

# IML Funds Investment Guide

Investors Mutual Australian Share Fund (IMAS)  
ARSN 093 182 695 APIR IML0002AU

Investors Mutual Equity Income Fund (IMEIF)  
ARSN 107 095 438 APIR IML0005AU

Investors Mutual All Industrials Share Fund (IMIS)  
ARSN 093 182 195 APIR IML0004AU

Investors Mutual Concentrated (IMCASF)  
Australian Share Fund  
ARSN 145 759 879 APIR IML0010AU

Investors Mutual Future Leaders Fund (IMFL)  
ARSN 093 182 828 APIR IML0003AU

Investors Mutual Australian (IMSC)  
Smaller Companies Fund  
ARSN 093 182 471 APIR IML0001AU

Investors Mutual Small Cap Fund (IMCAP)  
ARSN 122 918 496 APIR IML0006AU

Investors Mutual Limited  
Investment Manager,  
Issuer and Responsible Entity  
ABN 14 078 030 752 AFSL 229988

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[iml.com.au](http://iml.com.au)

**IML** **INVESTORS**  
**MUTUAL LTD**

## Before you start

In this Investment Guide (**Guide**), a reference to “Fund” refers to each fund named on the cover of this Guide unless otherwise specified. Other words in this Guide have the meaning given in the relevant Fund Product Disclosure Statement (PDS).

It is important that you read this Guide together with the PDS carefully before deciding whether to invest and before lodging an application for units in any of the Funds. We suggest that you keep this Guide and any supplementary information for future reference.

Your investment does not represent deposits or other liabilities of Investors Mutual Limited, ABN 14 078 030 752, AFSL 229988 (IML). Your investment can be subject to investment risk, including possible delays in repayment and loss of income and principal invested. IML, its officers, employees and agents do not in any way guarantee the capital value of your investment and/or the performance of any of the Funds.

Information in this Guide is subject to change from time to time. Where the changes are not materially adverse, IML will make updated information available on its website at [www.iml.com.au](http://www.iml.com.au)

The information contained in this Guide is general information only and has been prepared without taking into account your personal objectives, financial situation or needs. To help you make an informed investment decision, we recommend that you obtain professional advice from a licensed adviser before investing.

The offer of units in the Fund made in the PDS together with this Guide is available to persons receiving this PDS within Australia and New Zealand (including in electronic form). The offer in the PDS and this Guide does not constitute an offer or invitation in any place outside Australia and New Zealand where, or to any person whom, it would be unlawful to make such an offer or invitation. The distribution of the PDS and this Guide (electronically or otherwise) in any jurisdiction outside Australia and New Zealand may be restricted by law. Persons who come into possession of the PDS and this Guide outside Australia and New Zealand should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of the applicable law

**The information in this Guide forms part of the PDS for each Fund dated 11 December 2019 and should be read fully together with the PDS before you make a decision to invest in one or more of the Funds.**

## Contact details:

Investors Mutual Limited  
Level 24, 25 Bligh Street  
Sydney NSW 2000

Phone: 02 9232 7500

Fax: 02 9232 7511

Email: [iml@iml.com.au](mailto:iml@iml.com.au)

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

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# 1. How the Funds work

## 1.1 Unit pricing

Unit pricing on applications and redemptions is carried out in accordance with each Fund's constitution and IML's Unit Pricing Policy. If we were to exercise our discretion and change the current unit pricing process of any Fund, we must inform you of the exercise of discretion as soon as possible. A copy of IML's Unit Pricing Policy is available from us free of charge upon request.

## 1.2 Applications

To invest in any of the Funds, you will need to download and complete the application form from our website in accordance with the instructions in "How to invest" on our website and provide the supporting identification documents required for application or withdrawal under the Anti-Money Laundering and Counter Terrorism Financing Act 2006 that we may request from you. The minimum initial investment in the Funds is A\$50,000. Additional investments must be for a minimum of A\$5,000. We reserve the right to accept lesser amounts for the initial and additional investments at our absolute discretion.

## Additional Applications

You can invest additional amounts by:

a) depositing funds directly into the relevant Fund's bank account and sending by facsimile to RBC on +61 2 8262 5492 a completed additional application form or by sending a facsimile with the following details:

- the Fund name;
- your investor account ID;
- the additional investment amount;
- the date money was banked to the Fund's bank account; and
- a phone number where we can contact you during business hours in case we need to ask you any questions about your request.

or

b) sending RBC a cheque together with a completed Additional Investment Form or letter with the following details:

- the Fund name;
- your investor account ID; and
- a phone number where we can contact you during business hours in case we need to ask you any questions about your request.

If a properly completed and signed Additional Investment Form with cleared payment and satisfactory supporting Client ID are received, identified and accepted before 3:00pm Australian Eastern Standard Time (AEST) (or before 4:00pm AEST for applications via SWIFT NET) on a Business Day, the application will usually be processed at the application price of the relevant Fund calculated for that Business Day. If the application request is received after 3:00pm AEST (or 4:00pm AEST where applicable) on a Business Day, provided the properly completed and signed application form with cleared payment and satisfactory supporting Client ID are received, identified and accepted, the application will usually be processed at the application price for the relevant Fund calculated for the following Business Day. The net asset values of the Funds are usually calculated on a daily basis (details of how application and redemption prices are calculated are set out in the PDS and Section 1 of this Guide).

If you do not complete an Additional Investment form when making an additional investment, you should keep this Guide (and any supplementary or updating documents) for future reference. Additional Investment forms are found on our website [www.iml.com.au/how-to-invest/pds-and-forms](http://www.iml.com.au/how-to-invest/pds-and-forms)

You will be sent a unit holder's statement setting out details of your investments within 7 Business Days of our accepting your application for an investment. You will also be sent a unit holder's statement if you ask (free of charge and as soon as is practicable after your request).

For applications made via EFT payment, your application will not proceed until the funds have been received.

## 1.3 Withdrawals – Direct investors

Withdrawals must generally be for a minimum of A\$5,000 and leave a minimum holding of units having a value (based on the prevailing application price) of at least A\$50,000, after the withdrawal (subject to your right to make a complete withdrawal). Where an investor's unit holding falls below this minimum we may redeem the remaining holding in full after giving the investor 30 days notice in writing of our intention to do so. However, we reserve the right to vary the minimum withdrawal and minimum unit holding at our absolute discretion.

Subject to the constitution of the relevant fund, we may compulsorily redeem an investor's units in the following circumstances:

- if the investor has breached their obligations to us including application monies that are not cleared funds and are subsequently dishonoured;
- to satisfy any amount due to us by the investor or that we owe someone else relating to the investor (for example to the tax office); or
- where we suspect that the law prohibits the investor from being an investor in the Fund.

Withdrawal requests can be made by writing to RBC and providing the following information:

- the Fund name;
- your investor account ID;
- the value or number of units to be redeemed;
- bank account details for the payment of the withdrawal amount; and
- a phone number where we can contact you during business hours in case we need to ask you any questions about your request.

Alternatively, you may complete a Redemption form which is found on our website [www.iml.com.au/how-to-invest/pds-and-forms](http://www.iml.com.au/how-to-invest/pds-and-forms).

