

# Product Disclosure Statement

## InvestSMART Professionally Managed Account

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/ Responsible Entity & Issuer:

InvestSMART Funds Management Limited

ACN 067 751 759

AFSL 246441

/ Professionally Managed Accounts

ARSN 620 030 382

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# Product disclosure statement

## Important information

Application is invited for investment in the InvestSMART Professionally Managed Accounts ARSN 620 030 382 registered with the Australian Securities and Investments Commission (ASIC) as a managed investment scheme under the Corporations Act 2001 (Cth). This portfolio service is established and offered within the Professionally Managed Accounts managed investment scheme (Scheme) and is referred to in this Product Disclosure Statement (PDS) as the “InvestSMART Professionally Managed Accounts”. This is called the “Offer”.

The Offer under this PDS is available to persons receiving the PDS within Australia and New Zealand. The distribution of this PDS in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of it should seek advice on and observe any such restrictions. This PDS does not constitute an offer to any person to whom, or in any place in which, it would be illegal to make that offer.

This PDS includes a number of references to important additional information contained in the Investment Menu which should be considered together with this PDS.

InvestSMART Funds Management Limited (referred to in this PDS as “InvestSMART”, “we”, “our” or “us”) is the Responsible Entity of the InvestSMART Professionally Managed Accounts and the issuer of this PDS. None of InvestSMART, any of its associates and subsidiaries, or any Investment Manager guarantees the success of the InvestSMART Professionally Managed Accounts or any particular Portfolio, or the repayment of capital or a particular rate of return, income or capital.

## Your responsibility

The information contained in this PDS is general only and does not consider your individual objectives, financial situation, needs or circumstances. It is your responsibility to determine whether investing in the InvestSMART Professionally Managed Accounts is appropriate for you having regard to your objectives, financial situation, needs and circumstances.

InvestSMART does not provide personal advice that takes into account your individual objectives, financial situation, needs or circumstances. If you believe you need personal advice, you should seek the services of a professional financial, legal or tax adviser.

Before making an investment, please ensure that the investment is suitable for your situation. All investing carries some kind of risk. Speak to an advisor and tax specialist for further assistance. Ensure that you read all current disclosure documents including this PDS and Investment Menu. These documents are subject to change. Changes that are not materially adverse to investors may be made by InvestSMART amending the PDS and Investment Menu and making the updated versions available on the InvestSMART website. You can contact us to request a paper copy or electronic copy of the updated information without charge.

Contact details for enquiries about the InvestSMART Professionally Managed Accounts are:

**Address:** InvestSMART Financial Services Pty Limited  
GPO Box 744 QVB NSW 1230

**Email:** [invest@InvestSMART.com.au](mailto:invest@InvestSMART.com.au)

**Phone:** 1300 880 160

**Website:** [www.investsmart.com.au](http://www.investsmart.com.au)

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## 1. About InvestSMART

InvestSMART Funds Management Limited (**InvestSMART**, ACN 067 751 759, AFSL 246441) is the Responsible Entity for the InvestSMART Professionally Managed Account (**PMA**). As Responsible Entity, InvestSMART is responsible for overseeing the operations of the PMA and for its distribution. InvestSMART is the issuer of the PMA product.

InvestSMART is a wholly owned subsidiary of InvestSMART Group Limited ACN 111 772 359, which is listed on the ASX (ASX code: INV).

## 2. What is the InvestSMART Professionally Managed Account?

The InvestSMART PMA is established and offered within the registered managed investment scheme known as the Professionally Managed Accounts. Each investor has a separate “**Account**” to which their investments are allocated.

Your Account can be constructed by using a range of available investment strategies that you select. Each investment strategy is referred to as a **Portfolio**, and they can be found in the Portfolio profiles in the Investment Menu. Once you decide which Portfolio(s) are best suited to your investment needs and objectives, we will purchase investments to be included in your Account so that it reflects the Portfolio, or combination of Portfolios, that you have selected.

You will be the registered and legal owner of the investments in your Account. You can view all the investments which are included in your Account online through a single login, even if you have invested in more than one Portfolio. The Investment Manager will manage the Portfolio on an ongoing basis, and we will buy and sell investments to be included in, or removed from, your Account as the Portfolio changes.

## 3. Key features

InvestSMART Professionally Managed Account	
Fund name	Professionally Managed Accounts.
ARSN	620 030 382.
Responsible Entity	InvestSMART Funds Management Limited ACN 067 751 759 AFSL 246441.
Investment Managers	See the Investment Menu for more information.

Income	Income that is paid from investments held in your Account is added to your cash holding and included in the next rebalance (refer to “How the PMA works” for additional information on the rebalance process). OR You may choose to have your investment income paid into your Nominated Bank Account periodically.
Contributions and withdrawals	Contributions must be in cash and withdrawals can be in cash or by transferring securities. See “How the PMA works” for details.
Portfolio weighting	If you select more than one Portfolio the weightings will float with market movements. Additional contributions are invested on the original weightings you selected unless you choose to change. This is explained in more detail under “How the PMA works”.
Minimum Cash Holding	0.5% of your Account balance.
Minimum initial investment, Minimum withdrawal amount, Minimum account balance	Specific minimum investment amounts are specified in the Portfolio profiles in the Investment Menu. There is currently a minimum initial investment amount of \$10,000, unless otherwise specified in the Investment Menu. Although there is currently no minimum account balance, InvestSMART may at its discretion close your account or require you to top up your account if it falls below \$10,000. There is currently no minimum withdrawal amount.
Additional contributions	You can make additional contributions at any time. Any additional contribution may be subject to a minimum top up amount at our discretion. Refer to our website for further information. If you have an Fundlater loan with an outstanding balance, we will deduct loan repayments from your additional contributions
Regular Contribution Plans	You can make regular contributions to your investment, either by signing up to our Regular Contribution Plan or by making your own arrangements directly with your bank or financial institution. See “How the PMA works” for full details.
Regular Withdrawal Plans	You can make regular withdrawals from your Account. See “How the PMA works” for full details.
Fees and other costs	Please see Section 7 together with the Investment Menu for a detailed explanation of fees and costs.
Risks	All investments are subject to risk. The significant risks associated with the PMA are described in Section 5.
Reporting	All reporting for the PMA is made available online and applications will only be accepted from persons who agree to receive reports through this facility. Some of the key reporting available online include: <ul style="list-style-type: none"> <li>• Portfolio Report: This gives a full valuation broken down by asset class of your Account.</li> <li>• Performance Report: The performance of your Account is available daily.</li> <li>• Transaction Report: Lists all buys and sells in respect of your Account.</li> <li>• Dividends and Interest: Lists all dividends and interest received into your Account.</li> <li>• Fees: Lists all fees paid by your Account.</li> <li>• Deposits and withdrawals: Lists all contributions, Fundlater loan repayments instalments (if any) and withdrawals from your account.</li> <li>• Tax reporting: Tax statements are available online approximately 3 months following the end of financial year or will be emailed to you.</li> </ul>
Cooling off and complaints	Cooling off rights may apply. Please see Section 11 for more information, as well as an overview of our complaints handling process.
General information and updates	Further information, including any updates issued by InvestSMART and other statutory reports, can be found at <a href="http://www.investsmart.com.au">www.investsmart.com.au</a> .

## 4. Benefits of investing in the InvestSMART Professionally Managed Account

The significant benefits of investing in the PMA include:

- **Construct a unique Account using our blending facility**

A number of Portfolios are available through the Investment Menu – you can combine them in any proportion that you choose. Your individual blend of Portfolios will result in a single Account that is tailored to your needs.

- **Change Portfolios in a tax-advantaged manner**

If you change your blend of Portfolios we update your Account, based on the new weightings, and then trade securities so that your Account matches your new combination of Portfolios. This means that we do not unnecessarily sell down securities from your Account to adjust it to the new combination of Portfolios.

- **View the securities that make up your Account at any time**

You are the registered legal and beneficial owner of a portfolio of securities. You can log into the investor website at any time to view the individual securities that make up your Account.

Please note, in some circumstances, such as when trading is being conducted in respect of your selected Portfolio(s), your exact security holdings will not be available for the period of the trading or longer at the discretion of InvestSMART.

- **Move securities out of your Account at any time**

Moving securities out of the PMA does not result in a realisation for capital gains tax purposes.

- **Retain the key benefits of managed funds**

The Portfolios (i.e. investment strategies) in the Investment Menu are all professionally constructed and managed by our Investment Managers and provide investors with access to professional investment managers and low rates of brokerage not available individually.

- **You don't inherit other investors' capital gains**

Unlike most other managed investment schemes, your tax position as a result of investing in the PMA is affected only by the activity within your own Account. You do not buy into gains which have built up from other investors' earlier investments, and you do not realise gains because of other investors' decisions to withdraw from the PMA.

- **You can easily arrange for regular additional contributions**

It is easy to arrange to make a regular additional contribution into your Account. Full details are set out under "How the PMA works".

- **You can easily arrange for regular withdrawals**

It is easy to arrange to make a regular withdrawal from your Account. Full details are set out under "How the PMA works".

- **You can easily arrange for dividends and distributions to be paid out to your Nominated Bank Account**

It is easy to nominate a bank account to receive dividends and distributions paid on your securities. Full details are set out in the application process.

## 5. Risks of the InvestSMART Professionally Managed Account

Before you make an investment decision, it is important to identify your investment objectives and the level of risk you are prepared to accept. This may be influenced by factors such as:

- the timeframe over which you are expecting a return on your investment;
- your need for regular income versus longer term capital growth;
- your level of comfort with volatility in returns;
- the general and specific risks associated with a particular Portfolio; and
- risks associated with the structure through which your investments are made.

If unsure about making an investment, InvestSMART recommends that you seek advice from a professional about your individual financial circumstances and needs, as well as the suitability of the PMA and Portfolio selection before you apply to establish an Account within the PMA or select any Portfolio(s).

### General risks

All investments have an inherent level of risk. Investment risk may result in loss of income or capital invested and possible delays in repayment. You could receive back less than you initially invested and there is no guarantee that you will receive any income.

### Portfolio investment risk

Historically equity securities have offered higher returns over the long term than other asset classes, however they are volatile and can perform poorly over the short to medium term.

Securities of smaller capitalised companies may, from time to time and especially in falling markets, become less liquid and experience short-term price volatility.

They may also be less financially secure than larger more established companies and depend on a small number of key personnel, which increases the risk of a company's failure if a product fails, management changes or if there are other adverse developments. Some Portfolios may only hold a small number of investments compared to the relevant benchmark index for that Portfolio. The performance of Portfolios holding a concentrated portfolio of investments is likely to be more volatile than its benchmark index across all investment timeframes. The Portfolio profiles in the Investment Menu provide general guidance on the types of investments likely to be contained in each Portfolio.

### Regulatory risk

This is the risk that a government or regulator may affect the value of investments that a Portfolio invests in, by introducing regulatory or tax changes.

### Market risk

Economic, technological, political or legislative conditions and even market sentiment can (and do) change and this can mean that changes in the value of investment markets can affect the value of the investments, particularly for listed securities, in a Portfolio.

### Derivative risk

The Investment Manager will not use derivatives nor engage in short-selling in your Account.

### Scheme risk

There are risks particular to investing in the PMA including that the PMA could be terminated, fees and charges could change, InvestSMART could be replaced as Responsible Entity, Investment Managers may be changed, and Portfolios could be closed or change.

