



# Portfolio Service

## Guide

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This Investor Directed Portfolio Service Guide is issued by the Operator.

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ABN 52 091 082 058;  
Australian Financial Services Licence ('AFSL') No. 305604.

Freedom of Choice Portfolio Service  
ABN 78 268 283 305

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## About this Guide

**This Guide contains information about significant features of the Freedom of Choice Portfolio Service, including information on how to open and operate an account, fees and charges and complaint resolution processes of the Service. It is designed to help you decide whether or not to utilise the Service.**

Warning: There are significant differences between acquiring an investment directly and acquiring an investment through the Service, including differences in relation to cooling off rights, rights to attend investor meetings and vote, and rights to withdraw your investment in some circumstances. See 'Nature of members' rights compared to rights of direct holder of investments' on page 24.

This Investor Directed Portfolio Service ('IDPS' or 'the Service') Guide ('Guide') is dated 5 October 2021 and is issued by Acclaim Management Group Limited ABN 52 091 082 058, AFS Licence No. 305604 ('Acclaim', or 'Operator'), as Operator of the Freedom of Choice Portfolio Service ABN 78 268 283 305 ('the Service' or 'Freedom of Choice').

This Guide is for general information purposes only and is not intended to be relied on for the purpose of making an investment decision or other decisions pertinent to your investment in the Service. It has been prepared without taking account of the objectives, financial situation and needs of any particular person. You should also consider obtaining professional advice before making decisions regarding your investment in the Service, to determine if they are appropriate to your needs.

Equity Trustees Limited ABN 46 004 031 298 holds the assets of the Freedom of Choice Portfolio Service on trust for the Operator. The Operator holds the beneficial interest in those assets on trust for investors. The responsibilities of Equity Trustees Limited as asset holder ('Custodian') are to hold in safe keeping, transact and settle the assets of the Service in accordance with the Operator's instructions.

Acclaim Management Group Limited ('Acclaim') ABN 52 091 082 058, AFS Licence No 305604 is the Operator and Promoter of the Service.

The Operator and the Custodian do not guarantee the performance of, or the repayment of capital from, the Freedom of Choice Portfolio Service.

In this Guide all amounts are expressed in Australian dollars unless otherwise indicated. No applications will be accepted on the basis of this document once it is replaced with a later Guide.

The offer made in this Guide is only available to people receiving this Guide in Australia (electronically or otherwise). If you are unsure whether the electronic document you have received is complete, please contact Client Services.

This Guide may be accessed via the Freedom of Choice website. This Guide should be read in conjunction with the Application Form, Investment Choice Form, Target Market Determination and the disclosure documents of the underlying investments that you invest in. The Target Market Determination for the Service is available at [www.freedomofchoice.com.au/target-market-determinations](http://www.freedomofchoice.com.au/target-market-determinations).

Paper copies of this Guide, Application Form and Investment Choice Form are available free of charge on request for the life of the documents by calling Client Services on **1800 806 013**.

For detailed information on each of the underlying funds, please refer to the relevant disclosure documents which are available from your financial adviser or from the website [www.freedomofchoice.com.au](http://www.freedomofchoice.com.au).

## How to get up to date information

The information in this Guide is up to date at the time this Guide is issued. Some of the information is subject to change from time to time. If the change is not material the information may be updated on the Freedom of Choice website. You can access the latest updated information at [www.freedomofchoice.com.au](http://www.freedomofchoice.com.au) at any time.

You can obtain a paper copy of any updated information from Client Services without charge on request.

Information about the investment performance of the managed funds you can access through Freedom of Choice Portfolio Service is also available on the website, or as a paper copy on request.

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# About Freedom of Choice

The Freedom of Choice Portfolio Service is an investment service that provides investors with a flexible and hassle-free way to invest. It provides you with all the administration and service support you need to make investing easy.

You enjoy the advantages of investment choice and investment manager diversity without the complexities of all the record keeping.

## A range of benefits

Freedom of Choice provides a range of benefits including:

- » an easy way to access a range of investments;
- » a single account for all your investments;
- » a choice of over 180 wholesale managed funds from over 40 leading fund managers, which can provide significant cost saving for investors compared to traditional retail managed funds;
- » access to all direct shares listed on Australian stock exchanges;
- » flexibility to switch your investments at any time between the investment options available;
- » flexibility to transfer existing investments into the Service, subject to approval;
- » an investment gearing facility;
- » an automatic rebalancing facility;
- » reduced administration charges for larger investment amounts;
- » regular deposit and withdrawal facilities;
- » detailed quarterly reports on your investments to assist you and your financial adviser in managing your financial affairs; and
- » access to the Freedom of Choice website, [www.freedomofchoice.com.au](http://www.freedomofchoice.com.au) – an internet information service that provides up to date performance details and other useful information, including online access to your account.

You enjoy the advantages of investment choice and investment manager diversity without the complexities of all the record keeping.

## A range of investment options

Freedom of Choice provides you with a wide range of investment options from which to choose. This allows you, in consultation with your financial adviser, to choose investments that meet your objectives and suit the level of risk with which you are comfortable.

Freedom of Choice offers three separate investment approaches:

- » Managed Choice (diversified multi-manager options)
- » Fund Choice (over 180 wholesale managed fund options)
- » Direct Choice (all direct equities listed on Australian stock exchanges)

Term deposits are also available through the Service.

For further details on the range of investment options refer to the 'Your Investment Options' section.

## The Service at a Glance

Key features	Portfolio Service
Who can invest?	<p>Generally:</p> <ul style="list-style-type: none"> <li>» Individuals over the age of 18</li> <li>» Companies</li> <li>» Partnerships</li> <li>» Incorporated associations</li> <li>» Superannuation funds</li> <li>» Trustees authorised to make the type of investments offered through Freedom of Choice</li> </ul>
Minimum initial deposit	\$5,000 (\$2,500 if establishing a Regular Investment Plan)
Minimum additional deposit (lump sum)	\$500
Minimum regular deposit (Regular Investment Plan)	\$100 per month
Automatic Rebalancing	Available
Cash Sweep	Available
Access to benefits	Withdrawals can be made at any time
Minimum withdrawals	\$500 (subject to a minimum balance of \$2,500)
Investment options	<ul style="list-style-type: none"> <li>» Cash</li> <li>» Managed Funds (diversified pre-set multi-sector funds and a range of single sector funds)</li> <li>» Direct Shares (all direct equities listed on Australian stock exchanges)</li> <li>» Term Deposits</li> </ul>
Investment gearing facility	Available
Automatic rebalancing	Available
Minimum cash account requirement	2% of account balance
Member communications	<ul style="list-style-type: none"> <li>» Transaction and account statement (Each quarter and at the end of the financial year)</li> <li>» Quarterly portfolio valuation report</li> <li>» Annual taxation report</li> <li>» Annual audit report</li> </ul>

# Benefits of Freedom of Choice

## Who can invest?

Freedom of Choice is open to investors who are:

- » individuals over the age of 18;
- » companies;
- » partnerships;
- » incorporated associations;
- » superannuation funds; or
- » trustees authorised to invest in this type of service.

## Low initial investment

You can invest through the Service with an initial lump sum deposit of \$5,000. Alternatively, if you wish to make regular deposits through the Regular Investment Plan, you only need \$2,500 to get started (see below).

Additional lump sum deposits must be at least \$500.

## Regular Investment Plan

The Regular Investment Plan provides you with the opportunity to use a disciplined approach to your personal savings. The minimum regular deposit amount is \$100 per month and can be made monthly, quarterly, half-yearly or yearly.

The Operator will arrange for funds to be automatically drawn from your bank, building society or credit union account, normally on the 15th day of the month.

Deposits made will be held in your Cash Account until the required level is held to purchase investments. At the time investments are purchased, you may not have the current PDS or other disclosure document for that managed fund or security.

You can change your regular deposit amount (provided it stays above \$100) or stop the plan at any time by notifying Client Services in writing. This must be done at least 5 working days before the next automatic deposit is due, to ensure your request is carried out.

In addition, Bank transaction fees and Government charges may apply. Bank dishonour fees may apply if you do not maintain sufficient funds to cover the regular deposit.

Participation in the Regular Investment Plan will automatically cease if 2 consecutive payments are dishonoured, or if you close your account.

Deposits made under the Regular Investment Plan are made on the terms and conditions set out in the Guide current at the time the deposits are made. The Operator is entitled to change or terminate the Regular Investment Plan by providing you with prior written notice.

## Transfer in of existing investments

Your initial or subsequent deposits into the Service can be in the form of an asset transfer (subject to conditions). Transferring existing share or managed fund holdings into your account allows you to consolidate your investments, providing easier administration and reporting of your total portfolio.

The investments must fall within the list of investments offered through Freedom of Choice at the time of transfer. To request a transfer into your account, you will need to complete the Transfers Section of the Investment Choice Form. Transaction fees will apply, see page 16.

## Regular Income Plan

The Regular Income Plan provides for an income stream to be paid from your account either monthly, quarterly, half-yearly or yearly.

## Gearing facility

Your financial adviser may recommend that you increase your investment capacity by combining your managed fund investments with borrowed funds. Gearing facilities (or margin lending as it is often referred to) are available to individuals, companies and trustees.

However, while borrowing to invest can provide advantages, it will also attract higher risks. For example, interest rates may rise, making it more difficult for income from the investment to be used to service the loan. You should also be aware that the gearing facility will be subject to the terms and conditions imposed by the lender. Additionally, if the money owed to the lender exceeds your borrowing limit, the lender may require part repayment.

As there are additional risks associated with gearing, you should discuss any gearing strategy with your financial adviser to ensure that it is appropriate to your individual circumstances. Your financial adviser will then assist you to establish a gearing facility within the Service.

The investments purchased as collateral through a gearing facility are generally secured by a mortgage over the investments or held in the name of a nominee on behalf of the margin lender. Accordingly, for these investments, it is the margin lender's nominee who will be the investor in Freedom of Choice.

Investors using this facility are fully liable for all amounts borrowed and owing.

For further information on the gearing facility and lenders available, contact your financial adviser.



# Some Investment Fundamentals

Before you start investing there are some basic questions you should ask yourself:

- » What types of investments are there? (Asset classes)
- » For how long will I be investing? (Timeframe)
- » Will I accept fluctuations in the value of my investments? (Attitude to risk)
- » What do I want from my investments? (Objectives)

Once you have the answers to these questions you can begin developing an investment strategy and choose the investment options that are best for you.

If you are unsure about any of these questions, it is strongly recommended that you seek advice from a licensed financial adviser who can help you through this process.

## Asset classes

The term 'asset class' is used to describe the type of investment. Generally speaking there are four main asset classes – shares, property, fixed interest and cash. These assets can then be broken down into sub-classes. For instance, property can be broken down into listed property and direct property; shares into Australian shares and international shares; and so on.