Subject to the terms and conditions below, IML will also accept requests for withdrawals by facsimile to RBC on +61 2 8262 5492 (the original must follow in the mail) of the details listed above provided it has no reason to believe the request is not genuine.

Withdrawal requests will generally be processed based on the date the facsimile is received.

An investor who elects to make a facsimile request agrees with IML to the following terms and conditions.

In making a facsimile request:

- you release us from, and indemnify us against, all losses and liabilities whatsoever arising from our acting in accordance with any instructions received by facsimile bearing your account number, investor account ID and a signature purportedly yours or that of an authorised nominee; and
- you agree that we are not responsible to you for acting on any instructions received by facsimile which appear to be, but are not in fact, authorised by you, and that a payment made in accordance with instructions received by facsimile will be in complete satisfaction of our obligation to you to make a payment, notwithstanding that it was requested without your knowledge or authority.

The investor or their authorised nominee must sign withdrawal requests.

In the case of companies, a withdrawal request must be:

- a) signed by two directors or a director and a company secretary of the company (need not be under seal) and state in which capacity each signatory signs; or
- b) if a proprietary company that has a sole director who is also the sole company secretary, or where there is no company secretary, signed by that director (need not be under seal) and state that the signatory is signing in its capacity as the sole director and company secretary (if applicable); or
- c) executed under Power of Attorney of the company.

If the withdrawal request is received before 4:00pm AEST on a Business Day (and if required by law, with satisfactory ID Documents), the withdrawal will usually be processed at the redemption price as at the close of business on that Business Day. If the withdrawal request is received after 4:00pm, the withdrawal will usually be processed at the redemption price based as at the close of business on the next Business Day (details of how application and redemption prices are calculated are set out in the PDS and Section 1 of this Guide).

The proceeds of any withdrawal will usually be available within 7 Business Days and paid to the investor by direct credit to their nominated bank account. Subject to the terms of the constitution of the relevant Fund, we reserve the right to delay redemptions where there is a circumstance outside our control which we consider impacts on our ability to properly or fairly calculate a redemption price, or withdrawal requests of more than 20% of the value of the net assets of the relevant Fund. If we delay redemptions, the redemption price is the next calculated redemption price. It is our intention to manage the Funds so that they are "liquid" for the purposes of the Corporations Act. If a Fund is not sufficiently liquid then investors will only be permitted to withdraw if we make a withdrawal offer to all investors in accordance with the Corporations Act.

#### 1.4 Master trust and wrap account investors

We authorise the use of the PDS as disclosure to persons who wish to access the Fund indirectly through an Investor Directed Portfolio Service (IDPS), master trust or wrap account (collectively known as a Platform). If you are investing through a Platform, the operator of the Platform

becomes the investor and not you. Accordingly, you do not acquire the rights of a unit holder of the Fund. The operator of the Platform acquires these rights. An investor via a Platform cannot attend meetings or transfer units.

For Platform investors, the minimum initial and additional investment amounts are those specified by that Platform operator. You will need to complete the application form for that service and not IML's application form.

If you invest through a Platform, you can only withdraw or make subsequent investments through the operator of that service. You will be subject to the Platform's conditions for investing, withdrawing, fees and distributions rather than IML's. If you are investing through a Platform, enquiries should be directed to the operator of that service and not IML. In addition to the PDS, you should read the document that explains the Platform, as issued by your Platform operator.

## 1.5 The Fund Constitutions

Each Fund was established under a constitution. Together with the PDS and certain laws (including the Corporations Act), each constitution governs our relationship with you.

### Constitutions

The constitutions deal with:

- the conditions under which a Fund operates;
- the rights, responsibilities, duties and liabilities of the responsible entity and investors;
- fees and expenses; and
- termination of a Fund.

Subject to a Fund's constitution and the law, your liability in relation to your investment in a Fund is limited to the amount (if any) which remains unpaid for your units. However, higher courts have not finally determined the extent of liability of investors in managed investment schemes.

Subject to the Corporations Act, each constitution limits our need to compensate you if things go wrong. Generally, if we comply with our duties as responsible entity of a Fund, then we do not need to compensate investors for any loss suffered in relation to the Fund.

Generally speaking, we may amend a constitution if we, as the responsible entity, reasonably consider that the amendment will not adversely affect investor's rights. Otherwise, we generally must obtain the approval of

investors (by special resolution) to make changes to a constitution at a meeting of investors.

You may obtain a copy of a constitution free of charge by calling, emailing or writing to IML. IML's contact details are listed in the back cover of this Investment Guide.

If you are investing through a master trust or wrap account, the constitution will not govern our relationship with you.

## 1.6 Keeping you informed

All investors will generally be sent by mail or email:

- within 7 Business Days of the acceptance of an application for units or reinvestment of distributions, a confirmation providing details of the units issued or notice that the application has been rejected;
- within 7 Business Days of processing a withdrawal request, a confirmation providing details of the units redeemed;
- within 7 Business Days of each month end, a unit holder's statement for that month, when there has been a transaction in that month;
- within 10 Business Days of the end of a distribution period, a distribution statement;
- within 20 Business Days of 30 June, an annual tax statement;
- within 20 Business Days of 30 June, an OMC and performance statement, (OMC means Other Management Costs) if this information has not already been provided to you with other unit holder statements;
- within 3 months of financial year end, an annual report for that financial year;
- within 6 months of the financial year end, a periodic statement (if you are a retail client and all the relevant information has not already been provided to you); and
- as soon as practicable upon request, a unit holder's statement showing transactions since the last unit holder's statement.

If a Fund has become a "disclosing entity" as defined in the Corporations Act, it will be subject to continuous disclosure and reporting obligations under the Corporations Act. To the extent permissible by law, we will satisfy our continuous disclosure obligations (if any) by publishing material information on our website at [www.iml.com.au](http://www.iml.com.au). Copies of documents lodged with ASIC in relation to a Fund may be obtained from, or inspected at, an ASIC office.

## 2. Fees and other costs

This section shows fees and other costs which you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from the relevant Fund's assets as a whole.

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

### 2.1 More detailed fees and costs table

TYPE OF FEE OR COST <sup>1</sup>	AMOUNT	HOW AND WHEN PAID
Fees when your money moves in or out of the Funds		
Establishment fee The fee to open your investment	Nil	Not applicable
Contribution fee The fee on each amount contributed to your investment	Nil	Not applicable
Withdrawal fee The fee on each amount you take out of your investment	Nil	Not applicable
Exit fee The fee to close your investment	Nil	Not applicable
Management costs The fees and costs for managing your investment		
<b>Management fees and normal expenses</b> This is the fee payable to IML as the responsible entity. Out of this fee will be paid investment management fees and expenses, all ongoing administration, responsible entity fees and other fees that would normally be payable by the Funds except for transaction costs, government charges and abnormal expenses.	Range from 0.993% p.a of the net asset value (NAV) of the Fund to 1.15% p.a of the NAV of the Fund (inclusive of the net effect of GST).  Refer to the Management Costs table below for details of each Fund.	This fee is calculated and accrued daily and is paid monthly in arrears to IML from the assets of the Fund.  This amount may be negotiated for wholesale investors. <sup>2</sup>
<b>Performance Fees<sup>3</sup></b> Payable to IML if the performances of the Funds exceed the return of the Performance Hurdle for the Fund.	Range from 10.25% to 15.375% of the excess investment returns above the Fund's performance hurdle (inclusive of the net effect of GST).  Refer to the Performance fee table at 2.4 of this Investment Guide for details of each Fund.	This fee is calculated and accrued daily and is paid at the end of a Performance Fee Period to IML from the assets of the Funds. <sup>3</sup>
<b>Abnormal Expenses</b> The abnormal expenses of the Fund including costs of unit holder meetings, changes to the constitution, pursuing/defending legal proceedings, changing the responsible entity or termination of the Fund.	Abnormal expense amounts are determined as and when they arise.	Abnormal expenses are paid as and when they are incurred from the assets of the Fund.
<b>Indirect Costs<sup>4</sup></b> Indirect costs are any amount not already disclosed as a fee or cost that directly or indirectly reduces the return of a Fund.	Nil	Not applicable
Service fees		
<b>Investment switching fee</b> The fee for changing investment options	Not applicable	Not applicable

