

SMF Eligible Rollover Fund

Product Disclosure Statement


Dated: 1 July 2017

Issuer and administrator: IOOF Investment Management Limited (IIML) ABN 53 006 695 021, AFS Licence No 230524, as Trustee of the SMF Eligible Rollover Fund ABN 82 810 851 250. The terms 'our', 'we', 'us' and 'Trustee' in this PDS refer to IIML. ASIC Class Order 14/1252 applies to this PDS.

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About this Product Disclosure Statement

This Product Disclosure Statement (PDS) is a summary of significant information and contains a number of references to additional important information contained in the SMF Eligible Rollover Fund Guide (SMF.12) which also forms part of the PDS. References to the important information are indicated by  in this PDS. You should consider this information before making a decision about this product. The information provided in this PDS is general information only and does not take account of your personal financial situation or needs. You should obtain financial advice tailored to your personal circumstances.

Phone 1800 677 306 for

- a copy of this PDS, and
- a copy of the important information that is incorporated by reference into this PDS.

Information in this PDS is subject to change from time-to-time. Where the changes are not materially adverse to members, the information may be updated on the IOOF website. A paper copy of the updated information is available on request.

Contact details

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Part of the IOOF group

Section 1 – About the SMF Eligible Rollover Fund

The SMF Eligible Rollover Fund (Fund) has been designed as a temporary repository to accept the benefits of members with low account balances, those who are leaving or changing employment, or those who have become uncontactable.

You would have become a member of the Fund as a result of your super benefit being transferred from another super fund (such as your previous employer's super facility). When this amount is transferred, an account is set up in your name to hold your account balance. The Fund does not accept applications for membership or contributions from individuals. We can accept additional transfers from other super funds (called rollovers) on your behalf once you have an account.

The SMF Eligible Rollover Fund offers a single conservative investment strategy. The Fund does not provide an income stream (normally referred to as a pension) and no insurance cover is available.

It operates on an accumulation style basis where benefits are based on the balance of your account at the time of leaving the Fund. The balance consists of any amounts transferred to the Fund, less any deductions that may apply, together with earnings credited to the date of leaving. The investment performance is not guaranteed.

Investing your super wisely is arguably one of the most important investment decisions you will ever make. Having an experienced investment partner is a key step towards achieving your long-term financial goals. Therefore, it is good to know that the Trustee is part of the IOOF group, a large, fully-integrated financial services organisation. IOOF has more than \$139 billion in funds under management, administration, advice and supervision and provides services to more than 600,000 Australians¹. For more information about IOOF, including product dashboards (incorporating the IOOF MySuper dashboard), director details, executive remuneration and other documents please visit ioof.com.au.

Section 2 – How super works


Super is, in part, a compulsory long-term savings vehicle used to help you accumulate money to support yourself during retirement. Access to your super is restricted to ensure it is available in your retirement. To encourage people to save for their retirement, the Commonwealth Government provides a range of incentives for savings in super. This means Super is taxed differently to other investments and there can be significant tax advantages with using super to save for your retirement (see page 8 for more about how super is taxed).

Whilst you cannot make contributions (other than rollovers) to this Fund, the contributions available to super generally include:

- employer contributions
- voluntary contributions:
 - before-tax contributions (salary sacrifice)
 - after-tax contributions
- government contributions.

Generally, it's compulsory for employers to make contributions to the super of their employees. Most employees have the right to choose which super fund the employer should pay those compulsory contributions into. There are some limitations on contributions to super, such as caps on the amount you can contribute before additional tax applies and limits on the age at which you can continue to make contributions.

Super is generally used for retirement. Generally, withdrawals from your super are limited, that is you cannot access your super until you retire after reaching at least age 55, but there are some special circumstances when you can withdraw earlier.

 You should read the important information about 'How super works' in the SMF Eligible Rollover Fund Guide (SMF.12) before making a decision. Go to page 1 in the SMF.12 available at ioof.com.au/product_list/smf_erf.