### Shares

Shares (also known as securities or equities) describe the unit of ownership in a company and are usually bought or sold on a stock exchange. In Australia, shares are often classified into either Australian shares (shares that are traded on an Australian stock exchange) or international shares (shares that are traded on international stock exchanges throughout the world). Shares can be owned by individuals, other companies, managed funds or superannuation funds.

Returns from shares generally include capital growth (an increase in the value of the shares) or loss (a decrease in the value of shares). Depending on the share, some of the return may also be in the form of income through share dividends where a portion of the company's profits are paid to shareholders.

Shares traditionally carry more risk than other asset classes because they can experience significant changes in value. Share prices fluctuate in value in response to many factors, including company profits and performance, inflation, interest rates, exchange rates and political factors.

### Property

Property is an investment in real estate including buildings and/or land. The main types of property are residential (houses), commercial (office buildings), retail (shopping centres) and industrial (factories). Investing in property can be done directly (where the investor holds the title) or through property trusts.

Due to the nature and size of commercial, retail and industrial properties it is difficult for the average investor to invest directly in these assets. Instead, they may invest through property trusts which pool investors' money together, making it possible to own a small part of the property or group of properties. The composition of property trusts can also vary.

Some trusts invest in other property trusts listed on the stock exchange, while other trusts hold property directly, or a combination of both.

Similar to residential properties, property trusts usually earn income in the form of rent. A property trust may also increase in value over the long-term as its investment increases in value. A property trust may also invest in a number of different properties to create diversification.

Historically, property investments are less volatile than shares. However, property investment returns will still vary as returns rely on general economic conditions and factors unique to property, such as location and quality of tenants.

### Fixed interest

Investing in fixed interest securities (also known as bonds) is in essence lending money to government or business at a fixed interest rate for a specified length of time. The borrower pays a fixed rate of interest for the agreed term, after which the loan is paid back in full (on maturity).

Before maturity, a bond's capital value can fluctuate due to interest rate movements or changes in the credit worthiness of the borrower. Generally, when interest rates increase, the value of a bond falls because the interest rate that the borrower has agreed to pay up front is less than the current market interest rate. Conversely, when interest rates fall, the value of a bond increases.

Bonds have traditionally offered more security and less volatility (over the short-term) than shares or property. However, the returns over the long-term have historically been lower than shares and property investments.

### Cash

Cash investments generally include bank deposits, term deposits, very short-term bonds and other similar investments. The returns on cash are in the form of interest income only. Cash investments are the most secure, stable and predictable of the asset classes, as the underlying investments are either very short-term in nature or subject to variable interest rates making them less susceptible to capital movement when interest rates change.

Cash is a very low risk investment, but also provides relatively low returns in the long-term compared to the other asset classes.

## How have the asset classes performed?

It is widely accepted that investment markets are inherently uncertain. Over the short-term, it is almost impossible to predict with confidence which asset class will be the best performing.

However, over the long-term, the more volatile asset classes like shares and property have generally outperformed the less volatile asset classes such as fixed interest and cash.

## Investment timeframe

When investing it is important to consider how long you wish to invest for, as this may help determine the chance of a negative return, and therefore determine the level of exposure to the different asset classes with which you are comfortable.

If you are investing for a relatively short period of time, say less than three years, then the likelihood of a negative return

(getting back less than what you originally invested) from shares is relatively high. Cash and fixed interest investments offer the least chance of losing part of your original investment. If you are investing for a long period of time, say, eight years or more, then based on historical performance, the likelihood of a negative return from shares and property over the period is reduced. Shares and property investments generally provide better returns over long periods of time compared with cash and fixed interest.

The table below shows the suggested minimum period for holding an investment in the various asset classes:

Asset Class	Timeframe
Cash	0 – 3 years
Fixed interest	2 – 4 years
Property	More than 5 years
Shares	More than 5 years

## Attitude to investment risk

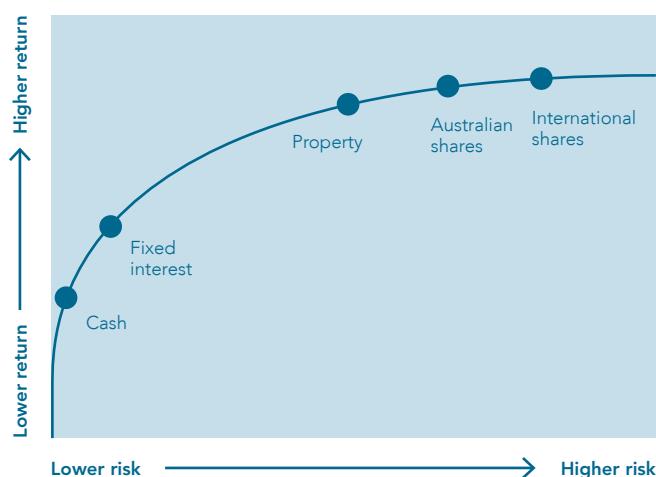
Risk is the likelihood of an investment performing lower than expected or providing a negative return. If there is a high chance of negative returns (loss of capital), the investment is considered high risk. Conversely, if there is a low chance of negative return, this is considered low risk.

Risk, however, can be linked to timeframe. Share investments for example are considered high risk. However, the level of risk (or the chance of a negative return) decreases the longer the period of investment. A share investment over one year would be considered very high risk compared to a share investment over ten years, which may be considered a moderate risk.

Generally speaking, if you want a low risk investment, you have to be prepared for low returns. If you want to aim for high returns, you have to be prepared to take some risks and possibly have negative returns at some time. This is known as the 'risk/return trade off'.

Historical data suggests returns from income investments (such as cash and fixed interest) are generally less volatile (that is, they tend to move up and down less) than returns from growth investments (such as shares and property). Over the long-term however, growth investments tend to achieve greater returns than income investments.

This diagram illustrates the general risk/return relationship for each of the main asset classes:



## How do you minimise risk without sacrificing returns?

There are 2 main strategies employed to reduce risk and optimise returns:

- » Invest according to timeframe – choose investments that closely match your investment timeframe.
- » Diversify your investments – spread your investment over a number of asset classes and investment managers.

## Diversification

Diversification is the process of spreading investments across different asset classes and different investment managers.

### Why is diversification important?

As mentioned earlier, different asset classes perform differently and have different levels of risk. If you spread your investment across various asset classes, taking into consideration your timeframe, the impact of economic changes over your whole investment is reduced. In addition to asset diversification, it is also important to diversify investment manager styles. Not all investment managers are the same.

Some investment manager styles are conservative while others are more aggressive. As a result, they may perform differently depending on market conditions. It is therefore important to diversify investments by asset class and investment style to control investment risk, and help 'smooth' your returns over the medium to long-term.

There are a number of investment options that are specifically designed to offer a diversified portfolio, commonly known as 'diversified' or 'balanced' funds. A key benefit of these fund types is that some or all of the diversification work is done for you.

# Your Investment Options

Freedom of Choice provides you with a wide range of investment options to choose from. This allows you, in consultation with your financial adviser, to choose investments that meet your objectives and suit the level of risk with which you will be comfortable.

Three separate investment approaches are offered via the Freedom of Choice Portfolio Service:

- » Managed Funds
- » Direct Shares
- » Term Deposits

## Managed Funds (Diversified)

Today's financial world presents investors with thousands of investment choices. Attempting to select which options are appropriate for you can be daunting, confusing and time-consuming for even experienced investors.

Freedom of Choice simplifies the selection process for you by providing the following five ready-made diversified investment categories for you to choose from:

- » Diversified Defensive
- » Diversified Conservative
- » Diversified Balanced
- » Diversified Growth
- » Diversified Aggressive

Selecting from within these categories could help you simplify selecting your investment. By utilising one of these categories, or a combination of these categories, you can add a further level of diversification to your investments by gaining exposure to a variety of investment managers and styles as well as assets within each trust.

Within each of these categories you have the option of selecting a 'fund of funds', a stand-alone fund, or a combination of both. A 'fund of funds' is where an investment manager has invested in other managed funds that match their investment strategy to form their own unique fund. Your financial adviser will be able to provide you with a detailed summary of each fund offered by Freedom of Choice.

## Managed Funds (Single-Sector)

Fund Choice allows you to select from an extensive menu of different investment funds, managed by over 70 different investment managers, covering a wide range of investment strategies and styles. This enables you to diversify your investments and select managers with which you feel comfortable.

## The investment menu selection process

Regardless of which investment you select, you can be secure in the knowledge that Freedom of Choice has undertaken an extensive selection process in approving each investment manager. The selection process involves examining investment style and process, the expertise of their investment team, past risk-adjusted performance, and a range of other factors.

In compiling the investment menu, the Operator undertakes a rigorous in-house process which takes into consideration such factors as independent research ratings, adherence to investment style, track record and peer group comparison. The Operator also takes into consideration market changes, sentiment and investment trends with the aim of providing investors with a broad selection of investment options.

Prior to making investments available to you through the Service, these investments are subject to an initial examination by members of the Operator's Management Investment Committee. On a quarterly basis, this committee reviews the reporting compiled on the investment menu by independent research professionals and considers additions to and removals from the investment menu and presents its recommendations to the Acclaim board for final approval.

All funds, whether issued by related parties or not, are subject to the same selection process and the Operator is not constrained by the range of products issued by or associated with any related parties of the Service.

The process involves 4 steps:

Step 1	<b>Develop investment strategy</b>  The general investment strategy for Freedom of Choice is: 'To provide members with a wide choice of investment options across a diverse range of asset classes and investment managers to enable them to tailor a portfolio around their own personal needs and objectives'.
Step 2	<b>Investment research</b>  The in-house research process filters out those funds that do not match a range of predefined criteria (e.g. research ratings, sustainable business model, investment process and peer comparison). The Operator also employs the services of independent research professionals to complement the in-house research process.
Step 3	<b>Investment selection</b>  The results of the investment research are further filtered to factor in such things as appropriate liquidity, transparency and complementary investment styles.
Step 4	<b>Monitor and review</b>  Funds are regularly monitored for their investment menu stability.



The availability of investment choices through the Service is not an endorsement by the Operator or its affiliates and it does not mean that they are suitable for you.

The Operator does not make recommendations on investment products. You should discuss with your adviser whether a particular investment is suitable for your needs.

The table below provides a general indication of the structure of the various investment categories including the objectives, indicative investment strategy, indicative asset allocations and suggested investment timeframes. A full list of the investment options available is provided in the Freedom of Choice Investment Choice Form.

The objective, strategy or asset allocation of an underlying fund within each category may differ from what is described in the table. For detailed information on each of the underlying funds, please refer to that fund's disclosure document which is available from your financial adviser or from [www.freedomofchoice.com.au](http://www.freedomofchoice.com.au).

