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# Ibbotson **WS Conservative Trust**

## **Product Disclosure Statement**

1 November 2015

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The issuer and Responsible Entity is:  
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# Ibbotson WS Conservative Trust

## Product Disclosure Statement (PDS) | 1 November 2015

### Important Notes

**This PDS is a summary of the significant information you need to make a decision about the Ibbotson WS Moderate Trust ARSN 092 227 337 ('Trust'). It highlights references to important information that is included in the 'Additional Information Document' which forms part of this PDS (together, the 'Disclosure Documents'). You should read the Disclosure Documents before making a decision to invest in the Trust.**

**The information provided in this PDS is general information only and does not take into account your personal investment objectives, financial situation or particular needs. It is recommended you seek professional financial advice tailored to your personal circumstances before making a decision.**

**You can access the Disclosure Documents for the Ibbotson Investment Trusts in the How to Invest section of the Ibbotson website [www.ibbotson.com.au](http://www.ibbotson.com.au) or by calling Ibbotson on +61 2 9276 4550.**

**This PDS and the offer of units in the Trust are only available to Australian resident investors receiving this PDS (including electronically) in Australia and to New Zealand residents who are wholesale investors where permitted by Australian and New Zealand law. Other applications from outside Australia will not be accepted.**

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### 1. About Ibbotson Associates Australia Limited

Ibbotson Associates Australia Limited (ABN 54 071 808 501; AFSL 228986) ('Ibbotson' or 'Responsible Entity') is the Responsible Entity of the Trust and the issuer of units in the Trust. Ibbotson's obligations are governed by the Trust's constitution ('Constitution'), the Corporations Act 2001 (Cth) ('Corporations Act') and general trust law. Ibbotson is responsible for the operation of the Trust.

Ibbotson is a leading provider of asset allocation, portfolio construction and investment research services with over 35 years experience in the United States, Australia and other international markets. Ibbotson advises and manages funds for superannuation funds, institutions, platform distributors, financial advisers and individuals.

Ibbotson leverages its in-depth research to deliver innovative investment solutions, help investors reach their financial goals, and provide independent investment thought leadership. Ibbotson is a Morningstar company and is part of Morningstar's investment management division.

### 2. How the Ibbotson WS Conservative Trust Works

The Trust is a managed investment scheme registered with the Australian Securities & Investments Commission ('ASIC'), which is subject to the Corporations Act and other applicable law. The legal structure of the Trust is a unit trust governed by its Constitution. An investor's interest in the Trust is represented by their holding of units in the Trust. Investors do not own a direct share of the underlying assets of the Trust.

When you invest in the Trust, your money will be pooled with that of other investors. This pool is used to buy assets and they are managed on behalf of all investors according to the Trust's investment objective and investment strategy. By investing in the Trust, you have access to certain investments that you may not otherwise be able to access on your own. You also access Ibbotson's disciplined investment process. Refer to section 5 for the Trust's investment profile.

The total value of the assets in the Trust is divided into 'units' and a 'unit price' is generally calculated for each Business Day. The unit price will generally change daily, as the market value of assets in the Trust rise or fall.

#### Making an Initial Investment

Investors can make an initial investment in the Trust by completing the application form and faxing it in accordance with the instructions contained in the

application form. An application form can be found in the How to Invest section of the Ibbotson website [www.ibbotson.com.au](http://www.ibbotson.com.au).

When you invest in the Trust units are issued to you, subject to your application monies being received and you completing all identification documentation required under Australian anti-money laundering and counter-terrorism requirements. The number of units allocated to you is based on the amount invested divided by the entry price for the applicable Business Day. Refer to section 8 on how to apply.

Entry prices are usually higher than exit prices due to the 'buy/sell spread'. The buy/sell spread is built into the unit price and represents your contribution to the transactional costs of buying and selling the underlying assets in the Trust.

The minimum initial investment in the Trust is \$500,000 but this amount may be waived or varied upon application.

Ibbotson reserves the right to decline any application that is submitted without the need to give reasons.

You can increase your investment by acquiring additional units or decrease your investment by redeeming units in the Trust.

#### Making Additional Investments

The minimum additional investment is \$100,000 but this amount may be waived or varied upon application. Refer to section 8 for how to apply for additional investments in the Trust.

#### Making a Redemption

You may apply to redeem any or all of your units on any Business Day. The minimum amount that may be redeemed from the 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. Ibbotson has discretion to waive or vary the minimum redemption amount prior to redemption.