The material relating to 'How super works' may change between the time when you read this PDS and the day when you acquire the product.

Section 3 – Benefits of investing with the SMF Eligible Rollover Fund

Some of the significant features and benefits of the Fund include:

- a rollover fund with a conservative investment approach that helps to maintain your account balance until you decide what to do with your super,
- all members' benefits are treated equally, no matter how large or small their account balance; and
- a knowledgeable and friendly Client Services Team.

Section 4 – Risks of super

All investments carry risk. Different strategies may carry different levels of risk, depending on the assets that make up the strategy. Assets with the highest long-term returns may also carry the highest level of short-term risk.

Significant risks that may adversely affect your investment in the Fund include the possibility of negative investment returns, insufficient diversification of investments and future changes to super and taxation law.

There are also investment risks that may affect your super, such as market risk or credit risk and general risks associated with changing economic conditions. This means that the value of investments will vary, the level of returns will vary, and future returns may differ from past returns. Returns are not guaranteed and you may lose some of your money.

Please bear in mind also that the amount of your super benefit at retirement may not be enough to provide adequately for your retirement.

How these risks may affect you will vary depending on a range of factors, including each of:

- 1 your age
- 2 your investment time frame
- 3 where other parts of your wealth are invested
- 4 your risk tolerance



You should read the important information about 'Risks of super' in the SMF Eligible Rollover Fund Guide (SMF.12) before making a decision. Go to page 3 in the SMF.12 available at ioof.com.au/product_list/smf_erf. The material relating to 'Risks of super' may change between the time when you read this PDS and the day when you acquire the product.

Section 5 – How we invest your money

The Trustee invests members' money with the aim of achieving competitive returns at an acceptable level of risk. To achieve this aim the Fund pools your account balance with those of other members and is invested into the IOOF MultiMix Conservative Trust (IOF0095AU) (Underlying Fund). The Fund also maintains a small portion in cash to facilitate cashflow.

As there is only a single investment option available in the Fund, members are not able to switch investment options within the Fund. The Trustee may however, at its discretion, change the Fund's investment option.

Warning: You should consider the likely investment return, risk and your investment timeframe when choosing to invest in the Underlying Fund.²

The Underlying Fund is managed by IOOF Investment Management Limited. You can read the PDS containing the IOOF MultiMix Conservative Trust on our website (ioof.com.au).

² This is a legally prescribed statement. Please note that there is no choice of investment strategy offered by this Fund

A summary of the Underlying Fund is contained in the following table:

Typical investor	Investors seeking a diversified portfolio of predominantly income producing assets with some growth asset exposure.		
Investment return objective	To provide stable returns over the medium term by investing in a diversified portfolio of defensive assets with some growth asset exposure, and to achieve a total return after fees in excess of the Underlying Fund's benchmark over a rolling three year period.		
Likely investment return	Low to medium.		
Investment strategy	<p>The Underlying Fund generally gains its exposure to a diversified portfolio of investments through a mix of investment managers.</p> <p>The conservative nature of the Underlying Fund means it has a greater exposure to income bearing assets such as cash, fixed interest and alternative-defensive with some exposure to growth assets such as Australian and international property and shares.</p> <p>The Underlying Fund is authorised to utilise approved derivative instruments for risk management purposes subject to the specific restriction that the derivative instruments cannot be used to gear portfolio exposure.</p> <p>The underlying investment managers may utilise strategies for the management of currency exposure. The level of currency hedging used for the Underlying Fund will vary from time to time. The Underlying Fund has the capacity to apply a currency overlay to manage its currency risk.</p>		
Target asset allocation and asset ranges³	Asset class	Asset range	Target allocation
	Cash and short term securities	10 – 35%	23%
	Diversified fixed interest	30 – 55%	42%
	Alternative – defensive	0 – 15%	5%
	Property	0 – 20%	10%
	Australian shares	0 – 20%	11%
	International shares	0 – 20%	9%
Risk level⁴	Low to medium (Risk band 3).		
Risk factors influencing investment returns	Returns in the short-term may be somewhat volatile and will be affected by movements in global and local share markets, property values as well as movements in foreign currencies.		
Minimum suggested time frame for holding the investment	3 to 5 years.		
A negative annual return is not expected more frequently than	Once but less than twice in every 20 years ⁵ .		

