other Ibbotson trusts which may obtain sector exposure by investing in the Ibbotson sector trusts. Where a Trust invests in another Trust or Trusts managed by Ibbotson, the management fee or performance fee (if applicable) will only be charged once on the invested amount. You do not incur the fees in the underlying Ibbotson trust.
- Ibbotson determines the level of strategic currency exposure and hedging to adopt for each underlying Ibbotson trust. Currency hedging aims to reduce the impact of movements in the value of the Australian dollar against other currencies. For information associated with the risk of currency, please refer to the 'Currency risk' section on page 13.
- The Trust size as at 31 March 2011 is calculated based on NAV.
- The asset class 'International Shares' is actively hedged for currency exposure.

Investment risks and decision making

Your investment decision

Investment decisions are important and should reflect your particular circumstances. In making a decision it is important to consider the investment, its level of risk and diversification and how it relates to your investment goals and other investments you may hold. You should read all the information in this PDS carefully and seek appropriate professional advice before you make your decision.

Considering your investment goals

To meet your investment goals an investment must fit comfortably with:

- ▶ your return expectations – which reflects the levels of return that you are seeking from an investment;
- ▶ your investment time horizon – which is based on the length of time you expect to hold an investment; and
- ▶ your risk tolerance – which refers to the extent of variation in the value of your investment, and the returns (if any) from your investment, that you are willing to bear over the course of your investment time horizon.

If you are investing via an IDPS, your financial adviser will be able to assist you with determining your investment goals.

Understanding the risks

All investments have some level of risk. Risk is the likelihood of you not getting all your money back, and/or getting lower returns than expected. Investments with higher expected returns often involve higher risk.

As illustrated below, traditional defensive assets (cash and fixed interest) have relatively lower risk and lower expected returns than traditional growth assets (listed property and shares) which have higher expected risk and potential for the greatest return. However, in extraordinary market environments, with extreme market volatility such as the global credit crisis, the expected risk and return profile of assets may differ. The risk and return profile of alternative investments has not been illustrated, as it varies depending on the nature of the underlying investments, i.e. certain alternative investments are defensive in nature, while others are growth focused.



Risks profiles

For Trusts shown on pages 9–11:

- ▶ with 'High' risk profiles may experience periods of negative (and/or volatile) returns, and loss of value, although they also offer the potential for greater returns;
- ▶ with 'Moderate' or 'Moderate to high' risk profiles may experience periods of negative (and/or volatile) returns but not as frequently as Trusts with a 'High' risk profile. These Trusts may also offer greater potential for capital growth than Trusts with a 'Low' risk profile;
- ▶ that have 'Low to moderate' or 'Low' risk profiles are not expected to have frequent periods of negative (and/or volatile) returns, although you may still experience negative returns in volatile market conditions.
- ▶ that have 'Very low' risk profiles are not expected to have negative (and/or volatile) returns but may do so in volatile market conditions.

Before investing, it is important that you understand the risk involved in the investment you are considering, your tolerance to that risk and your investment time horizon.

Some risks you should consider are:

Market risk

The Trusts invest in investment markets and the performance of these markets will have an impact on returns. These markets are affected by a range of conditions (e.g. economic, technological or political) that impact returns. As the risk relates to the market as a whole it cannot be reduced by holding a greater variety of securities within that market.

Currency risk

Movements in exchange rates between the Australian dollar and foreign currencies can affect the performance of the Trusts if they have exposure to international investments. When foreign currencies fall in value relative to the Australian dollar this can have an adverse impact on investment returns for the Trusts with international investment exposure. The underlying Ibbotson trusts use currency hedging to reduce the magnitude of currency risk.

Counterparty or Default risk

There is a risk that a party which has contracted with the Responsible Entity, or Ibbotson as agent of the Responsible Entity, in relation to a Trust fails to meet its contractual obligations, resulting in a loss of capital for the Trust. Counterparties include clearing brokers for exchange traded futures and options, foreign exchange counterparties, and borrowers under any securities lending agreements.

Contractual risk

In the interests of efficient investment, we may act on an investment application before confirmation that application monies have been received. If an investor fails to meet its contractual obligations to pay application monies, this may result in a loss of capital to the relevant Trust, the risk of units not being issued to that investor or the subsequent cancellation of these units. An investor may be liable for any loss to their potential capital in the event of market movements before the application monies are received.

Changes in laws

The value of investments held by, or distributions from, the Trusts may be affected by changes in laws in Australia or overseas such as taxation.

Country risk

The Trusts have exposure to investments in overseas securities. There is a risk that a country in which assets are located which the Trusts invest in could become politically or economically unstable which may prevent assets (such as shares) being sold or the proceeds being repatriated to Australia. This risk is generally higher in countries classified as emerging markets.

Derivatives risk

Derivatives (such as options, futures, swaps, forward rate agreements and forward foreign exchange contracts) may be used in managing the assets of the Trusts. Risks associated with using derivatives might include the value of the derivative failing to move in line with the underlying asset, illiquidity of the derivative, a Trust not being able to meet payment obligations as they arise, and the counterparty risk (this is where the counterparty to the derivative contract cannot meet its obligations under the contract). Further information can be found in Ibbotson's Derivative Risk Statement.

Inflation risk

Inflation reduces the purchasing power of assets or income over time. Changes in inflation may impact the value of your investments in the Trusts.

Interest rate risk

An increase in interest rates leads to a reduction in the value of a fixed interest investment, and vice versa. This risk is usually greater for fixed interest investments that have longer maturity dates.

Liquidity risk

The risk that a security may not be able to be converted into cash on a timely basis with little or no loss of capital. Liquidity will be affected by market conditions in countries where the securities are traded. Liquidity risk may also be increased by exposure to alternative investment strategies due to the nature of the underlying investments and the instruments used to gain access to them. During extreme market volatility Trusts may experience illiquidity, and redemptions may be suspended for a period of time and payments may be deferred.

Manager risk

There is a risk that underlying managers may fail to meet their investment objectives resulting in sub-standard returns for the Trust. For example, this may be brought about by a change of employees at a particular investment manager which may affect the performance of the Trusts.

Securities lending risk

Performance returns can be enhanced by participation in a securities lending program. Risks associated with securities lending include the loss of collateral value in the event of borrower default (similar to Counterparty or Default risk), loss of voting rights, and operational risks.

Alternative investment strategies risk

There are increased risks inherent in alternative investment strategies. Alternative investment strategies are more susceptible to counterparty and default risk, liquidity risk and short selling risk. These strategies also have more exposure to leverage, or borrowings, than traditional investment strategies. Further information can be found in the Ibbotson Alternative Trusts PDS.

Short selling risk

Short selling refers to the process of selling stocks that you do not own (stocks are borrowed firstly before short selling) and then buying them back at a future date, with an expectation that the price of those stocks will fall. The Trusts may be exposed to short selling where the market and regulatory policy permits this trading strategy. Establishing a short position involves a higher level of risk than investing in a security. This is because when a Trust invests in a security the maximum loss is generally limited to the amount invested. With short positions, there is theoretically no limit to the loss that may be incurred because the loss will continue to increase as the price of the security increases.

Security specific risk

Uncertainty of the return of a stock arising from factors that are specific to the organisation that issues those securities. It is generally not related to events that affect other comparable organisations or the market as a whole.

Trust risk

The following risks may apply when investing in the Trusts:

- ▶ characteristics such as distribution frequency may change;
- ▶ taxation laws are subject to continual change and may affect your investment;
- ▶ investing in a Trust may have different tax consequences than investing directly into assets that the Trust holds. This is because applications and withdrawals by other investors may impact the distributions and the overall tax provisions of a Trust;
- ▶ unit pricing risk, meaning the risk of unit pricing errors which may result, for example, from system errors; and
- ▶ a Trust could be terminated.

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 Trust balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs. You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask us or your financial adviser.

To find out more

If you would like to find out more, or see the impact of the fees based on your own circumstances, the **Australian Securities and Investments Commission (ASIC)** website (www.moneysmart.gov.au) has a managed investment 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 Trust assets as a whole. Taxation details are set out in the taxation section of this PDS starting on page 23.

You should read all the information about fees and costs as it is important to understand their impact on your investment. Fees and costs for each Trust are set out on page 18.