To redeem, you must complete a redemption form and fax it to the contact details as set out in the redemption form (please use the contact details shown on the last page of the PDS 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.

Under its Constitution, if the Trust is liquid, redemptions are to be paid within 30 days from receipt of a redemption request. However, Ibbotson will endeavour to pay redemption requests as soon as possible. Normally, redemption proceeds will be paid within 6 Business Days following receipt of your request.

If the Trust is not liquid (as defined in the Corporations Act), you may only redeem from the Trust in accordance with the terms of a redemption offer made by Ibbotson.

Redemption of units could make you liable for tax on any gain. Ibbotson recommends you seek professional tax advice before you redeem units.

#### Switching Between Trusts

You may switch your investment to another Ibbotson trust subject to the redemption terms. The amount you switch must meet both the minimum redemption and switching investment amounts. As at the date of this PDS, these investment amounts are \$100,000, but this amount may be waived or varied.

When you switch, you are redeeming your investment from one trust and reinvesting it in another. To do this, you must complete and return both an application form and a redemption form.

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 change.

#### 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 assets.

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 the Trust may make no distribution for a quarter or the financial 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 it is necessary to preserve equity between investors.

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 and accepted by Ibbotson in writing at least 7 days (or such other period as determined by Ibbotson) before the end of the distribution period.

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

To calculate your distribution, the number of units you own on 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 this Trust and all classes of units in the Trust.

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

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

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

#### Indirect Investors

Ibbotson authorises the use of this PDS as disclosure to persons who wish to access the Trust indirectly through an Investor Directed Portfolio Service (IDPS), IDPS-like scheme or a nominee or custody service (collectively referred to as an 'IDPS').

Persons who invest in the Trust through an IDPS will be subject to different conditions from those referred to in this PDS; particularly with regard to cut-off times for transacting, timing of distributions, cooling-off rights, the complaints process, applications, redemptions, Trust reporting and investor notices. Also, additional fees and costs to those disclosed in this PDS may be charged by your IDPS operator.

Indirect Investors should read the guide provided by the IDPS operator. If you are selecting the Trust through an IDPS, please refer to your IDPS operator or your financial adviser for information on how to invest in the Trust.

You should read the important information about 'Investment in and redeeming from the Trust' (including restrictions on withdrawals and information relevant to Indirect Investors) before making a decision. Go to Section 1 of the **Additional Information Document**. The material relating to 'investment in and redeeming from the Trust' may change between the time when you read this PDS and the day when you acquire the product.

### 3. Benefits of Investing in the Ibbotson WS Conservative Trust

The Trust is managed by investment professionals with considerable experience in asset allocation, portfolio construction and investment research. Investors benefit from these three core capabilities which are built on a foundation of proprietary methodologies and award winning research.

The Trust provides diversification across multiple investments, investment managers and investment styles.

The Trust provides an investment solution for different types of investors, including those who want to build their own customised portfolio through exposure to particular asset classes.

### 4. Risks of Managed Investment Schemes

In making an investment decision it is important to consider the investment, its level of risk and diversification, 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 a decision.

**All investments carry risk. Different strategies may carry different levels of risk depending on the assets that make up the strategy. Assets with the highest long-term returns may have the highest level of short-term risks. Returns are not guaranteed and future returns may differ from past returns.**

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

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.

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

Generally, the **key risks of investing in managed investment schemes** include the risk that:

- ▶ the value of investments will vary;
- ▶ the level of returns and distributions will vary, and future returns and distributions may differ from past returns and distributions;
- ▶ returns are not guaranteed and investors may lose some of their money;
- ▶ laws affecting managed investment schemes may change including tax laws;
- ▶ investing in a trust may have different tax consequences than investing directly into assets that the Trust holds. This is because applications and redemptions by other investors may impact the distributions and the overall tax position of a trust;
- ▶ the Trust could come to an end; and
- ▶ the level of risk for each investor will vary depending on a range of factors including their age, investment time frame, the investor's other investments and their individual risk tolerance.

**Significant and specific risks** you should consider if investing in this Trust are:

**Market Risk**

The Trust invests in investment markets and 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 assets within a particular market. Periods of extreme market volatility can alter the level of risk, return and liquidity of the Trust.

**Currency Risk**

Movements in exchange rates between the Australian dollar and foreign currencies can affect the performance of the Trust due to its 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 Trust. The Trust may use currency hedging to reduce the magnitude of currency risk.

**Manager Risk**

There is a risk that underlying managers may fail to meet their investment objectives, resulting in sub-standard returns for the Trust.