Investment category	Investment Objective	Indicative strategy	Indicative asset allocation	Suggested time frame
Cash/Interest Bearing	Generally, to provide a level of return commensurate with cash rates and a high level of capital security.	Cash funds invest in cash deposits and short-term securities to achieve capital stability.	100% – Cash & fixed interest	0-2 years
Mortgages	Generally, to provide a level of return above cash rates.	Mortgage funds invest in mortgages and fixed interest securities to achieve an income stream coupled with capital stability.	85% – Mortgage & fixed interest 15% – Cash	2-4 years
Australian Fixed Interest	Generally, to provide higher income returns than cash over time with low to moderate volatility.	Australian fixed interest funds generally invest in a diversified portfolio of Australian fixed interest securities with a moderate level of cash for liquidity. These securities may include Government, semi Government and corporate bonds.	10% – Cash 90% – Australian fixed interest	2-4 years
International Fixed Interest	Generally, to provide higher income returns than cash over time with low to moderate volatility.	International fixed interest funds generally invest in a diversified portfolio of fixed interest securities from around the world with a moderate level of cash for liquidity. These securities may include International Government, semi Government and corporate bonds.	10% – Cash 90% – International fixed interest	2-4 years
Diversified Defensive	Generally, to provide a stable income stream and some capital growth with low volatility.	Defensive funds predominantly invest in a diversified portfolio of cash and fixed interest, with a small exposure to shares and property.	85% – Cash & fixed interest 15% – Shares & property	3-5 years
Diversified Conservative	Generally, to provide a stable income stream and some capital growth with low to moderate volatility.	Conservative funds predominantly invest in a diversified portfolio of cash and fixed interest, with a moderate exposure to shares and property.	70% – Cash & fixed interest 30% – Shares & property	3-5 years
Diversified Balanced	Generally, to provide a combination of income and capital growth over the longer term with moderate volatility.	Balanced funds generally aim to invest in a mix of income assets (cash and fixed interest) and growth assets (shares and property).	50% – Cash & fixed interest 50% – Shares & property	3-5 years

Investment category	Investment Objective	Indicative strategy	Indicative asset allocation	Suggested time frame
Diversified Growth	Generally, to provide moderate to high capital growth over the longer term with some income.	Growth funds predominantly invest in a diversified portfolio of growth assets, with a small exposure to income assets.	30% – Cash & fixed interest 70% – Shares & property	More than 5 years
Diversified Aggressive	Generally, to provide capital growth over the longer term.	Aggressive funds predominantly invest in a portfolio of Australian and International shares with little or no exposure to income assets.	10% – Cash & fixed interest 90% – Australian & international shares	More than 5 years
Australian Shares	Generally, to provide strong capital growth over the long-term through investments in Australian Shares.	Australian share funds generally invest in a portfolio of Australian companies listed on the ASX. Australian share funds can be diversified across the different sectors in the market or they can focus on particular sectors (e.g. Industrials or Resources).	5% – Cash 95% – Australian shares	More than 5 years
Australian Shares – Small Companies	Generally, to provide strong capital growth over the long-term through investments in smaller Australian companies with significant growth potential.	Australian small company share funds generally invest in a portfolio of small Australian companies listed on the ASX.	5% – Cash 95% – Australian shares	More than 5 years
International Shares	Generally, to provide strong capital growth over the long-term through investments in International shares.	International share funds generally invest in a diversified portfolio of companies listed on International stock exchanges.	5% – Cash 95% – International Shares	More than 5 years
Alternative Assets	Generally, to provide a combination of income and capital growth over the long term with moderate to high volatility.	Alternative assets generally include Commodities, private equity, infrastructure, hedge funds, absolute return and other investments that are not directly comparable or have low correlation with traditional asset classes.	5% – Cash 95% – Alternative assets	More than 5 years
Property Securities	Generally, to provide a combination of capital growth and income over the long-term through investments in property trusts.	Property securities funds generally invest in a portfolio of property trusts listed on the ASX.	5% – Cash 95% – Listed property securities	3-5 years
Direct Property	Generally, to provide some income with some capital growth over the longer term through investment in direct property.	Direct Property fund strategies vary from fund to fund. Generally, these funds invest in direct property assets and/or listed property trusts to achieve the stated investment objective.	10% – Cash & fixed interest 90% – Direct property and property securities	More than 5 years

## Direct Shares

In addition to managed investments you can also buy listed securities.

Direct Shares allows you to construct your own share portfolio from a selection of equity securities listed on Australian stock exchanges.

Further information about the selected listed securities available can be located on the Freedom of Choice website at [www.freedomofchoice.com.au/portfolio-service/investments/](http://www.freedomofchoice.com.au/portfolio-service/investments/)

## Term Deposits

A selection of Term Deposit products with terms ranging from 30 days to 60 months are available at competitive rates. For the most up to date minimum investment and rates for Term Deposits, please call Client Services on **1800 806 013**.

## Minimum investments into underlying funds and shares

The minimum investment into any of the underlying Fund Choice options is \$200.

Certain funds may have higher minimum investment requirements, in which case your deposits will be invested into your Cash Account until such time as minimum levels are achieved. Details of underlying funds' minimum investment requirements can be found in the relevant fund's product disclosure documents.

The minimum investment into any one listed share or security is \$1,000. Please note minimum parcel size requirements may also apply.

## Additional investment information

Deposits will be invested in accordance with the investment strategy (subject to the minimum investment levels described above) that you have chosen in consultation with your financial adviser. Freedom of Choice offers a number of portfolio options that are listed in full in the Investment Choice Form.

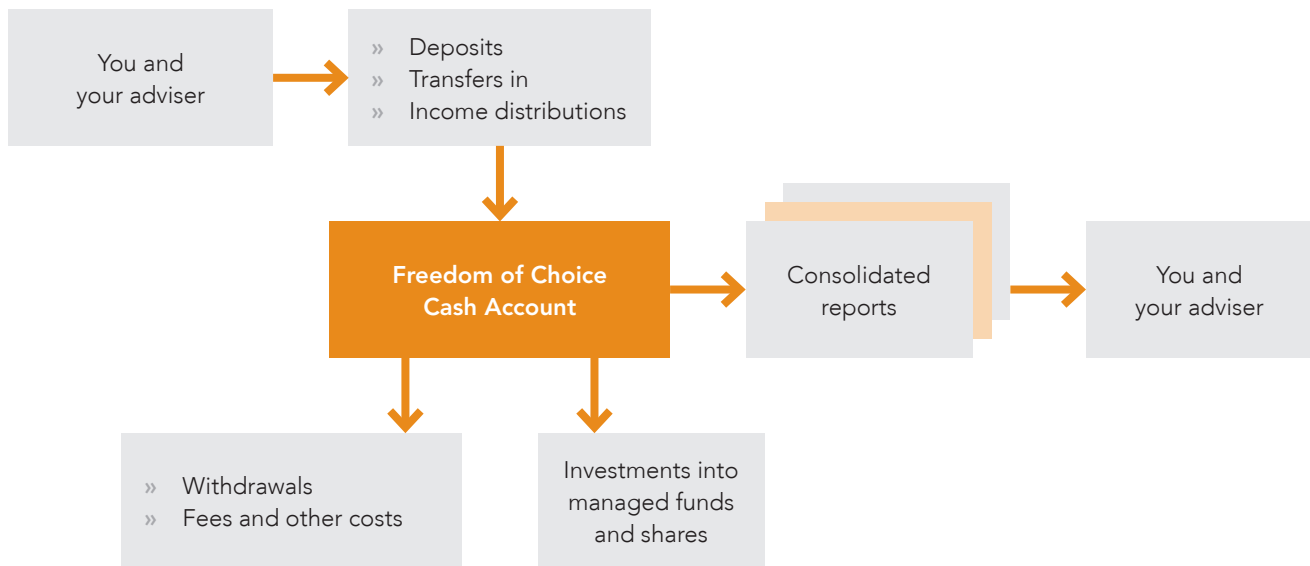
You can also switch between the available strategies at any time, subject to minimum investment requirements and any restrictions placed by the underlying fund.

Investment options may be withdrawn or their composition varied. If you have any money in an investment option that has been removed, you will be notified in writing and advised to select an alternative option.

Underlying investments are registered in the name of the Custodian appointed by the Operator. This means that you are not entitled to individually instruct the Operator in relation to corporate actions. However, where possible we may give you the option, through your adviser, to participate in certain corporate actions, such as share buyback schemes or entitlement offers. This is at the discretion of the Operator

As you are not the registered holder of assets in your account, you generally do not have voting rights (nor the right to proxy voting) at meetings of members of the relevant entity of which you hold a beneficial interest. However, if you have elected to receive information about an investment you can give a direction on how to exercise the voting right attached to that investment. The Operator will not exercise voting rights attached to an investment held through the Service unless in accordance with a direction given by the investor. The Operator has a voting policy setting out our approach to voting in relation to listed securities and other investment products available for investment through the Service. You can access this voting policy on our website. To request a paper copy of the voting policy, free of charge, please contact us on **1300 806 013**. We may amend this policy from time to time.

# How Your Account Works



Your account will comprise a Cash Account and the underlying investments selected. Deposits will initially be placed in the Cash Account and the amount available for investment (deposits less fees and charges) will be invested in accordance with your investment strategy.

If an investment strategy is not provided, your deposits will remain in the Cash Account. Underlying investments are registered in the name of the Custodian as appointed by the Operator.

## Cash Account

The Cash Account is central to all investments and transactions made within your account. All money deposited and withdrawn from your account, including investment placements, income distributions, withdrawals, fees and other costs (refer to diagram above) pass through the Cash Account.

The Cash Account is invested in a trust account with an Australian Authorised Deposit-Taking Institution ('ADI') that provides a competitive cash rate of return. You are required to maintain 2% of your portfolio in the Cash Account. In addition, if you have a Regular Income Plan, three months' worth of income payments must also be maintained in the Cash Account.

It may be necessary on occasion to sell down investments or make further deposits into the Cash Account if its value falls below the minimum level. Should the Cash Account fall below this level, managed investments will be sold from the most liquid investment held at the time of sale, followed by direct shares from largest holding to smallest holding.

## Selecting your investment strategy

You must complete the Investment Choice Form at the time of application to instruct your investment choice.

Your deposits will be held in your Cash Account until a correctly completed Investment Choice Form is received.

You are able to change your investment strategy via your online account access or alternatively you can complete an Investment Switch Form.

## Switching

You can switch between investments or sell down investments at any time (subject to any restrictions imposed by the underlying fund).

## Investment transactions

### Managed Funds

Transaction instructions are generally placed with fund managers daily. The time it takes to finalise these transactions can vary depending on a number of factors, including:

- » the fund managers' procedures (including any withdrawal restrictions imposed by the fund managers) which the Operator cannot control; and
- » prevailing market conditions.

### Direct Shares

If you choose to make direct share purchases or sales, you can choose the maximum buy or minimum sell price. The price(s) you choose will be valid for 5 working days only. Should your request not be satisfied within 5 days, your request will be treated as having expired.