Fees and other costs

Type of fee or cost	Amount	How and when paid
Fees when your money moves in or out of a Trust¹		
Establishment fee: The fee to open your investment.	Nil	Not applicable
Contribution fee: The fee on each amount contributed to your investment.	Nil	Not applicable
Withdrawal fee: The fee on each amount you take out of your investment.	Nil	Not applicable
Termination fee: The fee to close your investment.	Nil	Not applicable
Management costs		
The fees and costs for managing your investment.	Management fees % pa² Range from 0.51% pa to 0.97% pa of the net asset value of a Trust.	The management fee is accrued daily and paid monthly from each Trust. This amount is deducted from the assets of each class of unit in a Trust and is reflected in the unit price. The management fee includes all non-performance based investment management fees as well as the running expenses of the Trusts (but does not include abnormal expenses). Please refer to 'Management fees' on page 20 for more information. The amount of the management fee may be negotiable. Please contact us to find out if and how you can negotiate your management fees.
The amount you pay for each specific Trust is listed in the table on page 18.	Abnormal expenses Estimated to be 0.00% pa	
	Performance fees Certain underlying investment managers charge performance fees and Ibbotson also charges these fees for some Trusts. These underlying investment managers typically charge between 10.25% and 30.75% of performance in excess of a benchmark index although they can be higher. For the underlying Ibbotson trusts which charge a performance based fee, the performance fee is currently 10.25% of performance in excess of the relevant benchmark.	Performance fees charged by the underlying investment managers and Ibbotson are reflected in the unit prices of the Ibbotson Trusts. Performance fees are paid to the underlying managers and Ibbotson by deducting the fees from the underlying assets of the fund or by redeeming a sufficient number of units in the underlying fund. Please refer to 'Performance fees' on pages 21–22 for more information. The amount of performance fees may be negotiable. Please contact Ibbotson to find out if and how you can negotiate performance fees.
Service fees		
Investment switching fee: The fee for changing investment options.	Nil	Not applicable

Notes

- You may also incur a buy-sell spread when you buy/sell units in the Trust. An explanation of the buy/sell spread is found in 'Additional explanation of fees and costs' on pages 21–22.
- Management fees are inclusive of GST after taking into account any expected RITC. Management fees are rounded to two decimal places, but in practice the rates are calculated and applied at more than two decimal places.

Fees and costs for each Trust

Ibbotson WS Series	Management fee % pa¹	Buy/sell spread²	Dollar example of buy/sell spread included in unit price based on a \$500,000 investment/withdrawal³
Ibbotson WS High Growth Trust ⁴	0.97%	0.23% / 0.23%	\$1,150 / \$1,150
Ibbotson WS Growth Trust ⁴	0.87%	0.20% / 0.20%	\$1,000 / \$1,000
Ibbotson WS Balanced Trust ⁴	0.82%	0.17% / 0.17%	\$850 / \$850
Ibbotson WS Conservative Trust ⁴	0.77%	0.13% / 0.13%	\$650 / \$650
Ibbotson WS Secure Trust ⁴	0.51%	0.03% / 0.03%	\$150 / \$150

Notes

1. Management fee includes all non-performance based investment management fees and the Responsible Entity's running expenses (excluding abnormal expenses). Management fee percentages are inclusive of GST after taking into account any expected RITC. Management fee percentages are rounded to two decimal places, but in practice are calculated and applied at more than two decimal places. For more information on fees and costs please refer to pages 20–22.
2. For more information on buy/sell spreads, please refer to 'Buy/sell spreads' on pages 21–22. The buy/sell spreads are current as at the date of this PDS. For up to date buy/sell spreads, please contact Ibbotson.
3. The example is based on the assumption that the unit price (before the estimate for transaction costs) is \$1.00 when you invest \$500,000 in each Trust and that the unit price (before the estimate for transaction costs) is \$1.00 when you withdraw from each Trust.
4. These Trusts currently have exposure to underlying managers and Ibbotson trusts which may charge performance fees. Performance based management fees are an additional cost to you and impact the returns you may receive. For more information on performance fees, please refer to pages 20–21.

Example of annual fees and costs

This table gives an example of how the fees and costs for the Ibbotson WS Balanced Trust, can affect your investment over a one year period. You should use this table to compare this product with other managed investment products

Example – Ibbotson WS Balanced Trust		Balance of \$500,000 including a contribution of \$5,000 at the beginning of the year¹
Contribution fee	Nil	For the \$5,000 you put in at the beginning of the year, you will be charged \$0
PLUS Management costs	0.82%pa	And, for the average balance of \$500,000 you have in the Trust you will be charged a management fee of \$4,100 ² inclusive of GST and RITC.
PLUS Performance fee costs ³	0.03%pa	And, assuming an underlying investment manager charges a performance fee of which the criteria to be paid are met (and based on the assumptions below), for every \$500,000 you have in the Trust, you will be charged \$143.50. ^{4,6}
EQUALS total cost	0.85%pa	If you invest \$5,000 at the beginning of the year and your average balance is \$500,000 over the course of the year, then for that year you would be charged fees of: \$4,243.50 ⁵ pa What it actually costs you will also depend on the Trust you choose and the management fee you negotiate with us.

Notes

- This example is based on an average investment balance of \$500,000 (as this is the minimum investment amount accepted in the Trusts) which includes a contribution of \$5,000 at the beginning of the year .
- Management costs are calculated on an Indirect Cost Ratio basis and are net of GST. Management costs are rounded to two decimal places, but in practice the rates are calculated and applied at more than two decimal places. See 'Management costs' in the section 'Additional explanation of fees and costs' for a more detailed description of how management fees and expenses are calculated.
- The constitution of the Ibbotson WS Balanced Trust does not permit the Responsible Entity to charge a performance fee, however this Trust does have exposure to underlying investments which may charge performance fees.
- See 'Management costs' in the section 'Additional explanation of fees and costs' on page 20 for more information on how performance fees are calculated. In the worked example, the performance fee is calculated assuming one investment manager, which charges a performance fee of 10.25%, and outperforms its performance hurdle by 8%. Please note, the fact that the example assumes outperformance of 8% is not in any way intended to be a forecast of the likely returns generated by any particular investment manager. Returns are not guaranteed.
- The example assumes that your average balance is at \$500,000 throughout the year (i.e. no further contributions are made and the Trust's unit price does not change) and fees are not individually negotiated. The example does not include the effect of any transaction costs (including buy/sell spreads) or abnormal expenses which may be incurred by the Trust.
- This example is calculated on the basis that (a) the underlying manager charges a performance fee of 10.25%, (b), the underlying trust outperforms its hurdle by 8% in the year (and there is no previous negative performance fee to be made up and no prior performance fees have been paid), and (c), the Ibbotson WS Growth Trust has 3.5% of its portfolio invested with the particular manager. You will be charged a performance fee of \$143.50 calculated as follows:
Invested amount multiplied by the investment manager exposure multiplied by the manager's outperformance multiplied by the performance fee percentage:
= (\$500,000) x 3.5% x 8% x 10% + (GST - RITC) :
= \$140 + (\$140 x 10%) - (\$75% x \$140 x 10%)
= \$143.50

Additional explanation of fees and costs

Management costs

Management costs are the fees and costs for managing your investment and include all direct and indirect costs for managing the Trusts. Where a Trust invests in another trust managed by Ibbotson the management fee and performance fee (if applicable) will only be charged once on the invested amount. You do not incur a management fee and performance fee (if applicable) in both the Trust and any underlying Ibbotson trust.

MANAGEMENT COSTS INCLUDE:

The management fees are charged by accruing them within the Trusts' unit prices on a daily basis. Management fees are rounded to two decimal places in the table on page 18, but in practice they are calculated and applied at more than two decimal places. On a monthly basis, management fees are paid to us from the Trusts' assets. The maximum management fee allowable under each Trust's constitution is 3% pa of the net asset value of the Trust. Each Trust's Constitution allows the management fee to be charged in other ways negotiated with you, for example by invoicing you directly.

For more information about if and when you can negotiate the management fee, please contact Ibbotson on (02) 9276 4550.

For wholesale clients, in line with ASIC Class Order 03/217 (as amended from time to time), the Responsible Entity may:

- ▶ charge a lower management fee than those currently specified in the table on page 18; or
- ▶ rebate a part of the management fee.

Underlying Investment manager fees

Where the Trusts invest with underlying managers through a managed investment scheme or investment mandate, we pay the underlying managers' management fees (except performance fees and running costs of the underlying managers, where applicable) out of our management fee payable shown in the table on page 18. Refer to 'Performance fees' below for more information on underlying investment manager performance fees.