**Counterparty or Default Risk**

There is a risk that a party Ibbotson contracts with in relation to the Trust, fails to meet its contractual obligations, resulting in a loss of capital for the Trust. Counterparties include brokers, foreign exchange counterparties and borrowers under any stock lending agreements.

**Contractual Risk**

In the interest of efficient investment, Ibbotson 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 Trust, the risk of units not being issued to that investor or the subsequent cancellation of these units. Investors may be liable for any loss to their potential capital in the event of market movements before application monies are received.

**Changes in Laws**

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

**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 Trust. 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, the Trust not being able to meet payment obligations as they arise and 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 which can be obtained free

of charge by contacting Ibbotson at the contact details shown on the last page of the PDS.

**Inflation Risk**

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

**Interest Rate Risk**

An increase in interest rates may lead to a reduction in the value of most investments. This risk is usually greater for fixed interest investments that have longer maturity dates.

**Liquidity Risk**

Liquidity risk is 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 movements. During extreme market volatility, the Trust may experience illiquidity. Redemptions may be suspended for a period of time and payments may be deferred.

You should read the important information about 'Further risks' before making a decision. Go to Section 2 of the **Additional Information Document**. The material relating to 'further risks' may change between the time when you read this PDS and the day when you acquire the product.

**5. How We Invest Your Money**

**You should consider the likely investment return, risk and your investment timeframe before choosing to invest in the Trust.**

Ibbotson's experienced investment professionals research potential underlying managers, asset classes and investment strategies which they believe is most likely to deliver on the Trust's investment objective.

Ibbotson's investment process involves a structured decision making framework which provides the necessary flexibility to respond to the dynamic nature of markets, while maintaining the direction and structure that a well thought out and disciplined investment process provides investors.

Ibbotson will allocate across asset classes, within allowable ranges, guided by long- term economically justified relationships between asset prices, valuations, and fundamentals.

The majority investor in the Trust may, from time to time, request the review and subsequent appointment of an underlying manager or underlying managers which may or may not be related parties of the majority investor. Ibbotson has acted in accordance with such requests from time to time and may do so in the future. In all cases, Ibbotson undertakes such reviews in accordance with Ibbotson's internal governance processes, including the requirement for all underlying managers to be consistent with the Trust's investment objective and investment strategy.

**Investment Profile**

Investment Objective <sup>1</sup>	
Aims to outperform the investment benchmark (SAA weighted composite return of the sector benchmarks) over 3 to 5 years.	
Investment Strategy	
An actively managed diversified Trust with a long term average exposure of around 75% to defensive assets such as fixed interest and cash and around 25% exposure to growth assets such as shares and property. The Trust will be invested across managed funds, direct securities, exchange traded funds, foreign exchange contracts and/or derivatives. The Trust aims to deliver real returns whilst preserving capital over the targeted investment horizon.	
<b>Minimum Suggested Timeframe for Holding Investment</b>	3 years
<b>Suitable Investor Profile</b>	The Trust is designed for investors who seek the potential for consistent income and a modest amount of capital growth.
<b>Risk Level/Profile<sup>2</sup></b>	Low to Medium
<b>Inception Date</b>	7 July 2000
<b>Trust Net Asset Value as at 30 September 2015</b>	\$35.4 Mil
<b>Distribution Frequency</b>	Quarterly
<b>APIR Code</b>	INT0056AU
<b>ARSN</b>	092 234 074
<b>Changes to the Trust</b>	The Trust's investment objective (including its benchmark), asset classes, asset ranges and currency strategy (if any) can be changed, without prior notice in some cases. Investors will be informed of any material change to the Trust as required by law.

## Notes

- The investment return objective is expressed before the deduction of management fees, expense recoveries and taxation, i.e. performance is measured relative to the before fees, costs and taxes are deducted. Refer to section 6 for details on fees and costs and section 7 for details on taxation. The investment return objective is not intended to be a forecast, it is merely an indication of what the Trust aims to achieve over the investment time horizon. The Trust may not achieve objective and **returns are not guaranteed**.
- 'Low to Medium' risk level means that the Trust is not expected to have frequent periods of negative and/or volatile returns, although you may experience negative returns in certain market conditions.
- As the Trust invests globally and across different asset classes, there is no single market index that is suitable to provide a benchmark. As such, a weighted composite of sector returns acts as a benchmark and reference guide for performance measurement.
- The asset allocations will be managed within both the sector ranges and the total growth and total defensive ranges shown. If market movements cause a breach of the ranges shown, Ibbotson will rebalance asset allocations shortly thereafter. The ranges may be changed without prior notice but Ibbotson will notify affected investors as soon as practicable and within 30 days of making any such material adjustments. For the most recent asset allocations, please refer to the Ibbotson website [www.ibbotson.com.au](http://www.ibbotson.com.au).
- The Trust may invest through other Ibbotson trusts to obtain its desired asset allocation. Where a Trust invests in another trust managed by Ibbotson, the management fee or performance fee (if applicable) will only be charged once on the invested amount.
- Ibbotson determines the level of currency exposure and hedging to adopt for the 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 3.
- The asset class 'International Shares' is actively hedged for currency exposure.