### Operational risks

In addition to the normal risks of investing, investors in the PMA are subject to certain operational risks that are inherent in the administration of the PMA such as processing errors and systems or technology failure, which may affect the value of your Account. InvestSMART has policies in place for managing operational risks and their consequences. Under these policies, InvestSMART has the discretion whether to compensate investors for immaterial or negligible losses arising from processing errors or systems failures.

### Foreign market risk

Investing internationally carries additional risk. Risks inherent in this type of investment include (but are not limited to):

- differences between countries relating to accounting, auditing, financial reporting, government regulation, securities exchanges and transactional procedures;
- foreign markets may have different levels of liquidity, pricing availability and settlement and clearance procedures;
- actions of foreign governments, exchange controls, political and social instability; and
- international investments usually include foreign currency risk.

These risk considerations apply, to some extent, to all international investments, but are likely to be of greater significance in certain small or emerging markets.

### Investment manager risk

Investment manager risk refers to the risk that an investment manager will not achieve the performance objectives or not produce returns that compare favourably against its peers. Additionally, there is the risk that a manager's investment strategy may not prove to be effective. Many factors can negatively impact the manager's ability to generate acceptable returns from their investment management process, including loss of key staff.

### Responsibility entity risk

There are risks associated with the operational and financial performance of InvestSMART as Responsible Entity. In addition, InvestSMART Group's key professionals could change or InvestSMART could be replaced and this might affect how the Portfolios are managed.

### Fundlater Loan Risk

If you have used the Fundlater loan facility to make an investment, your investment in the PMA will be leveraged which will magnify both gains and losses on the portfolio you have invested in.



## 6. How the InvestSMART Professionally Managed Account works

### Establishing your Account

By applying to invest in the PMA you authorise InvestSMART to complete the following actions to open your Account:

1. open a Cash Management Account through our nominated broker;
2. fund the Cash Management Account through a holding account administered by InvestSMART; and
3. open a Broking account with our nominated broker.

When your Account is operational, you authorise InvestSMART to:

- deal in investments permitted by the Investment Menu in the Account, as advised by the Investment Managers selected by you and detailed in the Investment Menu;
- pay transaction costs;
- pay management fees and expenses from your Account to InvestSMART.

### Minimum application amount

The current minimum investment amount for the PMA starts at \$10,000 per Portfolio, unless otherwise stated in the Investment Menu or agreed with InvestSMART. Please note that an initial investment of \$10,000 is required before your Account becomes active.

### Cash transfers

To activate your account, client monies will be funded into a holding account administered by InvestSMART which will be subsequently distributed into a Cash Management Account. The funding of the Cash Management Account is processed by InvestSMART after the money has been received in the holding account.

To fund this holding account, you may opt for one of the following methods:

- BPAY
- Direct transfer into the Cash Management Account, if available.

### BPAY

BPAY details will be provided when you have completed the online application form.

### Direct Debit by InvestSMART

Under the direct debit facility, we will collect money from your Nominated Bank Account on the day we accept your application and will invest when the cash is received on the next Rebalancing Date. If a direct debit is rejected, we will try to contact you. If we cannot contact you within 10 business days, your application will be deemed invalid and will be cancelled. It is important you ensure that your Nominated Bank Account has sufficient funds available on the day your application is submitted to us.

### Direct transfer into the account

Details of the Cash Management Account holding account will be provided in the application process.

### Making additional contributions

Additional contributions can be made at any time by BPAY or electronic cash transfer into the PMA. The additional contributions will be invested in or applied to your selected Portfolio(s) at the next Rebalancing Date. If you have a Fundlater loan balance outstanding, the additional contributions will be deducted to make Fundlater loan repayment instalments. Additional contributions in excess of the loan repayment instalment will be deducted to further reduce your Fundlater loan. Any additional contribution may be subject to a minimum top up amount at our discretion.

### Regular Contribution Plans

You can make regular contributions to your Account by completing the Investment Preferences section of your Account portal (which instructs your bank to pay an agreed amount into our holding account on a regular basis).

### Regular Withdrawal Plan

You can make regular cash withdrawals from your Account by completing the Regular Withdrawal Plan request in the Investment Preferences section of your Account portal. Under the Regular Withdrawal Plan we will deposit a regular amount to your Nominated Bank Account. You can start, change or stop withdrawals at any time free of charge, however 4 days' notice is required. If a direct credit is rejected, we will buy back the relevant investments into your Account at the next Rebalancing Date and any loss will be your responsibility.

### Cash withdrawals

Cash withdrawals will be paid into your Nominated Bank Account. Any instruction to vary this account must be completed electronically by you and accepted by InvestSMART. The sale of investments in your Account will commence at the next Rebalancing Date following receipt of your withdrawal request. Investments will be sold across your selected Portfolio(s) (if applicable). The value you will receive will be that at which the investments are sold net of all fees, charges and expenses including transaction costs such as brokerage. The sale of investments will generally be actioned on the Business Day following receipt of your request and the proceeds will generally be available within 24 hours of settlement of the sale of investments. While this is typically within 4 Business Days, this cannot be guaranteed as there may be delays depending on the liquidity of assets, market and other factors beyond our control.

You should allow plenty of time between making

your withdrawal request and when the proceeds are required.

Unless specifically requested, the withdrawal amount will accumulate as part of your cash holding until the full amount is available for transfer into your Nominated Bank Account.

### Suspension of withdrawals

In unusual circumstances outside our control such as the closure or disruption of a relevant security exchange, we may suspend withdrawals from investor Accounts for the period that these circumstances prevail.

### Receiving income or dividends

Unless specified otherwise, income or dividends received will form part of your cash holding within your Account.

If you would like your dividends to be excluded from your cash holding and paid periodically into your Nominated Bank Account, please select this option on your application or through our online portal.

### Withdrawing your Investment

You will normally be able to request a withdrawal on any Business Day and requests will be complied with promptly, subject to any requirements of the law and as set out below. Withdrawal instructions must be given to us electronically. Once you give a withdrawal instruction, you cannot revoke the instruction unless we give our approval. Withdrawals from the PMA can be made to your Nominated Bank Account or via a transfer of investments to a broking account in the same name as your Account held within the PMA, or a combination of cash and investments.

If a combination of cash and investments is selected, the transfer out of investments must be confirmed before the remaining investments are sold to generate the cash portion of the withdrawal.

If applicable, the minimum withdrawal amount and minimum balance requirements which apply to your Account are set out in the “Key features” table.

If a full withdrawal is requested, your investment in the PMA will be treated as being terminated and your Account will be closed.

### Available Investments

The Portfolios that are currently available for investment in the PMA are described in the Investment Menu. InvestSMART may update this Investment Menu at our discretion. The information relating to each Portfolio includes:

- the Investment Manager;
- investment objective and strategy;
- asset allocation ranges and performance benchmarks; and
- fees applicable to the Portfolio

As certain information about the Portfolios may change you should check for updated information at our website: [www.investsmart.com.au](http://www.investsmart.com.au). Our relationship with the Investment Managers is governed by an Investment Management Agreement. This sets out the agreed investment objectives, strategy and any investment restrictions applicable to each Portfolio. Each of the Portfolios is managed by the relevant Investment Manager within these investment guidelines.

Any changes to a Portfolio are advised to us by the Investment Managers, and we then buy and sell investments to implement the changes across all Accounts that are based on the affected Portfolios.

We reserve the right to change Investment Managers, change the Portfolios offered, offer new Portfolios or cease to offer Portfolios at our discretion. Where a Portfolio ceases to be offered, we will give you prior written notice.

We do not make any representation as to the return of capital or any particular return of income or other performance by the PMA or any Portfolio.

### How your investments are held

Your assets held within the PMA in your Account are held in your name with the nominated broker and Cash Management Account. InvestSMART will not withdraw funds from these accounts other than in accordance with your direction (including a standing instruction) or where necessary to meet our fees, meet any settlement obligations with the nominated broker, or where otherwise directed by a regulatory body or court order.

### Selecting investments

The investments selected for your Account will be determined by the Portfolio(s) that you select. When selecting a Portfolio, you should carefully consider the number of investments held as well as your investment amount, as this could impact on the ability of your Account to reflect the stated investment strategy of the Portfolio.

Your initial application amount will be invested, and your Account established, in accordance with your selection of Portfolio(s). Generally, this will occur on the next Rebalancing Date after your Account becomes active. Where you have selected a combination of Portfolios, your Account will be viewed and treated as a single Account of your consolidated holdings.

### Model weightings – fixed or floating?

If you select more than one Model Portfolio, you have the choice of applying the Model weightings on a fixed or floating basis. If no selection is made, Model weightings will default to floating.

Applying your Model Portfolio weightings on a floating basis means that when your selected Model Portfolios perform differently from each other,

the relative proportion attributable to each Model Portfolio will move (float) away from the weights that you originally selected.

For example, if you originally invested \$100,000, allocating 50% to Model Portfolio 1 and 50% to Model Portfolio 2, they would notionally be broken down as:

	Model Port. 1	Model Port. 2	Cash	Total
Weighting	49.75%	49.75%	0.5%	100%
Value	\$49,750	\$49,750	\$500	\$100,000

If, after one day, Model Portfolio 1 had a performance of -10% and Model Portfolio 2 had a performance of +10% and you chose to apply the Model weights on the above floating basis, your approximate breakdown would be:

	Model Port. 1	Model Port. 2	Cash	Total
Weighting	44.775%	54.725%	0.5%	100%
Value	\$44,775	\$54,725	\$500	\$100,000

Applying the Model weights on a floating basis means that we will not act to adjust the relative values of the Model Portfolio— they will continue to move independently from each other according to each option's relative performance.

If you chose to fix the weightings, at each rebalance date, the proportion attributable to each Model Portfolio will remain the same as the weights that you originally selected. In the above example, this would involve selling down \$4,975 of investments from Model Portfolio 2 to apply to investments in Model Portfolio 1, restoring each to equal weightings.

You should be aware that choosing the 'fixed' basis may mean that investments attributable to a highly performing Model Portfolio are sold to purchase additional investments attributable to a Model Portfolio with lower performance.

You may change the basis at any time. If you have elected to use the floating basis you may reset your weightings to your selected fixed percentages at any time, and then revert to a floating basis again.

Additional contributions and withdrawals to or from your Model Portfolios are allocated to align with your current Model weights unless you specify differently. For fixed weightings this will be your nominated weighting, for floating weightings this will be the weights of current Model Portfolio balances at the time of the contribution.

If no selection is made, the default will be to floating model weights.

### Minimum Cash Holding

A Minimum Cash Holding of 0.5% of your total investment will be retained. Interest is not paid on any cash that is retained in your Account.

### Switching Portfolios

You can switch between Portfolios or alter the combination of Portfolios on which your Account was constructed, at any time. Your instruction to switch between, or alter, Portfolios will generally be acted upon during the next Rebalancing Date following receipt of such instructions from you. Refer to the "Investment process and rebalancing" section.

### Maintaining a Minimum Cash Holding

To ensure there is sufficient cash to pay fees and satisfy charges in connection with the settlement of trades that are carried out in respect of your Account, you must maintain a minimum amount of cash in the PMA. This is included in any cash that a Portfolio may require to be maintained in your Account. The minimum cash amount is calculated as a percentage of your Account and is set out in the table under "Key features".