Performance fees

Certain underlying investment managers and Ibbotson trusts may charge performance fees. These fees are payable if the relevant investment manager meets specific investment performance targets. Performance fees are structured so that an investment manager's remuneration is linked to the investment return achieved over an appropriate benchmark index.

Those Trusts which are currently exposed to performance fees are footnoted in the table on page 18.

The management costs part of the 'Fees and other costs' table on page 17 shows underlying investment managers' performance fees are typically between 10.25% and 30.75% of performance in excess of the relevant benchmark index, although they can be higher or lower.

Performance fees payable to underlying investment managers are generally charged in one of the following ways:

- ▶ accrued within an underlying fund's unit price;
- ▶ a sufficient number of units are redeemed by the underlying investment manager to fund payment of the performance fee; or
- ▶ an invoice is issued directly to the Trusts.

For underlying Ibbotson trusts which charge a performance based fee, the performance fee is currently 10% of performance in excess of the relevant benchmark. The performance fee can be changed so long as it is within the maximum of 25% pa permitted by the relevant underlying trust's constitution. Where performance fees are charged in the underlying Ibbotson trusts a sufficient number of units are redeemed in the Trusts to fund payment of the performance fee.

Any performance fees payable from the Trusts will be an additional cost to you. The method of charging performance fees (including the performance amount of the performance fee) may change in the future. Unitholders will be given 30 days prior notice if performance fee arrangements change and the change results in the estimated performance fees exceeding the range disclosed in this PDS.

Unitholders can also contact Ibbotson for further information on the performance fees that currently apply to their investment.

Running expenses

As authorised by each Constitution, the Responsible Entity is entitled to be reimbursed from the Trusts for all expenses incurred in managing and administering the Trusts. Under each Constitution, there is no specific limit on the level of expense recovery from Trust assets. Running expenses are all expenses incurred in managing and administering the Trusts, other than fees paid to investment managers, abnormal expenses and transactions costs of the kind used to determine the buy/sell spreads. Currently, running expenses such as custody, certain taxation or legal advice and audit costs are paid out of the management fee. These running expenses are not an additional cost to you.

Abnormal expenses

Abnormal expenses are additional Trust expenses that may arise from time to time in relation to the Trusts, such as costs incurred in litigation, convening a meeting for unitholders or winding up a Trust.

Abnormal expenses may be recovered from Trust assets and are not included in the management fee. If incurred, they are accrued if and when they are able to be estimated and are reflected in the unit price at that time (see page 33 for more information about unit prices). These costs are incurred infrequently.

For a worked dollar example of management costs, including the impact of performance fees, refer to the example of annual fees and costs for the Ibbotson WS Balanced Trust on page 19.

Transaction and operational costs

Transaction costs

Transaction costs are those costs and expenses incurred in the acquisition or disposal of assets of the Trusts.

Transaction costs include brokerage, lock up penalties, duties and taxes and reflect the costs that would ordinarily be incurred by an investor who invested directly in these assets. Transaction costs are normally incurred directly by the Trusts, but where they are incurred by Ibbotson or the Responsible Entity on behalf of the Trusts, that party will be reimbursed from the Trusts.

Buy/sell spreads

The difference between the entry price and exit price of a unit is called the 'buy/sell spread'. This covers the estimated transaction costs of buying or selling investments when you apply, switch units or redeem from a Trust. The buy spread is added to the price payable on application for units, and the sell spread is deducted from the amount payable to you when you redeem units. Each is expressed as a percentage of the unit price.

The buy/sell spread amounts paid by transacting unitholders are retained in the relevant Trust to cover these transaction costs. The buy/sell spreads applying to each Trust are shown in the table on page 18 which is current as at the date of this PDS.

Spreads may change without notice, for example if transaction costs change. A policy is in place which sets out the guidelines and relevant factors for calculating unit prices, including buy and sell spreads.

You may obtain a copy of the policy (and any records ASIC requires to be maintained) free of charge by contacting Ibbotson.

Commission

Where we pay commissions to third parties, such as payments to dealer groups, IDPS operators, platforms or other licensees for offering the Trusts on their investment menus or for the provision of services, such payments do not impact the returns you may receive.

Ibbotson maintains an Alternate Forms of Remuneration Register. The registers, which you can review by contacting us, outlines some alternative forms of remuneration that may be paid to or received from licensees, fund managers or representatives (if any is paid or received in relation to the Trusts).

Change in fees and costs

The Trusts' fees and costs may change within limits allowed by each Constitution. The Responsible Entity reserves the right to change fees and costs without unitholders' consent. Unitholders will be notified of any increases in the fees and costs at least 30 days before implementing them. If the Trusts ever sought to charge fees above the maximums permitted in each Constitution, unitholder consent would be sought.

Under each Trust's Constitution, The Responsible Entity can also charge a contribution fee and withdrawal fee of up to 3% of the amount being contributed or withdrawn. These fees are not currently charged, however the Responsible Entity reserves the right to charge these fees in future. If this occurs, unitholders will be notified at least 30 days prior to implementation.

GST

Fees and costs charged to the Trusts generally attract 10% GST which is charged to and borne by the Trusts. All fees and costs disclosed in this PDS are inclusive of GST, to the extent applicable, after taking into account any expected Reduced Input Tax Credits (RITCs). The Trusts will claim RITCs where possible under the GST regulations. These credits will reduce the overall cost of GST to the Trusts and will be reflected in the unit price. The term 'net GST' is the net cost after taking into account GST and RITCs.

Switching fee

A switch between Trusts is treated as a redemption from one Trust and an application into another Trust. The Trusts do not presently charge a switching fee (or an entry or exit fee on the amount of the switch) but both Trusts' buy/sell spreads will apply to switches.

Taxation

The following is a brief outline of the Australian taxation consequences of investing in the Trusts.

Because the Australian taxation laws are complex and different investors have different circumstances, it is recommended that you seek professional taxation advice in relation to investing in the Trusts and the tax consequences of any distributions you receive. Please be aware that not all the following statements will apply to all investors. In particular, New Zealand residents should obtain their own taxation advice.

This section of the PDS is intended as a general guide only, and is based on Australian taxation laws that were current as at the date of this PDS. These laws, and the interpretation and administration of them, may alter over time.

The Trusts are established as separate unit trusts. The effect of tax on the Trusts, and hence your investment in the Trusts, can vary depending on such factors as the type of investment, the timing of investment transactions, and entry and exit of other unitholders in the relevant Trust.

Distributions

Each Trust is a resident of Australia for tax purposes; therefore each Trust is required to determine its net income (taxable income) for an income year. It is intended that investors will be presently entitled to all of the net income (including net taxable capital gains) of each Trust for each income year, such that pursuant to the existing income tax legislation, the Trusts should not be subject to Australian income tax. In the case where a Trust makes a loss for tax purposes, the Trust cannot distribute the loss to investors. However, subject to the Trust meeting certain conditions, the Trust may be able to take into account the losses in subsequent years.

The distributions you receive may include a number of different types of income which reflect the income derived by the Trusts. These components may include:

- ▶ capital gains;
- ▶ foreign income and foreign income tax offsets
- ▶ franked dividends/franking credits; and
- ▶ tax deferred distributions.

Provided that all income is distributed to unitholders in relation to the year it is earned, the Trusts will not pay Australian income tax under current tax law. An Australian investor's share of the net income of the Trusts for a year of income, including amounts received in a subsequent year or which are reinvested, forms part of the investor's assessable income of that year.

You will be provided with a statement for tax purposes after 30 June each year to assist you (and your adviser) in determining your tax position. This tax statement will advise you of the distribution amounts (if any) to include in your tax return as assessable income, capital gains, any franked dividends/franking credits and any foreign income/foreign income tax offsets. In addition, the statement will advise you of the tax-deferred portion (if any) of the distribution i.e. those amounts that have been distributed to you but are not included in taxable income. Such amounts will generally, reduce your cost base in the units in the relevant Trust. Should your cost base be reduced below zero after one or more cumulative tax-deferred distributions, the amounts in excess of your cost base should be a capital gain that should be included in your taxable income. You may be entitled to the CGT discount in respect of this gain (refer to page 24).

If you redeem units you will also need to include any capital gains or losses you have made in the calculation of your net capital gain or loss for the income year assuming you hold the units in the Trust(s) on capital account (unless you are a non-resident investor that may not be liable for Australian CGT – see 'Tax on capital gains' on pages 25–26). Depending on the type of entity you are, you may be entitled to a CGT discount (of 50% for trusts and individuals or 33.33 % for superannuation funds) on any net capital gain if you have held your units in the Trust for at least 12 months from the date of acquisition. Companies are not entitled to CGT discounts on their capital gains, including discount capital gains distributed by a Trust.