Note 1: Fees and costs include, if applicable, GST less any reduced input tax credits (RITC).

Note 2: Please refer to 2.10 'Negotiated Fees' below

Note 3: A Performance Fee is currently payable by the IML Future Leaders Fund, IML Small Cap Fund and IML Concentrated Australian Share Fund in accordance with the details in section 2.4 'Performance Fee' below. Please refer section 2.4 below for further details on how the Performance Fees are calculated and paid and details of the Performance Hurdle for these Funds.

Note 4: Indirect costs are calculated and incorporate estimated amounts with reference to the relevant costs incurred during the financial year ending 30 June 2019.

## 2.2 Management Costs Table

Broadly speaking, the management costs of each Fund are calculated having regard to the formula below:

$$\begin{aligned} \text{Management Costs} = & \text{Management fee (including normal expenses) (see section 2.3)} \\ & + \text{Performance Fee (if applicable) (See section 2.4)} \\ & + \text{Indirect Costs (excluding transaction costs) (see section 2.5)} \\ & + \text{Abnormal Expenses (if incurred) (see section 2.7).} \end{aligned}$$

Management costs include the management fee and performance fee, if any, charged by IML for overseeing the operations of a Fund and / or for providing access to a Fund's underlying investments. We will pay all normal expense recoveries out of the management fee, with the exception of any abnormal expense recoveries (such as the cost of unitholder meetings). Abnormal expenses are not generally incurred during the day-to-day running of the Funds.

Management costs also comprise an indirect cost component. Indirect costs are generally payable from the Fund's assets, rather than directly by you. Indirect costs do not include transaction costs (such as the buy / sell spread).

Fund	Management Fee <sup>2</sup>	Performance Fee <sup>1</sup>	Indirect Costs <sup>3</sup>
Investors Mutual Australian Share Fund (IMAS)	0.993% p.a. of the net assets of the fund (inclusive of the net effect of GST)	Not applicable	Nil
Investors Mutual Equity Income Fund (IMEIF)	0.993% p.a. of the net assets of the fund (inclusive of the net effect of GST)	Not applicable	Nil
Investors Mutual All Industrials Share Fund (IMIS)	0.993% p.a. of the net assets of the fund (inclusive of the net effect of GST)	Not applicable	Nil
Investors Mutual Concentrated Australian Share Fund (IMCASF)	0.993% p.a. of the net assets of the fund (inclusive of the net effect of GST)	10.25% (inclusive of the net effect of GST) of investment returns made in excess of 2% p.a. above the Benchmark	Nil
Investors Mutual Small Cap Fund (IMCAP)	1.15% p.a. of the net assets of the fund (inclusive of the net effect of GST)	10.25% (inclusive of the net effect of GST) of investment returns made in excess of 2% p.a. above the Benchmark	Nil
Investors Mutual Future Leaders Fund (IMFL)	0.993% p.a. of the net assets of the fund (inclusive of the net effect of GST)	15.375% (inclusive of the net effect of GST) of the change in value of the Redemption Price that exceeds the change in the value of the Fund's Benchmark	Nil
Investors Mutual Australian Smaller Companies Fund (IMSC)	0.993% p.a. of the net assets of the fund (inclusive of the net effect of GST)	Not applicable	Nil

Note 1: The constitution of the Investors Mutual All Industrials Share Fund permits a Performance Fee to be charged. However, to date, the Performance Fee has not been charged to the Fund. The constitutions of the Investors Mutual Australian Share Fund, Investors Mutual Equity Income Fund and Investors Mutual Australian Smaller Companies Fund do not permit a Performance Fee to be charged. For Funds that charge a performance fee, please read section 2.4 below.

Note 2: The management fee covers normal expenses of the Fund, which are paid by IML out of the management fee entitlement.

Note 3: Each Fund's indirect costs are based on the financial year ending 30 June 2019. Indirect costs for future years may differ. Details of any future changes to indirect costs will be provided on IML's website at [www.iml.com.au](http://www.iml.com.au) where they are not otherwise required to be disclosed to investors under relevant law.



## 2.3 Management fee

Management fees are the fee for IML's services as Responsible Entity and manager of the relevant Fund, and / or for providing access to the relevant Fund's underlying investments. The management fee for each Fund is set out in the individual PDS for the relevant Fund. Management fees are calculated on the NAV of the Fund (inclusive of the net effect of GST).

IML also pays the normal expenses of the Fund (such as fund accounting, audit costs, unit registry costs, postage etc) out of its management fee entitlement, and will only seek to be reimbursed out of the relevant Fund where such expenses are abnormal expenses. Whilst IML does not currently recover normal expenses out of the assets of the relevant Fund, IML is however entitled to recover expenses from the Fund, and provided the expenses are properly incurred, there is no limit to the amount of these that can be recovered.

## 2.4 Performance fee

The following information on performance fees applies only to the Investors Mutual Future Leaders Fund, Investors Mutual Small Cap Fund and Investors Mutual Concentrated Australian Share Fund (**Relevant Fund**).

IML is entitled to recover performance fees from the Relevant Funds. Please note that whilst the Constitution for the Investors Mutual All Industrials Share Fund gives IML the ability to charge a performance fee, to date IML has elected to waive its performance fee entitlement. A performance fee is payable to IML if the performance of a Relevant Fund exceeds the return of the Performance Hurdle for that Fund. It is not possible to estimate the actual performance fee payable in any given period, as IML cannot forecast what the performance of the relevant Fund will be. You should note, however, that the performance fee will be reflected in the management costs for the relevant Fund for the relevant year. Information on current performance fees will be updated from time to time at [www.iml.com.au](http://www.iml.com.au).