If at any time the cash in your Account falls below the required minimum, we may sell some of the investments in your Account to bring your cash back up to the required minimum level. Please refer to the section “*Going above or below the Minimum Cash Holding*”.

No interest or income earned on any cash that is held in respect of your Account will be credited to your Account.

### **Going above or below the Minimum Cash Holding**

Where cash in excess of the Minimum Cash Holding accumulates, (for example from the receipt of income or dividends) it will generally be invested on the next Rebalancing Date subject to minimum trade sizes being achieved. To the extent practicable the funds will be invested in proportion to your current Portfolio(s) weights. If the cash holding in your Account falls below the minimum required, additional investments will be sold (or purchases reduced) pro-rata across your Account. Any such transactions will not change the relative weightings of the Portfolios that your Account was constructed on but will reduce the overall amount allocated to each Portfolio.

Alternatively, you can elect to top-up your cash holding from your Nominated Bank Account, as outlined under “*Making additional contributions*”.

### **Fees attributable to your Minimum Cash Holding**

The minimum cash holding held in your Account will be subject to the fees and any cash held in accordance with a Portfolio will be subject to the fees applicable to that Portfolio.

### **Investment process and rebalancing**

Rebalancing within the PMA is an automatic process whereby Portfolios are compared against

the investors’ Accounts. The rebalancing process within the PMA will generally be undertaken on each Rebalancing Date. Your Account will only be rebalanced in the following circumstances:

- an Investment Manager advises us of a change to a Portfolio comprising your Account; or
- you make an investment in or withdraw cash and/or investments from your Account; or
- you switch Portfolios or make other alterations to your Account; or
- when you have more than one portfolio, and each Portfolio moves (float) away from the Portfolio weights you originally selected, subject to the minimum trade size, your Account may be rebalanced to reflect the original weights if you have chosen to fix the portfolio weights; or
- where your cash holding has moved away from the minimum 0.5% of your total investment required as a result of income received, or fees paid.

The Investment Managers generally review their Portfolios each Business Day and may advise us of changes to their Portfolios at any time. A minimum cash holding, as noted above, of your total investment will be retained.

Interest will not be paid on any cash that is retained in your Account.

### **Dealing in investments**

Dealing in investments for the PMA will be undertaken by InvestSMART on the advice of the relevant Portfolio Managers. Dealing will occur on an aggregate basis across all Portfolios within the PMA to take advantage of scale and purchases and sales will be allocated to the relevant Accounts on a pro rata basis.

As your investments are held in a broker-sponsored

account registered through CHESSE, InvestSMART will generally use a single execution only broker. However, we may change brokers at any time.

### Minimum trade size

A minimum trade size is applied per investment, per trade. The default minimum trade size is \$150 per investment, per trade. A minimum trade size per investment will generally ensure that trades (buys or sells) of a value less than the nominated amount will not be executed. A minimum trade size may also result in the performance of your Account deviating from the performance of the Portfolio(s).

### Labour standards and environmental, social or ethical considerations

Unless otherwise indicated in the Portfolio profiles in the Investment Menu, the Responsible Entity and Investment Managers may not have a predetermined view or designated methodology for taking labour standards or environmental, social and ethical considerations into account in the selection, realisation and retention of the PMA and Portfolio's investments. These factors may only come into consideration when they present an operating or financial risk to the business.

### Corporate actions

As the Responsible Entity for the PMA, InvestSMART will receive communications on your behalf, relating to corporate actions affecting the investments held in your Account. For example, companies and the issuers of the investments will send any notices of meetings relating to the investments, and any offers of dividend or distribution reinvestment plans, or rights issues.

In dealing with corporate actions, we will act in the best interests of investors in the PMA as a whole but will generally not be obliged to act on any individual investor's directions.

Our policy regarding corporate actions affecting investments held in the PMA is that generally:

- we may elect to receive dividends and distributions in additional units or as cash at our discretion. If we elect to receive cash, then amounts will be credited to your cash holdings within your Account;
- we will generally adopt a neutral position and not vote at meetings of holders of investments, although we may exercise our discretion and vote depending on the circumstances; and
- we will deal with other corporate actions using our discretion.

In certain limited circumstances, entitlement to corporate actions may be subject to externally imposed limits or caps which may result in your entitlement to participate in the corporate action through your PMA holding being less than an entitlement of an individual investor holding the same number of investments directly.

## 7. Fees and other costs

### DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns.

For example, total annual fees and costs of 2% of your account balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example reduce it from \$100 000 to \$80 000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower fees. Ask the fund 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](http://www.moneySMART.gov.au)) has a managed funds fee calculator to help you check out different fee options.

This section shows fees and other costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from the asset of the management investment scheme as a whole.

Taxes are set out in another part of this document.

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

Fees and costs for particular investment options are set out in each Portfolio Profile in the Investment Menu.

Type of fee or cost	Amount <sup>1</sup>	How and when paid
<b>Ongoing annual fees and costs</b>		
<b>Management fees and costs</b> The fees and costs for managing your investment. The amount you pay for specific investment options is shown in the table below.	<b>Management fees</b> Each Portfolio has its own management fee ranging from 0% to 0.55% p.a. This fee is dependent on how much you invest and may be negotiated with wholesale clients (with the meaning of the Corporations Act).	Calculated monthly in arrears based on the daily value of your Account and the particular Portfolio(s) selected. The management fee is capped at \$550 and is deducted directly from your Account monthly.
	<b>Indirect costs</b> Each Portfolio has its own indirect cost ranging from 0% to 1.27% p.a. Indirect cost figures are generally estimates for a previous financial year and the prevailing level of indirect cost may be different.	Indirect costs are deducted by the underlying fund/ETF and are included in the ETF price. They are not separately deducted from your Account. <sup>2</sup>
<b>Performance fees</b> Amounts deducted from your investment in relation to the performance of the product	Nil	Not applicable.
<b>Transaction costs</b> The costs incurred by the scheme when buying or selling assets	0.00% to 0.24% p.a. depending on the Portfolio	Deducted directly from your Account when transactions are settled. <sup>3</sup>
<b>Member activity related fees and costs (fees for services or when your money moves in or out of the scheme)<sup>4</sup></b>		
<b>Establishment fee</b> The fee to open your investment	Nil	Not applicable
<b>Contribution fee</b> The fee on each amount contributed to your investment	Nil	Not applicable
<b>Buy-sell spread</b> An amount deducted from your investment representing costs incurred in transactions by the scheme	Nil	Not applicable
<b>Withdrawal fee</b> The fee on each amount you take out of your investment	Nil	Not applicable
<b>Exit fee</b> The fee to close your investment	Nil	Not applicable
<b>Switching fee</b> The fee for changing investment options	Nil	Not applicable

1 All fees and inclusive of Goods and Services Tax (GST) and net of any reduced input tax credit (RITC).

2 Refer to 'Indirect costs' in the 'Additional explanation of fees and costs' section for further details.

3 Refer to 'Transaction costs' in the 'Additional explanation of fees and costs' section for further details.

4 Other service fees may also apply in relation to your investment, including an In-Specie Transfer Fee. Please read the 'Additional explanation of fees and costs' over the page.



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

EXAMPLE InvestSMART Balanced Portfolio		BALANCE OF \$50,000 WITH A CONTRIBUTION OF \$5,000 DURING YEAR
Contribution Fees	Nil	For every additional \$5,000 you put in, you will be charged <b>\$0</b>
<b>PLUS</b> Management fees and costs	0.70% <sup>1</sup>	<b>And</b> , for every \$50,000 you have in the Fund you will be charged or have deducted from your investment <b>\$350</b> each year
<b>PLUS</b> Performance fees	Nil	<b>And</b> , you will be charged or have deducted from your investment <b>\$0</b> in performance fees each year
<b>PLUS</b> Transaction costs	0.12%	<b>And</b> , you will be charged or have deducted from your investment <b>\$61.60</b> in transaction costs
<b>EQUALS</b> Cost of InvestSMART Balanced Portfolio		If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 <sup>2</sup> during that year, you would be charged fees and costs in the range of <b>\$411.60</b> <sup>3</sup> <b>What it costs you will depend on the investment option you choose and the fees you negotiate.</b>

- 1 0.55% p.a. management fee + 0.15% indirect cost. This rate is inclusive of the estimated net effect of GST (i.e. inclusive of 10% GST, less any reduced input tax credits). Please see the additional explanation of fees and costs for more details.
- 2 This example assumes the \$5,000 contribution occurs at the end of the first year and that there is a constant investment of \$50,000 during that year. Management fees are calculated using the \$50,000 balance only.
- 3 This is an example only and costs are based on reasonable estimates. Additional fees may also apply.

### Cost of product for 1 year

The cost of product gives a summary calculation about how ongoing annual fees and costs can affect your investment over a 1-year period for all investment options. It is calculated in the manner shown in the Example of annual fees and costs.

The cost of product assumes a balance of \$50,000 at the beginning of the year with a contribution of \$5,000 at the end of the year. (Additional fees such as establishment fee or an exit fee may apply: refer to the Fees and costs summary for the relevant option.)

You should use this figure to help compare this product with other products offered by managed investment schemes.

InvestSMART Conservative Portfolio	Cost of product – <b>\$411.60</b>
InvestSMART Balanced Portfolio	Cost of product – <b>\$411.60</b>
InvestSMART Growth Portfolio	Cost of product – <b>\$411.60</b>
InvestSMART High Growth Portfolio	Cost of product – <b>\$406.60</b>
InvestSMART Ethical Growth Portfolio	Cost of product – <b>\$404.00</b>
InvestSMART International Equities Portfolio	Cost of product – <b>\$409.00</b>
InvestSMART Diversified Property & Infrastructure Portfolio	Cost of product – <b>\$500.40</b>
InvestSMART Interest Income Portfolio	Cost of product – <b>\$385.20</b>
InvestSMART Hybrid Income Portfolio	Cost of product – <b>\$363.00</b>
InvestSMART Australian Equities Portfolio	Cost of product – <b>\$308.80</b>
InvestSMART Cash Securities	Cost of product – <b>\$283.80</b>
Intelligent Investor Australian Equity Growth Fund	Cost of product – <b>\$498.20</b>
Intelligent Investor Australian Equity Income Fund	Cost of product – <b>\$498.20</b>
Intelligent Investor Ethical Share Fund	Cost of product – <b>\$498.20</b>
Intelligent Investor Select Value Share Fund	Cost of product – <b>\$648.20</b>

## Additional explanation of fees and costs

### Management fees and costs

Management fees and costs are incurred by InvestSMART in managing your investments (such as investment management fees, expense recovery and abnormal operating expenses). They do not include contribution fees, transaction costs or additional service fees.

#### **Management Fee**

Each Portfolio has its own separate fee structure. These fees are charged on the percentage of your Account that is linked to the Portfolio and are calculated based on the daily value of your Account.

The Management Fee is deducted directly from your Account monthly by InvestSMART. Full details of the fees applicable to each Portfolio is detailed in the Investment Menu and the above summary table.

#### **Performance Fee**

There are currently no performance fees in the Portfolios.

#### **Indirect costs**

Your Account will also incur indirect costs incurred as a result of the fees and costs associated with the underlying investments in the selected Portfolio/s. The current indirect costs information for each Portfolio is set out in the Investment Menu and in the above summary table. Indirect costs are deducted by the underlying managed fund/ETF and are included in the ETF price. They are not separately deducted from your Account.