On redemption of units, you may receive both capital proceeds and an income component representing your share of the undistributed income for the year up to the redemption date. Refer to 'Distributions' on page 23 for more information. In addition, we may choose to allocate any gains arising from the realisation to you. Any such income distributions should be included in your assessable income in the year you are presently entitled to that distribution.

If a performance fee is payable by you, we will redeem the number of units on your behalf to pay the performance fee. The redemption will constitute a disposal of those units for tax purposes. Unitholders should consult their taxation advisers regarding the deductibility of the performance fee to them in light of their own particular circumstances.

Possible changes

On 16 December 2010, the Assistant Treasurer announced that the Government would introduce legislation to update the trust income tax provisions in Division 6 of Part III of the Income Tax Assessment Act 1936 and rewrite them into the Income Tax Assessment Act 1997. To that end, after receiving feedback from the Board of Taxation, the Assistant Treasurer released a discussion paper on 4 March 2011 on reforms to provide taxpayers with increased certainty and reduce the scope for unfair tax outcomes and manipulation through the use of trusts due to the fact that there may be a mismatch between the amount that a beneficiary is assessed on and amounts that they are entitled to under trust law. The amendments may affect the tax treatment described in this tax disclosure and may apply from the 2010-11 income year. Investors should monitor the status of these amendments and seek their own advice as to their possible application.

Franked distributions/franking credits

Distributions from some of the Trusts may include franked distributions. Subject to satisfying certain criteria, such franked distributions generally entitle Australian resident investors to obtain a tax offset (the franking credit) that is available to offset against their income tax liability. Franked distributions and franking credits are included in a person's assessable income. If the franking credits exceed the tax payable on your taxable income, the excess credits may be refundable to you if you are a resident individual or complying superannuation fund. Excess franking credits may generate tax losses if you are a corporate entity.

Non-resident investors

The Trusts' net income that has an Australian source to which a foreign investor is presently entitled will have tax withheld before a distribution is made to a non-resident investor.

The rate of withholding tax will depend on the type of income and the country of tax residence of the investor, and any Exchange of Information Agreement or Double Tax Treaty. In the absence of a governing treaty, tax of 30% will be withheld on unfranked dividends and tax of 10% will be withheld on interest income. No withholding tax is applicable in respect of fully franked dividends.

The withholding tax rate generally applicable for residents of information exchange countries in respect of any remaining Australian sourced income should be 7.5% in the income years ending 30 June 2011 onwards.

The withholding tax rate applicable for residents of all other countries is 30%.

In most cases, these withholding taxes are each a final tax. As a result, the non-resident investor should not be entitled to a credit for any withholding tax paid or be liable to further tax on income from which withholding tax has been withheld.

The withholding tax rates outlined above will apply if the Trusts continue to qualify as Managed Investment Trusts (MITs) for tax purposes. Different rates will apply if the Trusts do not qualify as MITs.

Foreign sourced income to which a non-resident is presently entitled should not be subject to tax in Australia.

Foreign income and foreign income tax offsets

Where foreign tax has been paid by a Trust in respect of foreign investment of Trust assets, the Trust will generally pass on any available corresponding foreign income tax offsets to resident investors so that investors can offset these income tax offsets against the Australian tax payable on their assessable foreign income. Ibbotson will advise each investor of their share of such foreign income tax offsets.

Tax deferral provisions

The Trusts may directly or indirectly hold interests in Controlled Foreign Companies (CFC) at the end of a financial year. Under the CFC regime, resident investors may be assessed on their portion of the CFC's attributable income for the financial year, even though the income is not distributed.

Reforms were announced in the 2009-10 Budget to Australia's foreign source income anti-tax deferral attribution rules. To this end, the Foreign Investment Funds (FIF) provisions were repealed from 1 July 2010 and will be replaced with a narrower anti-deferral regime. In addition on 17 February 2011 the Assistant Treasurer released for public consultation the exposure draft legislation on both the reform of the CFC rules and the foreign accumulation fund (FAF) rule which seeks to address the most abusive cases of deferral following the repeal of the FIF provisions. Under the current draft of the FAF rule, certain amounts should be attributed to an investor where, amongst other things, the market value of all debt interests held by the foreign entity comprise at least 80% of the market value of the foreign entity's assets and it distributes up to 80% of its profits and gains.

The exposure draft does not contain information regarding from which income year the proposed amendments will apply. As these provisions are currently in exposure draft form, investors should discuss the progress of these provisions with their own professional tax advisor.

Tax on capital gains

Any capital gains distributed by the Trusts will only be taxable to non-resident investors to the extent that the capital gain was in respect of taxable Australian property (i.e. typically Australian real property or shares or units in an entity whose majority underlying value is derived from taxable Australian property based on current market values of the entities assets). The statement provided to investors after 30 June each year will disclose the extent to which a distributed capital gain is in respect of taxable Australian property.

Legislation was introduced into Parliament to allow eligible MITs to make an irrevocable election to apply a deemed capital account treatment for gains and losses on disposal of certain investments (including shares and units in other trusts, but excluding derivatives and foreign exchange contracts). The Trusts meet the definition of 'MIT' and have elected to apply deemed capital account treatment.

Under the CGT provisions of the Australian income tax legislation, the disposal of units, either by redeeming, switching or transferring units, may lead to a CGT liability. Investors who are non-residents of Australia for income tax purposes (and do not have an Australian permanent establishment) will generally only be subject to the Australian CGT provisions on the disposal of their units if their units are taxable Australian property. A non-resident investor's units are generally taxable Australian property if:

- ▶ they and their associates hold 10% or more of the units in a Trust at either the time they dispose of their units or throughout a 12 months period that began no later than 24 months before that disposal time; and
- ▶ more than 50% (by market value) of the Trust's assets comprised (directly or indirectly) of interests in taxable Australian real property.

However, based on the current investments and investment approach of the Trusts it is not expected that the second condition would be satisfied.

Non-resident investors who use their units in carrying on a business through an Australian permanent establishment will be subject to Australian CGT on the disposal of their units in the same way as residents. This is so whether or not such non-resident investors hold more or less than 10% of the units in the Trust.

It is strongly recommended that non-resident investors obtain their own tax advice when disposing of units in the Trusts. It should also be noted that you may be subject to the tax laws in your country and should consult a taxation adviser before investing.

Tax File Numbers (TFN) and Australian Business Numbers (ABN)

It is not compulsory for you to quote your TFN or ABN. If you are making this investment in the course of a business or enterprise that you carry on, you may quote an ABN instead of a TFN. Failure by you to quote an ABN or TFN or claim an exemption may cause the Trusts to withhold tax at the top marginal rate plus the Medicare Levy, on gross payments including distributions of income to you. By quoting your TFN or ABN it will be applied to all your investments with the Trusts. If you do not want to quote your TFN or ABN for some investments, please let Ibbotson know.

Taxation of Financial Arrangements

Division 230 of the Income Tax Assessment Act 1997 contains the final stages of the taxation of financial arrangements (TOFA) reforms. The TOFA regime applied from 1 July 2010. Broadly, the measures contain rules that cover tax timing treatments for financial arrangements, including elective tax timing and character hedging rules that are designed to minimise tax timing and character mismatches. The rules also allow eligible taxpayers to elect to have their financial arrangements taxed on a fair value or retranslation basis, or to rely on their financial reports for taxation purposes. Taxpayers to which the TOFA provisions apply who do not elect to use these methods will be required to apply the accruals and realisation rule.

There are various exemptions to the TOFA provisions. For example, a right carried by an interest in a trust is excluded from the TOFA provisions if the interest is an equity interest in the trust.

The Trusts have opted into the TOFA regime from 1 July 2010 to adopt the default methods. The Responsible Entity will continue to monitor whether the Trusts should elect any of the alternative methods. The impact of the TOFA regime is not expected to materially change the taxation consequences of income flowing from the Trusts.

GST

The issue, redemption or transfer of units in the Trusts will not attract GST under the current GST law. Investors should seek independent advice in relation to the GST consequences of their investment.

How the Trusts work

Constitutions

The Trusts are each governed by a separate Constitution, as amended from time to time. Each Constitution sets out the Responsible Entity's obligations as well as the rights of unitholders. Some key aspects of the Constitutions have been summarised in this PDS.