## Income and dividend distributions

Income and dividend distributions from your investments will be automatically credited to your Cash Account. You may wish to regularly review your Cash Account balance to ensure that the appropriate balance is maintained, unless you have previously advised us to reinvest your income in line with your investment portfolio.

If you choose to reinvest distributions to acquire additional holdings in managed funds or other securities through the Service, you may no longer have the current PDS or other disclosure document for that investments at the time the additional holding of a managed fund or security is acquired.

## Cash Sweep facility

Freedom of Choice provides an automatic Cash Sweep facility that invests your surplus cash holdings once each half year (currently May and November each year), in accordance with

your most recently lodged Investment Choice Form. To take advantage of this service you will need to select this option on your application form. You will continue to acquire additional holdings in accordance with your investment strategy until you instruct us otherwise or the cash sweep facility is terminated. Should your investment strategy include an investment that is closed or not available, the cash sweep facility will be invalid. At the time an additional holding of a managed fund is acquired for you as part of this facility, you may not have the current PDS or other disclosure document for the relevant managed fund. This facility and the investment of funds are subject to the minimum investment requirements as set out in the 'Minimum Investments' section.

If you do not use this facility, proceeds from distributions and dividends will be held in your Cash Account, in which case it is recommended that you review your Cash Account balance with your financial adviser regularly.

## Adviser authority

You can authorise your financial adviser to transact on your account on your behalf. By giving your financial adviser authority, the Operator of the Freedom of Choice Portfolio Service will accept instructions online, via email or fax from your adviser as if you had issued those instructions yourself.

The authority allows your adviser to instruct on investment switches, investment placements, investment re-weightings, share purchases and sales, and partial withdrawals to your nominated bank account. This authority does not allow the adviser to instruct with regard to account name changes, full withdrawals or transfers to other service providers, or changing your nominated bank account or address details. Please note that your nominated bank account and address details can only be changed by written authorisation from you personally.

If you would like to take advantage of this facility, please complete the relevant section of the Application Form after reading the 'Declarations' section of the Guide.

Your authorisation will remain in force until Freedom of Choice receives written revocation of the authority from you. The Operator will not be liable for any action taken on an adviser's instruction prior to receiving your notice revoking their authorisation.

## Unadvised client policy

It is your decision whether to appoint, change or cancel the appointment of a financial adviser. If you choose not to appoint a financial adviser you will still have access to the product and its online technology and you can directly give instructions to the Operator. You will not however have the benefit of the adviser's professional assistance in selecting your investments.

## Withdrawals

### Lump sum withdrawals

You can make lump sum withdrawals from your account at any time. The minimum withdrawal amount is \$500, subject to a minimum balance of \$2,500 being maintained in your account.

Withdrawals out of your account will be met from your Cash Account. If there are insufficient funds to meet the withdrawal request, Freedom of Choice will require specific instructions on investments to be sold.

Managed investments will be sold from the most liquid investment held at the time of sale, followed by direct shares from largest holding to smallest holding.

Lump sum withdrawal payments will be credited directly to a nominated bank account, credit union or building society account. Payment of withdrawals is usually made after all monies from the settlement of sales (where applicable) have been completed.

## Regular income plan

Regular withdrawals can be made from your account and paid directly to a bank, building society or credit union account nominated by you normally on the 15th day of the month.

You are able to specify the amount (minimum \$500) and frequency of these payments to meet your individual needs.

Regular payments can only be made where you have sufficient funds in your account to meet the withdrawal request.

In the event that some of the underlying investments need to be sold in order to meet the regular withdrawal request, the equivalent of 6 months payments will be sold so that future requirements are also able to be met. Managed investments will be sold from the most liquid investment held at the time of sale, followed by direct shares from largest holding to smallest holding.

You can change your regular withdrawal amount (provided it stays above \$500), or stop the plan at any time by notifying Client Services in writing. This must be done at least 5 working days before the next automatic withdrawal is due, to ensure your request is carried out.

## Asset transfers out

You can transfer direct share holdings and many managed fund holdings out of your account by completing a Standard Transfer Form which is available from the website or by calling Client Services on **1800 806 013**.

You may need to ensure that the receiving entity can accept the transfer. Fees may apply.

## Fax and email instructions

The Operator may accept transaction requests (including withdrawals) either by facsimile or email, provided the following conditions are met:

- » the facility must be requested in writing via the Application Form and must be signed by the signatory to the account;
- » faxed instructions must be legible;
- » instructions must bear your account number;
- » the account holder must sign the faxed instructions;
- » the emailed instructions received from an email address previously provided in writing or via online access; and
- » in the case of an investment switch, the amount to be switched must be clearly stated.

Where all the above conditions are satisfied, the Operator is not liable for, and are indemnified in respect of, all claims arising from the fax or email instruction facility.

## Automatic rebalancing (managed investments only)

An important part of managing a diversified portfolio is to regularly monitor your investments and investment strategy.



This is important because different investments may perform differently and the proportion of each investment over your total investment may change over time. If left unchecked, a portfolio that commenced with two investments split 50/50 could change to 60/40 if one investment performs better than the other. The impact will of course vary depending on the composition of your portfolio.

To ensure your portfolio remains in line with your investment strategy, Freedom of Choice offers an automatic rebalancing facility. You can choose to have your portfolio rebalanced annually (currently on 15th May each year) by completing the appropriate section of the Investment Choice Form.

If you select the automatic rebalancing facility, your portfolio will be reviewed on the given date and compared to the latest investment strategy that you have provided on an approved Investment Choice Form. Where any of the investment allocations differ to your investment strategy, investments that are over your requested allocation will be sold and investments that are under your requested allocation will be bought. When the process is complete, your portfolio will match your latest investment strategy as closely as possible.

To use the automatic rebalancing facility you must provide an investment strategy that applies to both your existing account balance and your future deposits.

This facility will be unavailable or cancelled if:

- » you nominate an investment strategy for deposits that differs from the investment strategy for your account balance; or
- » you make a specific investment placement or redemption without updating your investment strategy; or
- » there are pending investments which have not been finalised at the time the rebalancing process has commenced.

Should this facility be cancelled, or the terms of the facility altered, the Operator will provide you with prior written notice. You can cancel the use of this facility at any time by providing written notice to the Operator.

## Reporting

A key benefit of the Service is the consolidated investment and tax reports you will receive. The reports have been structured to provide you and your financial adviser with a simple yet comprehensive view of your whole portfolio.

### Transaction and Account Statement

The Operator will provide you with a quarterly transaction and account statement as at the end of each financial quarter (within 1 month of quarter end) and an annual statement at the end of the financial year (within 3 months of year-end). The statements includes a summary of transactions for the period (including income earned from investments, deposits, withdrawals and expenses incurred), a list of your investment holdings and any buy or sell transactions on your investment holdings over the period.

### Portfolio Valuation report

The Portfolio Valuation report is provided quarterly with the Transaction and Account Statement and details the investment holdings and their value. This report is also available at any time on request by calling Client Services.

## Annual audit report

You will receive an independent audit report providing you with the auditor's assessment of the accounting procedures and internal controls used by the Operator in the administration of the Service. This report is provided after the end of the financial year.

### Taxation statements

The Operator will provide you with a comprehensive tax report that includes the information necessary to complete your tax return in respect of the investments held in your Freedom of Choice Portfolio Service account.

The report will be provided to you after the end of the financial year once all the investment managers and share registries have provided their final distributions and tax information for the year.

## Freedom of Choice web service

The Freedom of Choice website [www.freedomofchoice.com.au](http://www.freedomofchoice.com.au) provides you and your financial adviser with access to the latest information on the Service and the investments it offers.

By accessing the site you can obtain:

- » performance details on each of the managed funds offered;
- » full details of the Service;
- » the latest disclosure documents on each of the managed funds offered through Freedom of Choice; and
- » any changes to the information contained within this Guide which are not materially adverse.

## Information from underlying investment managers and share registries

All investments in the Service are held in the name of the Service's Custodian. This means that you will not receive information from the investment managers or share registries directly.

You can elect to receive the communication materials that are required by law to be provided to unit holders (such as notices of meetings and annual reports) from the investment managers or share registries by writing to Client Services. If you choose to receive this information, you may be charged a fee for postage and handling which will be deducted from your Cash Account.

# Fees and Costs

## Consumer Advisory Warning

### 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 contribution fees and management costs where applicable. Ask the Operator 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.

**Note:** You cannot negotiate lower administration fees in this Service.

This document shows fees and other costs that you may be charged. These fees and costs charged by the Service are deducted from your money. Fees and costs charged by underlying funds may be deducted from your money, from returns on your investment or from the assets of the fund as a whole.

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

Taxes are set out in another section of this document.

The total fees and charges you will pay will include the costs of this Service as well as the cost of any investment you choose. It is important that you understand the fees of any investment you choose, and that those fees are in addition to the fees charged by the Operator for the Service, together with transaction and account costs incurred on your behalf.

The costs of the investments you choose will generally be set out in a disclosure document or Product Disclosure Statement for the investments and are available from your financial adviser or from [www.freedomofchoice.com.au](http://www.freedomofchoice.com.au).

Type of Fee or Cost	Amount	How and when paid												
Fees when your money moves in or out of your account														
Establishment fee The fee to open your account	Nil	Not applicable <sup>2</sup>												
Contribution fee The fee on each amount contributed to your investment	Nil	Not applicable <sup>2</sup>												
Withdrawal fee The fee on each amount you take out of your investment	Nil	Not applicable <sup>2</sup>												
Exit fee The fee to close your investment	\$77 <sup>1</sup>	Deducted from your account at the time of exit <sup>2</sup>												
The fees and costs for managing your account	<div>Administration fee \$60 p.a. (\$5 per month) Plus<table><tr><th>Account balance</th><th>Fee p.a.</th></tr><tr><td>First \$150,000</td><td>0.51%</td></tr><tr><td>Amounts over \$150,000</td><td>0.36%</td></tr></table>Plus Expense recovery<table><tr><th>Account balance</th><th>Fee p.a.</th></tr><tr><td>First \$500,000</td><td>0.35%</td></tr><tr><td>Amounts over \$500,000</td><td>Nil</td></tr></table>Plus Investment fee From 0% up to 2.62% of assets p.a. depending on the investment option</div>	Account balance	Fee p.a.	First \$150,000	0.51%	Amounts over \$150,000	0.36%	Account balance	Fee p.a.	First \$500,000	0.35%	Amounts over \$500,000	Nil	<div>The flat dollar administration fee is paid monthly in arrears and deducted from your account  The percentage administration fee is calculated using your average daily balance and is deducted in arrears from your account at the end of each month  The expense recovery fee is calculated using your average daily balance and is deducted from your account at the end of each month  The fees and costs incurred by investment managers are deducted from the underlying investment before unit prices are struck (i.e. reflected in the underlying funds investment returns). Please refer to the 'Additional explanation of fees and costs'.</div>
Account balance	Fee p.a.													
First \$150,000	0.51%													
Amounts over \$150,000	0.36%													
Account balance	Fee p.a.													
First \$500,000	0.35%													
Amounts over \$500,000	Nil													
Service costs <sup>2</sup>														
Switching fee The fee for changing investment options	Nil	Not applicable												

<sup>1</sup> Fee only applies to those members who joined the Service on or after 1 August 2008.