The indirect costs are estimates based on a prior financial year and the actual indirect costs may be different.

#### **Administration Fee**

The Administration Fee is paid to the Responsible Entity to cover the costs of administering the PMA including outsourced administration services, audit, legal and tax consulting fees, compliance committee costs, expenses and liabilities. The fee is calculated daily and paid monthly in arrears from the cash

holding in your Account. In accordance with the Constitution, the Administration Fee must not exceed 3.3% p.a. The Administration Fee is currently nil.

We may be entitled to input tax credits for certain costs or expenses that we incur in our capacity as Responsible Entity of the PMA. If any claim for input tax credits results in us, in our capacity as Responsible Entity, receiving a payment from the Australian Taxation Office (ATO), the amount of the ATO payment will be applied towards costs and expenses that we may incur in our capacity as Responsible Entity (and which we are otherwise entitled to deduct from investors Accounts).

#### **Transactional costs**

Transaction costs cover our costs of buying and selling investments in your Account, primarily brokerage but may include Government taxes, bank charges and stamp duty (if any). These costs are incurred when transactions are effected. Where transaction costs such as brokerage, Government taxes, bank charges and stamp duty are incurred in relation to more than one investor Account, they will be allocated pro rata across all affected investor Accounts. The PMA is expecting to take advantage of wholesale brokerage rates of 0.088% with a minimum of \$4.40.

We estimate that the average transaction costs for an Account will be 0.088% depending on the chosen portfolio for the first year, or \$44.00 on a \$50,000 initial investment.

The actual transaction costs that you incur may be more than the estimated figures due to a range of factors including (but not limited to) changes to the holdings and weightings of those holdings in the portfolios in which you invest.

#### **Expense Recovery Fee**

We are entitled, in accordance with the Constitution, to be reimbursed from the PMA for any other expenses which we may incur or become liable for in connection with administering the PMA. **The Expense Recovery Fee is currently nil.**

#### **Abnormal expenses**

Abnormal expenses are expenses we are entitled to deduct from your Account, but they are not generally incurred during the day to day operations of the PMA and are not necessarily incurred in any given year. They are due to abnormal events such as the cost of running a meeting of the PMA or legal costs incurred by changes in the PMA constitution or defending legal proceedings. We will seek reimbursement from your Account in relation to those expenses should they arise. To the extent that the costs, expenses and charges are attributable to a particular investor then they are deducted from that investor's Account. Otherwise, these amounts are allocated equitably amongst all PMA investors as we determine.

We can also invoice you for the amount, or any part of the amount, allocated to you and this is a debt due to us notwithstanding that there may be insufficient funds in your Account to pay the debt. You also indemnify us against any liability we may incur as a consequence of acting on your instructions.

#### Other costs

##### ***Establishment Fee***

An Establishment Fee may be payable on the amount invested in the PMA. **The Establishment Fee is currently nil.**

##### ***Contribution Fee***

A Contribution Fee may be payable on each cash amount invested in the PMA. **The Contribution Fee is currently nil.**

##### ***Withdrawal Fee***

A Withdrawal Fee may be payable on amounts withdrawn from the PMA. **The Withdrawal Fee is currently nil.** However, as detailed below an In-Specie Transfer Fee may apply where investments are transferred out of your Account.

##### ***Exit Fee***

An Exit Fee may be payable on an amount withdrawn from the PMA when you close your investment. **The Exit Fee is currently nil.** However, the In-Specie Transfer Fee may apply where investments are transferred out of your Account.

##### ***In-Specie Transfer Fee***

This is the amount that we deduct from your Account each time you transfer investments out of your Account. The In-Specie Transfer Fee is currently \$27.50 per security name. No fee is payable when investments are transferred into your Account.

##### ***Taxes***

We may charge taxes to your Account. Refer to "Tax features" for further information.

#### **Can fees and charges change?**

Yes, all fees and charges can change. They may vary over time as a result of changes to the product, the Constitution of the PMA, changing economic conditions and changes in regulations. The Constitution sets the range of fees we are entitled to charge and the maximum level of those fees. These are (inclusive of GST):

Administration Fee:	up to 3.3% p.a.
Management Fee:	up to 3.3% p.a.

The fees applicable to your investment are set out in the table under "Fees and other costs" and the Investment Menu. Although we have the power to change our fee structure, we have no present intention to do so. We will provide you with a minimum of 30 days' notice if any existing fees are to be increased. We are unable to charge more than the Constitution permits (to change the Constitution in this way, we would usually need to have investors' approval). Full details are set out under "Constitution".

**Differential Fees**

In accordance with the Corporations Act, we may individually negotiate fees with investors classed as “wholesale” or “professional” investors. We may also come to different fee arrangements with different classes of interests. The constitution allows for more than one class of interest to be issued and there may be many classes on issue. For more information, please contact the Responsible Entity. We cannot enter into individual fee arrangements with other investors unless otherwise permitted by law.

## 8. Investor reporting

### Online Reporting

All investor reporting is available online from the investor portal. Once your Account has been set up, you will be provided with a link to the investor portal. By applying for an Account you agree to obtain reports electronically.

Once your Account is activated, you will be able to access your Account information and view your Account valuations online. During periods where the website is unavailable for any reason, you may obtain the information by contacting InvestSMART.

Account information available includes:

- daily valuations of your Account;
- investment purchases and sales;
- distribution and dividend details;
- deposits and withdrawal details; and
- fees and other charges deducted.

Please note, in some circumstances, such as when trading is being conducted in respect of your selected Portfolio(s), your exact investment holdings will not be available for the period of the trading or longer at the discretion of InvestSMART.

### Confirmation of transactions

By completing the online Application Form, you agree that confirmation of transactions involving your Account will be provided to you online using your password. Your Account will indicate the date and details, including the amount paid for the investments and any associated fees and charges, of each transaction made in respect of your Account.

### Annual Statements

Your Account annual statements will be available through the investor portal after the end of each financial year.

### Valuing your Account

Updated valuations of your Account will generally be available each Business Day. ASX listed securities will be priced at previous close of market prices. Other assets will generally be valued at the bid price for the relevant asset. Upon their disposal, securities will be realised at the actual sell price for those assets, and accordingly, the realisation proceeds may be less than the value recorded in your Account for those securities.

### Tax Reporting

Tax reports are available approximately 3 months following the end of each financial year to assist you with your tax planning or in the preparation of your tax return. However tax reports may not be correct for months after the end of the financial year, depending on the investments held, due to the reliance on third party information. We will issue tax reports each year when they have been finalised.

### Performance Reporting

Daily performance reporting of your entire Account is available online. Performance reporting is not always up to date on the website and tax reports may not be correct for some time after the end of the financial year depending on the investments held, due to the reliance on third party information.

### Professionally Managed Accounts Financial Information

A copy of the Annual Financial Report for the Professionally Managed Accounts will generally be available by the end of September each year and published on the website. This report will provide consolidated information on the overall financial position of the Professionally Managed Accounts and will not contain any information particular to an individual investor's Account. We will send you a copy of the Annual Financial Report to your email or other electronic address notified to us on request.

### Responsible Entity Reporting Requirements

The PMA is a disclosing entity as defined under the Corporations Act. As a disclosing entity, the Professionally Managed Accounts is subject to additional regular reporting and disclosure obligations.

Any continuous disclosure notices required pursuant to the Corporations Act will be available at **[www.InvestSMART.com.au](http://www.InvestSMART.com.au)**. You have a right to request us to provide to you free of charge the half yearly condensed financial report, the audited annual financial report and any continuous disclosure notices.

## 9. How the Professionally Managed Account is taxed

Investing, and dealing with investments, often has tax implications which can be complex, and which are invariably particular to your circumstances. The tax information set out below is a broad overview of the possible Australian income tax consequences for Australian Residents who invest through the PMA. As the taxation consequences of investing differ between investors, it is important that you seek your own professional advice before you make investment decisions.

### Taxation of the PMA

The PMA is not taxed since all investments are held by investors directly in their separate Accounts. You have a vested and indefeasible interest in your assets held through the PMA. All income and gains on the investments accrue directly to you.

### Tax on Income

Depending on the types of investments made, your Account can derive income in the form of dividends, interest, gains on the disposal of investments and other types of income. Usually income is taxable but tax credits (for example, franking credits or foreign income tax offsets) may be available to offset part or all of any resulting tax liability.

If you receive franking credits, your entitlement to use those credits to offset tax or obtain a refund of tax may be affected by your holding of the underlying investments which resulted in the credits. Generally speaking, you must hold the relevant investments at risk for more than 45 days (90 days for preference shares) to be entitled to the credit. Please see your tax adviser for further information, as some exceptions do apply. Tax reporting includes an estimate of the available tax credits in relation to your Account.

### Tax on Capital Gains

The disposal of investments in your Account may result in a taxable gain or loss under the capital gains tax provisions of the Income Tax Assessment Act 1997 (Cth). These disposals may be triggered by the investment decisions of an Investment Manager or by you in the case of a withdrawal or switching (transferring) between Portfolios (if available).

A feature of the PMA is that when you choose to move between Portfolios, your investments move with you to the extent that there is commonality between the Portfolios.

This means that, where an investment is held in both your old and new Portfolio, there will be no sale or disposal of the investment in your Account for capital gains tax purposes, to the extent that the holdings offset each other. Capital gains will be calculated based on the nominal gain on disposal of investments. Where the asset disposed of was held for 12 months or more, eligible investors may be able to claim concessional tax treatment.

Should a disposal result in a capital loss, the loss may be able to be offset against capital gains arising in that or subsequent years but is not permitted to be offset against other income. This includes gains or losses realised outside the PMA; gains and losses are consolidated based on your overall tax position and are not isolated to or quarantined to your Account. In some cases (e.g. you are in the business of trading in investments), gains and losses on the disposal of some investments may be taxed on revenue account and not be subject to the capital gains tax rules. You should consult your tax adviser in this regard.



## Foreign Investments

Foreign income (e.g. foreign dividends) may be subject to withholding tax in the country from which the income is derived. Generally speaking, this income will be taxable in Australia with foreign income tax offset available for the foreign withholding tax paid.

## Taxation Reform

The Federal Government can change taxation laws at any time. This could result in changes to the taxation treatment of your investment. We strongly recommend that investors monitor reforms closely and seek their own independent professional advice on the potential application of those reforms to their specific circumstances.

## Goods and Services Tax

GST will be charged on or incorporated in various expenses paid by the PMA including the fees charged for managing the Portfolios and administering the PMA. All fees in this PDS are quoted inclusive of GST and net of reduced input tax credits.

## Tax Reporting

Tax reports are available approximately 3 months following the end of each financial year to assist you with your tax planning or in the preparation of your tax return. These will be available online or emailed to you when finalised.

## Quoting your Tax File Number (TFN) or an Australian Business Number (ABN)

It is not compulsory for investors to quote their TFN, ABN, or exemption details. However, should an investor choose not to, the Responsible Entity is required to deduct tax from an investor's distributions at the maximum personal rate (plus the Medicare levy). Collection of TFNs is permitted by taxation and privacy legislation.

## Foreign Account Tax Compliance Act

Under the Foreign Account Tax Compliance Act (FATCA), InvestSMART is deemed to be a "foreign financial institution" and is required to obtain and disclose information about certain US and US-owned investors.