## Ethical Statement

Ibbotson does not explicitly take into account labour standards or environmental, social or ethical considerations when making investment decisions for the Trust or when selecting or monitoring underlying managers. Selected underlying managers are not required to take any such considerations into account when making their investment decisions.

You should read the important information about 'How we invest your money' before making a decision. Go to Section 3 of the **Additional Information Document**. The material relating to 'how we invest your money' may change between the time when you read this PDS and the day when you acquire the product.

Strategic Asset Allocation (SAA) <sup>3,4,5,6</sup>			
Sectors	Sector Benchmark	SAA (%)	Range (%)
Australian Shares	S&P/ASX 300 Accumulation Index	7.0	0–30
International Shares <sup>7</sup>	MSCI All Country World ex-Australia Index with Net Dividends Reinvested (Unhedged) MSCI All Country World ex-Australia Index with Net Dividends Reinvested (AUD Hedged)	7.0	0–30
Property Securities	S&P/ASX 300 A-REITs Accumulation FTSE/NAREIT Developed Markets Real Estate Index (AUD Hedged)	4.0	0–20
Global Infrastructure	S&P Global Infrastructure AUD hedged	2.0	0–10
Alternative Investments	Bloomberg Ausbond Bank Bill Index	5.0	0–25
<b>Total Growth</b>		<b>25.0</b>	<b>15-35</b>
Australian Bonds	Bloomberg Ausbond Composite Index	25.0	0–40
International Bonds (Hedged)	Barclays Global Aggregate AUD hedged	14.0	0–40
Global Inflation-Linked Securities (Hedged)	50/50 Barclays 1-5 year Inflation Linked & Bloomberg Ausbond All Maturities Inflation Linked	6.0	0–20
Cash	Bloomberg Ausbond Bank Bill Index	30.0	10–70
<b>Total Defensive</b>		<b>75.0</b>	<b>65-85</b>

## 6. Fees and 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 administration fees where applicable. Ask Ibbotson 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 & Investment Commission (ASIC)** website ([www.moneySMART.gov.au](http://www.moneySMART.gov.au)) has a managed investment fee calculator to help you check out different fee options.

The information in the fee tables below can be used to compare costs between different managed investment schemes. To calculate the effect of fees and costs on account balances use the calculator on the ASIC 'Moneysmart' website at [www.moneySMART.gov.au](http://www.moneySMART.gov.au). Fees and costs are deducted from the assets of the Trust and reduce the investment return to investors.

Type of Fee or Cost	Amount
<b>Fees When Your Money Moves In or Out of the Trust</b>	
Establishment fee	Nil
Contribution fee	Nil
Withdrawal fee	Nil
Termination fee	Nil
<b>Management Costs</b>	
The fees and costs for managing your investment	0.31%* p.a. of the net asset value of your investment in the Trust *This fee can be negotiated.

This Trust may have exposure to underlying managers and Ibbotson trusts which 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 page 5.

## Example of Annual Fees and Costs

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

Example – Ibbotson WS Conservative Trust balance of \$500,000 including a contribution of \$5,000 <sup>8</sup>		
Contribution fee	Nil	For every additional \$5,000 you put in, you will be charged \$0 as a contribution fee.
<b>PLUS</b> Management costs <sup>11</sup>	0.31% p.a.	And, for the average balance of \$500,000 you have in the Trust you will be charged a management fee of \$1,550 inclusive of GST and RITC. <sup>9</sup>
<b>PLUS</b> Performance fee costs <sup>10</sup>	0.03% p.a.	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 <sup>11,13</sup>
<b>EQUALS</b> Cost of Trust	0.34% p.a.	If you invest \$5,000 at the beginning of the year and your average balance is \$500,000 over the course of the year, you would be charged:  <b>\$1,693.50<sup>12</sup> p.a.</b>  <b>What it actually costs you will depend on the management fees you negotiate with Ibbotson.</b>