Details	Investors Mutual Future Leaders Fund (IMFL)	Investors Mutual Small Cap Fund (IMCAP)	Investors Mutual Concentrated Australian Share Fund (IMCASF)
Performance Fee	15.375%* of the change in value of the Redemption Price that exceeds the change in value of the Fund's Benchmark.	10.25%* of investment returns made in excess of 2% p.a. above the Benchmark.	10.25%* of investment returns made in excess of 2% p.a. above the Benchmark.
Benchmark	S&P / ASX 300 Accumulation Index (excluding S&P/ASX 50 excluding Property Trusts)	S&P / ASX Small Ordinaries Accumulation Index	S&P / ASX 300 Accumulation Index
Performance Hurdle	Benchmark	Benchmark plus 2% p.a.	Benchmark plus 2% p.a.
Maximum Performance Fee under the constitution	15.375%*	25.625%*	20.50%*
Performance Fee Period	Six months ending on 31 December and 30 June	Six months ending on 31 December and 30 June	Six months ending on 31 December and 30 June

\*These fees include, if applicable, GST less any RITC.

\*\*As noted above, the Constitution for the Investors Mutual All Industrials Share Fund also permits a performance fee to be charged, however to date the performance fee has not been charged to the fund. The maximum performance fee payable under the Constitution for the Investors Mutual All Industrials Share Fund is 15.375% (inclusive of the net effect of GST) of the change in value of the Redemption Price that exceeds the change in value of the Fund's Benchmark.

### Calculation and accrual of Performance Fees

Performance Fees are calculated and accrued daily on each Business Day on the following basis:

#### Actual Performance

IMFL

- The percentage change in redemption price (assuming distributions are reinvested) between the Business Day of the calculation and the previous Business Day of the calculation.

IMCAP and IMCASF

- The percentage change in the Mid-Price (assuming distributions are reinvested) between the Business Day of the calculation and the previous Business Day of the calculation.

Mid-Price means:

$$\frac{\text{net asset value of the Fund} - \text{accrued performance fee} + \text{distributions made}}{\text{number of units on issue}}$$

**Performance Hurdle Movement** means the percentage change in the Performance Hurdle between the current Business Day compared to the previous Business Day.

IML determines the difference between the relevant Fund's Performance Hurdle Movement and the Actual Performance of the Fund (expressed as a percentage) each Business Day. The difference (expressed as a percentage) for each Fund may be positive or negative, representing the outperformance or underperformance of the Fund against its Performance Hurdle.

#### Daily Performance Fee

For IMFL and IMCAP and for each Business Day the percentage outperformance (or underperformance) will be multiplied by the net asset value (**NAV**) of the Fund (excluding any accrued performance fee) to obtain a dollar value of the performance fee for that Business Day (**Daily Performance Fee**). This Daily Performance Fee amount is added to or subtracted from (if it has underperformed) the aggregate Performance Fee amount accrued up until the previous Business Day.

For IMCASF, the percentage of outperformance (or underperformance) for each Business Day will be multiplied by the NAV of the Fund (excluding any accrued performance fee with an adjustment made for the net cashflow of the Business Day).

IML will then either add or subtract the Daily Performance Fee amount (as calculated above) to the accrued Performance Fee amount for the performance fee period up to the prior Business Day.

If the aggregate Performance Fee amount for the performance fee period up to the prior Business Days is positive, the aggregate Performance Fee amount is included as a liability of the Fund and reflected in the daily calculation of application and redemption prices.

If the aggregate Performance Fee up to that Business Day is negative, this means that no Performance Fee amount will be reflected in the unit price. Any negative brought forward aggregate performance fee will need to be offset against any positive performance fee that has been calculated on a daily basis.

#### Calculation and payment at the end of a Performance Fee Period

The Performance Fee at the end of a Performance Fee Period (six months ending 31 December and 30 June) is the sum of the Daily Performance Fees accrued during the Performance Fee Period including any amounts carried over from previous Performance Fee Periods (if the Performance Fee was not paid at the end of previous Performance Fee Period).

For a performance fee to be payable the movement in the Fund's Actual Performance for the Performance Period has to be positive.

For IMCASF only – if the units on issue have decreased by 5% or more over a Performance Fee Period, IML may extinguish a proportion of the negative aggregate daily Performance Fee accrual to adjust for the percentage decrease of redemptions so that the negative aggregate daily Performance Fee accrual at the end of the Performance Fee Period is reduced by the same percentage (to 2 decimal places).

The table below details the scenarios for the calculation and payment at the end of the Performance Period.

Possible Scenarios at the end of the Performance Fee Period	Whether the Performance Fee is payable or not
The Fund Actual Performance has not outperformed the Performance Hurdle since the last performance fee period	No performance fee is payable. Further, the negative aggregate performance figure is carried forward to the next period.
The Fund Actual Performance for a performance fee period outperformed the Performance Hurdle since the last performance fee period, but the aggregate daily performance fee accrual is insufficient to offset prior periods of daily negative performance fee accruals.	No performance fee is payable. Further, the negative aggregate performance figure is carried forward to the next period.
The Fund Actual Performance for a performance fee period outperformed the Performance Hurdle since the last performance fee period, but the Actual Performance for the period was negative.	No performance fee is payable. The positive aggregate performance figure is carried forward to the next period.
Any prior periods of negative carried forward aggregate daily performance fee accruals have been offset by the aggregate daily performance fee accrual being positive and the Fund Actual Performance for the performance fee period is positive since the last performance fee period.	Performance fee is payable.

### Performance Fee IMCAPS & IMCASF

The following examples outline two scenarios of the effect of the Performance Fee. These are examples only. In practice, the actual investment balance of a unit holder will vary daily and the actual fees charged are based on the daily value of the fund, which fluctuates. These examples do not include transaction costs which are applicable to each application and redemption.

Refer to section 2.6 of this Investment Guide for further information on Transaction Costs.

Assume that you are the only investor and you make an investment of \$100,000 in the IMCAPS or IMCASF on 1 July.

At this point, 100,000 units would be issued to you at \$1 each.

The Benchmark Index Return is 10% in this example.

Assume that the NAV of the Fund increased to \$110,000 on 31 December. Assume you also received a \$5,000 distribution at the end of this period as well. To calculate the cum NAV per unit we add back the distribution, therefore the cum NAV of the Fund is now \$115,000. The cum NAV per unit is now \$1.15.

Let's assume the average NAV of the Fund over the period was \$107,000.

The performance fee for the above example would be calculated in the following way for the period 1 July – 31 December:

Description	Formula	Example	
Prior ex NAV per unit (high water mark)	NAV/No of Units Issued	\$100,000/100,000	\$1.00
Current cum NAV per unit	NAV/No of Units Issued	(\$110,000+\$5,000)/100,000	\$1.15
Fund Return	Current NAV per unit / Prior NAV per unit ex Price ) – 1	\$1.15/\$1.00 – 1	15%
Benchmark Index Return	Current Day Index / Prior Day Index ) – 1	As per assumption	10%
Hurdle Rate	Benchmark Index Return + Excess %	10%+1%	11%
Excess Return	Fund Return – Hurdle Rate	15%-11%	4%
Performance Fee	NAV x Excess return x 10.25%	\$107,000 * 4%*10.25%	\$439

### Scenario 1 : The actual fund performance is greater than the excess return

The performance fee payable of \$439 at the end of 31 December is included in the \$1.15 cum NAV per unit. As the NAV per unit is calculated including the performance fee accrual, there is no impact on the unit price when the performance fee is paid. As such, the value of your investment in the fund remains at \$110,000 (100,000 units x \$1.10). The new high water mark is \$1.15.