InvestSMART may request investors to provide certain information about themselves in order to comply with its FATCA obligations (FATCA Information). To the extent that all FATCA Information is obtained, imposition of US withholding tax on payments of US income or gross proceeds from the sale of particular US securities shall not apply to the PMA. Although InvestSMART attempts to take all reasonable steps to comply with its FATCA obligations and to avoid the imposition of this withholding tax, this outcome is not guaranteed. Under the terms of the intergovernmental agreement between the US and Australian governments, InvestSMART may provide FATCA Information to the ATO. InvestSMART may use your personal information in order to comply with FATCA and may contact investors if it requires additional information to comply with its FATCA obligations.

## Common Reporting Standard

The 'Common Reporting Standard' or 'CRS' is the global standard for the collection, reporting and exchange of financial account information on foreign tax residents. InvestSMART is required to obtain tax information from prospective investors who indicate that they are a non-tax resident of Australia. InvestSMART will be required to provide the ATO with any relevant tax information regarding an investor's non-residency status.

## 10. How to apply

To make an investment in the PMA and open your Account, you must complete the online Application Form that accompanies this PDS. Relevant identification documentation will be requested if you are a new investor to InvestSMART or your details have changed since the last time you invested through InvestSMART, or if required by the Cash Management Account provider and nominated broker.

## 11. Additional information

### Complaints resolution

Should investors have any concerns or complaints, as a first step please contact InvestSMART's Compliance Officer or Compliance Manager on +61 02 8305 6000 and InvestSMART will do its best to resolve this concern quickly and fairly. If an issue has not been resolved to your satisfaction, you can lodge a complaint with the Australian Financial Complaints Authority (AFCA). AFCA provides fair and independent financial services complaint resolution that is free to the consumer. You can contact AFCA by calling 1800 931 678, by emailing [info@afca.org.au](mailto:info@afca.org.au) or by writing to AFCA at GPO Box 3, Melbourne VIC 3001.

### Cooling Off Rights

You have a 14 day cooling off period in which to decide if the investment is right for you. The 14 day period commences from the earlier of the time your investment is confirmed by us and the 5th Business Day after your Account is activated. Your refund will be paid by either an in-specie transfer of investments or cash following the sale of investments (at your request) commencing at the next Rebalance Date following receipt of your instructions to exercise your cooling-off right. Irrespective of whether you choose to be paid in cash or by having the individual investments returned to you, the value of your investment is likely to have changed over the period due to market movements. For this reason, depending upon the circumstances, the amount returned to you may be greater or less than the amount you initially invested.

### Responsible Entity's legal relationship with you

InvestSMART is the Responsible Entity of the PMA managed investments scheme (Scheme) and holds AFSL No. 246441 which authorises it to operate the PMA. We can retire as Responsible Entity on 30 days' notice or we can be removed in accordance with the Corporations Act.

### Constitution

Our responsibilities and obligations as the Responsible Entity of the Scheme are governed by the Constitution for the Scheme, the Corporations Act and general trust law. The Constitution contains a few provisions relating to the rights, terms, conditions and obligations imposed on both investors and us. You can obtain a copy of the Constitution from us free of charge on request.

The Constitution contains a provision that investors and all persons claiming through them are bound by the terms of the Constitution. The main provisions which relate to your rights under the Constitution include:

- your absolute entitlement to the assets and cash credited to your Account;
- your right to withdraw from the Scheme and what you are entitled to receive when you withdraw or if the Scheme is wound up;
- your rights to attend and vote at meetings of the Scheme – these mainly reflect the requirements of the Corporations Act which also deals with investor rights to requisition or call a meeting;
- resolutions passed by a requisite majority at a meeting of investors are binding on all investors; and
- your ability to transfer or register investment interests (where accepted by us) over your Account.

There are also provisions governing our powers and duties, some of which are discussed elsewhere in this PDS. Others include:

- when we can terminate the Scheme and what happens if we do. The Scheme will terminate 80 years less one day after it was established unless terminated earlier. We can terminate the Scheme by giving the required notice, and if we

do, you share pro rata in the net proceeds from us selling the investments;

- our right to be paid by, or receive a benefit from, an incoming Responsible Entity, and not be required to account to investors for such payment or benefit;
- when we can amend the Constitution. Generally, we can only amend the Constitution where we reasonably believe that the changes will not adversely affect your rights as an investor. Otherwise the Constitution can only be amended if approved by special resolution at a meeting of investors;
- our right to refuse to accept application for interests without giving any reason;
- our right to determine minimum application, withdrawal and holding amounts and powers in support of these minimums;
- our ability to terminate your participation in the Scheme on 14 days' notice or if you breach any terms and conditions of the Scheme Constitution or your Account;
- our right to deduct amounts you owe us from withdrawal proceeds; and
- our broad powers including to act on properly authorised instructions, invest, and generally manage the Scheme.

Your Account will be credited with:

- all monies you pay into the PMA;
- all other monies and assets that we receive from you or on your behalf;
- any investments acquired on your behalf; and
- such other amounts and assets that we determine to be appropriate to credit to the Account.

Your Account will be debited with:

- all monies paid out to you;
- any monies required to settle an investment transaction for you;
- any monies required for the payment of fees, charges, expenses and taxes associated with your Account or instructions;
- any assets disposed of on your behalf; and
- such other amounts as we determine to be appropriate to debit to the Account.

In some circumstances we need not act on your instructions (such as where your Account does not include sufficient funds or where it is impractical or impossible to do so – for instance when markets are closed or disrupted).

\$1.00 of your invested amount will be held in a trust account administered by us, as a scheme asset. This will be repaid when you leave the scheme.

The Constitution provides that the liability of each investor is limited to its investment in the Scheme. An investor is not required to indemnify us or our creditors in respect of the Scheme. However, no complete assurance can be given in this regard as the ultimate liability of a member has not been finally determined by the courts.

All liabilities, which in our opinion are attributable to a particular investor or investor's Account, are to be satisfied either or both:

- from that investor's Account; and/or
- by you upon receipt of an invoice from InvestSMART. No limitation of liability applies for such liabilities.

The Constitution also deals with our liabilities in relation to the Scheme and when they can be reimbursed to us out of the Scheme's assets, for example, subject to the Corporations Act:

- we are not liable for acting in reliance and in good faith on professional advice;
- we are not liable to investors for any loss provided we did not act negligently or we believed we acted in good faith in accordance with the law and the Constitution; and
- we can be reimbursed for all liabilities we incur in connection with the proper performance of our duties in respect of the Scheme.

A copy of our documented policy in relation to the exercise of discretions in determining the value of interests in the Scheme is available from us at no charge.

### Compliance Plan

We have lodged a Compliance Plan for the Scheme with ASIC. The Compliance Plan sets out the measures we will take to ensure we comply with the Corporations Act and the Constitution for the Scheme. To oversee compliance with the Compliance Plan, we have established a Compliance Committee. The Compliance Committee is required to report breaches of the Constitution and the Corporations Act to the directors of the Responsible Entity and in some circumstances to ASIC.

### Custody

We have not appointed a custodian for the Scheme. Investors retain the underlying legal and beneficial interest in the assets in their Account. We may appoint a custodian at our discretion in the future.

### Related party issues and conflicts of interest

The Responsible Entity may enter into transactions with, and use the services of, any other related entity of the InvestSMART Group. Those arrangements will be based on arm's length commercial terms.

The Investment Managers listed in the Investment Menu are part of the InvestSMART Group and are related parties. The arrangements between

InvestSMART and each of the Investment Managers are on arm's length commercial terms.

From time to time, the Responsible Entity may face conflicts in respect of our duties in relation to the Fund, related funds and its own interests. The Responsible Entity has policies and procedures in place to avoid or otherwise manage these appropriately and will resolve such conflict fairly and reasonably and in accordance with the law, ASIC policy and its own policies.

### Privacy Policy

As required by law, the Responsible Entity has adopted a privacy policy that governs the collection, storage, use and disclosure of personal information. This includes using an investor's personal information to manage their investment, process any distributions that may be payable and comply with relevant laws.

For example, an investor's personal information may be used to:

- ensure compliance with all applicable regulatory or legal requirements. This includes the requirements of ASIC, the ATO, the Australian Transaction Reports and Analysis Centre, ASX and other regulatory bodies or relevant exchanges including the requirements of the superannuation law; and
- ensure compliance with the AML/CTF Act and with FATCA.

The Responsible Entity may be required to disclose some or all of an investor's personal information, for certain purposes (as described under the Privacy Act 1988 (Cth)) to:

- the Fund's service providers, related bodies corporate or other third parties for the purpose of account maintenance and administration and the production and mailing of statements, such as the registry, custodian or auditor of the Fund and certain software providers related to the

operational management and settlement of the PMA; or

- related body corporates that might not be governed by Australian laws for the purpose of account maintenance and administration.

The Responsible Entity may also disclose an investor's personal information to third parties:

- engaged by us to perform functions or provide products and services on our behalf, such as processing credit card information, mailouts, financial recovery, marketing, research and advertising;
- that are our agents, business partners or joint venture entities or partners for purposes necessary or incidental to providing products or services on our behalf; or
- that sponsor or promote any competition that we conduct or promote via our services.

If any of the disclosures listed above require transfer of an investor's personal information outside of Australia, the investor consents to such transfer. All personal information collected by InvestSMART will be collected, used, disclosed and stored by InvestSMART in accordance with its privacy policy, a copy of which will be made available on request.

### **Anti-Money Laundering and Counter-Terrorism Financing**

We are required to comply with the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (**AML/CTF Act**). The AML/CTF Act requires us to (amongst other requirements) verify the identity of investors making applications into the PMA. We cannot accept an application to invest in the PMA until satisfied that the identity of the investor has been verified in accordance with the AML/CTF Act.

The processing of applications may be delayed until the requested information is received in a satisfactory form and the identity of the investor is verified.

### **Appointed representatives**

InvestSMART is required to verify the identity of legal representatives and agents appointed to act on behalf of an investor. We cannot proceed to act on the instructions of a nominated legal representative until we verify the identity of that representative. Appointed legal representatives include, but are not limited to, an attorney (appointed under power of attorney) and executors of estates.

### **Referral Fees**

InvestSMART Group Limited may from time to time pay investors a referral fee where that investor successfully refers a person to acquire an eligible InvestSMART product (Referral Fee). A Referral Fee will be payable if:

- an investor who holds an active PMA with a balance of \$10,000 or more (Investor A) refers another who does not have an InvestSMART paid account (Investor B) to open a PMA or purchase an eligible subscription; and
- Investor B opens a PMA and deposits at least \$10,000 OR purchases an eligible subscription; and
- the Refer a Friend Program Terms and Conditions are complied with (an Effective Referral).

Both Investor A and Investor B will receive a Referral Fee in respect of an Effective Referral. At any given time, our website will specify whether a Referral Fee is currently payable, and the amount of any such Referral Fee. Investors will also be notified when a Referral Fee is currently payable through their PMA investment portal. Investors who make an Effective Referral will have the amount of any Referral Fee paid on the terms displayed on the website. Referral Fees will be paid by the InvestSMART Group personally and not from the investor's assets.

**Consents**

The Investment Managers listed in the Investment Menu have given and not withdrawn their written consent to being named in the Investment Menu as the Investment Manager in respect of their Portfolios in the form and context in which they are included. They do not make any other statement in the Investment Menu.