The Responsible Entity may alter each Constitution as specified in the Constitutions and in accordance with the law. The Corporations Act 2001 specifies that the consent of unitholders (given at a meeting convened and conducted in accordance with the Corporations Act 2001) is required for any alteration unless the Responsible Entity reasonably believe that the alteration will not adversely affect the rights of unitholders.

You may view a copy of the Constitutions at our offices on any Business Day or you may obtain a copy free of charge by contacting Ibbotson.

Compliance plan

The Responsible Entity has established a compliance plan for each Trust, which sets out the measures to be applied in operating each Trust to ensure compliance with its Constitution and the law. The Responsible Entity's Board of Directors is responsible for overseeing the compliance plans.

Classes of units

Under each Constitution, units may be issued in one or more classes and additional classes of units may be created at any time. All units in a class will have identical interests and rights and will be subject to identical conditions. Where a Trust issues units of different classes, the interests, rights and conditions attached to each class of units may differ in relation to fees.

Rights of unitholders

Subject to the Constitution, unitholders are generally entitled to:

- ▶ receive a share of the Trust's distributable income;
- ▶ redeem units;
- ▶ transfer units;
- ▶ switch between Trusts;
- ▶ receive confirmation of investment;
- ▶ receive acknowledgement of units held; and
- ▶ receive annual audited accounts, and inspect the Trust's Constitution.

Remember if you are an indirect investor, you are not a unitholder in the Trusts (your IDPS operator is the unitholder).

Unitholder meetings

Subject to the Constitution, unitholders are also entitled to requisition, attend and vote at unitholders' meetings for any Trust in which they hold units. A unitholder is bound by a resolution of unitholders, whether or not they attend the meeting at which it is passed.

Interest in the Trusts

Each unit issued in a Trust entitles the unitholder to a beneficial interest in the total investments of the Trust but does not give the unitholder an interest in any particular part of the Trust.

Unitholder liability

While the law in relation to unitholder's liability has not yet been settled, each Constitution limits a unitholder's liability in a Trust to the amount the investor has invested or agreed to invest.

Termination of a Trust

The Responsible Entity can terminate a Trust, subject to the Corporations Act 2001, at any time by giving prior written notice. If a Trust is terminated, the Trust's assets must be converted to cash where possible and pay or provide for the Trust's liabilities (including those incurred in winding up the Trust and any unpaid fees). In this event the realisation of assets may be postponed.

Unitholders are entitled to a share of the balance of the assets in accordance with the Trust's Constitution. The final distribution of the Trust may include a capital and income component.

Financial information

An electronic copy of the Trusts' annual report will be sent to investors each year. However, you can request a printed copy of the annual report by contacting Ibbotson.

Borrowings

Under each Constitution, the Trusts are permitted to borrow if necessary, in an attempt to facilitate short-term liquidity and foreign exchange needs and the redemption of units. By virtue of a Trust's exposure to alternative investment strategies, it may be exposed to borrowings and other liabilities.

Distributions

The taxable income earned on your investments is paid to you as a distribution and may include interest, dividends (including imputation credits if any), rent, profits and net realised capital gains from the sale of investments.

Distributions will be made at least annually on 30 June but are generally paid quarterly within 15 to 30 days after each 31 March, 30 June, 30 September and 31 December. The amount may vary at each distribution and a Trust may make no distribution for a quarter or the year where there is no taxable income to distribute. Capital gains are generally distributed annually at 30 June. You may choose to have your distributions paid directly to a nominated Australian bank, building society or credit union account.

Special distributions may be declared outside of these times where necessary to preserve equity between unitholders.

Your distributions will be reinvested if you have elected this on your application form. Any request for distribution reinvestment or cancellation of distribution reinvestment is effective if received by Ibbotson in writing at least seven days (or such other period as determined by us) before the end of the distribution period having been received and accepted by us.

The reinvestment unit price is the price calculated on the distribution date using that day's unit price determined after making an allowance for the income distribution (see page 33 for more information about unit prices). There would normally be no buy/sell spread associated with reinvestment because the assets remain invested in that Trust.

To calculate your distribution, the number of units you own at the relevant entitlement date is multiplied by the distribution cents per unit, as at the distribution date. This method for calculating distributions currently applies to all Trusts and all classes of units.

Unit prices may fall immediately after a distribution, reflecting the income that is paid out to you (see page 33 for more information about unit prices). If you invest just before a distribution, you might get some of your capital back as income. Conversely, if you redeem units just before a distribution, you might be converting what would otherwise be income into a capital gain or a reduced capital loss.

Provided that all income is distributed to unitholders in relation to the year it is earned, a Trust will not pay Australian income tax under current tax law.

You will be assessed on your share of the taxable income of the Trusts in the year to which your entitlement relates, even if the income is reinvested to additional units.

Changes to the Trusts

New trusts may be added or existing Trusts closed, or the investment objective and risk profiles could be altered. You will be advised of material changes as soon as practicable and given at least 30 days notice before any material changes are made to any Trusts.

Performance information

Investment performance becomes outdated very quickly. As such, past performance information has not been included in this PDS.

If you require up-to-date Trust performance information, please contact Ibbotson on the contact details provided on page 39 of this PDS for the information to be provided to you, including paper copies, free of charge. In assessing any performance information you should bear in mind that past performance is not a reliable indicator of future performance.

Investing in the Trusts

The Trusts accept investments from wholesale investors as defined by section 761G of the Corporations Act 2001.

When you invest in the Trusts, you apply for units in your selected Trust and automatically become a unitholder from the date of issue of units to you, even if the number or price of units cannot be calculated until a later time. The issue of units to you will be subject to your application monies being received and subject to your completion of all identification documentation required under Commonwealth Australian anti-money laundering and counter-terrorism requirements (see page 36). Your money is then managed according to the investment objective and strategy of the relevant Trusts. Please refer to pages 12–15 for details on risks associated with investing, and to pages 9–11 for details on the Trust investment profiles.

If your application monies are not received, either units will not be issued to you or any units which have been issued may be cancelled and you will be deemed not to be a unitholder. The amount owing, together with any costs and expenses incurred by the relevant Trust as a result of non-receipt of the monies, will be treated as a debt owing to the relevant Trust, units held by you may be redeemed in order to meet that debt.

You may also gain exposure to the Trusts through an IDPS, these investors are referred to as Indirect Investors in this PDS. Please refer to page 38 for more details on Indirect Investors.

Making an initial investment

You can invest directly in the Trusts by completing the application form included at the back of this PDS and the anti-money laundering forms and information (see page 36) which can be downloaded from Ibbotson's website (see 'AML forms and information' in the 'Document library' section) and paying the application monies. The minimum initial investment in each Trust is \$500,000, but this amount may be waived and varied.

For application requests received prior to 11:30 am (Sydney time) on a Business Day, you will generally pay the entry price calculated as at the close of business that Business Day (see page 33 for more information about unit prices). For application requests received after 11:30 am (Sydney time), you will generally pay the entry price calculated as at the close of business on the next Business Day.

The number of units allocated to you is based on the amount invested divided by the entry price. We reserve the right to decline any application that is submitted without the need to give reasons.

Once your application has been processed, a confirmation of your investment showing the amount invested, or which you have agreed to invest, the number of units issued, the entry price and the date the units were issued, will be sent to you usually within five Business Days.

If you do not receive a confirmation, please notify Ibbotson immediately. No interest is received on application monies, including monies for additional investments and no interest will be paid to you if for any reason (such as failure to complete the anti-money laundering forms) your application does not go ahead.

Cooling-off period

Investors who are not wholesale investors are offered a 14 day cooling-off period in respect of investments in the Trusts.

If a cooling-off period applies to you, and you decide that your investment in the Trusts(s) is not suitable, you can request in writing to have it cancelled during a 14 day cooling-off period. Your request must state that you are exercising your cooling-off right. The 14 day period commences on confirmation of your investment or five days after

your units are issued, whichever is earlier. The amount refunded to you will reflect any change in unit prices, taxes, transaction costs (including buy/sell spreads) and administrative expenses incurred and will not include interest. Accordingly, the amount refunded may be less than the amount you initially invested.

Switching between Trusts

You may switch your investment between trusts subject to the redemption terms. The amount you switch must meet both the minimum redemption and switching investment amounts, which are both currently \$100,000, but this amount may be waived or varied.

When you switch, you are withdrawing your investment from one Trust and reinvesting it in another. To do this, you must complete and return both an application form (from a current PDS) and a redemption form (please contact Ibbotson for a copy of a redemption form if required).