### Scenario 2 : The actual fund performance is lower than the excess return (no performance fee is payable)

If we assume instead that the NAV increased to \$102,000 and you received a distribution of \$5,000 at the end of the period. This makes the cum NAV per unit to be \$1.07(\$107,000/100,000) and the performance of the Fund to be 7%. Assuming all other factors remained the same there is no performance fee payable as the actual performance of 7% has not exceeded the hurdle rate of 11% for the performance fee period. The NAV remained at \$102,000 and the ex-NAV per unit is unchanged at \$1.02.

### Performance Fee IMFL

The following examples outline two scenarios of the effect of the performance fee. These are examples only. In practice, the actual investment balance of a unit holder will vary daily and the actual fees charged are based on the daily value of the fund, which fluctuates. These examples do not include transaction costs which are applicable to each application and redemption.

Refer to section 2.6 of this Investment Guide for further information on Transaction Costs)

Assume that you are the only investor and you make an investment of \$100,000 in the IMFL on 1 July.

At this point, 100,000 units would be issued to you at \$1 each.

The Benchmark Index Return is 10% in this example.

Assume that the NAV of the Fund increased to \$110,000 on 31 December. You received a \$5,000 distribution at the end of the period as well. To calculate the cum Redemption Price we add back the distribution, therefore the cum NAV of the Fund is now \$115,000. The cum Redemption Price is now \$1.15.

Let's assume the average NAV of the Fund over the period was \$107,000.

The performance fee for the above example would be calculated in the following way for the period 1 July – 31 December:

Description	Formula	Example	
Prior Ex-NAV per unit (high water mark)	NAV/No of Units Issued	\$100,000/100,000	\$1.00
Current cum Redemption Price	NAV/No of Units Issued	(\$110,000+\$5,000)/100,000	\$1.15
Fund Return	Current Cum NAV per unit /Prior Ex-NAV per unit ) – 1	\$1.15/\$1.00 – 1	15%
Benchmark Index Return	Current Day Index /Prior Day Index ) – 1	As per assumption	10%
Excess Return	Fund Return – Benchmark Return	15%-10%	5%
Performance Fee	NAV x Excess return x 15.375%	\$107,000 * 5%*15.375%	\$823

### Scenario 1 : The actual fund performance is greater than the excess return

The performance fee payable of \$823 at the end of 31 December is included in the \$1.15 cum Redemption Price. As the Redemption Price is calculated including the performance fee accrual, there is no impact on the Unit Price when the performance fee is paid. As such, the value of your investment in the fund remains at \$110,000 (100,000 units x \$1.10). The new high water mark is \$1.15.

### Scenario 2 : The actual fund performance is lower than the excess return (no performance fee is payable)

If we assume instead that the NAV increased to \$102,000 and you received a distribution of \$5,000 at the end of the period. This makes the cum Redemption Price to be \$1.07(\$107,000/100,000) and the performance of the Fund to be 7% for the performance fee period. Assuming all other factors remained the same there is no performance fee payable as the actual performance of 7% has not exceeded the Benchmark Index Return of 10% for the performance fee period. The NAV remained at \$102,000 and the unit price is unchanged at \$1.02.

The IMFL constitution allows the percentage outperformance (or underperformance) to be calculated by reference to the gross asset value of the IMFL, rather than its NAV. If this approach were adopted, the amount of any performance fee payable to IML would be higher than where it is calculated by reference to the NAV. IML has never adopted this approach and does not intend to do so.

IML does not have to reimburse any of the Funds for any negative performance.

For periods of sustained outperformance, the performance fee may be substantial. We recommend you discuss this with your financial adviser to understand the impact of the Performance Fee.

## 2.5 Indirect costs

Indirect Costs are any amount, not already disclosed as a fee or cost, that directly or indirectly reduces the return of a Fund. The Management Cost disclosed in the table of fees and costs in the PDS for each Fund shows the indirect costs incurred in for the relevant Fund in the financial year ending 30 June 2019. Indirect costs (if any) are reflected in the unit price of your investment in the relevant Fund and include any underlying (indirect) management costs, underlying (indirect) performance-related fees and other indirect costs. Indirect costs may vary over time. Any changes to indirect costs in the future will be set out on IML's website at [www.iml.com.au](http://www.iml.com.au) unless the changes are required by law to be disclosed to investors.

## 2.6 Transaction costs

In carrying out its role as manager and Responsible Entity of each Fund, the relevant Fund may incur certain transactional and operational costs, such as brokerage, settlement costs, clearing costs and stamp duty (if applicable) when assets are bought or sold.

Transaction costs are an additional cost to you.

When a Fund incurs transaction costs from changing its investment portfolio, they are paid out of the Fund's assets and reflected in its unit price.

Transaction costs that are incurred when investors buy or sell Units in a Fund are also paid from the Fund's assets, but these costs are offset by certain transaction cost allowances (i.e. by a proportion of the "buy-sell spread", that is included in the calculation of the Fund's entry and/or exit Unit prices – see "Buy / Sell Spread" below.)

The final column in the table below sets out the estimated net transaction costs which are not recovered through the Buy/Sell Spread and which are a cost that is indirectly payable by investors.

The transaction costs information for each Fund set out below is based on the most recently completed financial year (i.e. 30 June 2019). This information forms part of the PDS, is available on the IML website at [www.iml.com.au](http://www.iml.com.au).

**Table of Transactions Costs**

Fund	Estimated Transaction Costs	Estimated Transaction Costs recovered through by Buy/Sell Spread	Estimated Net Transaction Costs payable by Investors <sup>1</sup>
Investors Mutual Australian Share Fund	0.12%	0.07%	0.05%
Investors Mutual Equity Income Fund	0.21%	0.12%	0.09%
Investors Mutual All Industrials Share Fund	0.16%	0.08%	0.08%
Investors Mutual Concentrated Australian Share Fund	0.22%	0.17%	0.05%
Investors Mutual Future Leaders Fund	0.27%	0.09%	0.18%
Investors Mutual Australian Smaller Companies Fund	0.33%	0.10%	0.23%
Investors Mutual Small Cap Fund	0.34%	0.08%	0.26%

Note 1: This is the estimated amount by which the investment return of the relevant Fund has been reduced by Transaction Costs.

Note 2: For the purposes of this table, the figures are presented as a percentage of the average fund size and are estimated based on the financial year ending 30 June 2019.

## Buy / Sell Spread

Application and redemption prices for the Funds reflect an adjustment for an amount that represents the transaction costs, also known as the buy-sell spread, incurred by the Funds to acquire or sell the assets of the Funds in relation to each application and redemption.

The buy/sell spread is IML's reasonable estimate of the total cost of acquiring or selling the assets of the Funds expressed as a percentage of the NAV per unit. The purpose of charging transaction costs is to prevent existing unit holders from bearing the transaction costs associated with investors acquiring and redeeming units in the Funds.

The buy/sell spread does not represent a fee or income to IML or any other agent or service provider, however the buy/sell spread is an additional cost to you, and will impact the return on your investment.