³ Actual asset allocation may move outside the above ranges or specified percentages from time to time.

⁴ The risk level is not a complete assessment of all forms of investment risks, for instance it does not detail what the size of a negative return could be or the potential for a positive return to be less than the return an investor may require to meet their objectives.

⁵ The methodology for the standard risk measure uses projections and estimates. Actual outcomes may differ significantly.

How investment earnings are applied to your account

A crediting rate is applied to your account annually (at the end of the financial year). The crediting rate is based on the gross income of the Fund's assets, less applicable fees, costs and income tax. It may be negative and your account may be debited.

During the financial year an interim crediting rate is calculated. If you withdraw or rollover your investment in the Fund before the crediting rate for that financial year is calculated, the interim crediting rate is used to determine the investment return credited to your account.

Labour standards, environmental, social and ethical considerations

Different investment managers have different policies regarding the extent to which they take into account labour standards, environmental, social or ethical considerations. Information regarding these policies will be disclosed in the product disclosure statement for the IOOF MultiMix Conservative Trust which can be found at our website (ioof.com.au).

As Trustee of the Fund, we do not generally take into account labour standards or environmental, social or ethical considerations when making investment decisions. However, should investment returns be adversely affected due to poor labour standards or activities considered environmentally, socially or ethically unacceptable, this may influence investment decisions.

Section 6 – Fees and costs

DID YOU KNOW?

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

For example, total annual fees and costs of 2 per cent of your account balance rather than 1 per cent could reduce your final return by up to 20 per cent 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 or your employer, as applicable, 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) has a superannuation calculator to help you check out different fee options.

This document shows fees and other costs that you may be charged. These fees and other costs may be deducted from your money, from the returns on your investment or from the assets of the superannuation entity as a whole.

Other fees, such as activity fees may also be charged, but these will depend on the nature of the activity chosen by you.

The fees quoted in this section may be different from the amounts deducted from your account as the amounts deducted will include the effects of any applicable reduced input tax credits (RITCs).

Taxes are set out in another part of this document.

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

Fee table

SMF Eligible Rollover Fund		
Type of fee or cost	Amount	How and when paid
Investment Fee	Nil	Not applicable.
Administration Fee	1.75% pa (or \$17.50 per \$1,000 invested)	This fee is the percentage-based component expressed as a percentage of the total assets of the Fund and is calculated on the gross asset value of the Fund. It is calculated monthly in arrears and paid to the Trustee at the beginning of the following month. The Administration Fee is incorporated into the annual crediting rate.
Buy-sell spread	0.13% (buy or sell)	A buy-sell spread is added to, or deducted from (as applicable) the unit price of the relevant managed investment. The buy-sell spread can change from time to time. Please refer to the IOOF MultiMix Conservative Trust product disclosure statement for specific details.
Exit Fee	Nil	Not applicable.
Other fees and costs	Family Law fees – \$125 per hour (subject to minimum of \$50)	Application for information – cheque must accompany the application. Payment flagging – debited directly from your account when applied. Payment splitting – debited directly from each account at time of payment split.
Indirect Cost Ratio	0.73% ⁶ pa (or \$7.30 per \$1,000 invested)	Calculated daily as a percentage of the amount that is invested in the Underlying Fund. It is not deducted directly from your account but is generally incorporated into the unit price of the Underlying Fund and generally charged monthly in arrears.

Example of annual fees and costs

This table gives an example of how the fees and costs can affect your superannuation investment over a 1 year period. You should use this table to compare this superannuation product with other superannuation products.