When you request a switch, the units of the Trust you switch out of are redeemed at the exit price and the units of the Trust you switch into are issued at the entry price at the time of the redemption. As such, the buy/sell spreads of both Trusts will apply and the value of your investment may have changed. You become a unitholder in the new Trust as at the date of issue of your new units, whether or not the number or value of units can be calculated at that date. Please refer to the details on buy/sell spreads on pages 21–22, unit prices on page 33 and to the switching fee on page 22 for more information.

Any gain made as a result of switching between trusts may make you liable for tax. It is recommended that you seek professional tax advice before you switch any units. More information on taxation can be found on page 23.

Making additional investments

The minimum additional investment in each Trust is \$100,000 but this amount may be waived and varied. You may make additional investments in the Trusts by completing Part B of the application form included in a current PDS (or another method agreed with Ibbotson) and paying the application monies.

For additional application requests received prior to 11:30 am (Sydney time) on a Business Day, you will generally pay the entry price calculated as at the close of business that day (see page 33 for more information about unit prices). For additional application requests received after 11:30 am (Sydney time) on a Business Day, you will generally pay the entry price calculated as at the close of business on the next Business Day.

Making a redemption

So long as the Trust is liquid, as defined in the Corporations Act 2001, redemption requests will be processed in accordance with the terms and notice periods described below. If a Trust is not liquid, you may only redeem from the Trust in accordance with the terms of a withdrawal offer made by the Responsible Entity.

You may request to redeem any or all of your units on any Business Day. The minimum amount that may be redeemed from each Trust is \$100,000 or the balance of your investment in the Trust if the redemption request results in a balance of less than \$100,000. The Responsible Entity has discretion to waive and vary the minimum redemption amount.

Your redemption form must be completed and returned to Ibbotson in writing (please contact Ibbotson for a copy of a redemption form if required).

The number of units redeemed is based on the amount redeemed divided by the exit price.

For redemption requests received prior to 11:30 am (Sydney time) on a Business Day, you will generally receive the exit price calculated as at the close of business that day. For redemption requests received after 11:30 am (Sydney time), you will generally receive the exit price calculated as at the close of business on the next Business Day.

The Trusts will endeavour to pay redemption requests as soon as possible. Normally, redemption proceeds will be paid within six Business Days following receipt of your written request.

Under each Constitution, redemption proceeds will be paid as soon as practicable after the redemption. In exceptional circumstances redemptions may take longer than the periods described above. This may occur where it is impractical to calculate the unit prices, where other unitholders may be disadvantaged by a redemption or where a delay is in the best interests of all unitholders, or as otherwise permitted by each Constitution and the law.

Where underlying Trust assets can only be realised after a substantial notice period, as is the case with some of the alternative strategies, this could also lead to a longer redemption period. If the liquidity of underlying Trust assets prohibits payment of part or all of your redemption proceeds in cash, then you may be required to receive part or all of your redemption proceeds in specie, meaning you may need to retain units in an illiquid Trust until such time as the underlying assets can be realised.

Redemption of units could make you liable for tax on any gain. It is recommended that you seek professional tax advice before you redeem units. More information on taxation can be found starting on page 23.

Transferring units

You may transfer units to another person at any time providing appropriate consent has been obtained. However, you may be required to complete appropriate anti-money laundering forms. Please contact Ibbotson for further information.

Transferring units from one unitholder to another could make you liable for tax on any gain and government duties may be payable on the transfer. It is recommended that you seek professional tax advice before you transfer any units. More information on taxation can be found starting on page 23.

Unit prices

The unit price is calculated by dividing the Net Asset Value (NAV) of each Trust by the number of units on issue in that Trust at the relevant time plus an allowance for transaction costs (including the buy/sell spread). Please refer to pages 21–22 for information on buy/sell spreads.

Where a Trust has more than one class of unit, the unit price of each class of unit in a Trust is calculated by dividing the NAV of that class of unit by the number of units on issue in that class at the relevant time plus an allowance for transaction costs. The NAV of a class is calculated as if there was a separate Trust corresponding to the class of unit.

Valuations are generally undertaken on each Business Day, subject to the relevant Trust's constitution. Valuations of alternative investment strategies may be performed less frequently. Unit prices for Trusts exposed to alternative investment strategies will generally reflect the last available valuation.

Units are priced on a 'forward' or 'next price' basis. Under this method unit prices are struck using values available at the next valuation cut-off time after the processing time. This minimises exposure to market timing practices, i.e. where a unitholder can gain advantage from known price movements but not yet reflected in the unit price. This forward pricing methodology is considered industry best practice.

Valuation

Under each Constitution, the value of any property will be its current market value determined by reference to a recognised independent source, or by a method determined by a qualified independent valuer, or any other appropriate method which is capable of being verified independently by a registered company auditor including (but not limited to) estimates of value based on objective criteria, where actual figures are not available and where there will be no significant detriment to any unitholder. Trust property may be revalued whenever it is thought fit. Property acquired must be valued at cost (including acquisition cost) until revalued.

Under each Constitution, discretion may be exercised which can impact unit prices. The manner in which these discretions are exercised are outlined in the unit pricing policies. Unitholders may obtain a copy of these unit pricing policies (and any records ASIC requires) free of charge upon request.

Additional information

Information on request from Ibbotson

You may contact Ibbotson between 9:00 am and 5:00 pm (Sydney Time) on any Business Day to assist with any questions you might have, or further information you may require, in relation to your investment in the Trusts.

Ibbotson's contact details are on page 39.

If you are an Indirect Investor the following information does not apply.

Changing your details

You must inform Ibbotson of any change to your details, including contact details, distribution instructions, bank account details or account operating instructions.

To advise changes, please complete the relevant sections of the application form at the back of this PDS and forward it to Ibbotson. A confirmation of these changes will be sent to you.

Confirmation of transactions and reporting

You will be provided with a confirmation of your transaction once it is processed, usually within five Business Days after you have supplied all relevant information required. This may be when you make your initial investment, additional investment, redemption, switch or transfer or if the terms of the Trusts are varied. A quarterly statement detailing your transactions over the previous quarter, including any distribution will be sent to you. At the end of each financial year you will be sent a statement for tax purposes. If at any other time you would like a transaction statement of your investment and unit price information or the financial statements for a Trust, please contact Ibbotson.

Privacy statement

By applying to invest in the Trust, you consent and agree to information about you being obtained and used by the Responsible Entity, Ibbotson and other parties as explained in this privacy statement. This privacy statement applies to individuals who invest directly in the Trusts. The type of information held includes your name, address and other information that you provided when opening your account as well as records of your account transactions and the value of your unitholding.

Your information may be used to:

- ▶ provide the products and services you request;
- ▶ efficiently manage and administer all investments and services provided; and
- ▶ ensure that internal business operations run smoothly, which may include fulfilling all legal requirements and conducting confidential systems maintenance and testing.

Your personal information may be provided confidentially to external service providers, including the custodian, auditors, taxation and legal advisers and information technology consultants.

Unless you inform otherwise, your personal information may also be provided to Ibbotson's and the Responsible Entity's related parties or used to inform you of products and services offered by any related parties. Additionally, information will be disclosed if required by law to do so (including under legislation in relation to anti-money laundering and counter-terrorism), or if you provide your consent.

If you don't wish information to be sent to you about other products managed by Ibbotson, please note this in the relevant box provided on your application form or contact Ibbotson on the contact details shown on page 39.

Every effort is made to ensure that the personal information retained about you is accurate, complete and up-to-date. If you provide incomplete or inaccurate information you may not receive the products or services you are seeking.

You can request access to your personal information that we have on record. If you believe that any information is incorrect or out of date, you may ask for it to be corrected. There is no fee for requesting access to or correcting your information.

If you do not provide this information, your transactions may not be processed, units may not be issued to you within the time periods contemplated in this PDS, or redemption payments may not be made until the information requested has been received.

The privacy policy can be found on Ibbotson's website, alternatively contact Ibbotson on the details shown on page 39 to request a free copy.

Commonwealth anti-money laundering and counter-terrorism requirements

We are required by the Commonwealth Anti-Money Laundering and Counter-Terrorism Financing Act 2006 to obtain additional information from new investors as to their identity, source of funds and similar matters, and to verify that information by sighting appropriate documentation. These requirements may also apply in relation to existing unitholders.