The buy/sell spread for each Fund is summarised in the table below:

Fund	Buy/Sell Spread*
Investors Mutual Australian Share Fund	0.25%
Investors Mutual Equity Income Fund	0.25%
Investors Mutual All Industrials Share Fund	0.25%
Investors Mutual Concentrated Australian Share Fund	0.25%
Investors Mutual Future Leaders Fund	0.25%
Investors Mutual Australian Smaller Companies Fund	0.25%
Investors Mutual Small Cap Fund	0.25%

\*These are the transaction costs per transaction (applied on both application and withdrawal).

The buy/sell spread is calculated using estimated transaction costs, which are reviewed regularly. Consequently, the buy/sell spreads current as at the date of this PDS may be altered by IML at any time (including during the life of this PDS) and unit holders will be advised as soon as is practicable. The buy/sell spread is not subject to GST.

## Other transaction costs

There are other transaction costs which can arise as part of the day-to-day trading of a Fund's assets – these are costs that are incurred other than when applications or redemptions take place. Such costs are reflected in the relevant Fund's unit price.

## 2.7 Recovery of Expenses

Under the constitution of each Fund, IML is entitled to recover all expenses in relation to the proper performance of its duties in respect of the Funds.

As set out in the fee table, IML has set the Management Fee of each Fund at a fixed percentage per annum of the net asset value (NAV) of a Fund (inclusive of the net effect of GST) until investors are otherwise notified as set out in item 2.9 below.

From the Management Fee for each Fund, IML pays custody fees, responsible entity fees, investment management fees, audit fees, accounting fees, legal and regulatory fees, and all other normal costs of the Funds.

Expenses resulting from abnormal circumstances such as a change of the responsible entity or investment manager, termination of the Funds or unit holder meetings will be recovered from the assets of the relevant Funds as and when they are incurred as set out in section 2.11 below.

## 2.8 Adviser remuneration and service fees

IML does not pay an adviser service fee or commission to financial advisers.

You may incur a fee for the advice provided to you by your adviser, but this does not represent a fee that we have charged you for investing in the Funds and is not an amount paid out of the assets of the Funds. The amount of fees you will pay (if any) to your adviser should be set out in a Statement of Advice given to you by your financial adviser. You will be responsible for the payment of these fees and they will not be paid by IML. We recommend that you check with your adviser if you will be charged a fee for the provision of their advice.

## 2.9 Changes to maximum fees

Subject to each Fund's constitution and the law, the fees outlined above may be varied at any time at the absolute discretion of IML. Reasons might include changing economic conditions or changes in the law. IML will provide investors in the Funds with at least 30 days prior notice of any proposed increase to the fees.

IML is only permitted to charge more than the maximum amount of the fee that a Fund's constitution specifies if the unit holders' approval by special resolution has been obtained.

## 2.10 Negotiated fees

IML may offer rebates or waivers of fees to wholesale clients on an individually negotiated basis in accordance with relevant law and any applicable ASIC relief. Wholesale clients should contact IML by phone on +61 2 9232 7500 or via email at [iml@iml.com.au](mailto:iml@iml.com.au) for further information.

## 2.11 Abnormal expenses

The Funds may incur abnormal expenses, such as expenses associated with a change in responsible entity, termination of the Funds or a unit holder meeting. These expenses will be paid out of the Funds as and when these expenses occur.

## 2.12 GST and RITC

Fees and expenses payable by the Funds are subject to GST at the rate of 10%. Generally, the Funds cannot claim full input tax credits for GST incurred on these services but it may be entitled to a reduced input tax credit. If the GST rate increases, or if the full amount of RITC is not applicable, each Fund's constitution allows us to recoup the extra amount out of the Fund.

The PDS and section 2.1 of this Guide details the Management Fee quoted net of GST less RITC.

## 2.13 Flexible charging structure

Under the constitution for the Funds, IML is entitled to certain maximum contribution fees, withdrawal fees and management fees. It may waive, reduce or refund these fees in certain circumstances (for example, see section 2.10 above).

Please also refer to the maximum performance fees for the Relevant Funds summarised in the table in section 2.4 above.

The maximum amounts which IML is entitled to charge under the constitutions are as follows:

	IMAS, IMEIF, IMIS, IMFL, IMSC	IMCASF	IMCAP
Contribution fee	A contribution fee (or entry fee) of 4% (excluding GST) of each application amount.		A contribution fee (or entry fee) of 5% (excluding GST) of each application amount.
Withdrawal fee	A withdrawal fee of 4% (excluding GST) of each withdrawal amount		A withdrawal fee of 5 % (excluding GST) of each withdrawal amount
Management fee*	IML may receive a management fee of 2.00% (excluding GST) p.a. of the gross asset value of the Funds which is calculated and accrued daily and payable monthly in arrears	IML may receive a management fee of 2.00% (excluding GST) p.a. of the NAV of the Funds which is calculated and accrued daily and payable monthly in arrears.	IML may receive a management fee of 2.00% (excluding GST) p.a. of the NAV of the Funds which is calculated and accrued daily and payable monthly in arrears.

\*In the case of IMAS and IMSC, IML may also receive a further fee of up to \$430,000 plus 0.03% of the NAV of the relevant Fund over \$1 billion, per annum.

# 3. Important tax information

## Investing in managed funds – what about tax?

Investing, and dealing with investments, has tax and often social security implications which can be complex, and which are invariably particular to your circumstances. This means that it is important that you seek professional taxation advice that takes into account your particular circumstances before you invest or deal with your investment. This discussion should serve only as a guide to the tax considerations that may arise. The discussion applies only to Australian resident investors. Different tax considerations arise for non-resident investors.

Additionally, the following summary in this section is based on the Australian tax laws as at the date of this Guide and is subject to change. Where amendments are proposed to the taxation of managed investment schemes, we will review their effect on the Funds and investors and will advise of any material impacts on the Funds and their investors.

## The way managed funds are taxed

It is intended that no income tax will be payable by the Funds as IML will attribute all the taxable income of the Funds to unit holders.

The distributions from the Funds will include the income the Funds have generated from their investing activities. The income will retain its character as it passes to the investors. As a result, you may receive distributions that include interest, dividends and other income and capital gains (discounted and non-discounted).

## Attribution Managed Investment Trust (AMIT)

The AMIT regime provides a tax system for eligible Managed Investment Trusts (MITs) that elect to be an AMIT. Broadly, this tax regime provides AMITs with formal mechanisms to attribute taxable income and income tax offsets to their unitholders and allows AMITs to rectify errors made in calculating taxable income by making adjustments in the income year in which they are discovered. These aspects of the AMIT regime aim to effectively codify previous industry practice and it is not expected that they will result in significant practical changes for unitholders.

The AMIT regime includes other measures applying to AMITs. These include an increase in a unitholder's cost base where the distribution received for an income year is less than the taxable components of that distribution. A decrease occurs, in most cases, under the current law

where the distribution received for an income year is greater than the taxable components of that distribution.

An AMIT will also be required to issue an AMMA (Attribution MIT Member Annual) statement to you after the end of each income year indicating the components of your distribution. This will replace the current Annual Tax Statement that IML previously issued to investors.

IML, in its capacity as responsible entity for the IML Funds, has decided to elect to opt-in to the AMIT regime from 1 July 2017 for each of the Funds.