<sup>2</sup> Other fees and costs may apply, for example, fees payable to your financial adviser, in specie transfers and fees for share brokerage. Please refer to the 'Additional explanation of fees and costs'.

## Example of annual fees and costs for the Freedom of Choice Portfolio Service

This table gives an example of how the fees and costs in the Service can affect your investment over a 1-year period. You should use this table to compare this product with other investor directed portfolio services.

EXAMPLE		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 \$0.
<b>PLUS</b> Management costs	Administration Fee: \$60 + 0.51% + Expense Recovery Fee: 0.35%	<b>And</b> , you will be charged \$60 administration fees regardless of your balance and, for a balance of \$50,000, you will be charged \$430.
<b>EQUALS</b> Cost of the Service		If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during the year, you would be charged fees of: \$490*  <b>What it costs you will depend on the investment option you choose and the fees you negotiate.</b>

\*Additional fees may apply:

**And**, if you leave the Service, you may also be charged exit fees of \$77.

**Warning:** This example only shows the costs of the Service and does not include costs of underlying investments. See 'Additional Explanation of Fees and Costs' for examples that include the costs of some products that can be accessed through the Service.

# Additional Explanation of Fees and Costs

## Other management costs

### Percentage Administration fee

The administration fee operates on a sliding scale. The administration fee reduces as your account balance grows - the greater the account balance, the lower the administration fee. The following administration fees apply:

Account balance	Administration fee
First \$150,000	0.51% p.a.
Amounts over \$150,000	0.36% p.a.

### Expense recovery

The Deed allows for ongoing operating expenses (such as lodgement fees, audit costs, taxation advice, postage, custodian whilst the Operator engages a custodian to hold assets), printing, registry and accounts) to be deducted from your account.

No limit is placed by the Deed on the recovery of expenses. However, until further notice, the expense recovery will be capped at 0.35% p.a. on the first \$500,000 of your account balance.

## Service Fees

### Brokerage fees

When shares are purchased or sold, additional costs, such as brokerage will be incurred. The cost per transaction will depend on the amount being bought or sold, subject to a minimum brokerage cost per transaction (currently \$24.95 for amounts up to \$18,750 and 0.133% for amounts over \$18,750). Brokerage costs are an additional cost to members and are deducted from the purchase or sale price at the time of transaction settlement.

### Transaction fee for Term Deposit acquisitions

A fee of \$22 will be deducted from your Cash Account at the end of the month in which a Term Deposit is purchased.

### Transaction fee for in-specie transfers

A fee of \$100 per transaction line of managed funds or shares will apply to in-specie transfers out of the Portfolio Service. A \$30 fee will apply to in-specie transfers into the Portfolio Service.

## Underlying managed fund charges

Details of all management costs and charges for each of the underlying managed funds available are provided in the disclosure document for each managed fund. The investment return provided by the managed fund will generally be net of these fees and charges.

Some managed funds may also have what is known as a 'buy/sell differential' or 'spread', which represents the difference between the application and redemption price of units in the fund. This spread usually represents the cost of buying and selling the underlying assets within the managed fund. Generally, buy/sell spreads for the underlying investment strategies range from 0% up to 0.50% (being \$0 to \$250 per \$50,000 invested in or withdrawn from the managed fund).

The costs of some managed funds include performance fees. Performance fees are payable to investment managers if their investment performance exceeds a benchmark. Performance fees are deducted from investment earnings before the unit price for those investments is determined, and are not a direct charge to your account. The management costs disclosed in the disclosure documents of those managed funds will include an estimate of performance fees and information about how performance fees are calculated.

You should refer to the relevant managed fund's disclosure document for further information about fees and charges that may apply to underlying investments. These documents are available from your financial adviser or from [www.freedomofchoice.com.au](http://www.freedomofchoice.com.au).



## Example of Annual Fees and Costs

The total management costs for your account will vary depending on your investments and the value of your account. The following tables illustrate the combined total fees and costs that can affect your investment over 1-year period, for different types of investments that you can invest in through your account. The investment management fees stated for the underlying managed funds are within the range typically charged by fund managers for that type of managed fund.

### EXAMPLE 1

#### ANNUAL MANAGEMENT COSTS\*

BASED ON \$100,000 INVESTED (CASH ACCOUNT

– \$3,000; DIRECT SHARES – \$25,000; BALANCED

– \$25,000; AUSTRALIAN SHARES – \$25,000;

INTERNATIONAL SHARES – \$22,000)

#### BALANCE OF \$100,000 WITH A CONTRIBUTION OF \$5,000 DURING YEAR

Contribution fees	Nil	For every additional \$5,000 you put in, you will be charged \$0.
<b>PLUS</b> Management costs*	Administration Fee: \$60 + 0.51% + Expense Recovery Fee: 0.35% + Investment Fee: 0.22% of the value of your investment in managed funds	<b>And</b> , you will be charged \$60 administration fees regardless of your balance and, for a balance of \$100,000, you will be charged \$1,021.50~.
<b>EQUALS</b> Cost of the Service		If you had an investment of \$100,000 at the beginning of the year and you put in an additional \$5,000 during that year, you will be charged fees of: <b>\$1,081.50~</b>  <b>What it costs you will depend on the investment option you choose and the fees you negotiate.</b>

### EXAMPLE 2

#### ANNUAL MANAGEMENT COSTS\*

BASED ON \$300,000 INVESTED (CASH ACCOUNT

– \$9,000; DIRECT SHARES – \$75,000; BALANCED

– \$75,000; AUSTRALIAN SHARES – \$75,000;

INTERNATIONAL SHARES – \$66,000)

#### BALANCE OF \$300,000 WITH A CONTRIBUTION OF \$5,000 DURING YEAR

Contribution fees	Nil	For every additional \$5,000 you put in, you will be charged \$0.
<b>PLUS</b> Management costs*	Administration Fee: \$60 + 0.44% + Expense Recovery Fee: 0.35% + Investment Fee: 0.22% of the value of your investment in managed funds	<b>And</b> , you will be charged \$60 administration fees regardless of your balance and, for a balance of \$300,000, you will be charged \$2,839.50~.
<b>EQUALS</b> Cost of the Service		If you had an investment of \$300,000 at the beginning of the year and you put in an additional \$5,000 during that year, you will be charged fees of: <b>\$2,899.50~</b>  <b>What it costs you will depend on the investment option you choose and the fees you negotiate.</b>

~Additional fees may apply:

**And**, if you leave the Service, you may also be charged **exit fees** of \$77.

\*Includes the administration fees and expense recovery fee charged by the Service, and indirect cost ratios ('ICRs') of the underlying products used in the example. The ICRs are sourced from Morningstar® as at the date of this Guide. Note, past fees may not be indicative of future fees. Please refer to the current disclosure documents for current information about ICRs. ICRs are deducted from the unit price of the underlying investment, and not directly from your account. Your account's value will effectively be reduced by the fee amount.

The above examples used the following information:

Asset	Funds	Indirect cost ratio
Cash Account		n/a
Direct Shares		n/a
Balanced	Vanguard Balanced Index Fund	0.29%
Australian Shares	Vanguard Australian Shares Index Fund	0.18%
International Shares	iShares International Equity Index Fund	0.20%

## Related Account Pricing

The account balance is aggregated for the first and subsequent related accounts up to a maximum of six accounts. The tiered administration fee is then applied across the aggregated account balance and applied proportionately to each account on a monthly basis as per the Guide. Please complete the Related Account Application Form to be eligible.

Below is an example of how the Related Account Pricing might work in practice, showing you a saving of \$780 across the related accounts.

Relationship	Product	Account balance	Normal fees p.a.	Related Account pricing fees p.a.
You	Portfolio	\$350,000	\$1,485	\$1,338.75
Partner	Portfolio	\$350,000	\$1,485	\$1,338.75
Mother	Portfolio	\$200,000	\$945	\$765
Son	Portfolio	\$100,000	\$510	\$382.50
Aggregated Totals		\$1,000,000	\$4,425	\$3,825

## Bank and government charges

Where applicable, bank and government charges will be deducted from your account. These deductions will be noted in your statements.

All fees and charges are inclusive of Goods and Services Tax ('GST'). If available the Operator will have the benefit of any Reduced Input Tax Credits.

## Investment report charge

Issuers of certain Term Deposits, or of other investment products, may require reports providing an analysis of the amounts invested in their products through the Service. The charge for the provision of such reports may be met by direct payment by the product issuer, or may be offset against the returns of the applicable underlying products. Should the latter apply, you will be informed of the indirect cost to your account.

## Alteration to fees and charges

The Deed, which regulates the Service, does not set maximum fee amounts (except for members who joined before 1 September 2008) or limits to expenses that can be recovered. Members will be advised in writing of any variation to the fees charged by the Service, and normally 30 days will be given for increases in these fees.

The management costs of the underlying investments may vary at the discretion of the underlying fund managers. These costs are disclosed in the disclosure documents of each of the underlying investments. The Operator will not provide prior notice of variations to underlying investments' costs.

## Adviser fees

The remuneration your financial adviser receives for giving you advice about your investments in the Service is negotiable between you and your financial adviser.

You may agree to have certain fees charged by your adviser deducted from your account.

This can be for fees charged for a particular service or for the provision of specific advice, or fees payable under an arrangement regarding the provision of ongoing service and advice.

The actual amount payable by you for the advice or service, and the method of payment of that amount, will be as agreed with your financial adviser by you in writing.

If you are applying for the gearing facility, please note that your adviser cannot charge a fee that is dependent on the amount invested with funds that you have borrowed under the gearing facility.

# Taxation

**The following provides a brief summary of taxation matters as they affect the Service and investors in the Service. It is intended as a general guide only, and is based on the law, and where explicitly stated, Government announcements, as at the date of this Guide. As tax laws are subject to continual change, and as the tax treatment may differ between investors, it is strongly recommended you seek your own professional advice from a taxation adviser on the taxation implications of investing through the Service. Taxation advice is not provided by the Client Services area. Please note that this taxation commentary relates solely to resident individuals of Australia.**

You have absolute beneficial entitlement to both the investments and income arising from your account. The Operator has legal ownership of investments and holds the assets on your behalf.

## Income from the investments

Any income from the investments that are held on your behalf is your income, not that of the Operator. Accordingly, you are entitled to receive the benefit of both imputation credits (provided the 45-day holding period rule is satisfied) and foreign tax credits, earned through the underlying investments.