New investors (and existing unitholders required to provide additional information) can provide additional information via an AMLF/CTF regime form (AML Form) on Ibbotson's website. Please log on to www.ibbotson.com.au and see 'AML forms and information' in the 'Document library'. Details about the way in which additional information can be verified, are on Ibbotson's website. For example, individuals will be required to produce a current photographic identification document such as a current passport or driver's licence, or to provide a certified copy of the document, in order to verify their identity details. Information as to who is allowed to certify the copy of the original document will also be provided on Ibbotson's website (log on to www.ibbotson.com.au and see 'AML forms and information' in the 'Document library'). Alternatively contact Ibbotson to request a free copy of any AML form or related information.

We reserve the right to request information as is necessary to verify the identity of any investor and their personnel (for example, if any investor is a company, the identity of the company directors may need to be verified) and to assess the likelihood of the investor or their staff being involved in money laundering or terrorism financing.

Information that you provide may be disclosed to the Australian Transaction Reports and Analysis Centre under Australian law (or by investment managers resident in other countries who are subject to similar legislation in their own countries). You may not be informed if such a disclosure is made. Otherwise your information will be kept confidential.

If you do not provide the required information, your application will not be processed until the information requested has been provided to us and all anti-money laundering checks have been completed. This may mean that units may not be issued and redemption payments may not be made within the time periods contemplated in this PDS.

By applying for units through this PDS, you agree that we may in our absolute discretion, not issue units to you, refuse the transfer of units you wish to sell or purchase, delay, block or freeze any transactions or cancel or redeem any units which have been issued to you if we believe such action to be necessary or desirable in light of our obligations under

the Commonwealth Anti-Money Laundering and Counter-Terrorism Financing Act 2006 or any related legislation. In the above circumstances, we will not be liable to you for any resulting loss.

Complaints

Ibbotson aims to provide you with quality ongoing service and have established procedures for dealing with complaints. If you are a Direct Investor and are dissatisfied or have a complaint about your investment in the Trusts, in the first instance please contact Ibbotson Client Services.

If you find the response is not satisfactory, you may send a written complaint addressed to:

Client Services

Ibbotson Associates Australia Limited
Level 36, Australia Square
264 George Street
Sydney NSW 2000

Your written complaint will be acknowledged within three Business Days of receipt and Ibbotson's Client Services team will make every effort to resolve your complaint within 21 days of receipt.

If you are still not satisfied, you may refer the matter to the Financial Ombudsman Service (FOS) of which Ibbotson and the Responsible Entity are members. FOS is an independent dispute resolution body whose services are free to complainants. FOS can consider claims of up to \$500,000 (or higher if you and the responsible entity otherwise agree in writing). FOS is only able to make a determination of up to \$150,000 per managed investment claim (excluding compensation for costs and interest payments) lodged up to 31 December 2011. For claims lodged from 1 January 2012, the amount per claim will increase to \$280,000. These monetary limits and the FOS terms of reference do change from time to time. Ibbotson and the Responsible Entity are bound by the decisions made by FOS. Current details can be obtained from the FOS website listed below. The contact details for FOS are:

Financial Ombudsman Service

GPO Box 3
Melbourne VIC 3001
Tel: 1300 780 808
Fax: (03) 9613 6399
Email: info@fos.org.au
Web: www.fos.org.au

Indirect Investors

This section only applies to investors who are investing in the Trusts through an IDPS, i.e. as an Indirect Investor in the Trusts. If you are investing through an IDPS, your application should be made using the forms provided by your IDPS operator only. Do not use the forms provided in this PDS. Please consult your adviser or IDPS operator if you are uncertain if this applies to you.

If you are investing in any of the Trusts through an IDPS operator, you are directing the operator of that IDPS to arrange for your monies to be invested in the Trusts on your behalf. Accordingly, you:

- ▶ are not a Direct Investor in the Trusts;
- ▶ are not registered as a unitholder in the Trusts;
- ▶ do not receive distributions of income, tax statements or reports directly from us (as these will be made to your IDPS operator or its custodian); and
- ▶ are not entitled to receive notice of, attend or vote at unitholder meetings or participate directly in the winding up or termination of any of the Trusts.

The operator of that IDPS acquires those rights and can exercise, or decline to exercise them, on behalf of Indirect Investors.

References in the PDS to 'you' or 'your' should be read as references to your IDPS operator, as the context indicates.

Your IDPS operator will be responsible for confirming transactions, providing reports and responding to your enquiries. You should refer to your IDPS operator as the first point of contact regarding any enquiries about your investment (and for any issues that remain unresolved, contact the complaints scheme of which they are a member). You will also need to notify your IDPS operator of any changes in your details.

Please refer to the IDPS operator for information on:

- ▶ how to invest or make additional investments or switch between Trusts (as you do not complete the application form included in this PDS or any of our forms);
- ▶ the minimum initial investment, additional investment, or switching amounts;
- ▶ how to redeem investments and the minimum redemption amounts;
- ▶ details of cooling-off rights (if any) that may apply to your investment in the IDPS; and
- ▶ any additional fees charged by your IDPS operator that may apply.

Indirect Investors should read the guide provided by the IDPS operator and should also seek appropriate professional taxation and investment advice.

We are not responsible for the operation of an IDPS.

Contact details

Responsible Entity

IOOF Global One Limited
Level 6, 161 Collins Street
Melbourne VIC 3000

Fax: +61 2 9028 5942

Web: www.ioof.com.au

Investment Manager

Ibbotson Associates Australia Limited
Level 36, Australia Square
264 George Street
Sydney NSW 2000

Tel: +61 2 9276 4550

Fax: +61 2 9276 4560

Web: www.ibbotson.com.au

Email: client.enquiries@ibbotson.com

Application checklist

The following information is required to process your application and administer your investments. Please check that you have completed the following sections of the application form as specified. If you are a new Investor, please ensure that in addition to completing the application form, you complete and submit with the application form the relevant AML/CTF regime form (AML Form). The AML Form you need to complete can be found on Ibbotson's website at www.ibbotson.com.au (under 'Document library' and the 'AML forms and information' tab) or can be requested from Ibbotson.

Please complete the AML Form that applies to the type of Investor you are. For example, if you are an individual Investor complete the 'Individual & Sole Traders' AML Form.

Applications can only be accepted when all necessary information is received and we retain the right to decline applications without the need to give reason.

Part A – Investor information

Investor details

- ▶ Complete the full details as specified.
- ▶ Trust or superannuation fund investors must include the name of the trustee or responsible entity as well as the trust or fund name, and the Australian Business Number (ABN) of the trust or fund.
- ▶ Nominate your details as an existing or new investor as specified.

Contact details

- ▶ Provide the details of the person to whom reports and other information should be sent.

Distribution instructions

- ▶ Tick your choice in the relevant box. If no election is made, your distribution will be reinvested in additional units.

Account details

- ▶ Complete the account details into which all payments, including distributions (if this option is chosen) will be paid.
- ▶ If banking details are not provided, all payments will be sent to the address provided in the contact details on Part A of the application form.

Tax File Number (TFN) notification

- ▶ Complete your TFN or exemption as appropriate.
- ▶ Trust or superannuation funds' TFNs should be used rather than that of the responsible entity or trustee.

Investment operating authority

- ▶ Ensure the form is signed by all signatories on behalf of the investor. Indicate the number of signatories required to sign on behalf of the investor or any other signing requirements. If insufficient space, please attach a separate sheet.

Anti-Money Laundering legislation requirements

- ▶ If you are a new investor, please go to our website (see 'AML forms and information' in the 'Document library') for the anti-money laundering forms you will need or contact Ibbotson for assistance.
- ▶ Read the warranties carefully.

Declarations and indemnity

- ▶ Read the declaration carefully.

Authorisation of application form part A – investor information

- ▶ Ensure that the investor information has been signed and dated by the appropriate signatories.

Part B – Transaction information

Investor details

- ▶ Nominate your details as an existing or new investor as specified.
- ▶ Trust or superannuation fund investors must include the name of the trustee or responsible entity as well as the trust or fund name.

Trust investment allocation

- ▶ Complete your allocation details including the dollar amount to be invested in each Trust.
- ▶ Indicate for each allocation whether this is an initial or additional investment.
- ▶ Specify the total amount of your investment.