## 12. Investor authorisations, acknowledgements and agreements

### Authorisations

#### Account opening authority to the Responsible Entity

By applying to invest in the PMA, you are authorising InvestSMART to:

- open a broking account with our nominated CHESSE Sponsoring broker on your behalf;
- enter into a CHESSE Sponsorship Agreement on your behalf with our nominated CHESSE Sponsoring broker;
- open a Cash Management Account with our nominated broker;
- instruct our nominated broker to direct debit/ credit your Cash Management Account;
- fund the Cash Management Account through monies received in a holding account; and
- receive any communication from the investments in your Account.

This authority continues until the Account is closed or is terminated by you.

#### Online instructions from you

Instructions may be given to us by you online or in writing. Please be aware that fraudulent or other unauthorised instructions can be made by persons with access to your Account details. Whilst we will do everything in our power to check the instruction is valid, You agree to release and indemnify the Responsible Entity against all claims and demands arising because of our acting on what appeared to us to be instructions given by you.

If InvestSMART receives instructions online or in writing from you, InvestSMART will act in accordance with the written instructions to the extent of any inconsistency.

#### Investment authority to the Responsible Entity

By investing in the PMA you are providing us with a standing instruction to make investments on your behalf in accordance with one or more Portfolios that you have nominated on your online Application Form.

Under this authority, we will rebalance your Account by buying or selling investments in accordance with changes made to your selected Portfolios as advised by Investment Managers.

Instructions to change Portfolios will be accepted from you.

Additionally, you authorise us to move funds within your Account as instructed by you and as described in the PDS to facilitate the payment of fees and settlement of trades. This authority will continue until your Account is closed or is terminated by you.



## General declarations

I/We:

- agree to be bound by the provisions of the Constitution (as may be amended from time to time) which governs the operation of the PMA;
- acknowledge and agree that the fees set out under “*Fees and other costs*” will be deducted directly from my/our Account;
- acknowledge and agree that neither the performance of any specific Portfolio offered through the Investment Menu (**Investment**) nor any particular rate of return from, nor any repayment of capital invested in any Investment is guaranteed by InvestSMART, InvestSMART Group Limited or any of its associates or subsidiaries, nor the Investment Manager;
- acknowledge that my/our Account will be managed in accordance with the relevant Portfolio(s) I/we have selected and notified to the Responsible Entity. Therefore investments will be purchased and sold from my/our Account to reflect any changes made to the Portfolio(s) from time to time in accordance with the process outlined in the PDS;
- acknowledge that a Portfolio may cease to be offered at any time at the Responsible Entity’s discretion and further contributions discontinued or the Portfolio terminated, and all assets held as part of the Portfolio realised;
- represent that I/we have access to the internet on a substantial and continuous basis;
- agree to receive any PDS and other information by email or by a hypertext link sent by email, and to access and read this information/PDS, except that all confirmations of any transactions in connection with my/our Account, including the establishment of my/our Account in the PMA, will be provided to me/us by my/our logging onto my/our Account;
- agree that InvestSMART will not be responsible for any failure to provide any such email or other

communications to me/us;

- agree to notify the Responsible Entity in writing of any change in my/our email address before or as soon as possible after the change;
- agree to the disclosure and use of information as contemplated in the section titled ‘*Privacy Policy*’; and
- authorise the Responsible Entity to provide me/us with information regarding my/our investments.

## Direct debit request service agreement

This section outlines the terms and conditions of the direct debit request arrangement between yourself and InvestSMART Funds Management Limited as trustee for Professionally Managed Accounts (DE User ID: 516955) (**InvestSMART** or **us**).

## InvestSMART’s responsibilities

InvestSMART will only make direct debits from your Nominated Bank Account. Your initial contribution amount will be confirmed in writing once InvestSMART has processed your online Application Form. InvestSMART will not disclose your bank account details to any other party, unless:

- such disclosure is for the purpose of this agreement (including disclosing information in connection with any query or claim);
- you have agreed in writing that it can; or
- the law requires InvestSMART to do this.

If a payment date is a weekend or public holiday, your account will be debited on either the Business Day preceding or the Business Day following the weekend or public holiday. If you are unsure about which day your account has been debited, you should ask your financial institution. InvestSMART reserves the right to cancel the direct debit arrangement without notice if any debits are returned unpaid by your nominated financial institution. InvestSMART will give at least 14 days’ notice if it proposes to change these terms and conditions.

## Your responsibilities

Before making a direct debit request you should:

- check with your financial institution that the account you want to nominate can support direct debits. Additional charges may also be applied by your financial institution for this service. We recommend that you contact them for further details;
- confirm that the account details that you have provided are correct;
- ensure that you have sufficient cleared funds in your account to cover payment when due. Your financial institution may charge a fee if payment cannot be met; and
- ensure that the direct debit request is signed in the same way as the account signing instruction held by the financial institution for the nominated accounts.

You must tell us in writing if you close or change the account that you have previously nominated.

If there are insufficient funds in your account to meet a debit payment:

- you may be charged a fee and/or interest by your financial institution;
- you may also incur fees or charges imposed or incurred by us; and
- you must arrange for the debit payment to be made by another method or arrange for sufficient clear funds to be in your account by an agreed time so that we can process the debit payment.

## How to cancel or change direct debits?

You may cancel your direct debit request, stop or defer an individual debit or request a change to the debit amount online or in writing.

It is your responsibility to arrange with InvestSMART a suitable alternative payment method if the direct debit arrangements are cancelled, either by you or the nominated financial institution. You should check your account statement from your financial institution to verify that the amounts debited from your account are correct. If you believe that a debit has not been correctly processed, you should immediately contact our Client Services Team at [invest@InvestSMART.com.au](mailto:invest@InvestSMART.com.au) or on 1 300 880 160.

Any disputes will be dealt with in accordance with InvestSMART's complaints process, which is outlined under "*Additional information*".

You agree to indemnify us against all losses, costs, damages and liability that we incur arising from you breaching these terms and conditions or providing us an invalid or non-binding direct debit request. This indemnity is a continuing obligation, separate and independent from your other obligations and survives termination of this agreement. This indemnity does not apply as a result of our fraud, negligence or breach of trust.

## 13. Glossary

Terms	Definition
\$ or dollar	Australian Dollar.
Account	The account to which your investments are allocated.
AFCA	Australian Financial Complaints Authority.
AFS Licence	Australian financial services licence.
AML/CTF Act	Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth).
Application Form	The online application form which accompanies this PDS.
ATO	Australian Taxation Office.
Business Day(s)	An ASX trading day.
Cash Management Account	A cash management account or a broker omnibus account that is opened on your behalf by our nominated financial services provider.
CHESS	Clearing House Electronic Sub-register System, the Australian settlement system for products traded on ASX and other exchanges. CHESS is owned by ASX Limited.
Compliance Plan	The Compliance Plan of the Fund.
Constitution	The Constitution of the Fund.
Corporations Act	Corporations Act 2001 (Cth).
CRS	Common Reporting Standard.
FATCA	Foreign Account Tax Compliance Act.
Fundlater Loan	A loan of up to \$6,000 to invest in a limited number of InvestSMART diversified portfolios.
GST	Goods and Services Tax.
Investment Manager	The manager of each Portfolio and specified in the Investment Menu.
Investment Menu	The Portfolio options that are available for investment which comprises part of this PDS and is available through InvestSMART's website at <a href="http://www.investsmart.com.au">www.investsmart.com.au</a>
Minimum Cash Holding	The cash held in your Account in addition to any cash held in the Portfolio(s) which may be used to maintain your Account.
Portfolio(s)	The investment portfolio(s) offered under the PMA that are applied to your Account.
Portfolio Manager(s)	Means the person(s) responsible for providing and managing the relevant Portfolio(s) for your Account.
Nominated Bank Account	Means a bank account that is in an identical name as your Account under the PMA.

Terms	Definition
PDS	This product disclosure statement as amended or supplemented from time to time.
Professionally Managed Account or PMA	Registered Managed Investment Scheme which is known as the Professionally Managed Accounts ARSN 620 030 382.
Rebalancing Date	Generally, each Business Day.
Referral Fees	Means referral fees paid by InvestSMART Group to new and existing investors from time to time.
Responsible Entity	InvestSMART Funds Management Limited, ABN 62 067 751 759; AFS Licence No. 246441.

# Investment Menu

## InvestSMART Professionally Managed Account

Issue date: 1 November 2018

Updated: 1 July 2023

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This Investment Menu is issued by  
InvestSMART Funds Management Limited  
(ABN 62 067 751 759, AFSL 246441)

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The information in this document forms part of the  
InvestSMART Professionally Managed Account  
Product Disclosure Statement (PDS).

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# About InvestSMART Funds Management Limited

## About InvestSMART Funds Management Limited

InvestSMART Funds Management Limited (**InvestSMART**) ACN 067 751 759, AFSL 246 441, is the responsible entity as well as the implementation manager for the Professionally Managed Account (**PMA**) and the Investment Portfolios (**Portfolios**). InvestSMART is the issuer of the PMA product.

As the implementation manager, InvestSMART will implement all investment decisions relating to the Portfolios and provide other administrative services for the PMA. InvestSMART is responsible for overseeing the operations and distribution of the PMA.

InvestSMART is a wholly owned subsidiary of InvestSMART Group Limited (ASX:INV) (**InvestSMART Group**), an ASX-listed financial services company.

At InvestSMART Group, our goal is to provide quality advice, research and investment solutions, free from the jargon and complexities so commonly found in the finance industry, to help all Australian investors meet their financial aspirations.

## Our Investment Manager

The PMA offers a selection of Portfolios provided by InvestSMART Financial Services Pty Ltd ACN 089 038 531, AFSL 226435 as the investment manager of the Portfolios (**Investment Manager**). Portfolios cover a suite of investment styles that allows you to tailor your PMA to suit your investment needs.

The Investment Manager is responsible for managing the Portfolios on an ongoing basis and will buy and sell investments to be included in, or removed from, the Portfolios.

The Investment Manager is a wholly owned subsidiary of InvestSMART Group. Established in 1999, the Investment Manager is a leading Australian digital wealth advisor. Our investment philosophy is based around three core principles: diversification, lower fees and investing for the long term.



# InvestSMART

## Conservative Portfolio

INV001

### Investment objective

The Portfolio's investment objective is to provide returns in line with the benchmark minus our fees by investing in a blend of Exchange Traded Funds (ETFs).

### Investment strategy and approach

The Investment Manager believes that diversification across asset classes and within asset classes will result in better risk adjusted returns over the long-term.

The Portfolio does not have a pre-defined asset allocation, instead the Investment Manager aims to determine the appropriate mix of asset classes that is likely to achieve the stated objective.

The Portfolio invests in a blend of ETFs, with a higher allocation in defensive income assets (bonds & cash) than growth assets (equities & property) all managed in the one portfolio.

### Designed for investors who:

- seek a sustainable income stream, with a lower risk than ordinary shares and a higher return than cash and cash like investments;
- seek a portfolio diversified across a range of different asset classes; and
- want a portfolio where the asset allocation is actively managed.

### Benchmark

Morningstar Australia Moderate Target Allocation NR AUD

### Indicative number of securities

5 - 15

### Suggested investment timeframe

2+ years

### Minimum initial investment

\$10,000

### Risk profile

Low - Medium

Expected loss in 1 to 2 years out of every 20 years.