## Tax preferred amounts

You may receive amounts that currently receive preferential treatment for tax purposes. Whilst these amounts are not included in your assessable income, certain elements will reduce the cost base of the underlying investment for capital gains tax ('CGT') purposes. This may result in either an increased capital gain or reduced capital loss upon the subsequent disposal of the underlying investment.

## Assessable income to include net capital gains

Capital gains may arise from two main sources:

- » the disposal of the underlying investments held on your behalf; or
- » a capital gain amount via distributions by an underlying fund.

A capital loss may also arise from the disposal of underlying investments held on your behalf. These capital gains and losses should be taken into account along with any realised capital gains and losses from other sources, when calculating your overall net capital gain or loss.

Investors who are eligible for the CGT discount are able to access the discount for investments through the Service. Where the discount applies, the investor may be taxed on 50% of the nominal gain realised, provided the asset is held for at least 12 months.

Where a discount capital gain is distributed to you from an underlying fund, the 50% component of capital gains does not represent assessable income or a cost base adjustment. However, you will be required to gross up the value of any distributed capital gain by this amount, and include any other grossed up capital gains made on disposal of underlying investments before applying current and prior year capital losses.

## Refund of excess imputation credits

Underlying managed funds that invest in Australian shares may earn franked dividends. If your income entitlement includes franked dividend income, you may be entitled to an imputation credit for the tax already paid on the dividend income.

You should include the franked dividend and the imputation credits received in your assessable income. You will then be entitled to claim an imputation credit (provided you have satisfied the 45-day holding period rule) to offset the tax payable on the dividend income received, and other taxable income. Any imputation credits received in excess of your current year tax payable will be refundable to you.

## Transfer of assets to and from the Service

Assets held for long-term capital gain purposes that are transferred to the Service, should not attract capital gains tax, as you will remain absolutely entitled to those assets. Similarly, any investments held for long-term capital gain purposes that are transferred from the Service to you will generally not attract capital gains tax where those investments are not realised.

It is recommended, however, that you seek your own professional taxation advice in this respect.

## Tax deductions

Costs incurred in the acquisition of an investment which is held on capital account by you are generally not tax deductible to them. However, such costs will form part of the cost base of the underlying investment purchased.

Fees incurred in the management and administration of the Service that are debited to your account are generally tax deductible to you.

**Charges that relate to capital transactions (for instance, the purchase or sale of investments) will be characterised as capital expenses, and will either be included in the cost base of investments, or will reduce the consideration received upon disposal of investments.**

## Withholding Tax

Under the Foreign Account Tax Compliance Act ('FATCA') and Common Reporting Standards ('CRS'), the Operator is required to identify certain persons in order to meet reporting obligations. The Operator may also be required to withhold an amount from any payment made to you to meet their obligations. For more detail about FATCA and CRS, please see page 23.

# General Information

## Risks Associated With the Service

### Investment risk

Investment risks will vary depending on which investments you choose. This risk is explained in the 'Some Investment Fundamentals' section of this Guide. If you do not understand all of the risks associated with an investment, you should discuss it with your financial adviser.

### Non-investment risks

As well as investment risks there are also non-investment risks associated with investing in the service.

These may include:

- » operational delays in processing investments due to incomplete instructions or the investment option becoming illiquid; and/or
- » system delays in processing and reporting caused by the failure of computer systems.

These risks and the risks of other unforeseen events are managed by the Operator within its disaster recovery plan.

## Cooling off period

After opening your account, you have a period of 14 days (the 'cooling off' period) during which you can cancel your account and obtain a repayment of deposits. If you cancel during this period, you are not liable to pay any account charges.

The amount repaid from your account will be adjusted to take into account any increase or decrease in the value of investments.

You may be charged a fee for reasonable expenses incurred in processing your request to cancel your account.

Should you wish to cancel your account during the cooling off period, you must advise Client Services in writing. You do not however have cooling off rights under any investments that you select through the Service. This means if you change your mind about an investment you have selected you may incur fees that would not apply if you had been entitled to a cooling off period for that investment.

## Custody terms

The Custodian holds assets of the Service on trust for the Operator. The Operator holds the beneficial interest in your assets on your behalf subject to the Custody terms set out on pages 28 to 29.

## Related Parties

The Service operates and maintains a related parties register and has a policy for dealing with any conflicts of interests which may arise and is reviewed on a regular basis.

In all dealings in relation to the Service, we engage related parties on arm's length terms and any potential conflict of interest is managed in accordance with our Conflicts of Interest Policy. A copy of our policy is available on request by contacting Client Services.

Directors are remunerated by the Operator for their services and hold shares in Acclaim and some directors may hold

shares in its related entities. We may include products for the Service where a related entity has an interest as issuer or responsible entity.

The Service notes the following conflicts:

Service Provider	Nature of Relationship
DDH Graham Limited	DDH Graham Limited provides investment administration, member administration accounting services and IT services to Acclaim.  DDH Graham Limited owns a 50% interest in Acclaim and several individuals sit on the boards of both entities.  DDH Graham Limited is an issuer of financial products which are available for selection on the investment menu for the IDPS.
Equity Trustees Limited ('EQT')	EQT provides custodian services to the Operator.  EQT is an issuer of financial products which are available for selection on the investment menu for the IDPS.

## Deed

Your rights as a member of the Service are governed by the Service's Deed, this IDPS Guide and the Corporations Act 2001.

You agree to be bound by the Deed and this IDPS Guide by completing and signing the Application Form. The terms and conditions of the agreement are binding on the Operator and members of the Service.

The Deed includes details about:

- » the duties and obligations of the Operator;
- » the discretion to accept applications;
- » procedures for meetings of members;
- » the covenants for the protection of members' rights and interests;
- » the fees and expenses the Operator is entitled to charge;
- » the responsibilities for the operation and management of the Service;
- » members' income entitlements and the crediting of that income to their accounts;
- » the valuation of assets; and
- » termination of a member's participation in the Service.

The Deed may be amended by the Operator, where it is reasonably believed that the amendment will not adversely affect members' interests or entitlements. Otherwise the amendment must be approved by a special resolution of members affected by the amendment.

Members may request a copy of the Deed free of charge by calling Client Services on **1800 806 013**.

The Deed only governs the maximum fees and charges payable by members who first became members prior to 1 September 2008. These maximums are as follows:

- » Investment Charge: not to exceed 3.0% of the value of an investment made at the member's request (investment charges can only be imposed by agreement with a particular member, and are not currently charged);
- » Administration fee and Expense Recovery fee ('Administration Charge'): not to exceed 2.0% p.a. of a member's account;
- » Contribution fee/Entry fee ('Contribution Charge'): not to exceed 5.0% of any deposit or transfer to a member's account;
- » Member fee ('Participation Charge'): not to exceed \$10 per month per member except where the charge is increased by an amount not exceeding the average of all employees weekly total earnings published from time to time by the Australian Bureau of Statistics; and
- » Strategy Review fee: not to exceed 1.1% p.a. of a member's account.

The Deed does not prescribe maximum fees and charges for any other members.

## Customer identification

Australian anti-money laundering and counter-terrorism financing legislation ('AML/CTF Act') requires the providers of financial products and services to conduct customer identification. This may occur on account opening, during the course of the customer relationship and/or upon withdrawal of funds. You will be asked to provide copies of appropriate documentation to verify your identity. This may affect processing times for certain transactions – for example, withdrawals may be delayed if suitable identification is not provided when requested. The Operator will not be liable to you if any transaction or request by you is delayed or refused due to any AML/CTF Act requirement. (Details of documents required are set out on the Customer Identification Procedure of the Operator).

You will be asked questions in relation to citizenship, residency and tax residency as part of the application process. The Operator may also be required to disclose this information to the ATO.

## Foreign Account Tax Compliance Act

In April 2014, the Australian Government signed an intergovernmental agreement with the United States of America ('U.S.'), which requires all Australian financial institutions to comply with the Foreign Account Tax Compliance Act ('FATCA') enacted by the U.S. in 2010.

Under FATCA, Australian financial institutions are required to collect and review their information to identify U.S. residents that invest in assets through non-U.S. entities. This information is reported to the Australian Taxation Office ('ATO'). The ATO may then pass that information onto the U.S. Internal Revenue Service.

In order to comply with the FATCA obligations, the Operator may request certain information from you. Failure to comply with FATCA obligations may result, to the extent relevant, 30% withholding tax on payment of U.S. income or gross proceeds from the sale of certain U.S. investments.

## Common Reporting Standard

The Common Reporting Standard ('CRS') is a standardised set of rules developed by the Organisation of Economic Co-

operation and Development that requires certain financial institutions resident in a participating jurisdiction to document and identify reportable accounts and implement due diligence procedures. These financial institutions will also be required to report certain information on reportable accounts to their relevant local tax authorities.

Australia signed the CRS Multilateral Competent Authority Agreement and has enacted provisions within the domestic tax legislation to implement CRS in Australia. Since 1 July 2017, Australian financial institutions must document and identify reportable accounts, implement due diligence procedures and report certain information with respect to reportable accounts to the ATO. The ATO may then exchange this information with foreign tax authorities in the relevant signatory countries.

In order to comply with the CRS obligations, we may request certain information from you. Unlike FATCA, there is no withholding tax that is applicable under CRS. However, penalties may apply for failing to comply with the CRS obligations.

## Your rights

The rights you have as a member of the Service include the right to:

- » withdraw all or part of your investment;
- » request the Operator to transfer assets held on your behalf;
- » receive member reports;
- » inspect a copy of the Deed;
- » receive income entitlements; and
- » terminate your membership.

## The Operator's responsibilities

The Operator's responsibilities to members include the following:

- » perform obligations honestly and with reasonable care and diligence;
- » prepare and issue this IDPS Guide;
- » ensure the Service operates in accordance with the Service's Deed, this IDPS Guide and the Corporations Act 2001;
- » select investment options available through the Service;
- » maintain a business continuity and disaster recovery plan that is reasonable for the continuation of the Service;
- » compensate members in relation to the functions that the Operator has contracted to perform, and for acts and omissions of these agents engaged to perform those functions as if they were the Operator's acts or omissions;
- » ensure that all money received from members is paid into a trust account with an Australian ADI;
- » ensure all investments are held on trust for members;
- » ensure that you receive reports on your investments and transactions (quarterly reports within 1 month of quarter end and annual reports within 3 months of year-end);
- » ensure accounting procedures and internal controls are audited annually, and provide you with an annual audit report;
- » ensure members receive, by way of an individual request or a standing request, copies of all relevant communications to which they would be entitled if they



- were investing directly and not through the Service;
- » be reasonably satisfied that you have received an underlying managed fund's disclosure document that is current and not defective (where required) before acting on your Investment Choice Form;
- » ensure you receive this Guide before you become a member of the Service;
- » ensure that the Operator does not acquire accessible investments if they are aware that the disclosure document for the investment does not meet the legislative content requirements, or contains an untrue or misleading material statement;
- » ensure that the Operator does not acquire accessible investments in a managed investment scheme unless the scheme is registered, or unless reasonably satisfied that the scheme would not have been required to be registered if the client was investing directly, and had no reason to believe that if interests in the scheme had been held in the scheme directly, the scheme would have been required to be registered; and
- » ensure that the Operator does not acquire accessible securities unless reasonably satisfied that the issuer of the disclosure document for the securities has given prior written agreement to the use of that document for clients of the IDPS, or the disclosure document contains a general authorisation for it to be so used.