## Notes

- The example is based on an average investment balance of \$500,000 (as this is the minimum investment amount accepted in the Trust) which includes a contribution of \$5,000 at the beginning of the year. Ibbotson however notes that the minimum additional investment amount is \$100,000.
- Management costs are calculated on an Indirect Cost Ratio basis and are net of GST and RITCs. Management costs are rounded to two decimal places, but in practice the rates are calculated and applied at more than two decimal places. Refer to '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 Conservative 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' 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% (net of GST and RITC), and outperforms its performance hurdle by 8%. Please note, the fact that the example assumes out performance of 8% is not in anyway intended to be a forecast of the likely returns generated by any particular investment manager. **Returns are not guaranteed.**

12. The example assumes that your average balance is \$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.

13. This example is calculated on the basis that (a) the underlying manager charges a performance fee of 10.25% (net of GST and RITC) (b) the underlying trust outperforms its hurdle by 8% in the year (and there is no previous negative performance to be made up and no prior performance fees have been paid), and (c) the Ibbotson WS Conservative Trust has 3.5% of its portfolio invested with the particular manager, then you will be charged a performance fee of \$143.50 calculated as follows:

$$\begin{aligned}
 & \text{Invested amount multiplied by the investment manager exposure multiplied by the manager's out performance multiplied by the performance fee percentage:} \\
 & = (\$500,000) \times 3.5\% \times 8\% \times 10\% \\
 & + (\text{GST} - \text{RITC}) \\
 & = \$140 + (\$140 \times 10\%) - (75\% \times \$140 \times 10\%) \\
 & = \$143.50
 \end{aligned}$$

## Additional Explanation of Fees and Costs

### Change of Costs

Ibbotson has the right to change the amount of fees without investors' consent within the limits set out in the Trust's Constitution. Any increase to the amount of fees will not take effect until 30 days notice to investors has been given.

### Management Costs

Management costs are the fees and costs for managing your investment and include all direct and indirect costs for managing the Trust. If the 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.

### Performance Fees

Certain underlying managers including Ibbotson may charge performance fees. These fees are payable if the relevant investment managers meet 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.

If the Trust is exposed to performance fees this is footnoted in the table on page 4. If the Trust is not currently exposed to performance fees, it may be in the future, and affected unit holders will be notified at least 30 days before such underlying investment manager changes are implemented.

### 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 for, switch or redeem units from the 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 investors are retained in the Trust to cover these transaction costs.

The Trust's buy/sell spread is 0.03% upon entry (\$150 for each \$500,000 investment) and 0.03% upon exit (\$150 for each \$500,000 investment).

Buy and sell spreads may change without notice, for example if transaction costs change. Ibbotson has a Unit Pricing Policy 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 Unit Pricing Policy (and any records ASIC requires to be maintained) free of charge by contacting Ibbotson.

### Differential Fees and Unit Pricing

Ibbotson may from time to time negotiate different fees (by way of a rebate or waiver of fees) with investors who are wholesale clients (as the Corporations Act defines that term).

lbbotson's documented policy regarding the exercise of discretions regarding unit pricing; and records of any exercise of such discretions which are outside scope of the policy, or inconsistent with the policy is available on request from lbbotson at no charge.

You should read the important information about 'Fees and costs' before making a decision. Go to Section 4 of the **Additional Information Document**. The material relating to fees and costs may change between the time when you read this PDS and the day when you acquire the product.

## 7. How Managed Investment Schemes are Taxed

**Investing in a registered managed investment scheme is likely to have tax consequences.**

**Investors are strongly advised to seek professional taxation advice.**

The Trust does not pay tax on behalf of investors. As an investor, you will be assessed for tax on your share of the income and capital gains generated by the Trust.

Tax laws, and the interpretation and administration of them, change over time.

You should read the important information about 'Additional information about tax' before making a decision. Go to Section 5 of the **Additional Information Document**. The material relating to tax may change between the time when you read this PDS and the day when you acquire the product.

## 8. How to Apply

This PDS and the offer of units in the Trusts are available only to Australian resident investors receiving this PDS (including electronically) in Australia and to New Zealand residents who are wholesale investors where permitted by Australian and New Zealand law. Other applications from outside Australia will not be accepted.

Indirect Investors who are clients of an IDPS operator do not have a direct relationship with the Responsible Entity. Refer to the 'Indirect Investors' section on page 2.