Method of payment

- ▶ Indicate the method of payment for your investment (investors making additional investments only need to complete this section if the method of payment is different from that advised at the time of initial investment).
- ▶ We do not accept payment by cheque.
- ▶ If you require assistance in completing the application form, please contact Ibbotson on the contact details shown on page 39 of the PDS.
- ▶ Please fax your application form to 02 9276 4560

Application form

Part A – Investor information (continued)

7. Anti-money laundering legislation requirements

If you are investing in the Trusts for the first time, please complete the relevant AML Form (which is available on the Ibbotson website) send it to us along with all relevant supporting documentation. We may need to verify this information or obtain additional information from you in which case we will contact you with further details.

Warranties as to Commonwealth Anti-Money Laundering and Counter-Terrorism – for both existing and new investors.

(Terms used in this section are defined on our website – see 'AML forms and information' in the 'Document Library'. Alternatively contact us on the details shown on page 39 of the PDS to request a free copy.) Where the Trusts invest in overseas funds which are subject to US legislation, the investment managers need to know that our investors in the Trusts are not involved in money laundering so that those managers can meet their own anti-money laundering obligations under US law.

Therefore, by making this application, you represent and covenant that neither you, nor any Related Person, is:

- ▶ a person or entity whose name appears on the US Specially Designated Nationals List;
- ▶ a Non-US Shell Bank;
- ▶ a person or entity resident in, or whose subscription funds are transferred from or through, an account in a Non-Cooperative Jurisdiction;
- ▶ a Senior Non-US Political Figure;
- ▶ a member of the Immediate Family of a Senior Non-US Political Figure;
- ▶ a Close Associate of a Senior Non-US Political Figure;
- ▶ resident in, organised or chartered under the laws of, a jurisdiction that has been designated by the Secretary of the Treasury under Section 311 or 312 of the USA PATRIOT Act as warranting special measures due to money laundering concerns;
- ▶ entities and/or their persons that are subject to economic sanction including, without limitation, all applicable sanctions regimes promulgated by the United Nations, the European Union, the U.S. Office of Foreign Assets Control, and/or any other applicable jurisdiction's economic sanctions laws; and that the funds that you are investing do not originate from, nor will be routed through, an account maintained at a Non-US Shell Bank, an 'offshore bank' or a bank organised or chartered under the laws of a Non-Cooperative Jurisdiction. You agree to notify us promptly of any change in information affecting any of these representations and covenants.

8. Declarations and indemnity

- ▶ I/We have received, read and understood the PDS for the Ibbotson WS Series dated 1 June 2011.
- ▶ I/We agree to be bound by the terms and conditions set out in the PDS for the Trusts, the terms of the Trusts' Constitutions and the law and any agreement between the Responsible Entity, Ibbotson and myself/ourselves, in each case as amended from time to time.
- ▶ I/We acknowledge that investments in the Trusts are not deposits with or other liabilities of the Responsible Entity, or of any related corporation of the Responsible Entity, and are subject to investment risk, including possible delays in repayment and loss of capital invested.
- ▶ I/We further acknowledge that neither Ibbotson, the Responsible Entity, nor any of their related companies, directors, officers, the investment managers appointed or any of their external service providers, guarantee that my/our investment will gain or retain its value, guarantee the repayment of capital or guarantee the performance of any of the Trust(s).
- ▶ I/We consent to receive any requisite notifications electronically (or as preferred by Ibbotson).
- ▶ I/We declare that all details given in this application form are accurate and complete and that I/we have the power to invest in the Trust(s).
- ▶ I/We am/are an Australian resident and received and accepted this offer in Australia.
- ▶ I/We agree to give further information or personal details to the Responsible Entity if it reasonably believes that they are required in order to meet its obligations under anti-money laundering, counter-terrorism or taxation legislation. By making this application, I/we represent and covenant that the funds I/we are investing are not the proceeds of crime, money laundering, nor connected with the financing of terrorism.
- ▶ I/we agree that the Responsible Entity may in its absolute discretion determine not to issue units to me/us, refuse to transfer units from or to me/us, may cancel any units which have been issued to me/us or may redeem any units issued to me/us if the Responsible Entity believes such action to be necessary or desirable in the light of its obligations under the Commonwealth Anti-Money Laundering and Counter-Terrorism Financing Act 2006 or any related legislation.

Application form

Part A – Investor information (continued)

- ▶ I/we agree that once this application form has been received by you, it cannot be withdrawn.
- ▶ I/We declare that I am/we are not commonly known by any other names different from those disclosed in this application form.
- ▶ I/We declare any documents or information used for verification purposes in support of my/our application are complete and correct.
- ▶ I/We acknowledge that it may be a criminal offence to knowingly provide false, forged, altered or falsified documents or misleading information or documents when completing this application.
- ▶ I/We acknowledge that if I/we fail to pay the full amount of the application monies in respect of the units the subject of this application either at the same time as making this application, or by any later date agreed with us, the amount owing together with any costs, expenses or damages incurred in relation to the relevant Trusts or Trusts for which the Responsible Entity may seek compensation as a result of the non-payment, shall be a debt payable by me/us to the Responsible Entity in relation to the Trusts, and either no units will be issued to me/us or any units which have been issued may be cancelled or redeemed by the Responsible Entity in its discretion.
- ▶ I/We agree to meet the costs, expenses or penalties incurred by the Trust(s) in relation to the realisation of Trusts' assets to meet any redemption request I/we make, or any request for redemption proceeds to be paid to me/us by a particular method, and any other costs, expenses, losses, liabilities or damages incurred by the Responsible Entity or a Trust on my/our behalf, or other amounts owing by me/us in relation to any Trust, and to repay any amount paid by the Responsible Entity to redeem my/our Units in order to meet such costs, expenses, penalties, losses, liabilities, damages or other amounts owing in respect of any Trust and in order to meet any outstanding management fees or performance fees payable by me/us to you.
- ▶ I/We indemnify the Responsible Entity and its agents (including Ibbotson) in respect of any loss, claim or liability incurred by any of them relying on or acting pursuant to this application form or any notices, instructions and requests received by persons listed in section 6 of Part A of this application form.
- ▶ I/We agree that, if I/we have provided an email address in section 2 of Part A of this application form that the Responsible Entity (and any of its agents appointed for this purpose) may correspond with me/us using the email address provided for any purpose related to the administration of my investment in the Trusts.

Authorisation of application form Part A - Investor information

Name:
Director/Sole director/Secretary/Other (delete as applicable)

Signature: Date: / /

Name:
Director/Sole director/Secretary/Other (delete as applicable)

Signature: Date: / /

Note:
 Corporations may sign with or without a common seal. In either case, it must be signed by two directors or by a director and a secretary. For proprietary companies with a sole director, that director must sign and state that he/she is a sole director and sole company secretary.

Application form

Part B – Transaction information (continued)

<p>3. Method of payment</p> <p>Please (✓) the relevant box and complete the details. Alternative methods of payment may be arranged if required.</p> <p>Note: Investors making additional investments only need to complete this section if the method of payment is different from that advised at the time of the initial investment. We do not accept payment by cheque.</p>		
<input type="checkbox"/> Austraclear	Ibbotson's Austraclear Code: CMNL20	Your Austraclear Code:
<input type="checkbox"/> Real Time Gross Settlement (RTGS)	Details to be advised to your RTGS paying bank	Your Bank's Details
Financial Institution:	JPMorgan Chase Bank Australia	
Branch Address:	Brisbane	
Account Name:	JPMorgan Chase London	
Account No:	012-000-307	
BSB No:	214-400	
SWIFT Address:	CHASAU2X	
Reference:	GTI 29719	
<p>Note: Your application will not be deemed to be received until Ibbotson has received the signed application form. Please refer to 'Investing in the Trusts' on page 31 of the PDS for details of processing cut-off times.</p>		
<p><input type="checkbox"/> Please (✓) this box if you do not wish to receive information about other products managed by Ibbotson.</p>		
<p>Authorisation of application form Part B – Transaction information</p>		
Name:	<input type="text"/>	
	Director/Sole director/Secretary/Other (delete as applicable)	
Signature:	<input type="text"/>	Date: <input type="text"/> / <input type="text"/> / <input type="text"/>
Name:	<input type="text"/>	
	Director/Sole director/Secretary/Other (delete as applicable)	
Signature:	<input type="text"/>	Date: <input type="text"/> / <input type="text"/> / <input type="text"/>
<p>Note: Corporations may sign with or without a common seal. In either case, it must be signed by two directors or by a director and a secretary. For proprietary companies with a sole director, that director must sign and state that he/she is a sole director and sole company secretary.</p>		

Please fax your application form to 02 9276 4560

ibbotson.

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264 George Street
Sydney NSW 2000

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Fax: 02 9276 4560
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