## Member's liability

The Deed includes provisions, the purpose of which is to limit a member's liability to the balance of the member's account. However, the liability of the member will be ultimately determined by the courts and accordingly the Operator cannot give an absolute assurance that liability is limited in all circumstances. Members who elect to use the Gearing facility (see the 'Gearing Facility' section) will however be liable for any amounts owing to a lender under a borrowing arrangement authorised by the member.

## Borrowing limitation

The Operator cannot borrow on behalf of the Service.

## Termination of Service

The agreement between the Operator and a member of the Service will continue until the member's participation is terminated.

The Operator may terminate your participation in the Service by giving not less than 15 days' written notice. You may terminate your participation in the Service by providing Client Services with written notice to withdraw in full your funds from the Service (refer to the 'Withdrawals' section).

## Dispute resolution

Freedom of Choice has an established procedure for dealing with member complaints. Complaints should be made to the Administration Manager on **1800 806 013**.

Members should note:

- a. for complaints related to the Service, investors should approach the Operator;
- b. for complaints related to investments acquired through the Service, investors should approach the product issuers or

sellers; and

- c. for complaints about financial product advice about using the Service and investments acquired through the Service, investors should approach the AFS licensee for whom the relevant adviser was acting.

## Administrative complaints

Complaints (except for privacy complaints) can be addressed to:

**Freedom of Choice Portfolio Service**  
**PO Box 3528, Tingalpa DC QLD 4173**  
**Phone: 1800 806 013**  
**Fax: (07) 3899 7299**  
**Email: [enquiries@freedomofchoice.com.au](mailto:enquiries@freedomofchoice.com.au)**

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 consumers.

**Website: [www.afca.org.au](http://www.afca.org.au)**  
**Email: [info@afca.org.au](mailto:info@afca.org.au)**  
**Telephone: 1800 931 678 (free call)**

In writing to:

**Australian Financial Complaints Authority**  
**GPO Box 3**  
**Melbourne VIC 3000**

## Investment complaints

Complaints regarding specific investments accessed through this Service (such as managed funds) will need to be made to the underlying investment manager. The Operator will take reasonable steps to facilitate the resolution of any dispute notified to them. Please contact Client Services for further information on the dispute resolution process of any of the underlying investment managers.

## Financial advice complaints

Any complaints you may have regarding advice received from an adviser should be made directly to your adviser. Please contact your adviser or refer to the complaints section of your adviser's financial services guide.

## Nature of members' rights compared to rights of direct holder of investments

Due to the nature of an investor directed portfolio service ('IDPS'), such as Freedom of Choice, there are a number of differences between direct investments and investments through an IDPS, and between rights of investors who access underlying securities through an IDPS and the rights of direct investors in those securities.

As the investor you are the beneficial owner of the investments. Freedom of Choice has the rights of the legal owner.

The major differences are outlined below:

Feature	Direct Ownership	Ownership through the Portfolio Service
Legal Title	You will be the legal owner of the assets in your account and the assets are held and registered in your own name.	The Custodian will be the legal owner of the assets in your account. The Custodian holds the assets on trust for the Operator. The Operator will hold the beneficial interest in your assets on trust for you. You do not have a direct relationship with the Custodian.
Certain Shareholder and Unit holder Benefits	You receive 100% of all shareholder and unit holder benefits. You are responsible for communicating with the registry to receive these benefits.	You may not receive all shareholder and unit holders benefits. This is because all securities and managed funds are registered in the name of the Custodian.
Voting at shareholder and unit holder meetings	You can vote at shareholder and unit holder meetings at your discretion.	As you are not the registered holder, you do not have voting rights (nor the right to proxy voting) at shareholder and unit holder meetings. Refer to our voting policy on our website.
Management Costs	No ongoing management costs.	Management costs will apply and will be payable to the Operator.
Managed Funds	You are the unit holder and exercise your rights as you see fit.	<p>You do not become the direct unit holder in the managed funds in your account. The Custodian will be the registered unit holder. The Operator or the Custodian may exercise the rights of a unit holder or decline to exercise them.</p> <p>Through the Service, you may access managed funds that you may not have been able to directly access (due to high minimum investment amounts) and wholesale fees can be significantly cheaper than retail fees.</p>
Dividends and Distributions	You have the right to directly participate in any distribution or dividend reinvestment plan offered by the underlying investment or other benefits, such as a shareholder discount card.	You will not have the right to participate in any distribution or dividend reinvestment plan offered by the underlying investment or other benefits, such as a shareholder discount card.
Reporting	Providers of particular investments will communicate with you directly.	<p>Consolidated financial reports and annual taxation statements are provided automatically as part of the Service.</p> <p>Further, upon request, we will give you or your adviser a copy of all communications that we are required by law to provide to the holder of an investment.</p>
Cooling-off period for return of security	Provided you are a retail client, cooling-off rights will apply to certain investments (i.e. managed funds).	Cooling-off rights generally do not apply to investments acquired through the Service.
Withdrawal Rights	The issuer of an investment will communicate with you directly regarding any right you may have to withdraw from the investment, including any statutory rights where there is a defective product disclosure statement.	<p>As you are not the registered holder, any withdrawal rights that may arise will be communicated via the Custodian to the Operator, who holds all relevant withdrawal rights. These rights may differ due to the Operator's status and depending on whether the Operator was provided with a PDS or other disclosure document for the purposes of investing on your behalf.</p> <p>Please note that withdrawal rights for an accessible investment may not be available if the relevant PDS or disclosure document becomes defective before issue of the investment.</p> <p>As you are not the registered owner, the product issuer would not be required to return the investment to you or provide you with other options such as notification of an option to withdraw under s724 (for disclosure documents) or s1016E (for PDSs) of the Corporations Act.</p>

## Privacy considerations

### Your right to privacy

When you provide instructions to the Operator or its related bodies corporate, the Operator will be collecting personal information about you. This information is needed to open an account for you and facilitate, administer and manage your account, and to comply with Australian taxation laws and other laws and regulations. If the information requested is not provided, your application may not be processed or the Operator and its delegates will not be able to administer or manage your account. It is your responsibility to provide complete and accurate information and to promptly notify the Operator in writing should your personal details change.

### Use and Disclosure

The information that you provide may be disclosed to certain organisations, including but not limited to:

- » the ATO, AUSTRAC and other government or regulatory bodies;
- » organisations involved in providing, administering and managing the Service, the administrator and other service providers appointed by the Operator, auditors, or those that provide mailing or printing services; and those where you have consented to the disclosure and as required by law.

Currently the Operator does not disclose any privacy information to parties outside Australia but this is subject to change.

The Operator will disclose your personal information to your broker, financial adviser or adviser dealer group, or to any joint holder of an investment, only if you authorise this.

### Access and Correction

Subject to some exceptions allowed by law, you can ask for access to your personal information. The Operator will give you reasons if access to this information is denied. The Operator's Privacy Statement outlines how you can request to access and seek the correction of your personal information.

### Privacy complaints

The Operator Privacy Statement contains information about how you can make a complaint if you think the Operator has breached your privacy and about how the Operator will deal with your complaint.

### Privacy Statement

You should refer to the Operator Privacy Statement for more detail about the personal information that the Operator collects and how the Operator collects, uses and discloses your personal information.

The Operator Privacy Statement is available at [www.freedomofchoice.com.au](http://www.freedomofchoice.com.au) and can be obtained by contacting Client Services on **1800 806 013**, or alternatively via email at [enquiries@freedomofchoice.com.au](mailto:enquiries@freedomofchoice.com.au).

The Privacy Statement of the Custodian is available at [www.egt.com.au](http://www.egt.com.au).

# Declarations

## Declarations by applicant

By completing and signing the attached Application Form you:

- » agree to become a member of the Freedom of Choice Portfolio Service, and be bound by the provisions of the Deed dated 20 June 1990 (as amended) and this Guide;
- » confirm that you have personally received, read and understood this Guide that relates to the Freedom of Choice Portfolio Service before applying for membership in the Freedom of Choice Portfolio Service;
- » confirm that where you have received this Guide from the Internet or other electronic means, you acknowledge that you have agreed to obtain the Guide and application forms (attached to or accompanying this Guide) from that source;
- » confirm that you have received the Investment Choice Form and that you have received copies of the relevant disclosure documents for each underlying managed fund investment made, including for the purposes of any investment facility selected or instructions received by your financial adviser under the Adviser Switching Authority facility;
- » acknowledge that the Operator is not aware of your investment objectives, financial position and particular needs. Accordingly, the provision of investments through the Service should not be taken as the giving of investment advice by the Operator;
- » authorise the Operator to give information relating to your account and investments in your account to your financial adviser and acknowledge that your financial adviser is your agent for the purpose of receipt of this information;
- » acknowledge that neither the Operator nor the Administrator guarantees the performance of the investments that you have selected;
- » authorise the Operator to deduct all fees and expenses incurred on your behalf;
- » confirm that you are 18 years of age or over, that the details provided by you in the Application Form are true and correct and you undertake to inform the Operator of any changes to the information that you have supplied;
- » understand that this offer has been made in Australia in accordance with Australian laws and your account will be regulated by these laws;
- » direct the Operator to implement your Investment Choice Form (provided it otherwise complies with the requirements of the Deed);
- » direct the Operator to invest any monies received into the Cash Account unless directed on the Investment Choice Form;
- » direct the Operator not to acquire investments on your behalf unless the investment is specified in your Investment Choice Form;
- » direct the Operator to sell investments in your account unless otherwise agreed where your Cash Account does not hold sufficient funds to pay outstanding fees and charges or to meet your request for regular payments (if any);
- » acknowledge that where the Regular Investment Plan,

Automatic Rebalancing or Cash Sweep facility are selected, that:

- at the time of purchase of the managed fund investments, you may not have been provided with the current disclosure document or product disclosure statement (or supplementary) for the applicable managed funds; and
  - you acknowledge that these investments may continue to be purchased pursuant to the Service until you instruct the Operator otherwise or terminate the Service or the relevant facilities;
- » agree that neither you nor any other person claiming through you has any claim against the Operator or the Service in relation to a payment made or action taken by the Operator under any of the facilities or the Service if the payment or instruction is made in accordance with the relevant conditions and includes instructions that are later shown not to have been made by you or your financial adviser; and
  - » acknowledge that the Operator is entitled to either cancel or change the terms and conditions of the facilities or services but may not do so without giving you prior written notice and that you may cancel the use of any of the facilities at any time by giving the Operator written notice.