Example – IOOF MultiMix Conservative Trust		Balance of \$50,000
Investment fee	Nil	For every \$50,000 you have in the investment option, you will be charged \$0 each year.
PLUS Administration fees	1.75%	And, you will be charged \$875 in administration fees.
PLUS Indirect costs for the product	0.73%	And, indirect costs of \$365 each year will be deducted from your investment.
EQUALS cost of Product	If your balance was \$50,000, then for that year you will be charged fees of \$1,240* for the product.	

* Note: Additional fees may apply. And, if you leave the super entity, you may be charged a buy-sell spread (which also applies whenever you make an investment purchase or redemption). The buy-sell spread for exiting is 0.13 per cent (this will equal \$65 for every \$50,000 you withdraw).

6 This includes the indirect cost ratio and expense recoveries (excluding any unusual or non-recurrent expenses) of the Underlying Fund. This fee excludes any performance fees which may be charged by underlying investment managers of the Underlying Fund from time to time. Any performance fees incurred will be an additional cost. Please refer to the separate PDS containing the IOOF MultiMix Conservative Trust for details. Similar to the indirect cost ratio, the performance fee is not deducted directly from your account but is generally incorporated into the unit price of the Underlying Fund.

Additional explanation of fees and costs

All figures shown in this PDS are inclusive of GST and the estimated impact of reduced input tax credits.

Operational Risk Financial Reserve

The Government requires super funds to keep a financial reserve to cover any losses that members incur due to operational risk events. A Reserve has been established and is currently maintained within the fund by the Trustee. We may require members to contribute to the Reserve in the future. If we do, we will notify you in advance of any deductions.

Family Law Fees

Legislation allows the Trustee to impose reasonable fees and pass on any expenses incurred, where your retirement savings are affected by superannuation requirements under the Family Law Act or related legislation.

Defined fees

Activity fee	<p>A fee is an activity fee if:</p> <ol style="list-style-type: none"> a. the fee relates to costs incurred by the trustee of the superannuation entity that are directly related to an activity of the Trustee: <ol style="list-style-type: none"> (i). that is engaged in at the request, or with the consent, of a member; or (ii). that relates to a member and is required by law; and b. those costs are not otherwise charged as an administration fee, an investment fee, a buy sell spread, a switching fee, an exit fee, an advice fee or an insurance fee.
Administration fees	<p>An administration fee is a fee that relates to the administration or operation of the superannuation entity and includes costs, other than indirect costs that are not paid out of the superannuation entity that the Trustee has elected in writing will be treated as indirect costs and not fees, incurred by the Trustee of the entity that:</p> <ol style="list-style-type: none"> 1. relate to the administration or operation of the entity, and 2. are not otherwise charged as an investment fee, a buy-sell spread, a switching fee or an exit fee.
Buy-sell spreads	<p>A buy-sell spread is a fee to recover transaction costs incurred by the Trustee of the superannuation entity in relation to the sale and purchase of assets of the entity. The buy-sell spread is currently 0.13% of the amount purchased or redeemed and can change from time to time.</p>
Exit fees	<p>An exit fee is a fee to recover the costs of disposing of all, or part of, members' interests in the superannuation entity.</p>
Indirect cost ratio	<p>The indirect cost ratio (ICR), for an investment option offered by a superannuation entity, is the ratio of the total of the indirect costs for the investment option, to the total average net assets of the superannuation entity attributed to the investment option.</p> <p>Note: A dollar-based fee deducted directly from a member's account is not included in the indirect cost ratio.</p>
Investment fees	<p>An investment fee is a fee that relates to the investment of the assets of a superannuation entity and includes:</p> <ol style="list-style-type: none"> a. fees in payment for the exercise of care and expertise in the investment of those assets (including performance fees); and b. costs, other than indirect costs that are not paid out of the superannuation entity that the trustee has elected in writing will be treated as indirect costs and not fees, incurred by the trustee of the entity or in an interposed vehicle or derivative financial product that: <ol style="list-style-type: none"> (i). relate to the investment of assets of the entity; and (ii). are not otherwise charged as an administration fee, a buy-sell spread, a switching fee, an exit fee, an activity fee, an advice fee or an insurance fee.