### Asset allocation ranges (%)

Asset class	Min.	Target	Max.
Australian Equities	10	14	20
International Equities	10	13	20
Fixed Interest	40	46	50
Property & Infrastructure	5	9	15
Cash	0.5	18	35

### Management fee

Investment amount	Fee
\$0 - \$99,999	0.55% p.a.
From \$100,000	\$550 p.a. capped

Brokerage: The greater of \$4.40 per trade or 0.088% of the value of the trade.

Estimated indirect cost: 0.14% p.a.

(a cost charged within each ETF held within the portfolio)





# InvestSMART Balanced Portfolio

INV002

## Investment objective

The Portfolio's investment objective is to provide returns in line with the benchmark minus our fees by investing in a blend of Exchange Traded Funds (ETFs).

## Investment strategy and approach

The Investment Manager believes that diversification across asset classes and within asset classes will result in better risk adjusted returns over the long-term.

The Portfolio does not have a pre-defined asset allocation, instead the Investment Manager aims to determine the appropriate mix of asset classes that is likely to achieve the stated objective.

The Portfolio is invested in a blend of ETFs, to offer investors a balanced allocation across both defensive income assets (bonds & cash) and growth assets (equities & property) all managed in the one portfolio.

## Designed for investors who:

- accept that there will be some level of volatility in the value of your investments in order to achieve reasonable returns over the medium term;
- seek a portfolio diversified across a range of different asset classes; and
- want a portfolio where the asset allocation is actively managed.

## Benchmark

Morningstar Australia Balanced Target Allocation NR AUD

## Indicative number of securities

5 - 15

## Suggested investment timeframe

4+ years

## Minimum initial investment

\$10,000

## Risk profile

Medium

Expected loss in 3 to 4 years out of every 20 years.

## Asset allocation ranges (%)

Asset class	Min.	Target	Max.
Australian Equities	20	24	30
International Equities	20	22	30
Fixed Interest	30	33	40
Property & Infrastructure	5	9	15
Cash	0.5	12	25

## Management fee

Investment amount	Fee
\$0 - \$99,999	0.55% p.a.
From \$100,000	\$550 p.a. capped

Brokerage: The greater of \$4.40 per trade or 0.088% of the value of the trade.

Estimated indirect cost: 0.14% p.a.

(a cost charged within each ETF held within the portfolio)



# InvestSMART Growth Portfolio

INV003

## Investment objective

The Portfolio's investment objective is to provide returns in line with the benchmark minus our fees by investing in a blend of Exchange Traded Funds (ETFs).

## Investment strategy and approach

The Investment Manager believes that diversification across asset classes and within asset classes will result in better risk adjusted returns over the long-term.

The Portfolio does not have a pre-defined asset allocation, instead the Investment Manager aims to determine the appropriate mix of asset classes that is likely to achieve the stated objective.

The Portfolio is invested in a blend of ETFs to offer investors a higher allocation to growth assets (global equities & property) than defensive income assets (bonds & cash), all managed in the one portfolio.

## Designed for investors who:

- accept a greater degree of volatility in your portfolio in order to achieve a greater return over the long-term;
- seek a portfolio diversified across a range of different asset classes; and
- want a portfolio where the asset allocation is actively managed.

## Benchmark

Morningstar Australia Growth Target Allocation NR AUD

## Indicative number of securities

5 - 15

## Suggested investment timeframe

5+ years

## Minimum initial investment

\$10,000

## Risk profile

Medium - High

Expected loss in 4 to 6 years out of every 20 years.

## Asset allocation ranges (%)

Asset class	Min.	Target	Max.
Australian Equities	25	31	35
International Equities	25	30	35
Fixed Interest	10	17	20
Property & Infrastructure	10	13	20
Cash	0.5	9	30

## Management fee

Investment amount	Fee
\$0 - \$99,999	0.55% p.a.
From \$100,000	\$550 p.a. capped

Brokerage: The greater of \$4.40 per trade or 0.088% of the value of the trade.

Estimated indirect cost: 0.14% p.a.

(a cost charged within each ETF held within the portfolio)



# InvestSMART High Growth Portfolio

INV004

## Investment objective

The Portfolio's investment objective is to provide returns in line with the benchmark minus our fees by investing in a blend of Exchange Traded Funds (ETFs).

## Investment strategy and approach

The Investment Manager believes that diversification across asset classes and within asset classes will result in better risk adjusted returns over the long-term.

The Portfolio does not have a pre-defined asset allocation, instead the Investment Manager aims to determine the appropriate mix of asset classes that is likely to achieve the stated objective.

The Portfolio is invested in a blend of ETFs, to offer investors a higher allocation to growth assets (global equities & property) than defensive income assets (bonds & cash), all managed in the one portfolio.

## Designed for investors who:

- accept that there will be a higher level of volatility in the value of your investments;
- seek a portfolio diversified across a range of different asset classes; and
- want a portfolio where the asset allocation is actively managed.

## Benchmark

Morningstar Australia Aggressive Target Allocation NR AUD

## Indicative number of securities

5 - 15

## Suggested investment timeframe

5+ years

## Minimum initial investment

\$10,000

## Risk profile

High

Expected loss in 6 years out of every 20 years.

## Asset allocation ranges (%)

Asset class	Min.	Target	Max.
Australian Equities	35	40	45
International Equities	35	43	45
Fixed Interest	0	4	10
Property & Infrastructure	0	7	10
Cash	0.5	6	30

## Management fee

Investment amount	Fee
\$0 - \$99,999	0.55% p.a.
From \$100,000	\$550 p.a. capped

Brokerage: The greater of \$4.40 per trade or 0.088% of the value of the trade.

Estimated indirect cost: 0.13% p.a.

(a cost charged within each ETF held within the portfolio)



# InvestSMART

## Ethical Growth Portfolio

INV011

### Investment objective

The Portfolio's investment objective is to provide returns in line with the benchmark minus our fees by investing in a blend of Exchange Traded Funds (ETFs) which hold sustainable, responsible, and/or ethical investments (certain cash positions and other asset types deemed not relevant for ESG analysis are excluded).

### Investment strategy and approach

The Investment Manager believes that diversification across asset classes and within asset classes will result in better risk adjusted returns over the long-term.

The Portfolio does not have a pre-defined asset allocation, instead the Investment Manager aims to determine the appropriate mix of asset classes that is likely to achieve the stated objective.

The Portfolio invests in a blend of ethical ETFs, with a higher allocation to growth assets (equities) than defensive assets (bonds & cash) all managed in the one portfolio.

### Designed for investors who:

- Are willing to accept a greater degree of volatility in their portfolio in order to achieve a greater return over the longer-term;
- seek a portfolio diversified across a range of different asset classes with an ethical bias; and
- want a portfolio where the asset allocation is actively managed.

### Benchmark

Morningstar Australia Growth Target Allocation NR AUD

### Indicative number of securities

5 - 15

### Suggested investment timeframe

5+ years

### Minimum initial investment

\$10,000

### Risk profile

Medium - High

Expected loss in 4 to 6 years out of every 20 years.

### Asset allocation ranges (%)

Asset class	Min.	Target	Max.
Australian Equities	25	32	35
International Equities	25	37	40
Fixed Interest	15	22	25
Cash	0.5	9	25

### Management fee

Investment amount	Fee
\$0 - \$99,999	0.55% p.a.
From \$100,000	\$550 p.a. capped

Brokerage: The greater of \$4.40 per trade or 0.088% of the value of the trade.

Estimated indirect cost: 0.17% p.a.

(a cost charged within each ETF held within the portfolio)



# InvestSMART International Equities Portfolio

INV005

## Investment objective

The Portfolio's investment objective is to provide returns in line with the benchmark minus our fees by investing in a blend of Exchange Traded Funds (ETFs) with exposure to international equity markets.

## Investment strategy and approach

The investment objective will be met through a portfolio of ETFs, where each ETF invests in a different market sector to the others, thereby lowering volatility, minimising overall risk, and increasing the potential for long-term growth. The allocation between ETFs is active and will change over time, typically being reviewed on a quarterly basis. The active allocation process takes current market information along with expectations of future economic conditions into consideration.

## Designed for investors who:

- seek a long-term, reliable return above inflation with a tolerance for high market and currency volatility; and
- seek exposure to international equities in a low-cost product.

## Benchmark

MSCI World (ex-Australia) Total Return Index, unhedged<sup>^</sup>

## Indicative number of securities

5 - 15

## Suggested investment timeframe

7+ years

## Minimum initial investment

\$10,000

## Risk profile

Very High

Expected loss in 6 or greater years out of every 20 years.

## Asset allocation ranges (%)

Asset class	Min.	Target	Max.
International Equities	90	99.5	99.5
Cash	0.5	0.5	10

## Management fee

Investment amount	Fee
\$0 - \$99,999	0.55% p.a.
From \$100,000	\$550 p.a. capped

Brokerage: The greater of \$4.40 per trade or 0.088% of the value of the trade.

Estimated indirect cost: 0.18% p.a.

(a cost charged within each ETF held within the portfolio)

<sup>^</sup>Net return after withholding tax



# InvestSMART Diversified Property & Infrastructure Portfolio

INV006

## Investment objective

The Portfolio's investment objective is to provide returns in line with the benchmark minus our fees by investing in a blend of Exchange Traded Funds (ETFs) with exposure to domestic and international infrastructure and property assets.

## Investment strategy and approach

The portfolio aims to deliver similar returns to the benchmark index by investing in ETFs, domestic Real Estate Investment Trusts (A-REITs) and domestically-listed infrastructure. The portfolio may shift to higher levels of cash subject to valuation and portfolio risk considerations in order to deliver a lower risk outcome than the index and achieve its overall long-term objective.

## Designed for investors who:

- are seeking a managed portfolio with exposure to domestic and global property & infrastructure.

## Benchmark

A composite index comprising of:

- 25% of S&P/ASX 200 A-REIT Index
- 25% of S&P/ASX Infrastructure Index
- 25% of Dow Jones Brookfield Global Infrastructure Total Return Index (AUD)
- 25% of Dow Jones Global Select Real Estate Securities Total Return Index (AUD)

## Indicative number of securities

5 - 12

## Suggested investment timeframe

5+ years

## Minimum initial investment

\$10,000

## Risk profile

High

Expected loss in 4 to 6 years out of every 20 years.

## Asset allocation ranges (%)

Asset class	Min.	Target	Max.
Property & Infrastructure	90	99.5	99.5
Cash	0.5	0.5	10

## Management fee

Investment amount	Fee
\$0 - \$99,999	0.55% p.a.
From \$100,000	\$550 p.a. capped

Brokerage: The greater of \$4.40 per trade or 0.088% of the value of the trade.

Estimated indirect cost: 0.23% p.a.

(a cost charged within each ETF held within the portfolio)



# InvestSMART

## Interest Income Portfolio

INV007

### Investment objective

The Portfolio's investment objective is to provide returns in line with the benchmark minus our fees by investing in a blend of Exchange Traded Funds (ETFs) with exposure to Australian and International fixed income markets.

### Investment strategy and approach

The portfolio will hold a core allocation to Australian fixed income and floating rate securities but may tactically allocate to global fixed income, bonds and cash in order to achieve its long-term objective.

### Designed for investors:

- who are seeking a defensive portfolio with a core exposure to Australian fixed rate income securities that can opportunistically invest in global fixed income securities and bonds as well as hold significant exposures to cash.