**Important note:** Before the Operator can accept a selection request for an underlying investment, the declarations must be acknowledged by signing the Application Form and Investment Choice Form.

## Declarations by financial adviser (if applicable)

By stamping and submitting the attached Application Form and receiving remuneration (if applicable) in relation to the application you:

- » declare that you hold a current Australian Financial Services Licence or you are an authorised representative nominated to act on behalf of a holder of an appropriate Australian Financial Services Licence;
- » confirm that a copy of the relevant disclosure document has been given to the applicant on each of their selected managed fund investments;
- » confirm that the applicant meets the eligibility requirements (as applicable) detailed in the 'Who can invest?' section;
- » confirm that if you are authorised by the applicant to provide the Operator with instructions under the Adviser Switching Authority facility, you will provide the applicant with copies of the relevant disclosure documents and obtain their written confirmation to instruct the Operator to act on the investment switch request; and
- » confirm that you have disclosed to the applicant all fees and charges of the Freedom of Choice Portfolio Service.

# Custody Terms

The Operator had appointed Equity Trustees Limited ABN 46 004 031 298 as Custodian to hold the assets of the Freedom of Choice Portfolio Service. The Custodian holds the assets of the Service on trust for the Operator and the Operator holds the beneficial interest in those assets on trust for the clients of the Service. The Operator is responsible for maintaining the register and custody of beneficial ownership.

The below Custody Terms form part of the IDPS Contract between the client(s) named in the Application Form (**you**) and **Acclaim Management Group Limited** ABN 52 091 082 058 (Operator).

## 1. Custody services

The Operator agrees to perform the following custody services for you:

- a. for the assets invested under the Service for you (Client Assets), hold the beneficial interest in your Client Assets on trust for you and ensure Equity Trustees Limited ABN 46 004 031 298 (Custodian) (or any replacement custodian) holds the legal title to the Client Assets as custodian, and on trust for, for the Operator;
- b. keep and maintain records of:
  - i. your Client Assets;
  - ii. all income received in relation to the Client Assets;
  - iii. any acquisition or disposal of Client Assets, and the amount paid or received for each acquisition or disposal; and
  - iv. all transactions in the Custodian's bank accounts applicable to your Account.

## 2. Acknowledgement of custody arrangements

- a. The Operator will acknowledge to you, on request, the manner in which the Operator holds Client Assets.
- b. You acknowledge that the Operator may:
  - i. engage the services of any other person as an agent or Custodian; and
  - ii. use any Clearing House.
- c. You acknowledge that the Custodian pools your Client Assets in an omnibus account with asset of other persons, and the Operator must keep records in a way that allows your Client Assets to be identified.

## 3. Instructions to the Operator

- a. You may instruct the Operator in relation to the Client Assets in the manner and form notified by the Operator from time to time, including in an IDPS Guide. You may also authorise your Adviser to give certain instructions on your behalf, in the manner and form notified by the Operator from time to time, including in an IDPS Guide.

See the information on page 13 of this IDPS Guide for details of how to give instructions.

- b. Instructions must contain all necessary information the Operator requires to carry out the instructions.
- c. The Operator will not accept and implement an instruction:
  - i. where the instruction is unacceptable or inappropriate with reference to the Service's Deed,

- iii. this IDPS Guide, the law or market practice;
- ii. if the instruction is incomplete or ambiguous, or may not be authentic;
- iii. if there is insufficient cash to meet the request.

The Operator will notify you within 5 business days if an instruction you have given is not accepted.

## 4. Liability

- a. Except as set out in paragraph 4b), the Operator is liable to you if there is a loss to Client Assets due to a failure by the Operator or the Custodian, or any other person the Operator has directly or indirectly engaged to hold Client Assets, to comply with the duties under these Custody Terms or under any other agreement for the holding of the Client Assets or to observe reasonable standards generally applied by providers of custodial or depository services for holding the Client Asset held.
- b. The Operator is not liable for a loss to Client Assets resulting from a failure of a Custodian, or any other person the Operator has directly or indirectly engaged to hold Client Assets, if the Custodian or that person is insolvent and the Operator took reasonable care in engaging the Custodian or that person and monitoring their compliance.
- c. The Operator is not liable for, and is indemnified in respect of, all claims arising in respect of the Operator not implementing instructions in the circumstances set out in paragraph 3c).

## 5. Security interests, mortgages, liens or other encumbrances

The Operator must not take or grant a charge, mortgage, lien or other encumbrance (Security Interest) over, or in relation to, Client Assets except:

- a. in accordance with your written instructions; or
- b. for expenses and outlays properly incurred in providing services under your IDPS contract, including in connection with the investment and management of the Client Assets or the acquisition, disposal or maintenance of any Client Assets, but the Operator must not take a Security Interest for any unpaid fees.

## 6. Record keeping and reporting

- a. The Operator will make available to you on request:
  - i. the records referred to in paragraph 1(b);
  - ii. the verification procedures for the reconciliation and checking of the Client Assets;
  - iii. details of how, by whom and when transactions in respect of Client Assets were authorised.
- b. Verification, reconciliation and other checking procedures will be as conducted by the Operator and Custodian. At the date of this IDPS Guide, reconciliations are conducted:
  - i. for cash balances, daily;
  - ii. for listed securities, daily;
  - iii. for unlisted securities, monthly or upon availability of statement and at every transaction confirmation if information is available on the transaction confirmation advice.
- c. The Operator will report to you on the Client Assets in the manner and form notified by the Operator from



time to time, including in an IDPS Guide.

See the information on page 14 of this IDPS Guide for details of the reports the Operator will provide.

## 7. Identity of Custodian and agents

- a. Legal title to the Client Assets will be held by the Custodian. The Custodian's contact details are set out in the Investor Directed Portfolio Service Guide for the Service issued by the Operator.
- b. The Operator must give you written notice, including contact details, of any replacement custodian or other agent that will hold Client Assets:
  - i. where practicable before appointing the replacement custodian, or other agent;
  - ii. in any event before Client Assets are transferred to the replacement custodian or other agent, except where paragraph 7(b) applies.
- c. The Operator may give written notice to you after Client Assets are transferred to a replacement custodian or other agent, where in the Operator's opinion the appointment must be made before it is practicable to give the notice required under paragraph 7(a), in order to preserve or safeguard Client Assets or any Client Asset, or assets of the Operator's clients generally or a group of them.

## 8. Termination

On termination of the IDPS Contract:

- a. the Client Assets must be transferred to you or as you direct by written instructions, within a reasonable time;
- b. you must pay all accrued fees, costs and expenses the Operator is entitled to as at the date of termination, and you are responsible for any costs of transferring your Client Assets;
- c. the Operator must promptly deliver to you all final reports in relation to your Account.

## 9. Business continuity planning

- a. The Operator must at all times have and maintain a documented business continuity plan (Business Continuity Plan) in respect of the custody services, which is reasonable for the nature, scale and complexity of the business, to enable the Operator to provide the custody services in any contingency for which the Operator could reasonably plan.
- b. The Business Continuity Plan must:
  - i. specify how the Operator will respond to problems or events (whether incurring internally or externally) which may cause destruction or loss of data, equipment, software, facilities, materials or assets or any interruption or disruption of the custody, so that there is no or minimal disruption to the custody services;
  - ii. specify how the Operator will test the measures set out in the Business Continuity Plan;
  - iii. specify the backup procedures of the Operator (including the procedures relating to both software and data).

## 10. Confidentiality of Client Asset information

- a. The Operator will not disclose confidential information about your Client Assets to any other person except:
  - i. disclosure to related parties, agents, service

providers (including the Custodian) and advisers, in the course of providing financial and advisory services to you or that assist the Operator in conducting our business;

- ii. where the law requires or permits the disclosure of that information (for example, the Operator may disclose information to government organisations such as the Australian Securities and Investments Commission), or to a party that may be acquiring an interest in the Operator's business; or
  - iii. with your consent.
- b. If you are an individual or individuals, confidential information about your Client Assets is also treated as your personal information, and is held by the Operator in accordance with the Operator's privacy policy available at [www.freedomofchoice.com.au](http://www.freedomofchoice.com.au).

## 11. Definitions

In these Custody Terms, the following terms have the following meanings:

- » **Clearing House** means a person who provides facilities for the transfer, clearing or settlement of either securities or futures contracts, in the ordinary course of trading in securities or futures contracts.

# Direct Debit Request Service Agreement

This section sets out your rights and responsibilities, the Operator's commitment to you and where you should go for assistance in respect of your direct debit arrangement with the Operator. You should read through the Direct Debit Service Agreement carefully to ensure you understand the terms and conditions.

## Initial terms of the arrangement

In terms of the Direct Debit Request ('DDR') arrangement made between the Operator and signed by you, the Operator undertake to periodically debit your nominated account in accordance with your signed authority to direct debit.

## Drawing arrangements

If any drawing falls due on a non-business day, it will be debited to your account on the next business day following the scheduled drawing date.

You will be given at least 14 days' notice if there are changes to the initial terms of the arrangement.

## Your rights

### Changes to the arrangement

If you want to make changes to the drawing arrangements, please notify Client Services in writing at least 5 business days prior to your next scheduled drawing date. These changes may include:

- » deferring the drawing; or
- » altering the schedule; or
- » stopping an individual debit; or
- » suspending the DDR; or
- » cancelling the DDR completely.

### Enquiries

If you have any enquiries they should be directed to Client Services, rather than to your financial institution. Client Services can be contacted on **1800 806 013** or via **[enquiries@freedomofchoice.com.au](mailto:enquiries@freedomofchoice.com.au)**.

All personal customer information held by the Operator will remain confidential except for information that may be provided to their financial institution to initiate the drawing to your nominated account or information may be disclosed to a third party as required by law. Information may also be provided to Equity Trustees Limited or any of its wholly owned subsidiaries to enable the DDR to be effected as required by law.

### Disputes

- » If you believe that a drawing has been initiated incorrectly, you should raise the matter directly with Client Services.
- » If you do not receive a satisfactory response, contact your financial institution who will respond to you with an answer:
  - within 7 business days (for claims lodged within 12 months of the disputed drawing); or
  - within 30 business days (for claims lodged more than 12 months after the disputed drawing).
- » You will receive a refund of the drawing amount if the reason for the drawing cannot be substantiated.

**Note:** Your financial institution will ask you to contact Client Services to resolve your disputed drawing prior to involving them.

## Your commitment

It is your responsibility to ensure that:

- » your nominated account can accept direct debits (your financial institution can confirm this);
- » on the drawing date there are sufficient cleared funds in the nominated account; and
- » you advise Client Services if the nominated account is transferred or closed.

If your drawing is returned or dishonoured by your financial institution, you will be notified in writing. Any transaction fees payable in respect of the above may be passed on to you. Consecutive returns or dishonours may result in the direct debit facility being withdrawn.