## Foreign income tax offsets

Australian resident investors may be entitled to claim foreign income tax offsets in respect of foreign-sourced income generated from overseas investments. You may be able to use these foreign income tax offsets to offset the Australian income tax payable on the foreign source income component of your distributions. However, foreign income tax offsets can only be used to offset Australian tax up to the amount of Australian tax otherwise payable by you on your overall net foreign source income.

## Tax on your distributions

Australian resident investors are generally subject to tax on their attribution share of the income of the Funds. This will also include amounts that are reinvested in the Funds.

The way in which investors are taxed will depend on the character of the distributions they receive. We will send you an AMMA Statement indicating the components of your distribution within 20 Business Days after the end of each financial year which will assist you in completing your tax return.

## GST and managed funds

The issue of units in the Funds is not subject to GST, however, the Funds may pay GST on the services they acquire.

Fees and expenses payable by the Funds are subject to GST at the rate of 10%. Generally, the Funds cannot claim full input tax credits for GST incurred on these services but it may be entitled to a reduced input tax credit. If the GST rate increases, or if the full amount of RITC is not applicable, each Fund's constitution allows us to recoup the extra amount out of the Fund.



## Capital gains tax when you withdraw from the Funds

Australian residents who invest in the Funds are generally subject to capital gains tax on gains when they redeem units and withdraw any money from the Funds. Where the investor is regarded as a trader or institutional investor, such gains may be regarded as ordinary income. Individuals, trusts and complying superannuation entities may obtain partial capital gains tax exemptions in relation to the disposal of units and the capital gains portion of distributions.

## Quotation of Tax File Number (TFN) or Australian Business Number (ABN)

We recommend you provide your TFN/ABN on the application form for units in the Funds. If you choose not to and do not advise us that you have an exemption, we may be required to withhold or deduct tax from your distributions at the highest marginal tax rate, plus the Medicare levy, before passing on any distribution to you.

After 21 July each year, we cannot refund any TFN withholding tax deducted in the previous financial year. By quoting your TFN or ABN you authorise us to apply it to your investment and its disclosure to the Australian Tax Office. Collection of TFN or ABN information is authorised, and its use and disclosure are strictly regulated, by the tax laws and under privacy legislation.

## Foreign Taxes

Foreign taxes may be imposed where a Fund's investments or dealings have some connection with a foreign jurisdiction. For example, the United States of America has enacted rules known as the Foreign Account Tax Compliance Act (FATCA). FATCA withholding tax at 30% may apply to US sourced income and payments unless the recipient is 'FATCA compliant'.

Australia has entered into an Intergovernmental Agreement with the US to improve international tax compliance and implement FATCA (the FATCA IGA).

The FATCA IGA and Australian domestic laws will allow Reporting Australian Financial Institutions to be deemed FATCA compliant where they:

- register with the IRS;
- conduct appropriate due diligence procedures, and
- collect and report information to the Australian Taxation Office (ATO) relating to U.S. Reportable Accounts and payments to Nonparticipating Financial Institutions.

Relevantly, IML in its capacity as responsible entity of the Funds is a Reporting Australian Financial Institution and complies with its obligations under the FATCA IGA and Australian domestic laws. That is, IML and each Fund has registered with the IRS and will collect and report information in relation to the relevant Fund to the ATO and conduct appropriate due diligence procedures – as set out in the FATCA IGA.

Provided that IML complies with registration, due diligence and reporting requirements in accordance with the FATCA IGA and associated Australian domestic law requirements the Fund will be treated as 'deemed FATCA compliant' and will not be subject to FATCA withholding on US sourced income and payments made to it.

Accordingly, IML may request that you provide certain information about yourself (for individual investors) or your controlling persons (where you are an entity) in order for a Fund to comply with its FATCA IGA obligations.

We note, that in the event that a Fund or IML suffers any amount of withholding tax (including FATCA withholding tax) and/or penalties, neither the Fund nor IML will be required to compensate you for any such tax.

## Common Reporting Standard

The Common Reporting Standard (CRS) is the single global standard for the collection, reporting and exchange of financial account information of nonresidents which applies to calendar years ending after 1 July 2017. The CRS is similar to FATCA, whereby IML, as responsible entity, will need to collect and report similar financial account information of all non-residents to the ATO. The ATO may exchange this information with the participating foreign tax authorities of those non-residents.

## 4. Appointment of authorised nominee

You may wish to appoint an alternative as your authorised nominee. You can do this by having the relevant section of the application form executed. The authorised nominee (if it is a company or partnership, including any person IML reasonably believes is an authorised officer or partner) may provide investment instructions in respect of the Funds, prepare, sign and provide requests to redeem units in the Funds, advise of changes to your details in respect of your investment in the Funds, and obtain information about your investments in the Funds. This appointment can be cancelled at any time by notice in writing to IML. All joint unit holders must sign the appointment or cancellation.

By appointing an authorised nominee the investor:

- (a) releases, discharges and agrees to indemnify IML, RBC and the Funds from and against any and all losses, liabilities, actions, proceedings, accounts, claims and demands (including legal and client costs) arising from

the fraud, negligence or appointment of or purported exercise of powers by the authorised nominee or in connection with the use of the facility;

- (b) agrees that a payment or purported payment (the payment) made in accordance with the requests or instructions of the authorised nominee shall be in complete satisfaction of the obligations of IML, to the extent of the payment, notwithstanding any fact or circumstance including that the payment was requested, made or received without the investor's knowledge or authority; and
- (c) agrees that if payment is made in accordance with the request or instructions of the authorised nominee, the investor shall have no claim against IML, in relation to the payment.

## 5. The custodian and investment administrator

RBC has given, and has not withdrawn before the preparation date of this Investment Guide, its written consent to be named in both the various PDS's and this Investment Guide as the custodian and administrator for the Funds.

RBC's role as custodian is limited to holding assets of the Funds. As administrator, RBC is responsible for the day to day administration of the Funds. RBC has no supervisory role in relation to the operation of the Funds and has no liability to you for any act done or omission made in

accordance with the custody and investment administration agreements to which it is a party with IML. RBC was not involved in preparing, nor takes any responsibility for, the various PDS's or this Investment Guide and RBC gives no guarantee of the success of the Funds, nor the repayment of capital or any particular rate of capital or income return.

# 6. Privacy

By completing the application form, you are providing personal information to IML which IML will collect for the primary purpose of providing this product to you. IML may use the personal information in your application form for a number of related purposes, including processing your application, administration and management of your investment in the Fund and to comply with applicable laws and regulations such as Australian taxation laws, the Corporations Act and the AML/CTF Act.

We may also collect your information if the law requires or if you consent, for example, in the Fund application form.

We may disclose your personal information to:

- related companies of IML;
- companies or individuals who provide services or perform functions on behalf of IML;
- anyone else to whom you authorise us to disclose it
- anyone else where authorised by law; or
- companies that IML services.

Some of these recipients will be located overseas including Luxembourg, Malaysia and Canada, and may include further locations.

If you think our records are wrong or out of date – particularly your address, e-mail address or contact phone numbers – it is important that you contact us so we can correct them. Pursuant to the provisions of the Privacy Act 1988 (Act), you are able to access the personal information that IML or an outsourced service provider holds about you in relation to your investment. Should you wish to do so, please contact the IML Privacy Officer on (02) 9232 7500.