The Trustee will charge \$125 per hour for processing family law-related requests, subject to the following minimum charges:

- Application for information – minimum \$50.
- Payment flagging – minimum \$100. When charged, this amount will be debited directly from your pension account.
- Payment splitting – minimum \$100. When charged, \$50 will be debited directly from each pension account at the time of the payment split.

Changes to fees and costs

We may change fees and costs from time to time without your consent. We will let you know of any increase in fees or introduction of a new fee by giving you 30 days notice before the change takes effect.

Section 7 – How super is taxed

The laws relating to super, including tax laws, are complex and subject to change from time to time. We recommend that you obtain professional advice on the consequences before investing.

This section sets out a summary of the significant tax information relating to your investment in the SMF Eligible Rollover Fund.

Tax treatment of your super investment income and capital gains

The maximum rate of tax applied to earnings, which is the interest and investment income from your investment options, is 15 per cent. Net capital gains are effectively taxed at the concessional rate of 10 per cent if the asset has been held for longer than 12 months.

The investment return credited to your account annually, is calculated after the tax on any investment income has been deducted, and includes an allowance for tax on realised and unrealised net capital gains.

Tax on withdrawals

When you are aged 60 and over

Withdrawals are tax free.


If you are under age 60

If you are eligible to withdraw some or all of your super savings in cash, as a lump sum, we are required to deduct tax, depending on your age and the tax components of your benefit. If you have provided your Tax File Number, the maximum rate of tax that we would deduct from money you withdraw as a lump sum is 20 per cent plus the Medicare Levy (currently 2.0 per cent).

Tax file numbers

Warning: you should provide your tax file number (TFN) as part of acquiring a super product.

Under super law, we are required to ask you for your TFN. Even though we are required to ask you for your TFN, under the law you do not have to provide it to us. However, if you choose not to, on withdrawal you may pay more tax on your super.

 You should read the important information about 'How super is taxed' in the SMF Eligible Rollover Fund Guide (SMF:12) before making a decision. Go to page 5 in the SMF:12 available at ioof.com.au/product_list/smf_erf. The material relating to 'How super is taxed' may change between the time when you read this PDS and the day when you acquire the product.

Section 8 – How to open an account

Joining the Fund

You will have become a member of the Fund as a result of your super benefit being transferred from another super fund (such as your previous employer's super facility). When this amount is transferred, an account is set up in your name to hold your account balance.

The Fund does not accept applications for membership from individuals.

Do you have a 'cooling-off' period?

You do not have any cooling-off rights for the SMF Eligible Rollover Fund.

What if you have a complaint?

If you have a complaint about your account (or wish to obtain further information about the status of an existing complaint), please contact the Manager, Customer Care on 1800 677 306 or write to:

Manager, Customer Care
IOOF Investment Management Limited,
Reply Paid 264, Melbourne VIC 8060.

If you let us know of any concerns arising from your dealings with us, we can work towards providing suitable resolutions and better service for all clients in the future. When you get in touch with us, please provide:

- your contact details
- your account or client number
- a detailed description of the facts surrounding your complaint.

Where possible, concerns will be resolved immediately.

If further investigation is required, our customer care team will acknowledge your complaint in writing and will consider and deal with your complaint as quickly as possible. We are required by law to deal with your complaint within 90 days.

If you are not satisfied with our handling of your complaint or a decision we have made in relation to your complaint, you may contact the Superannuation Complaints Tribunal (SCT) by calling 1300 884 114, or by writing to the SCT at Locked Bag 3060, Melbourne VIC 3001.

This service is available free of charge to you, however the SCT can only hear your complaint after you have first made use of our internal complaints handling arrangements (as explained above).