### Benchmark

Bloomberg AusBond Composite 0+Yr TR AUD Index

### Indicative number of securities

3 - 10

### Suggested investment timeframe

2+ years

### Minimum initial investment

\$10,000

### Risk profile

Low - Medium

Expected loss in 1 to 2 years out of every 20 years.

### Asset allocation ranges (%)

Asset class	Min.	Target	Max.
Fixed Interest	90	99.5	99.5
Cash	0.5	0.5	10

### Management fee

Investment amount	Fee
\$0 - \$99,999	0.55% p.a.
From \$100,000	\$550 p.a. capped

Brokerage: The greater of \$4.40 per trade or 0.088% of the value of the trade.

Estimated indirect cost: 0.15% p.a.

(a cost charged within each ETF held within the portfolio)



# InvestSMART Hybrid Income Portfolio

INV008

## Investment objective

The investment objective is to invest in a liquid portfolio of listed Australian hybrids, debt securities and cash to achieve a return of 3% (including franking credits) above the RBA Cash Rate per annum over three year rolling periods by investing in a mix of Australian listed hybrids (such as preference shares), listed debt securities and cash.

## Investment strategy and approach

The Investment Manager's approach is buying and holding a blend of Australian listed hybrid securities such as preference shares through a qualitative and quantitative process, focusing on credit quality of the issuer, the industry of the issuer and the details and structure of each issue.

The Investment Manager seeks to diversify the Portfolio across issuers only and actively manage the Portfolio to take advantage of relative mispricing between securities and periods of relatively high liquidity.

## Designed for investors who:

- seek a sustainable income stream (including franking credits) over a 3-year plus timeframe; and
- seek lower risk than ordinary shares and a higher return than cash and cash like investments

## Benchmark

RBA Cash Rate Plus 3%

## Indicative number of securities

5 - 15

## Suggested investment timeframe

3+ years

## Minimum initial investment

\$25,000

## Risk profile

Medium

Expected loss in 2 to 3 years out of every 20 years.

## Asset allocation ranges (%)

Asset class	Min.	Target	Max.
Australian Equities	0	N/A	0
International Equities	0	N/A	0
Interest	80	N/A	99.5
Property & Infrastructure	0	N/A	0
Cash	0.5	N/A	20

## Management fee

Investment amount	Fee
\$0 - \$99,999	0.55% p.a.
From \$100,000	\$550 p.a. capped

Brokerage: The greater of \$4.40 per trade or 0.088% of the value of the trade.

Estimated indirect cost: 0.00% p.a.

(a cost charged within each ETF held within the portfolio)





# InvestSMART Australian Equities Portfolio

INV009

## Investment objective

The Portfolio's investment objective is to provide investors returns in line with the benchmark minus our fees by investing in a blend of Exchange Traded Funds (ETFs) with exposure to the Australian equities market.

## Investment strategy and approach

The investment objective will be met through a portfolio of ETFs, where each ETF invests in a different market sector to the others, thereby lowering volatility, minimising overall risk, and increasing the potential for long-term growth.

The allocation between ETFs is active and will change over time, typically being reviewed on a quarterly basis. The active allocation process takes current market information along with expectations of future economic conditions into consideration.

## Designed for investors who:

- seek a long-term, reliable return above inflation with a tolerance for high market volatility; and
- seek exposure to Australian equities in a low-cost product.

## Benchmark

S&P/ASX 200 Accumulation Index

## Indicative number of securities

1 - 5

## Suggested investment timeframe

7+ years

## Minimum initial investment

\$10,000

## Risk profile

Very High

Expected loss in 6 or greater years out of every 20 years.

## Asset allocation ranges (%)

Asset class	Min.	Target	Max.
Australian Equities	90	99.5	99.5
Cash	0.5	0.5	10

## Management fee

Investment amount	Fee
\$0 - \$99,999	0.55% p.a.
From \$100,000	\$550 p.a. capped

Brokerage: The greater of \$4.40 per trade or 0.088% of the value of the trade.

Estimated indirect cost: 0.05% p.a.

(a cost charged within each ETF held within the portfolio)



# InvestSMART Cash Securities Portfolio

INV010

## Investment objective

The Portfolio's investment objective is to provide returns in line with the benchmark minus our fees by investing in a blend of Exchange Traded Funds (ETFs) which invest in the Australian cash markets.

## Investment strategy and approach

The core allocation of the portfolio will comprise Australian cash and term deposit ETFs in order to achieve its objective.

## Designed for investors who:

- seek a short-term, defensive and highly liquid position to ensure capital stability

## Benchmark

RBA cash rate

## Indicative number of securities

0 - 3

## Suggested investment timeframe

1+ years

## Minimum initial investment

\$10,000

## Risk profile

Very Low

Expected loss is 0 years out of every 20 years.

## Asset allocation ranges (%)

Asset class	Min.	Target	Max.
Cash	100	100	100

## Management fee

Investment amount	Fee
\$0 - \$99,999	0.55% p.a.
From \$100,000	\$550 p.a. capped

Brokerage: The greater of \$4.40 per trade or 0.088% of the value of the trade.

Estimated indirect cost: 0.00% p.a.

(a cost charged within each ETF held within the portfolio)

# Investment Menu

InvestSMART  
Professionally  
Managed Account

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This Investment Menu is issued by  
InvestSMART Funds Management Limited  
(ABN 62 067 751 759, AFSL 246441)

The information in this document forms part of the  
InvestSMART Professionally Managed Account  
Product Disclosure Statement (PDS).

**Investment Manager**

 INTELLIGENT INVESTOR

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# About InvestSMART Funds Management Limited

## About InvestSMART Funds Management Limited

InvestSMART Funds Management Limited (InvestSMART) ACN 067 751 759, AFSL 246 441, is the responsible entity as well as the implementation manager for the Professionally Managed Account (PMA) and the Investment Portfolios (Portfolios). InvestSMART is the issuer of the PMA product.

As the implementation manager, InvestSMART will implement all investment decisions relating to the Portfolios and provide other administrative services for the PMA. InvestSMART is responsible for overseeing the operations and distribution of the PMA.

InvestSMART is a wholly owned subsidiary of InvestSMART Group Limited (ASX:INV) (InvestSMART Group), an ASX-listed financial services company.

At InvestSMART Group, our goal is to provide quality advice, research and investment solutions, free from the jargon and complexities so commonly found in the finance industry, to help all Australian investors meet their financial aspirations.

## Our Investment Manager

The PMA offers a selection of Portfolios provided by Intelligent Investor Holdings Pty Ltd ACN 109 360 983, CAR 1255838 as the investment manager of the Portfolios (Investment Manager). Portfolios cover a suite of investment styles that allows you to tailor your PMA to suit your investment needs.

The Investment Manager is responsible for managing the Portfolios on an ongoing basis and will buy and sell investments to be included in, or removed from within the listed funds in the Portfolios.

The Investment Manager is a wholly owned subsidiary of InvestSMART Group. The Investment Manager uses one of Australia's leading value-focused share research services, established in 1998. Following a value investing approach, the Intelligent Investor investment philosophy centres around investing in good quality businesses that are trading below our estimated value.



# Intelligent Investor Australian Equity Growth Fund

IIF001

## Investment strategy

A portfolio focused on capital growth by investing in undervalued Australian equities.

## Investment objective

The portfolio aims to achieve a return of 2% above the S&P/ASX 200 Accumulation Index p.a. over five year rolling periods with minimal turnover to allow returns to compound in a favourable tax environment.

## Style

Active Stock Allocation, Value Investing Approach

## Suggested investment timeframe

5+ years

## Risk profile

High. Expected loss in 4 to 6 years out of every 20 years.

## Benchmark

S&P/ASX 200 Accumulation Index

## Indicative number of securities

Portfolio is held through one ASX-listed active ETF

## Asset allocation ranges (%)

Asset class	Min.	Target	Max.
Australian Equities	50	N/A	99.5
Cash	0.5	N/A	50

## Fees

Management fee: 0.0%

Indirect Cost Ratio: 0.97%

Brokerage: The greater of \$4.40 per trade or 0.088% of the value of the trade.



# Intelligent Investor Australian Equity Income Fund

IIF002

## Investment strategy

A portfolio focused on generating income without forsaking capital growth by investing in cash rich businesses with the ability to pay growing dividends.

## Investment objective

To achieve a total return of 1% above the S&P/ASX Accumulation Index p.a. and have a distribution yield 2% greater than the Intelligent Investor Growth Fund over rolling five year periods.

## Style

Active Stock Allocation, Value Investing Approach

## Suggested investment timeframe

5+ years

## Risk profile

High. Expected loss in 4 to 6 years out of every 20 years.

## Benchmark

S&P/ASX 200 Accumulation Index

## Indicative number of securities

Portfolio is held through one ASX-listed active ETF

## Asset allocation ranges (%)

Asset class	Min.	Target	Max.
Australian Equities	50	N/A	99.5
Cash	0.5	N/A	50

## Fees

Management fee: 0.0%

Indirect Cost Ratio: 0.97%

Brokerage: The greater of \$4.40 per trade or 0.088% of the value of the trade.



# Intelligent Investor Ethical Share Fund

IIF003

## Investment strategy

This Fund is a simple, cost-effective way to access ethical investments without the usual high fees.

## Investment objective

To invest in a portfolio of ethically and socially responsible undervalued stocks that pass our environmental, social and corporate governance filters to achieve medium to long-term capital growth.

## Style

Active Stock Allocation, Value Investing Approach

## Suggested investment timeframe

5+ years

## Risk profile

High. Expected loss in 4 to 6 years out of every 20 years.

## Benchmark

S&P/ASX 200 Accumulation Index

## Indicative number of securities

Portfolio is held through one ASX-listed active ETF

## Asset allocation ranges (%)

Asset class	Min.	Target	Max.
Australian Equities	50	N/A	99.5
Cash	0.5	N/A	50

## Fees

Management fee: 0.0%

Indirect Cost Ratio: 0.97%

Brokerage: The greater of \$4.40 per trade or 0.088% of the value of the trade.





# Intelligent Investor Select Value Share Fund

IIF004

## Investment strategy

This Fund is for investors with a higher risk appetite looking to gain exposure to a concentrated portfolio of the best ASX listed and international stocks our Intelligent Investor analysts can find.

## Investment objective

The portfolio aims to outperform the S&P/ASX 200 Accumulation Index p.a. over five year rolling periods with minimal turnover to allow returns to compound in a favourable tax environment.

## Style

Active Stock Allocation, Value Investing Approach

## Suggested investment timeframe

5+ years

## Risk profile

High. Expected loss in 4 to 6 years out of every 20 years.

## Benchmark

S&P/ASX 200 Accumulation Index

## Indicative number of securities

Portfolio is held through one ASX-listed active ETF

## Asset allocation ranges (%)

Asset class	Min.	Target	Max.
Australian and International Equities	70	N/A	99.5
Cash	0.5	N/A	50

## Fees

Management fee: 0.0%

Estimated Indirect Cost Ratio: 1.27%  
(including estimated performance fee)

Brokerage: The greater of \$4.40 per trade or 0.088% of the value of the trade.

# INVESTSMART

Have a question, need help? Contact Us.

 [invest@investsmart.com.au](mailto:invest@investsmart.com.au)

 1300 880 160

 Schedule a call with our Portfolio Services team

**INVESTSMART**

LET'S MAKE WEALTH HAPPEN

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1300 880 160