You may choose not to complete all items on the application form. If you do not complete the application form in full, we may not accept your application form. Further, depending on the type of information you withhold, we may not be able to process or administer your requested investment, or pay income into your bank account.

Our Privacy Policy (available at [www.iml.com.au](http://www.iml.com.au)) also describes:

- how you can access your personal information and seek its correction;
- how you may complain about a breach of the Australian Privacy Principles; and
- how such a complaint will be handled.

## 7. Cooling Off

Subject to applicable law, retail investors have a right to a cooling-off period relating to their investment, except for investments made under distribution reinvestment plans or other additional investment arrangements. There may be other circumstances in which a retail investor is not entitled to exercise cooling-off rights. For instance, if the Funds are not liquid at the time an investment is made. For retail investors only, your cooling-off rights are described below.

Immediately following the earlier of the date on which you receive confirmation of your investment or the 5th Business Day after the day on which your units were issued to you, there is a 14-day period during which you may cancel your investment (subject to applicable law).

Should you choose to cancel your investment during this period, the amount returned to you will be adjusted to take account of any movements in the application price since the day on which you acquired the investment. The cancellation of your investment will be processed at the price that you would have paid for your investment on the date your request is received. IML may deduct from the amount returned to you any reasonable administrative and transaction costs and tax paid or payable because of the issue, and cancellation, of your investment.

If a distribution has occurred between acceptance of your application and receipt of your cooling-off period notification, there may be taxation implications for you. We suggest that you seek professional taxation advice in these circumstances.

If you invest in a Fund by directing a Platform operator to acquire units in the Fund on your behalf, your rights to a cooling-off period are not exercisable in relation to IML since you have not acquired a direct interest in a Fund. You should contact your Platform operator to find out what your cooling-off rights are.

If you wish to cancel your investment during the cooling-off period, you need to inform us in writing of your intention to exercise this right before the end of the cooling-off period (and before exercising any rights or powers you have in respect of your investment in a Fund).

This notification should be sent to RBC Investor Services at the address below:

IML Funds  
C/ – RBC Investor Services Trust – Registry Operations  
GPO Box 4471  
Sydney NSW 2001

Should you have any questions regarding our cooling-off policy, please contact us on (02) 9232 7500.

## 8. Other Information

This Fund may be subject to regular reporting and disclosure obligations. IML intends to comply with ASIC's good practice guidance for more effective continuous disclosure contained in Regulatory Guide 198. Disclosure notices regarding the Fund will become available as soon as practicable on the IML website – [www.iml.com.au](http://www.iml.com.au). Such information includes the Fund's annual or half-yearly financial reports lodged with ASIC, any continuous disclosure notices and any other material updates. IML can provide you with the information free of charge upon request. Copies of documents lodged with ASIC in relation to this Fund may be obtained from or inspected at an ASIC office.

If you are investing through a Platform account, information and reports on your investment in the Fund will be provided to you by the operator of that service, not by IML. We do not normally receive any personal information about retail investors when a retail investor invests in the Fund through a Platform.

For details on the collection, storage and use of your personal information, please contact your Platform operator.

# 9. Important information for New Zealand investors

This offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act 2001 (Aust) and regulations made under that Act. In New Zealand, this is Subpart 6 of Part 9 of the Financial Markets Conduct Act 2013 and Part 9 of the Financial Markets Conduct Regulations 2014.

This offer and the content of the offer document are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act 2001(Aust) and the regulations made under that Act set out how the offer must be made.

There are differences in how financial products are regulated under Australian law. For example, the disclosure of fees for managed investment schemes is different under the Australian regime.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian financial products may differ from the rights, remedies, and compensation arrangements for New Zealand financial products.

Both the Australian and New Zealand financial markets regulators have enforcement responsibilities in relation to this offer.

If you need to make a complaint about this offer, please contact the Financial Markets Authority, New Zealand (<http://www.fma.govt.nz>). The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian financial products is not the same as for New Zealand financial products.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

The offer may involve a currency exchange risk. The currency for the financial products is not New Zealand dollars. The value of the financial products will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.

If you expect the financial products to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

The dispute resolution process described in this offer document is available only in Australia and is not available in New Zealand.

## Distribution Reinvestment

You can choose to have your distributions from the Fund reinvested in further units of the Fund, or paid to you by direct credit to your nominated bank account. If you do not make a choice, the RE will reinvest your distribution payment at NAV per unit.

The units issued to you as part of a distribution will be allotted in accordance with the terms and conditions set out in the offer document (comprised of the PDS and this Investment Guide).

The allotment of units as part of a distribution described in the offer document is offered to New Zealand investors on the following basis:

- At the time the price of the units allotted as part of a distribution reinvestment is set, the RE will not have any information that is not publicly available that would, or would be likely to, have a material adverse effect on the realisable price of the units if the information were publicly available.
- The right to acquire, or require the RE to issue, units as part of a distribution reinvestment will be offered to all investors in the Fund of the same class, other than those who are resident outside Australia and New Zealand and who are excluded by the RE to avoid the risk of breaching the laws of the relevant overseas country.
- Every investor to whom the right is offered will be given a reasonable opportunity to accept it.
- Units will be issued on the terms disclosed to an investor in the offer document, and will be subject to the same rights as units issued to all investors of the same class who agree to receive the units.

In respect of the Fund, you have the right to receive from the RE, on request and free of charge, a copy of:

- the latest annual report of the Fund (if any);
- the most recent financial statements of the Fund and, if those financial statements are not audited or reviewed by an auditor, a statement to that effect; and
- a copy of the auditor's report on those financial statements (if any).

You can obtain a copy of any of these documents by electronic means on the website [www.iml.com.au](http://www.iml.com.au).

You can also request a copy of any of these documents by contacting us using the details in the 'Contact details' section on the back cover of this Investment Guide.

## General

During the currency of the offer document, we will provide you with copies of the relevant constitutional documents in respect of the Funds free of charge on your request.

Should you wish to serve us with any documents, you may do so by delivering them to either:

Mr Haydn Wong  
Partner  
Bell Gully  
48 Shortland Street  
Auckland  
New Zealand

Mr Wong and Bell Gully have given and not withdrawn before the date of this booklet, their consent to be named in this Investment Guide as the address in New Zealand for service of documents on the RE with regard to the Investment Guide.

# Contact details

## For Application and Redemption requests:

Investors Mutual Limited  
c/ – RBC Investor Services Trust – Registry Operations  
GPO Box 4471  
SYDNEY NSW 2001  
Facsimile: +61 2 8262 5492

## For further information about Investors Mutual Limited and the Fund:

Investors Mutual Limited  
Level 24, 25 Bligh Street  
Sydney NSW 2000  
Australia  
or  
PO Box H104  
Australia Square NSW 1215  
Australia  
Phone: +61 2 9232 7500  
Facsimile: +61 2 9232 7511  
Email: [iml@iml.com.au](mailto:iml@iml.com.au)  
Internet: [www.iml.com.au](http://www.iml.com.au)

## To make a complaint:

Complaints Manager  
Investors Mutual Limited  
PO Box H104  
Australia Square NSW 1215  
Australia