You can invest directly in the Trust by completing the application form including anti-money laundering information and paying the application monies. The application form is found in the How to Invest section of the lbbotson website. The minimum initial investment in the Trust is \$500,000 and \$100,000 for additional investments, but these amounts may be waived or 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 on that Business Day. 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.

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 an investor. The amount owing, together with any costs and expenses incurred by the Trust as a result of non-receipt of the monies, will be treated as a debt owing to the Trust and units held by you may be redeemed in order to meet that debt.

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 requirements) your application does not progress.

### Cooling-Off Period

A cooling-off right does not apply to indirect investments so Indirect Investors, should consult their IDPS operator in relation to any cooling-off rights that may apply. If a cooling-off period applies to you, and you decide that your investment in the Trust is not suitable, you can request in writing to have it cancelled during the 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 5 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.

### Complaints

lbbotson aims to provide you with quality ongoing service and has established procedures for dealing with complaints. If you are investing directly and are dissatisfied or have a complaint about your investment in the Trust, please contact lbbotson in the first instance at the contact details shown on the last page of the PDS.

Your complaint will be acknowledged within 3 Business Days of receipt and lbbotson will make every effort to resolve your complaint within 21 days of receipt and no later than 45 days of receipt.

If you are still not satisfied, you may refer the matter to the Financial Ombudsman Service (FOS) of which lbbotson is a member. 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 lbbotson otherwise agree in writing). FOS is only able to make a determination of up to \$280,000 per managed investment claim (excluding compensation for costs

and interest payments). These monetary limits and the FOS terms of reference may change from time to time. lbbotson is 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: 1800 367 287  
Fax: +61 3 9613 6399  
Email: [info@fos.org.au](mailto:info@fos.org.au)  
Web: [www.fos.org.au](http://www.fos.org.au)

You should read the important information about 'How to apply' including information on Indirect Investors before making a decision. Go to Section 6 of the **Additional Information Document**. The material relating to 'How to apply' may change between the time when you read this PDS and the day when you acquire the product.

## 9. Additional Information

If you are printing an electronic copy of this PDS you must print all pages, including the Additional Information Document, application form accompanying the PDS and any additional documents (if applicable). If you make this PDS available to another person, you must give them the entire electronic file or print out, including the Additional Information Document, application form and any additional documents (if applicable). You can obtain a paper copy of this PDS (and any additional documents) free of charge by contacting lbbotson.

The value of your investment may rise and fall, and at times your returns may be negative. Neither lbbotson, Morningstar nor any of their related companies, directors, officers, service providers or the underlying managers appointed for the Trust guarantee that your investment will appreciate in value or retain its value, guarantee the repayment of capital or guarantee the performance of the Trust. Investments in the Trust are subject to investment risk, including possible delays in repayment (such as a delay in receiving funds from a redemption of an underlying investment) and loss of income or loss of capital invested.

Custody is the safekeeping of assets. A custodian has been appointed to hold and maintain certain Trust assets as agent of the Responsible Entity. Any Trust assets not held by the custodian are held directly by the Responsible Entity. A custodian is the legal owner of assets, but not the beneficial owner. Custodians do not decide which assets are bought or sold. They simply hold them securely for their beneficial owners and deal with them as directed by the beneficial owner.

Services provided by the custodian (as agent of the Responsible Entity) include core custodial services of trade and transaction settlement, corporate action event reporting and administration, reconciliations, and proxy voting services. Other custodial services include record keeping and reporting, income and distribution processing, cash management and tax reclamations. Investment administration services are also provided by Ibbotson's custodian like valuing Trust assets, calculating unit prices and distribution amounts, performance reporting, and unit registry. The custodian manages a securities lending program in relation to the Trust assets. Ibbotson may change the custodian.

Unless stated otherwise, all fees are inclusive of GST after taking into account any expected RITCs.

Ibbotson is a Morningstar company. Morningstar has consented to being referred to throughout this PDS.

All monetary amounts referred to in this PDS are in Australian dollars, and all telephone numbers are Australian (unless otherwise specified).

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

**Information that is not materially adverse information is subject to change from time to time. Where this occurs, a website notice will be posted at [www.ibbotson.com.au](http://www.ibbotson.com.au). A paper copy of any updated information will be given to a person without charge on request.**

#### **Contact Details**

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](http://www.ibbotson.com.au)  
Email: [AUDistribution@ibbotson.com](mailto:AUDistribution@ibbotson.com)

